RAIN INDUSTRIES LIMITED

UPCYCLING FOR A CIRCULAR ECONOMY

47th Annual Report 2021

WHAT'S INSIDE

On a mission to a sustainable steel industry

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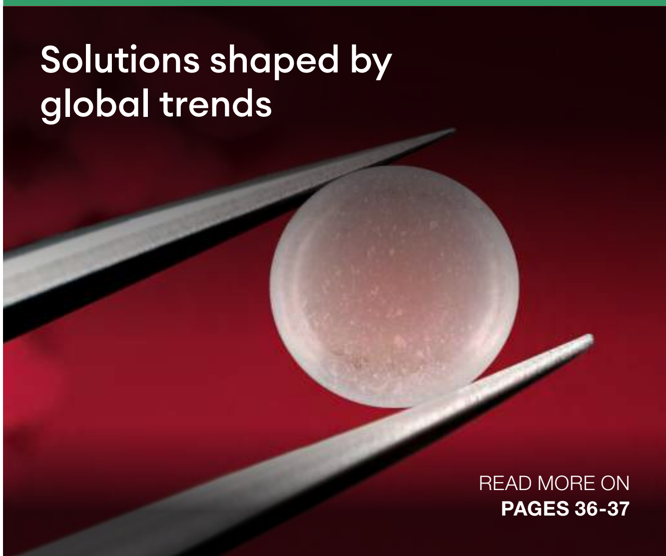

Solutions shaped by global trends

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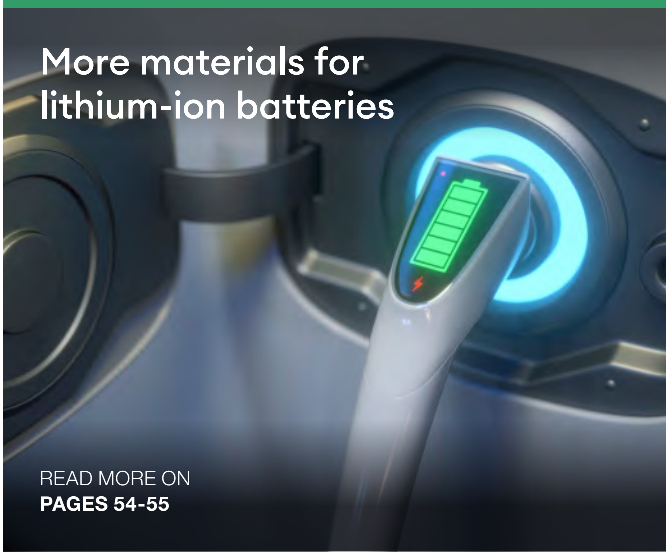

More materials for lithium-ion batteries

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At Rain Industries Ltd. (RAIN), we produce materials for today and a sustainable tomorrow by transforming by-products from other industries into value-added materials for countless products and applications.

The sustainability efforts in our Carbon and Advanced Materials segments start with the ‘upcycling’ of green petroleum coke and coal tar, by-products of oil refining and steel production, respectively.

Similarly, our Cement business utilises fly ash from coal-fired power plants as an additive in our portland pozzolana cement. By extracting additional value from these industrial by-products, we are producing critical raw materials for goods that people use every day and that help meet the growing demand for greener products, a cleaner environment and a circular economy.

Key performance highlights of CY21

Financial

Revenue
₹ 145,268 Mn +39%

Operating profit@
₹ 25,174 Mn +26%

Profit after tax (PAT)@
₹ 7,560 Mn +42%

Earnings per share (EPS)@
₹ 22.48 +42%

@ Adjusted with exceptional items

Environment

GHG emissions avoided (in metric tonnes of CO_2 equivalent)
0.74 Mn

Trees planted
88,209

Solar power generated
4.31 Mn units

People and community

Students educated during the year under Pragnya Priya Foundation
2,172

Patients treated at three hospitals under Pragnya Priya Foundation
69,497

Total recordable injury rate (TRIR)*
0.17

Cumulative hours of employee training
28,362

*Carbon and Advanced Materials segment

UPCYCLING

in Carbon business

At RAIN, it is our continuous pursuit to achieve resource efficiency and carbon productivity. In our Carbon segment, we create value-added materials such as calcined petroleum coke (CPC) and coal tar pitch (CTP) that are key raw materials in countless products and manufacturing processes.

UPCYCLING IN CARBON BUSINESS

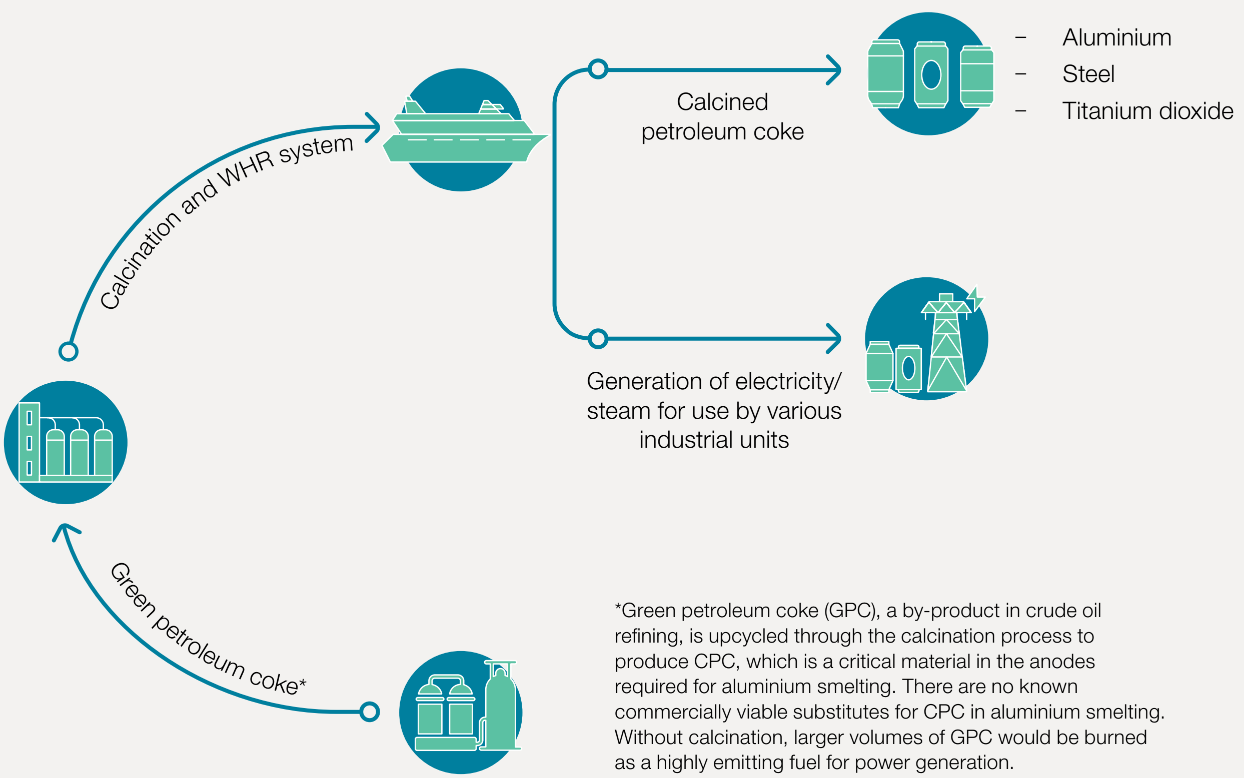
Calcination

Green petroleum coke (GPC), the raw material for CPC, is a by-product of oil refining. The CPC produced by our calcination facilities in India and the US is an essential raw material for making the anodes required for aluminium smelting. Without CPC, aluminium smelters cannot produce this infinitely recyclable, strong, lightweight and versatile metal. Our ability to upcycle GPC also prevents it from being burned as a low-cost, high CO_2-emitting fuel for electricity production and enables us to make more productive use of the carbon.

Beyond aluminium, our CPC is an important raw material in the production of titanium dioxide, which is used as the base pigment for paints for construction and automotive applications. TiO_2 also is used as a filler in plastics, coatings, cosmetics, toothpaste and sunscreen. Elsewhere, our CPC is used to produce high-strength steel for building bridges, skyscrapers and other infrastructure.

Our proprietary anhydrous carbon pellets (ACP) are 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, which should reduce the energy consumption and emissions of aluminium smelters. It will also allow us to increase our GPC utilisation rate, since ACP facilitates the productive use of the fine particles in the raw material that are not recovered as product during the calcination process.

Calcination upcycling value chain



*Green petroleum coke (GPC), a by-product in crude oil refining, is upcycled through the calcination process to produce CPC, which is a critical material in the anodes required for aluminium smelting. There are no known commercially viable substitutes for CPC in aluminium smelting. Without calcination, larger volumes of GPC would be burned as a highly emitting fuel for power generation.

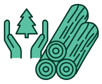
Distillation

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 of as a hazardous waste.

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:

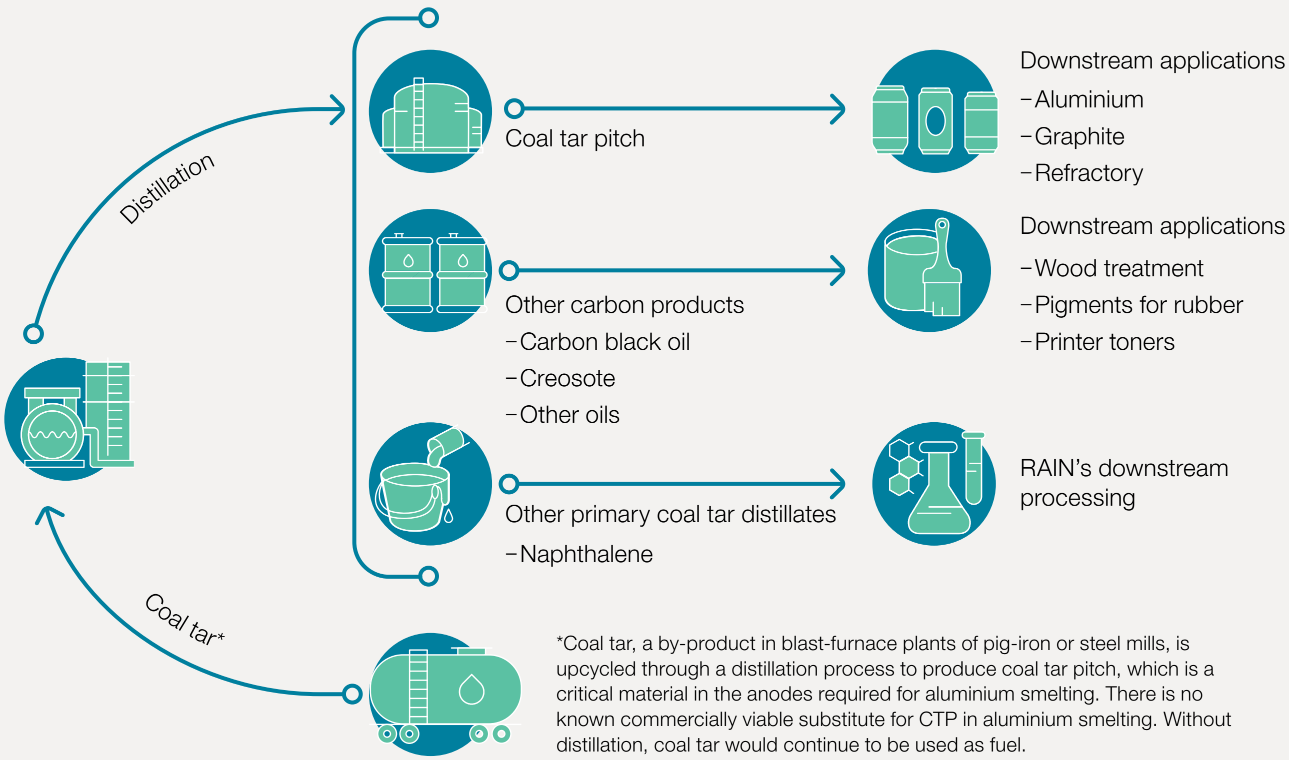
Lightweight and recyclable aluminium

Scrap recovery, a low-CO_2 production process for steel



Creosote for wood treatment and preservation

Distillation upcycling value chain

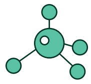


*Coal tar, a by-product in blast-furnace plants of pig-iron or steel mills, is upcycled through a distillation process to produce coal tar pitch, which is a critical material in the anodes required for aluminium smelting. There is no known commercially viable substitute for CTP in aluminium smelting. Without distillation, coal tar would continue to be used as fuel.

UPCYCLING

in Advanced Materials business

Our ability to convert coal and petro tars into naphthalene, facilitates the production of downstream derivative products such as phthalic anhydride used in construction and as specialty chemicals in the manufacture of plastics and polyester resins. The latter are key raw materials used in the manufacture of lightweight blades for wind turbines.

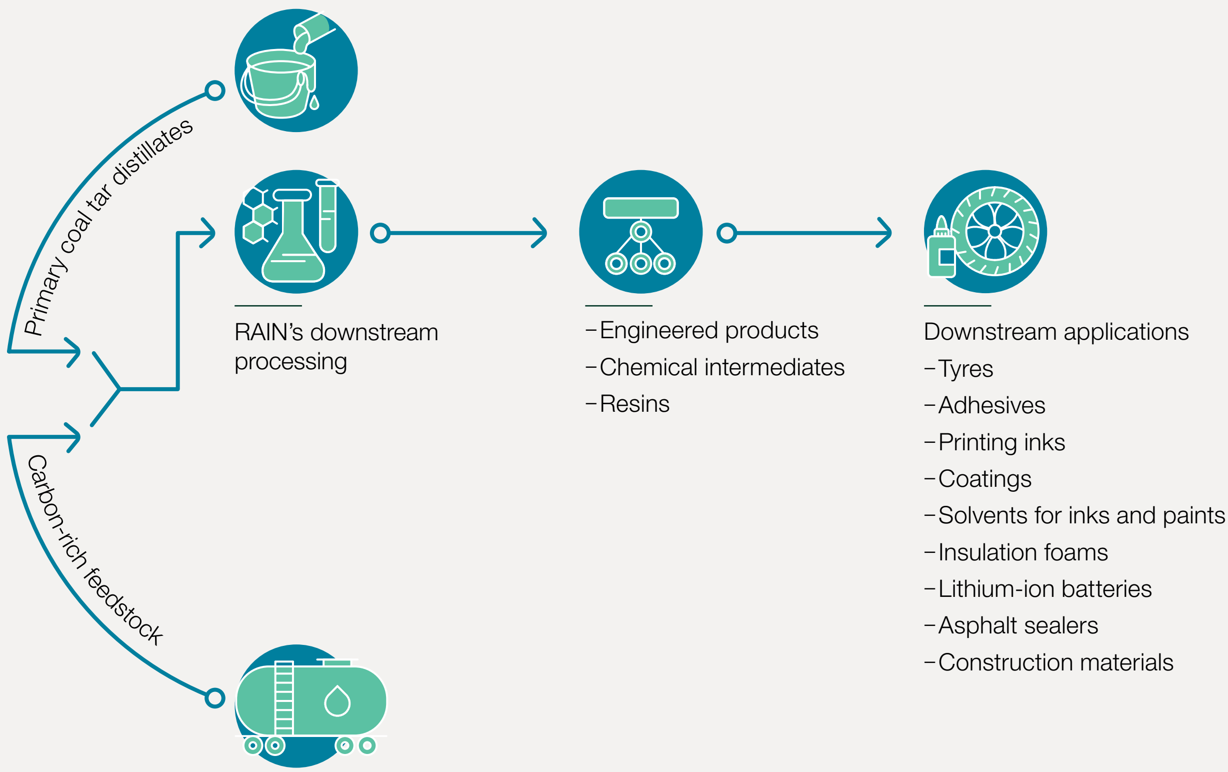


Carbon resins as a key ingredient in tyres with low-rolling resistance and reduced fuel consumption

High-strength plastics for wind turbines

Fractions from our coal tar distillation as well as carbon-rich feedstocks procured from third parties are further processed to produce a range of advanced materials products for various industries and downstream applications.

Advanced Materials upcycling value chain

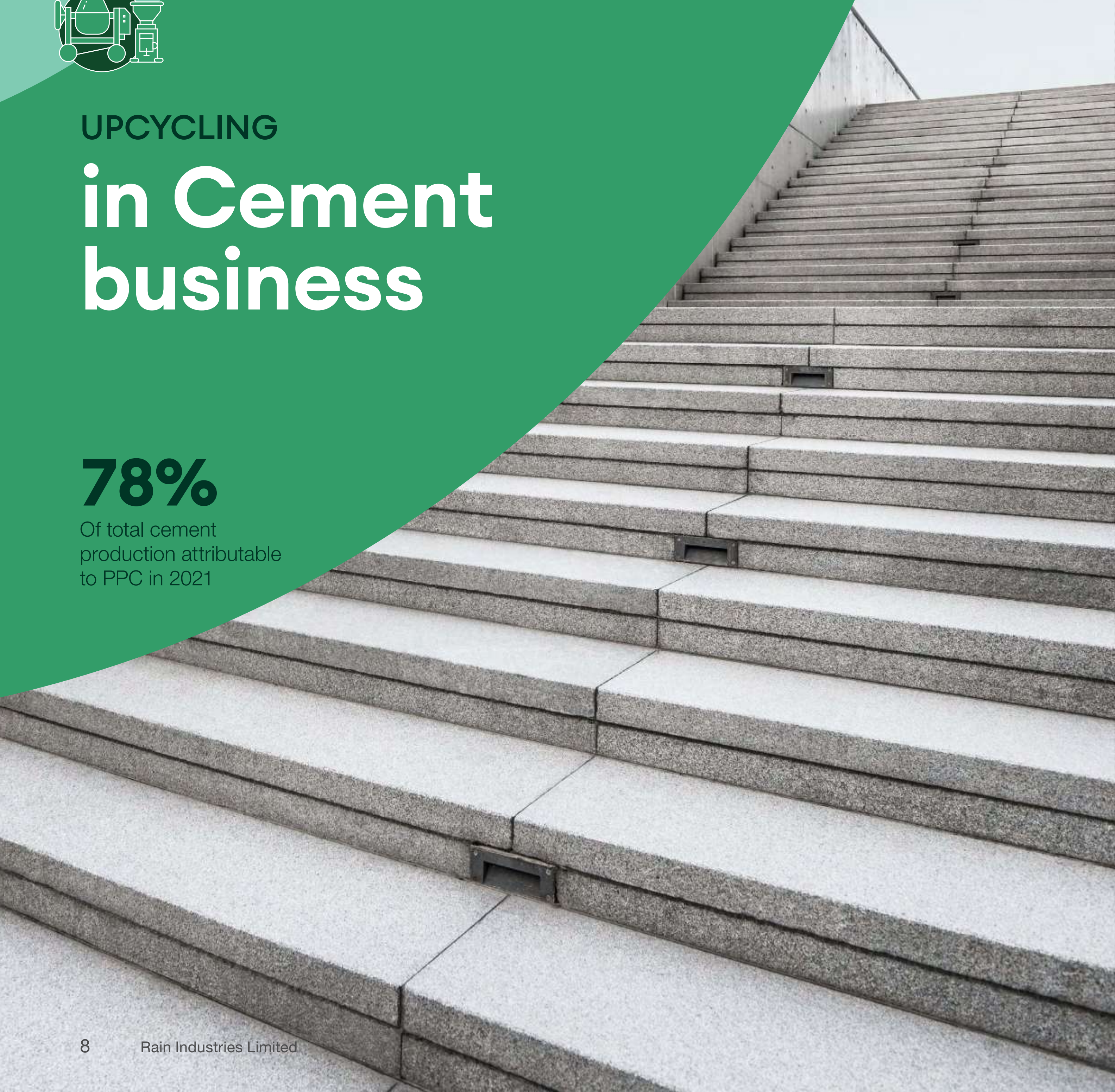


UPCYCLING

in Cement business

78%

Of total cement production attributable to PPC in 2021



Since the production of cement is a major contributor to climate change – generating about 8% of global carbon dioxide or CO_2 emissions – the cement industry is working to find ways to reduce emissions. Most of the cement industry's CO_2 emissions are generated at the pyro-processing or calcination stage from heating the kiln with coal (fossil-fuel combustion) and burning the limestone at high temperatures.

One solution has been to change the composition of cement by partially replacing conventional clinker with fly ash, which is a by-product of coal-fired power stations. The fly ash generated by these plants is typically dumped into ash ponds or buried in landfill sites. Both pose serious health risks for the surrounding environment. To reduce the prevalence of such practices, cement companies use fly ash to produce portland pozzolana cement (PPC), thereby upcycling fly ash into building materials.

PPC has higher fineness and nearly the same compressive strength as slightly higher-priced ordinary portland cement (OPC). Today, PPC is widely used in plaster and brickwork, mass concrete work and reinforced-cement concrete work.

Over the past few years, we have significantly reduced our production of OPC, as we are gradually shifting to the eco-friendlier PPC.

Cement upcycling value chain

Clinker grinding with fly ash*

PPC

Construction of buildings and other civil structures

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

0.7 Mn Tonnes

fly ash consumed or upcycled in 2021

RAIN AT A GLANCE

Building a sustainable enterprise

We operate in three business segments – Carbon, Advanced Materials and Cement – and are one of the leading product manufacturers in these segments. Our wide array of products serve as raw materials for industries such as aluminium, carbon black, refractory materials, 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. We are also key customers of the world's leading oil refiners and steel producers. Our suppliers provide essential raw materials to our Calcination, Distillation and Advanced Materials businesses, and we are self-sufficient with regard to limestone for our cement operations.

#1
Global producer of coal tar pitch (CTP)

#2
Global producer of calcined petroleum coke (CPC)

16
Production facilities across Asia, Europe and North America

2,400+
Employees

Industries where we create value

ALUMINIUM

AUTOMOTIVE

ENERGY STORAGE/ LITHIUM-ION BATTERIES

STEEL

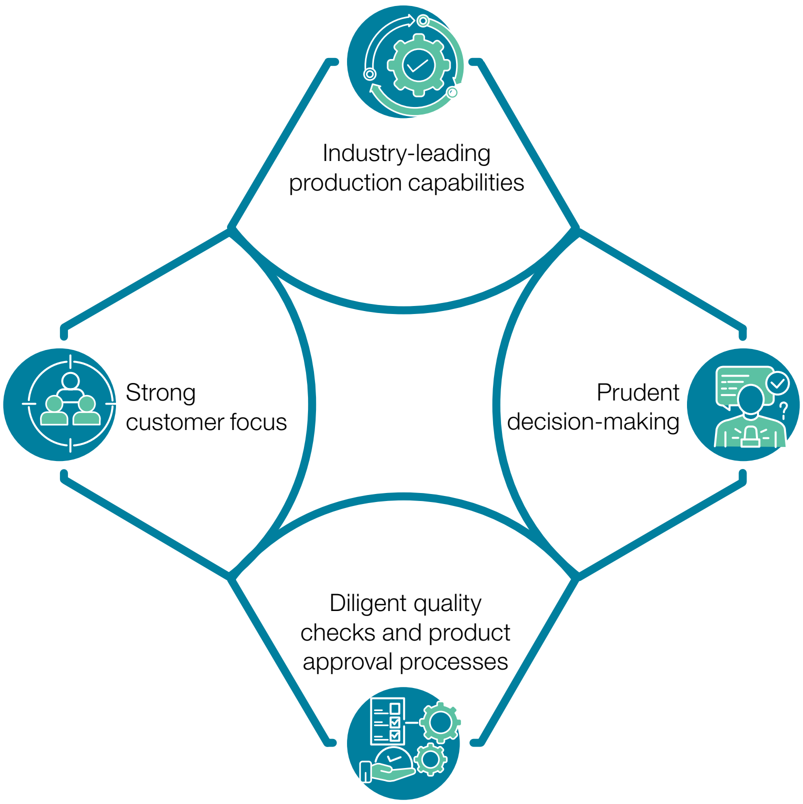
GRAPHITE

REFRACTORY

COATINGS

CONSTRUCTION

Our differentiators




SPECIALTY CHEMICALS


PRINTING


ADHESIVES


PAINTS


WOOD TREATMENT


CARBON BLACK


TITANIUM DIOXIDE

RAIN AT A GLANCE (CONTD.)

Our businesses

Carbon

The segment converts the by-products of oil refining and a liquid by-product derived from the conversion of coal into metallurgical coke used for pig iron and steel production into high-value carbon-based products that are critical raw materials for aluminium, graphite, carbon black, wood preservation, titanium dioxide, refractory and other global industries.

PRODUCTS

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

Carbon plants
13

Calcined petroleum coke capacity
2.4 MTPA

Coal tar distillation capacity
1.3 MTPA

READ MORE ABOUT OUR CARBON BUSINESS ON **PAGE 24-27**

Advanced Materials

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

PRODUCTS

- Engineered products
- Chemical intermediates
- Resins

Plants
5

Capacity
0.6 MTPA

LEARN MORE ABOUT OUR ADVANCED MATERIALS BUSINESS ON **PAGES 28-31**

Cement

Our integrated cement plants in South India are self-sufficient in limestone, the critical raw material for cement production.

Plants
2

Production capacity
3.5 MTPA

PRODUCTS

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

LEARN MORE ABOUT OUR CEMENT BUSINESS ON **PAGE 32-35**

Key metrics of sustainability

~131 MW
Waste-heat recovery power generation capacity

3 MW
Solar-generated electricity at Kurnool and Suryapet cement plants

We work towards increasing energy efficiency by investing in waste-heat recovery (WHR) plants, steam-co-generation plants and solar power plants.

~59 MW
Waste-heat recovery steam generation capacity

5
Flue-gas desulphurisation plants

OUR PRESENCE

Closer to the customer

We have 16 manufacturing facilities located close to raw material suppliers and markets across seven countries in three continents. Our expanding scale of operations and strategic locations of plants enable on-time deliveries for our customers worldwide.

- Calcined petroleum coke plant
- Coal tar pitch plant
- Advanced Materials plant
- Cement plant
- Waste-heat recovery power plant
- Waste-heat recovery steam plant
- Flue-gas desulphurisation plant
- Solar power plant

Progressing with focus and fortitude

DEAR SHAREHOLDERS,

When we look back on 2021, we will recall the impressive rebound of the global economy following months of lockdowns and slowdowns during the first year of the COVID-19 pandemic.

"Revenue of ₹ 145,268 Mn represented a 38.8% increase compared with ₹ 104,647 Mn in 2020. Moreover, we finished the year with six consecutive quarters of increased revenues."

The first quarter of 2021 onwards, pent-up demand spurred robust sales of nearly all of our products, helping drive stronger revenues and EBITDA at RAIN. By the fourth quarter, with COVID-19 waning, the biggest challenges ahead of us seemed to be whether an overtaxed global supply chain could keep up with rising demand and our ability to source key raw materials such as green petroleum coke (GPC) and coal tar in an increasingly tight market.

By December and into early 2022, however, other challenges emerged with the potential to be even more disruptive – namely, soaring energy costs in Europe and the global implications of the rapidly evolving conflict between Russia and Ukraine.

In terms of potential fallout from the conflict, Russia contributes about 8% of RAIN's consolidated revenue, so we anticipate that any direct impact should be limited. That said, we are taking nothing for granted, which is why we have implemented proactive measures to minimise the risk to our production facilities in the rest of Europe in the event that the conflict disrupts natural gas and/or petroleum flows. We have also responded to high energy prices by implementing new purchasing and sales price strategies, and we are pursuing measures to reduce the energy intensity of our plants and preserve the margins in our business to the extent possible in these extreme conditions.

Despite these challenges, barring any widespread repercussions in the markets we serve, we anticipate robust sales of our carbon and advanced materials products to continue as the global economy rebounds from COVID-19 – especially for calcined petroleum coke (CPC) and coal tar pitch (CTP), which are benefitting from strong output by the aluminium industry that is enjoying LME prices that have been well above US$ 3,000 per tonne. Simultaneously, we are looking for higher growth in our cement business, driven by the Indian government's strong focus on infrastructure development.

Against this backdrop, we are reasonably optimistic that our 2022 performance can mirror 2021 that included:

- Revenue of ₹ 145,268 Mn, which represented a 38.8% increase compared with ₹ 104,647 Mn in 2020. Moreover, we finished the year with six consecutive quarters of increased revenues
- Operating profit (or adjusted EBITDA) of ₹ 25,174 Mn, which was up 26.5% compared with ₹ 19,896 Mn in the previous year, putting us back in our historically normal range
- Strong safety performance with our third consecutive year with a total recordable injury rate below 0.2%, quite an achievement in this COVID-19 environment, where many of our production facilities have been operating with a depleted workforce and the added stress that comes with it

While we are pleased with the year's results, we are fully aware that there are some areas where we can further improve our performance in 2022. At the top of the list is the need to monetise the investments we have made on our major expansion projects, which are part of our strategy to meet and exceed the market's need for cleaner and more sustainable materials produced with minimal impact on the environment.

During the past few years, we have made a cumulative investment of more than US$ 225 Mn on the hydrogenation hydrocarbon resins (HHCR) plant in Germany, the vertical-shaft calciner in India and the anhydrous carbon pellet (ACP) production facility in the United States. In 2022, we are expecting that each of these plants should begin to provide a return on investment. Moreover, the fact that each facility has been commissioned will greatly reduce our CAPEX spending in the coming years. Those savings, in turn, will be available for debt reduction.

A particular focus in the coming year will be on optimising the productivity of our HHCR facility. If you recall, the second half of 2020 was devoted to providing customers with our new 'water-white' resins for technical evaluation and confirmation. Much of early 2021 was spent stabilising the plant, which then allowed us to operate the facility at ~40% of capacity during the second half of 2021. During the fourth quarter, we also found an opportunity to upgrade the productivity and reliability of the plant with a more efficient reactor design. These new reactors will eliminate unnecessary production bottlenecks and reduce the need for future maintenance outages, positioning the plant to operate at 75% of capacity by the end of 2022.

In terms of ACP, we believe that this proprietary and value-added calcinable product has a promising future, thanks to its energy-saving and emissions-reduction potential as well as its ability to improve our GPC utilisation. At the same time, we recognise that commercialisation of this new material will be a process. By the end of the first quarter of 2022, we expect to ship a trial blend of calcined ACP and CPC from the new production facility in the US to certain global aluminium smelters.

Finally, we have been working on ramping up CPC production at our newest and most environmentally friendly calcination plant, the vertical-shaft calciner in India – albeit slowly due to the limited availability of feedstock for the plant. Nonetheless, we are thus far pleased with the quality of the CPC produced and the superior density that the vertical-shaft technology provides. In the coming months, we expect to export our first shipment of shaft CPC, and we are continuing to work with Indian authorities to secure a separate GPC import allocation for the vertical-shaft calciner.

Looking ahead, 2022 will be yet another year when we continue to make measurable progress on our sustainability journey. At RAIN, we understand – and our employees have embraced the fact – that we live in a society where sustainability has become a licence for companies to do business. We know that nothing will have a greater impact on the success of our business than our sustainability efforts and ability to meet the related needs of our customers. In fact, given the importance of sustainability, we have recently initiated a structured process for developing a sustainability strategy, which aims to determine mid- and long-term targets with respect to our sustainability journey.

As you review this integrated financial and sustainability Annual Report, I hope that you will feel a greater appreciation for RAIN's part in meeting the evolving expectations of society. RAIN plays an indispensable role in transforming industrial by-products into essential materials for faster, cleaner and lighter products that enhance the quality of life for people around the world and contribute to a circular economy.

The many activities described in this Report are the latest examples of our on-going and long-standing ability to proactively adapt and pivot as a business. As the world has evolved since the days of Julius Rütgers in the 19th century, so too has RAIN. In doing so, we have demonstrated that 'sustainability' refers to even more than our strong environment-related and CSR-related activities.

After more than 150 years as an evolving, adapting business, 'sustainability' also describes the longevity of our Company. With our investments in 21st-century technologies and processes such as HHCR and our proprietary ACP to meet growing demand for greener products, RAIN is well positioned to continue to make meaningful and sustainable contributions for our customers, communities and investors for decades to come.

On behalf of our employees around the world, thank you for your ongoing support. In return, we will continue to produce raw materials that make 21st-century life possible in a more sustainable way, enhancing the quality of life in the communities where we operate and creating the shareholder value that you expect from RAIN.

Sincerely,

JAGAN MOHAN REDDY NELLORE
Vice Chairman
February 25, 2022

KEY PERFORMANCE INDICATORS

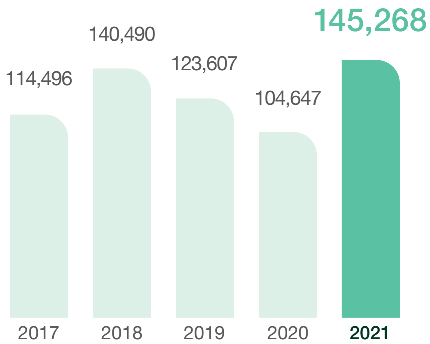
Maintaining momentum across metrices

We are positive about our ability to grow the Company profitably. We generated a significant amount of cash, strengthened our balance sheet and continued to return strong value to our shareholders.

Profit and loss metrics

Revenue from operations

(₹ in Mn)

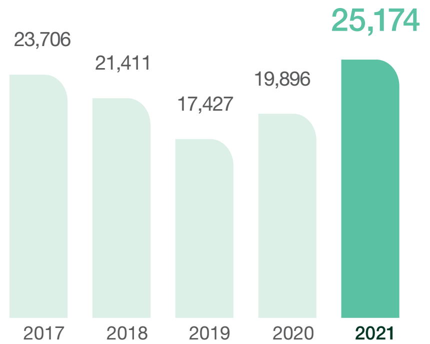


+38.8%
y-o-y growth

+4.9%
5-year CAGR

Operating profit

(₹ in Mn)

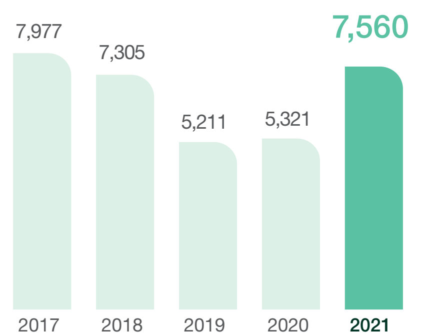


+26.5%
y-o-y growth

+1.2%
5-year CAGR

Profit after tax

(₹ in Mn)

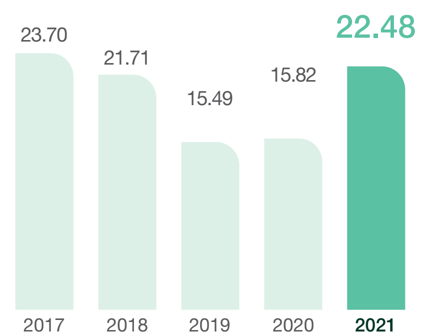


+42.1%
y-o-y growth

-1.1%
5-year CAGR

Earnings per share (EPS)

(₹)



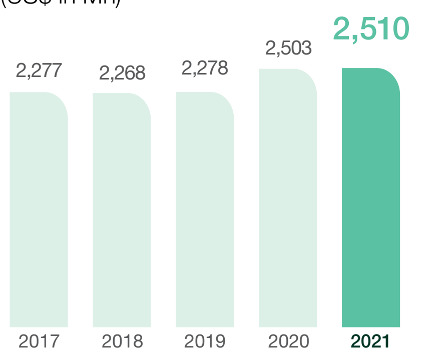
+42.1%
y-o-y growth

-1.1%
5-year CAGR

Balance sheet metrics

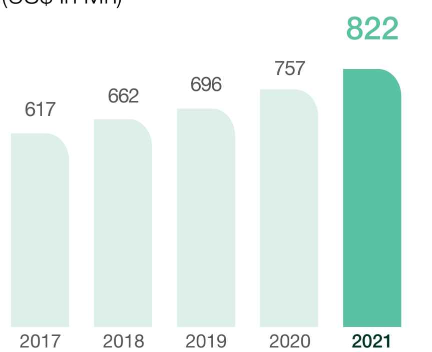
Total assets

(US$ in Mn)



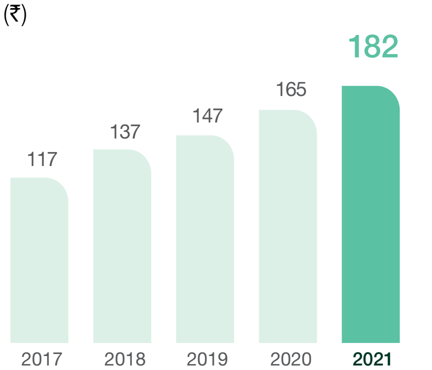
Net worth

(US$ in Mn)



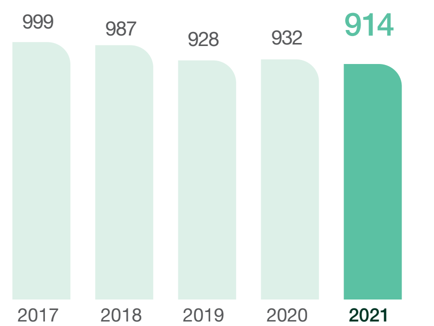
Book value per share

(₹)



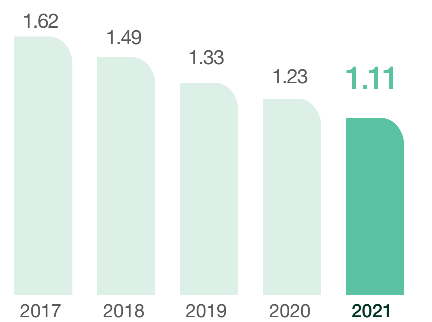
Net debt

(US$ in Mn)



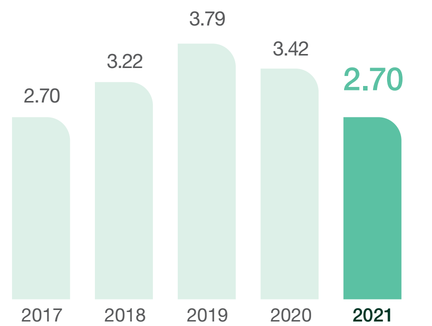
Net debt to net worth

(in multiples)



Net debt to operating profit

(in multiples)



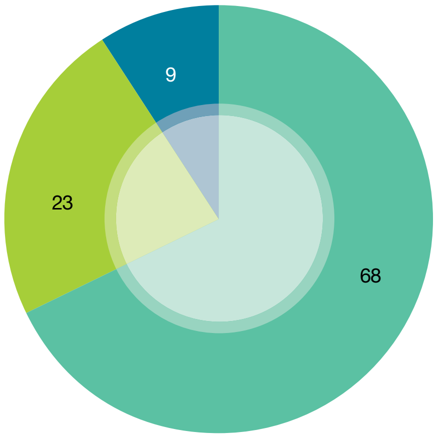
KEY PERFORMANCE INDICATORS

Business segment-wise metrics

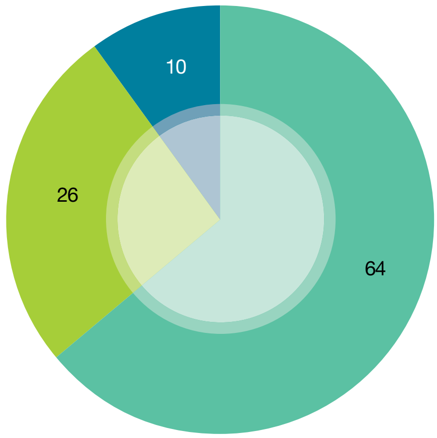
Revenue

(%)

2021



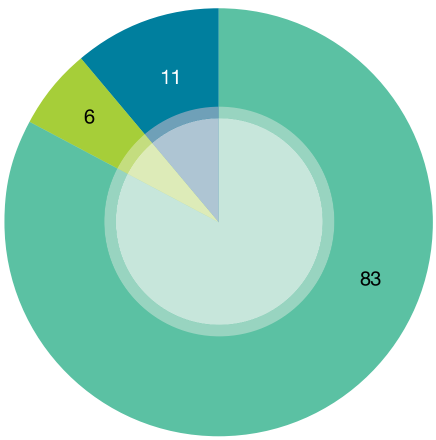
2020



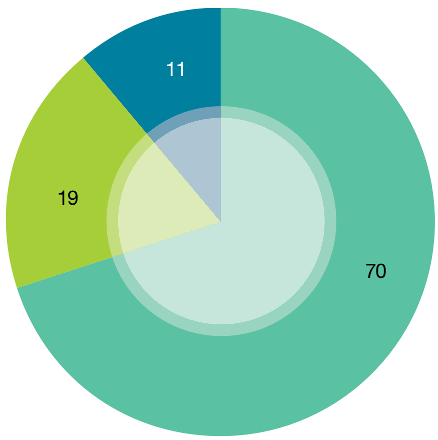
Operating profit

(%)

2021



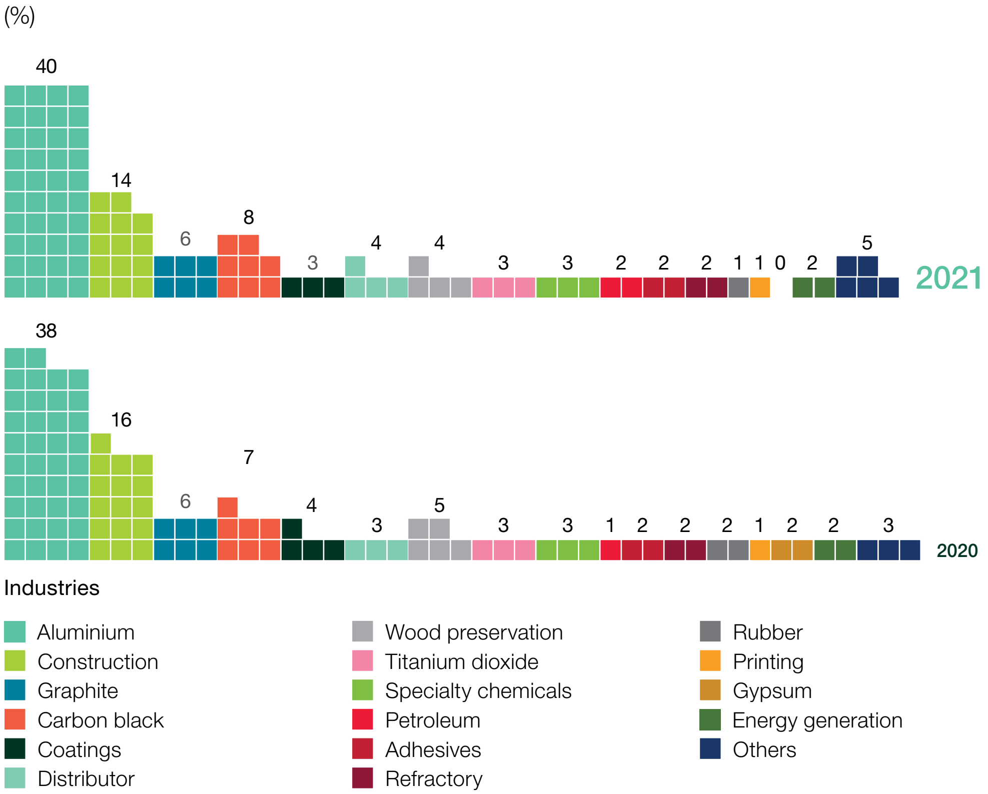
2020



Business

Carbon　Advanced Materials　Cement

Revenue by end industry



Profit reported during the year

(₹ in Mn)

Particulars	Operating profit	Profit after tax
Reported amount	25,291	5,801
Adjustments		
– Expenses towards strategic projects and other non-recurring items	540	540
– Repair and other costs incurred on account of hurricane	513	513
– Insurance claims received during the year related to prior years	(337)	(337)
– Gain on disposal of assets held for sale	(221)	(221)
– Reversal of reorganisation costs accruals	(103)	(103)
– Income due to waiver of Payroll Protection Program Loan by federal government of United States	(469)	(469)
– Gain on divestment of superplasticizer business	(40)	(40)
– Impairment of pond pitch asset		168
– Tax impact on above adjustments		(174)
– Valuation allowance of deferred taxes		1,882
Adjusted amount	25,174	7,560

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

On a mission to a sustainable steel industry

In the context of the global decarbonisation movement, the steel industry's focus on reducing its carbon footprint is essential due to the high emissions from this industry. Even the most modern steel mills using blast-furnaces and metallurgical coke produce almost two tonnes of carbon dioxide for every tonne of crude steel.

A lower-carbon alternative to the blast-furnace route using metallurgical coke is to produce steel by melting scrap steel or by direct reduction using natural gas or hydrogen as a reducing agent. Both alternatives require processing in electric arc furnaces (EAFs).

In the direct-reduction process, iron ore is reduced with hydrogen or natural gas to sponge iron. Sponge iron is then fed into an EAF where – as with steel scrap recycling – massive, robust carbon graphite electrodes that are able to withstand the harsh conditions generated by the electric arc are required to generate enough of an electrical current to melt the sponge iron or scrap metal required to produce new steel. The EAFs' graphite electrodes are made using coal tar pitch as carbon precursor materials, such as those produced in our Company. Therefore, as the global demand for low-carbon steel continues to increase, a parallel increase in demand for graphite carbon electrodes produced with our coal tar pitch is to be expected.

However, with the shift from metallurgical coke and blast-furnaces to EAFs, the availability of coal tar (which is a by-product of metallurgical coke production) will naturally decrease while ironically, in parallel, the demand for graphite carbon electrodes made from our coal tar pitch is increasing.

We are intensively researching ways to support and possibly replace our historical carbon raw material streams one day with lower-carbon, petroleum-based streams. This will support the steel industry's transition towards its decarbonisation goals by providing lower-carbon, essential materials for direct-reduction and scrap-recycling routes. This will provide us the additional benefit of expanding our upcycling activities, since much of the targeted petroleum raw material streams are currently being combusted internally as secondary fuels in refineries. The transformation of petroleum streams to produce materials for graphite electrodes is another example of the added value from our upcycling-focused business model.

Carbon

Our Carbon business segment transforms 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 and refractory industries, among others. With operations in Europe, India and North America, we are the world's largest producer of coal tar pitch (CTP) and second-largest producer of calcined petroleum coke (CPC).

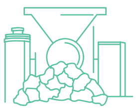
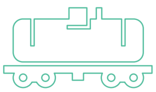
2.53 Mn MT
Sales volume

₹98,249 Mn
Revenue from operations

68%
Contribution to consolidated revenue

22%
Operating margin

Our carbon products

Products	Raw materials used	Manufacturing process	Uses	Production Facilities
Calcined petroleum coke (CPC) 	Green petroleum coke, a by-product of crude oil refining	Using rotary-kiln and vertical-shaft technologies in a high-temperature process called calcining, which removes moisture and volatile matter from GPC	Raw material in the production of primary aluminium, steel and titanium dioxide	8 production units with combined production capacity of 2.4 MTPA in North America and Asia
Coal tar pitch (CTP) 	Coal tar, a by-product of metallurgical coke, used in the iron and steel industry	Produced through distillation of coal tar. Distillation is a process that separates the components of a product based on different boiling points	Raw material used by the aluminium, graphite and refractory industries	5 coal tar distillation plants with combined capacity of 1.3 MTPA in Europe and North America
Other carbon products (creosote oil, carbon black oil and others) 	Same as CTP	Same as CTP	Raw materials used by the wood treatment, carbon black, construction and other industries	

Our global network of plants and flexible logistics infrastructure helped maintain our raw material sources to ensure steady calcined petroleum coke deliveries to our customers. This allowed us to continue producing CPC despite tight green petroleum coke availability. This was driven by continued softness in refinery production of automobile and aviation fuels due to the impact of the pandemic in some parts of the world.

BUSINESS SEGMENT REVIEW - **CARBON**

Operational highlights of 2021

- Commissioned the vertical-shaft calciner in India and completed its first sale of CPC
- Commissioned the anhydrous carbon pellet production facility in the US
- Recovered quickly at the Chalmette, Gramercy, Norco and Purvis calcination and energy facilities in the US following Hurricane Ida in September

Market overview

- Primary industries consuming RAIN's CPC and CTP – aluminium, titanium dioxide and steel – saw vigorous recovery in 2021
- Aluminium and steel industries in the rest of world, excluding China expanded at their fastest rate in a decade
- The escalation of energy prices in Europe significantly impacted segment performance during the second half of the year, partially offset by our non-European operations and the ability to pass through costs
- There is an ongoing effort to maintain a favourable position on the cost curve versus our competitors. This includes activities to reduce our energy costs through improved energy efficiency and the utilisation of alternative fuels while also working to contain and reduce our CO_2 footprint
- We are continuing to roll out several key initiatives to optimise and rationalise our global production locations and supply chain. We are focused on 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.

Outlook

The Carbon segment is expected to enjoy continued strong volumes in the coming year. Calcined petroleum coke and coal tar pitch sales should continue to benefit from robust demand in the aluminium industry. In addition, we anticipate that demand for CPC within the titanium dioxide industry will remain solid. CTP volumes should also remain strong due to increasing demand for engineered products such as CARBORES® and PETRORES®. Beyond CTP, we expect ongoing demand for our other carbon distillation products to remain solid.

At the same time, the availability of high-quality raw materials continues to be a challenge – especially low-sulphur, anode-grade GPC for our calcination business. Aluminium smelters understand that this situation is not likely to improve, and they are finding ways to work with our Company and adapt to relaxed specifications to the maximum extent possible. In terms of GPC pricing, decreased Chinese GPC production has prompted China to import more, triggering increased competition and higher costs on the seaborne market. We will be watching the Chinese production and energy situation, which could continue to experience volatility well into 2022. As with calcination, our distillation operations are dealing with an ongoing challenge of securing coal tar in a very tight global market and facing the resultant cost increases.

During 2022, we also expect that our new vertical-shaft calciner in India and anhydrous carbon pellet production facility in the US will begin to provide the return on investment. In late 2021, CPC production at the Indian calciner began to ramp up, and we are preparing to export our first shipment of shaft CPC during the first half of 2022. Looking ahead, we continue to work with Indian authorities to secure a GPC import allocation for the vertical-shaft calciner. We also plan to ship a trial blend of calcined ACP and CPC to a major global aluminium industry customer during the first half of 2022. In the months ahead, in addition to gaining customer feedback from this initial shipment, we will continue to learn and optimise the production process for this new material. With additional operational and testing experience, we will continue to fine-tune the ACP throughput and production costs.

BUSINESS SEGMENT REVIEW

Advanced Materials

The segment, with facilities in Europe and North America, produces raw materials designed for cleaner, lighter and environment-friendly 21st-century applications in specialty chemicals, coatings, construction, petroleum and other global industries.

0.39 Mn MT
Sales volume

₹33,178 Mn
Revenue from operations

23%
Contribution to consolidated revenue

5%
Operating margin

Our Advanced Material products

Product Groups	Raw materials used	Manufacturing process	Finished Products	Production locations
Engineered products	Pitch and petroleum tar	Manufactured from a highly reduced concentration of PAHs	– CARBORES® – PETRORES® – Sealer coatings	Belgium, Canada, Germany and Poland
Chemical intermediates	Naphthalene oil, crude benzene and cracker residues	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	– Refined naphthalene – Phthalic anhydride – Modifiers – Benzene – Toluene – Xylene – Solvents – Fuel additives	Belgium, Canada and Germany
Resins	Carbo-indene C9 feedstock	Downstream refining of naphthalene and other inputs	– Carbon resins – Pure resins – Hydrogenated resins – Phenolics	Germany

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 of eco-friendlier alternatives as well as non-coal tar-based downstream hydrocarbon and advanced carbon products. Today, we are 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 industries, in addition to other global industries. We have five advanced material production facilities in Belgium, Canada, Germany and Poland.

BUSINESS SEGMENT REVIEW - **ADVANCED MATERIALS**

Operational highlights of 2021

- Ramped up troubleshooting of the HHCR plant's novel precursor technology and began to build a portfolio of leading customers for our 'water-white' resins.
- Completed a strategic project to convert one of our units in Europe to produce PETRORES®, providing us with the capability to increase production to meet growing demand by the energy-storage industry.

Market overview

- Business expanded at an unprecedented rate in 2021 across all relevant product segments, including record output of our CARBORES®, PETRORES® and resins to serve the specialty graphite, refractory and lithium-ion battery segments as well as hydrocarbon resins following the consolidation of our resins business in 2020
- Particularly strong interest in energy efficiency is driving increased sales across our PETRORES® -specialty coatings, 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

Case study

Growth driven by innovation

Since the early 20th century, our Duisburg facility in Germany has been a leader in chemical-related and carbon-based product development. This includes being the first to produce plastic made from synthetic components known as Bakelite on an industrial scale during the early 1900s. Despite its long and storied history, in more recent years the plant struggled to find its place in the new industrial economy.

Several years ago, we formulated a clear, new strategy for the site based on a streamlined set of innovative product lines and forward-looking ways of thinking. This allowed Duisburg to experience strong global demand once again for its unique products and run at utilisation levels that were hard to imagine five years ago. Contributing to the German plant's renaissance was the decision to close our Uithoorn resins production facility in the Netherlands. The production of its profitable hydrocarbon resins products was transferred to Duisburg and the others were eliminated. This has resulted in improved economies of scale for the Duisburg facility and the elimination of ~US$ 8 Mn in annual production costs.

In 2021, we opened a state-of-the-art rubber lab in Duisburg. The US$ 1.3 Mn investment will significantly improve our technical services and targeted product development for the rubber industry, with the intention of positioning our Company as a preferred partner in applications and R&D cooperation.

With this investment, the lab team can assess a broader range of variables giving us a much better understanding of our products and their performance. It also enables us to evaluate how certain modifications will optimise products for specific applications or result in the creation of a new resin. In addition, being able to conduct in-house testing will improve our knowledge of the link between resin structure and performance. This will enhance RAIN's credibility with rubber customers, allowing us to speak their language when it comes to key performance data. This includes grip and abrasion performance, dynamic loss factor, the interaction between rubber and filler, processing capability and more.

Most crucially, the new Duisburg rubber lab will help us develop new products for safer tyres and better fuel economy, which is a win-win for all stakeholders.

Outlook

In 2022, we expect to benefit from continued strong demand for our CARBORES® engineered product, which is used in refractory and graphite products, as well as our PETRORES® specialty coating for lithium-ion batteries. In 2022, we are looking for an incremental production increase of both products thanks to the fourth-quarter completion of a strategic project to convert one of our units in Europe to produce PETRORES®, which will enable us to meet the increasing demand.

We also anticipate that sales volumes of the rest of our Advanced Materials products will remain strong, and we are ready to meet that demand as a result of late-2021 maintenance outages at our BTX and phthalic anhydride production facilities that will provide increased operational capacity and reliability. In addition, we expect that the replacement of the reactors in the hydrogenated hydrocarbon resins facility will improve its reliability. The new reactors are based on a much simpler design, and are already providing the desired results, reducing the need for future maintenance outages.

As with the carbon distillation business, this segment faces the continued challenge of coal tar availability and rising cost for the raw material. Moreover, soaring energy prices in Europe could remain an issue in the near term. In response, we have changed fuels for our internal energy production, hedged a portion of our natural gas contracts and implemented energy surcharges to our sales prices. In a few of our Advanced Materials product lines, we have also taken aggressive actions to reduce energy consumption to restore margins, as we move forward in 2022.

BUSINESS SEGMENT REVIEW

Cement

We have two integrated cement plants, one each in Telangana and Andhra Pradesh, with an aggregate installed capacity of 3.5 Mn tonnes per annum. Our plants in South India produce two grades of cement: ordinary portland cement (OPC) and portland pozzolana cement (PPC). The plants are strategically located within a two-kilometre radius of their primary sources of limestone, and our mines have reserves for ~50 years. Of the total amount produced, PPC-grade accounts for about 78% of our Priya Cement sales volume.

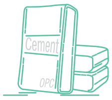
2.90 Mn MT
Sales volume

₹13,841 Mn
Revenue from operations

9%
Contribution to consolidated revenue

20%
Operating margin

Our cement products

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

Operational highlights of 2021

- Achieved a 17.3% increase in sales volume over pre-covid levels in 2019 as well as a revenue improvement of 35% since 2020
- Commissioned a ground-mounted, 1 MW solar plant in Suryapet
- Installed a rooftop solar plant with a capacity 25.9 KWh in Suryapet and another with a 60 KWh capacity in Kurnool
- Initiated a water-management study at both units to assess the status of water-resource availability and identify ways to achieve positive water balance
- Planted 12,373 saplings over 6.47 acres at the Suryapet plant and 71,177 saplings (including 19,600 plants grown using Miyawaki method) over 52.64 acres at the Kurnool plant

BUSINESS SEGMENT REVIEW - **CEMENT**

Market overview

The Indian cement industry was estimated to have a total production capacity of ~550 Mn tonnes in 2021 and is expected to add 80 Mn tonnes of capacity over the next three years. Cement is a cyclical commodity with high correlation to GDP. The Indian housing sector, including the low-cost and affordable housing segment, accounts for close to two thirds of total consumption. The other major consumers of cement include infrastructure at 20% and the rest by industrial capex.

Due to the increasing demand in various sectors such as housing, commercial construction and industrial construction, 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, driven by government initiatives such as Pradhan Mantri Awas Yojana (PMAY), Smart Cities Mission and Swachh Bharat Abhiyan.

Cement, being a bulk commodity, is freight-intensive, and transporting it over long distances can be costly. This has resulted in cement being largely a regional play, with the industry being divided into five main regions in India: North, South, West, East and Central. The southern states of Tamil Nadu, Andhra Pradesh, and Karnataka together account for nearly one third of the country's total installed capacity.

Since the first COVID-19 wave hit India in March 2020, cement demand has progressively recovered. While the next wave in April and May last year negatively impacted demand/supply dynamics, the industry has witnessed a rebound in South Indian demand since June 2021 – albeit inconsistently, due to the festive season and heavy rainfall in November that brought construction to a standstill in Andhra Pradesh, Tamil Nadu, Puducherry, Kerala and south Karnataka.

Outlook

Looking ahead, cement demand will continue to be closely linked to economic growth. Today, India is the fastest-growing major economy in the world. Global bodies such as the International Monetary Fund and the World Bank maintain that India's GDP will grow faster than other major countries in the next two years. While India's economy still must recover to pre-pandemic levels, think tanks expect India to grow at a rapid pace on the back of carefully curated policy interventions from the government addressing inflation, unemployment and other key economic issues.

With the government of India introducing new plans for housing and infrastructure development, the growth outlook for construction and cement sectors remains positive. 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 expand aggregate demand and the level of economic activity, thereby cushioning any downturn in cement consumption. Similarly, in the Union Budget of India 2021, India's Finance Minister announced a continued focus on rural development and infrastructure, which will play a vital role in helping India become a US$ 5 trillion economy.

Overall, India's cement industry should benefit from improved demand due to the government's spending on infrastructure and housing. According to investment research firm ICRA Limited, Indian cement production is likely to increase by 12% to 332 Mn tonnes in 2021 and 358 MT in 2023, driven by rural housing demand and a pick-up in infrastructure activities.

Solutions shaped by global trends

We actively monitor trends that impact our operating landscape to maintain our position as a dynamic and innovative Company that is creating low-carbon solutions to transform the world around us.

Global trends

- Climate change
- Decarbonisation
- Increasing demand for energy and raw materials
- Population and prosperity growth
- Increasing importance of recycling and reuse of materials and resources
- Urbanisation
- Increasing mobility

Challenges

- More lightweight materials needed
- Improve fuel efficiency
- Energy-efficient buildings and building envelopes
- New mobility and energy storage concepts
- Reducing food loss to feed growing population
- Prolong product lifecycle

RAIN solutions

- Resins for lightweight composites
- Additives for improved tyre efficiency
- Carbon anodes for aluminium production
- Raw materials for improved insulation
- Materials for lithium-ion batteries
- Contaminant-free packaging adhesives
- Stretch product lifecycles by using by-products
- Prolong the lifecycle of wooden products
- Materials for reflective coatings

OUR APPROACH

Intrinsic sustainability for long-term success

We are leveraging our long history of innovation and industry leadership to bring customers the materials they need to produce cutting-edge products that meet changing social and regulatory expectations.

Building on over 150 years of success dating back to the former RÜTGERS Group, we are working to accelerate the transformation of our industry in a world that's increasingly inclining towards cleaner, lighter and faster products as well as manufacturing applications. Our essential materials for sustainable 21st century applications provide the dual benefit of creating new market opportunities for our Company and driving long-term value.

Our Distillation and Advanced Materials businesses in Belgium and Germany have been awarded gold medals by EcoVadis for achieving an advanced level of corporate social responsibility (CSR), while our Calcination business in the US received a silver medal.

Our commitment to sustainability and CSR is built on maximising the positives and minimising the negatives across People, Planet and Profit fronts. This approach includes:

- Responsible use of resources
- Activities to minimise environmental impact
- Safety and employee well-being
- Enhancing the quality of life in our local communities

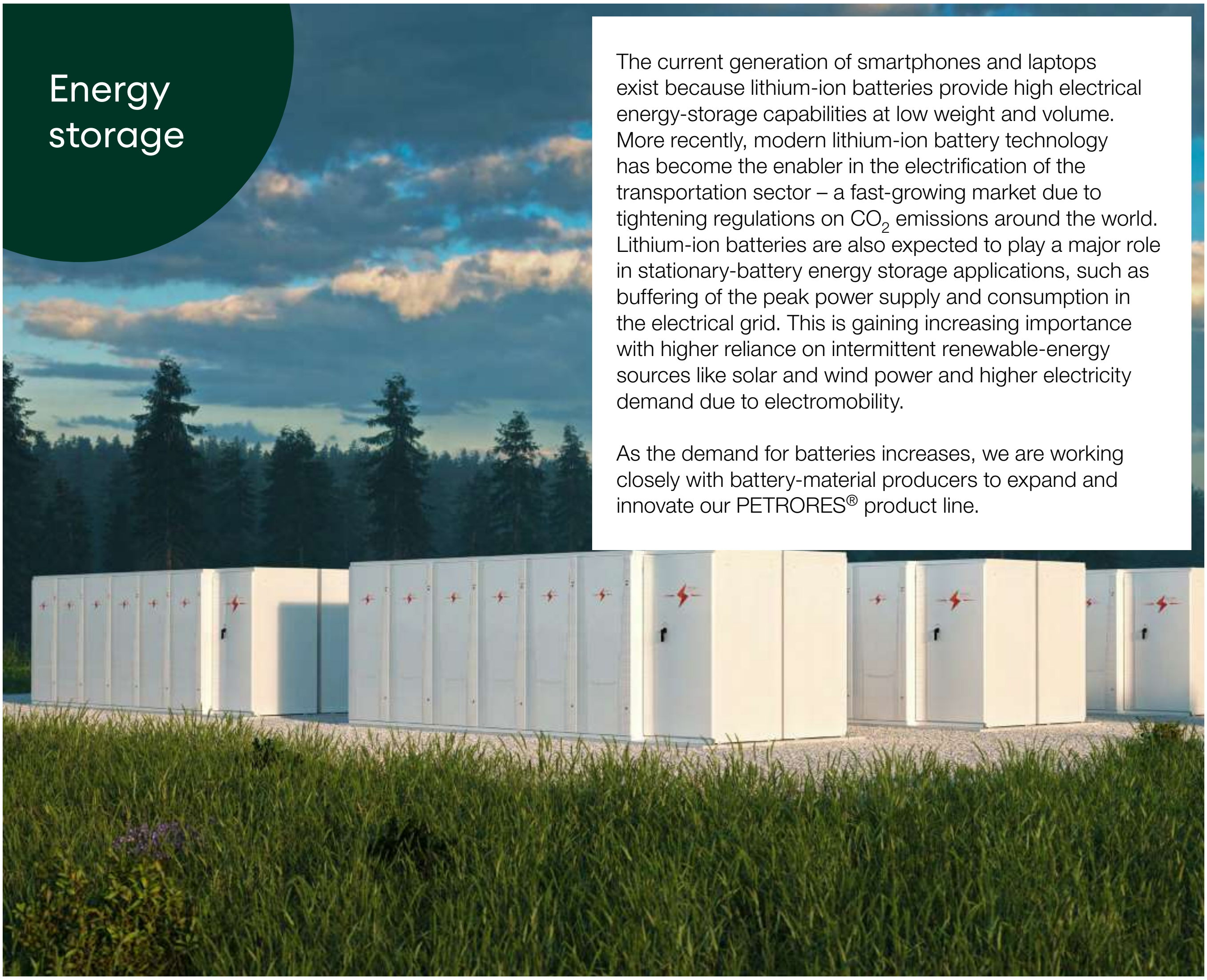
Circular economy

The essential component of a circular economy is keeping products and materials in productive use for as long as possible – ideally in closed material cycles -- to minimise landfilling and incineration of waste.

We are supporting circularity in different ways:

- Our business model links linear value chains by converting industrial by-products and ensuring that these are used in the most productive ways.
- Reusing fly ash in cement production contributes to a circular economy through resource efficiency.
- Some of our products are critical elements in well-established process technologies for producing materials that can be recycled in closed loops. By converting carbon by-products of certain industries into essential raw materials for other industries, we serve as a critical carbon link between diverse and linear business models.

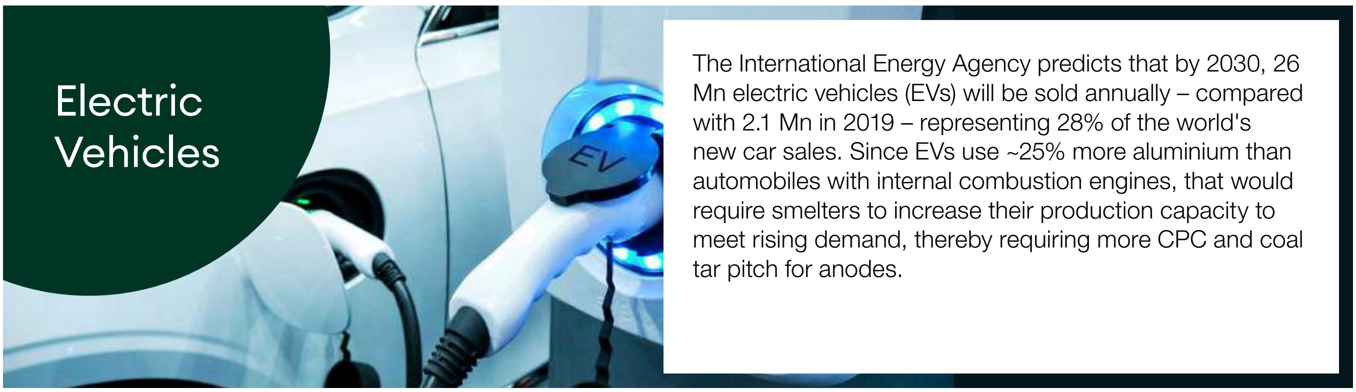
OUR APPROACH



Energy storage

The current generation of smartphones and laptops exist 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 in the electrification of the transportation sector – a fast-growing market due to tightening regulations on CO_2 emissions around the world. Lithium-ion batteries are also expected to play a major role in stationary-battery energy storage applications, such as buffering of the peak power supply and consumption in the electrical grid. This is gaining increasing importance with higher reliance on intermittent renewable-energy sources like solar and wind power and higher electricity demand due to electromobility.

As the demand for batteries increases, we are working closely with battery-material producers to expand and innovate our PETRORES® product line.



Electric Vehicles

The International Energy Agency predicts that by 2030, 26 Mn electric vehicles (EVs) will be sold annually – compared with 2.1 Mn in 2019 – representing 28% of the world's new car sales. Since EVs use ~25% more aluminium than automobiles with internal combustion engines, that would require smelters to increase their production capacity to meet rising demand, thereby requiring more CPC and coal tar pitch for anodes.

Carbon-free Aluminium

In recent years, there has been increasing interest in the production and use of low-carbon aluminium. This is generally defined as aluminium with a CO_2 footprint of <4 tonnes CO_2/tonne of aluminium (scope 1 and 2 emissions). The industry achieves this by producing primary aluminium at smelters with carbon-free energy sources such as nuclear or hydroelectric power. The use of recycled aluminium is also growing rapidly and provides another route for aluminium producers to dramatically lower their carbon footprint.

The market has responded positively to these efforts with new indexes to track quotations highlight pricing differentials. The LME (London Metals Exchange) has also introduced an LME passport system, which generates electronic certificates of analysis allowing digital labelling and tracking of low-carbon aluminium. Today, a portion of the market is willing to pay a premium for low-carbon aluminium, and the demand and price differential for low-carbon aluminium is expected to grow rapidly in the future.

Additionally, several major aluminium producers are investing in so-called inert anodes, which are carbon-free alternatives to anodes made from CPC and CPT. While commercial application of this technology is still some time away, it highlights the growing drive towards low-carbon aluminium.

Aluminium will be a key enabler of the electric-vehicle revolution. At the same time, the primary aluminium industry is coming under increasing pressure to reduce its CO_2 footprint.

RAIN is contributing to the effort to produce lower-carbon aluminium. Our contribution includes the capture of waste heat to cogenerate clean electricity or steam for use in our own production processes or for export to other industries including local power grids as a form of renewable energy. RAIN received a ‘Best Paper’ award recently for a technical paper that quantifies the CO_2 reduction potential for smelters using CPC produced at calciners with waste-heat recovery.

RAIN has also recently completed a detailed carbon-footprint study with a major low-carbon, primary aluminium producer, and the results of this collaborative study will be published in 2022. More recently, we have focused on the commercialisation of our proprietary anhydrous carbon pellets technology, which not only further reduces the carbon footprint of our CPC but offers the potential for smelters to lower their energy consumption and greenhouse gas emissions, thus moving them closer to their goal of producing low-carbon aluminium.

Managing our principal risks and uncertainties

Our robust and proactive risk-management policy safeguards the interests of all our stakeholders and protects our Company against volatilities. The Board, with assistance from the Committees, designs and deploys requisite mitigation measures to keep us on the path of stewardship and excellence.

Three-tiered risk management architecture

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 them 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 include obtaining frequent updates on risk-management process on certain identified risks depending on the nature, significance and possible impact on the business.

MANAGEMENT LEVEL

Senior managers are responsible for managing risks across their respective departments. Strategic-risk registers capture the risks identified and mitigation measures taken by the operating teams as well as the functional leadership teams.

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 to create mitigation plans. Operational risks are evaluated at functional review meetings and mitigation plans are agreed on and implemented.

Key risks and our response

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

BUSINESS MODEL

Prudence and proactiveness at the heart of long-term value

KEY INPUTS

Financial capital
- Capital expenditure: US$ 74 million
- Underlying net debt: US$ 914 Mn
- Equity: ₹ 61,092 million

Manufactured capital
- Carbon plants: 13
- Advanced Materials plants: 5
- Cement plants: 2
- Waste-heat recovery power plants: 6
- Waste-heat recovery power generation capacity: ~131 MW
- Waste-heat steam plants: 3
- Waste-heat recovery steam generation capacity: ~59 MW

Intellectual capital
- Spent on R&D: US$ 6.04 million

Human capital
- Employees: ~2,400
- Training hours: ~28,400
- People employed for over 10 years with RAIN: 1,155

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

Natural capital
- Solar-power generated electricity: 3 MW
- Trees planted: ~88,000

VALUE CREATION APPROACH

Our strengths
- Global presence
- Large-scale operations
- Long-term relationships with suppliers
- Diverse, blue-chip customer base
- Strong and sustainable financial profile
- Innovation and industry-leading R&D
- Skilled talent pool
- Quality and compliance
- Experienced management team

How we create value

We create value across three major pillars: upcycling, innovation and expansions.

Upcycling
- Sold 2.5 Mn metric tonnes of upcycled carbon-based industrial by-products that were essential raw materials for various everyday products and manufacturing applications
- Incorporated 726,451 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
- State-of-the-art rubber lab in Duisburg, Germany will significantly improve our technical services and targeted product development for the rubber industry
- Introduced a new resin for biaxial-oriented polypropylene for food packaging
- Developed anhydrous carbon pellets, which should result in enhanced carbon availability for aluminium smelting
- Developed hydrogenated hydrocarbon resins using innovative technology and a new source of raw-materials

We have developed a business model that prioritises sustainability. One that is agile and in touch with changing social and environmental needs. In alignment with our R.A.I.N business strategy, it helps us create shared value through the products we manufacture.

Our strategy

- Deliver solid returns
- Optimise assets
- Leverage innovation leadership
- Noble ambitions, noteworthy achievements

Read more about our strategies on **page 46**.

Expansions

- Commissioned the vertical-shaft calciner in India and completed first sale of CPC
- Commissioned the anhydrous carbon pellet production facility in the US
- Initiated production of PETRORES® specialty coating at Kędzierzyn-Koźle plant in Poland

OUTCOMES

Stable financial returns to shareholders

Making decisions that help enhance our capital allocation year on year

₹ 25,174 Mn
Operating profit

₹ 1 per equity share
dividend paid per share

Developing innovative and sustainable products for our customers

Playing an important role in the businesses of our consumers

- NOVARES® TM 85 AS (pure monomer resin produced in a batch process for rubber formulations such as tyres)
- NOVARES® Pure 2100 (hydrogenated hydrocarbon resin with a melting point of 100 degrees Celsius for colourless, odourless, non-toxic adhesive applications)
- NOVARES® Pure 2120 (hydrogenated hydrocarbon resin with a melting point of 120 degrees Celsius for adhesive applications)
- NOVARES® TT 140M (maleic acid-modified hydrocarbon resin for marine-coating applications)
- PETRORES® ZL150 M (carbon precursor for the production of graphite-electrode materials for lithium-ion batteries)
- Anhydrous carbon pellets
- Higher-density CPC from vertical-shaft calciner
- NOVARES® TMA 80 (functionalised pure monomer resin for tyre applications)
- NOVARES® TM 85 AS (pure monomer resin for rubber formulations)
- NOVARES® L 40 (liquid hydrocarbon resin for coating applications)
- NOVARES® MP 50 (liquid hydrocarbon resin for coating applications)
- NOVARES® YC 006 (hydrocarbon resin in dry-liquid form for tire applications)
- LIONCOAT® LM (carbon precursor for the particle coating of lithium-ion anode materials)

Taking care of our people

Creating distinctive opportunities for growth and learning - total recordable injury rate: 0.17* and total lost-time injury rate: 0.14*

* Carbon and Advanced Materials segments

Driving well-being of communities

Helping create more resilient and self-reliant communities through thoughtful initiatives

Total lives impacted through various CSR initiatives:

- 2,172 students educated during the year under Pragnya Priya Foundation
- 69,497 patients treated at three hospitals under Pragnya Priya Foundation

Reducing our environmental footprint

Helping create a cleaner and greener ecosystem

- GHG emissions avoided due to internal energy production from waste heat: 0.74 Mn metric tonnes of CO_2#
- Self-generated energy from waste heat: 1.2 Mn MWh

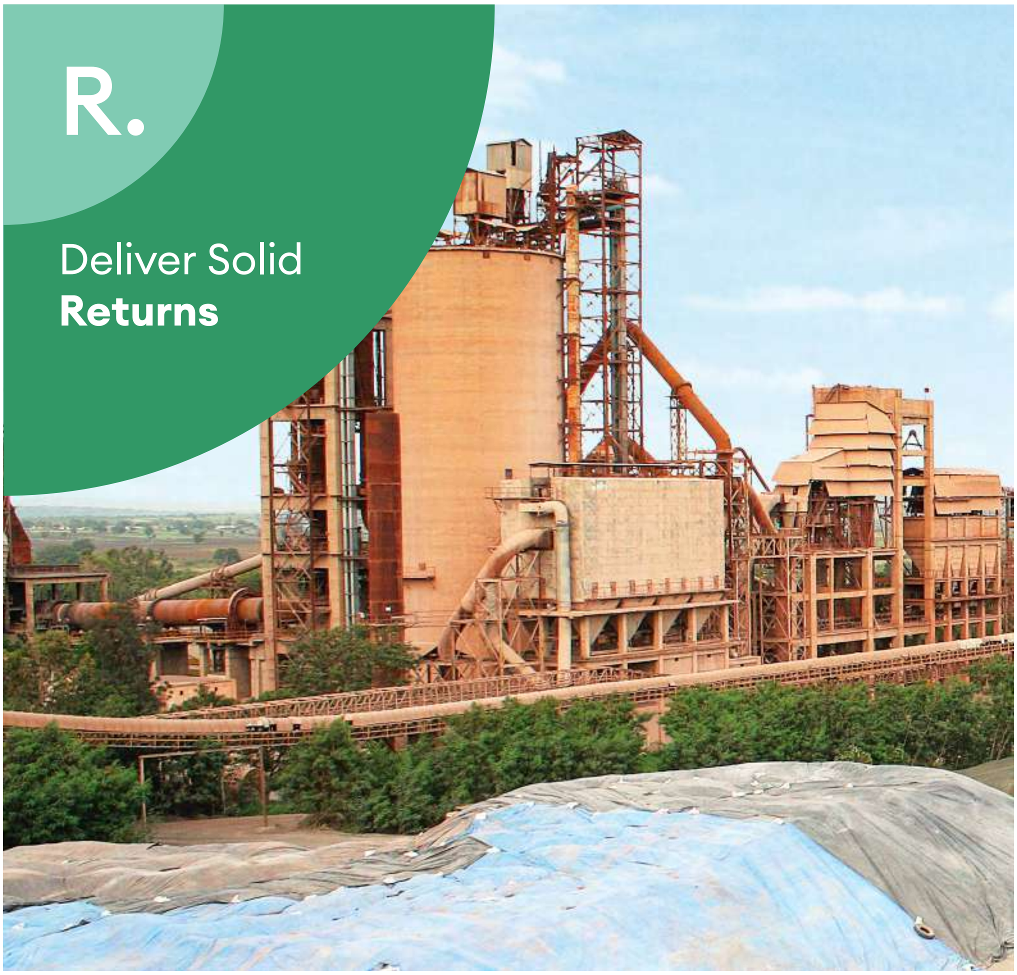
GHG emissions avoided due to internal energy production from waste heat: Based on electricity generation from different waste heat recovery processes at Chalmette, Lake Charles, Visakhapatnam, Castrop-Rauxel, Duisburg, Norco, Zelzate, Kurnool and Suryapet. Avoided emission are calculated from the generated megawatts, emission factors of local electricity grids and combustion of natural gas as well as respective efficiency factors.

R.A.I.N. STRATEGY

Making consistent progress on our imperatives

Our 150 years of global operating experience has positioned us to create a strategy that maximises 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 21st-century requirements. All the while, we remain focused on doing what's right through our commitment to sustainability and adherence to ethical business practices and strict corporate governance.

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



One of the largest producers 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 high-performance cement that can support the region's rapid urbanisation demands, including housing, infrastructure and commercial construction.

We focus on enhancing the sustainability of our products and processes by using fly ash in our portland pozzolana cement (PPC) to reduce the amount of limestone required and investing in technologies that reduce our energy consumption and environmental impact.

KEY LEVERS

- Raw material self-sufficiency
- Cost savings from installed waste-heat recovery, co-generation 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 expertise, developed an extensive network, and built a strong reputation for business integrity and fair financial dealings – all of which provide us 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 improve operating margins.

FINANCIAL HIGHLIGHTS OF CEMENT BUSINESS IN 2021

₹13,841 Mn
Revenue from operations

25.7%
EBITDA growth

19.8%
EBITDA margin

BUSINESS TRENDS

Customer centricity

Resource efficiency

Renewable energy

Low-cost manufacturing

Waste management

R.A.I.N. STRATEGY

We are the world's largest producer of coal tar pitch and second-largest supplier of calcined petroleum coke, providing essential raw materials required by industries and market segments with focus on increasing the sustainability of their production sites and supply chains.

STRATEGIC INTENT

Our ambition is to extend our market leadership by leveraging our strength 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 anhydrous carbon pellets

OPTIMISE PRODUCTIVITY AND PROFITABILITY OF THESE COMMODITY-BASED OPERATIONS

We 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 coal tar pitch and calcined petroleum coke 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 leverage 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.

FINANCIAL HIGHLIGHTS OF CARBON BUSINESS IN 2021

₹98,249 Mn
Revenue from operations

50.7%
EBITDA growth

21.5%
EBITDA margin

BUSINESS TRENDS

Lightweighting/Aluminium

Resource efficiency

Carbon productivity

Low-carbon aluminium smelting

Emissions reduction

Upcycling

I

Leverage **Innovation** Advancements

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. The Advanced Materials business operates world-class facilities producing naphthalene-based polymer pre-cursors, 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. These are all based on industry by-products and converted into essential ingredients in everyday manufacturing processes, and end products used in daily life, with a focus on growing demand for lighter, cleaner and faster applications.

R.A.I.N. STRATEGY

STRATEGIC INTENT

To build a cluster of global and regional leaders in the chemicals, specialty and hydrocarbon resins and battery-anode materials segments based on upcycled by-products and targeting 21st-century markets and technologies. These will serve as platforms that provide us with the ability to move into new adjacencies, lending a diversified and alternative product platform.

KEY LEVERS

- Strategically located near key customers/industries
- Innovation-oriented product and business development
- Leading portfolio of proprietary materials for 21st-century requirements
- Realignment to focus on core businesses and profitable products

INNOVATING TO MEET EVOLVING EXPECTATIONS

Our Advanced Materials segment has helped us increase our focus on transforming by-products of our coal tar and petrochemical feedstock distillation activities to produce raw materials that support high-growth products of the future. After commissioning our new hydrogenated hydrocarbon resins (HHCR) facility in Germany in 2020, we began to build a portfolio of leading customers for our 'water-white' resins in 2021. The HHCR facility serves as the cornerstone of our Advanced Materials segment, producing resins with a purity that make them an ideal raw material for adhesives and hygiene-product applications where contaminant-free materials are growing in importance. Similarly, we continue to build on our PETRORES® brand of specialty coatings for the electric-vehicle and energy-storage markets, and our proprietary NOVARES® resins are playing an increasingly important role in improved fuel economy and driving safety when used in tyre applications.

FINANCIAL HIGHLIGHTS OF ADVANCED MATERIALS BUSINESS IN 2021

₹33,178 Mn
Revenue from operations

(59.8%)
EBITDA growth

4.7%
EBITDA margin

BUSINESS TRENDS

Electric Vehicles

Digitalisation

Resource efficiency

Carbon productivity

Product purity/ Contaminant-free materials

Upcycling

N.

Noble Ambitions. **Noteworthy** Achievements

STRATEGIC INTENT

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.

In the 21st century, sustainability is quickly becoming 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.

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 on performance, value creation and sustainability while conducting ourselves in a responsible way. It demonstrates our deep respect and appreciation for our stakeholders and the many opportunities we have to enhance the quality of life in our communities and the world.

STAKEHOLDER ENGAGEMENT

Collaborating for inclusive progress

At RAIN, stakeholder engagement is an ongoing process. Stakeholder identification is based on attributes such as impact, influence, interest, legitimacy, urgency and diverse perspectives. These attributes help identify stakeholders who are important to our business and necessitate meaningful engagement.

Based on these attributes, we identified following stakeholders:

Stakeholders	Engagement platforms
Investors and shareholders	
The support of our investors and shareholders is crucial for continuous access to capital and the ability to make progress on our strategies and reach our objectives.	– Conducting analyst meetings – Sharing investor presentations, quarterly financial results – Conducting the Annual General Meeting of shareholders – Regularly filing various statutory or informative reports and Information with stock exchanges – Issuing press releases
Government/Regulatory bodies	
As a responsible corporate citizen, a symbiotic relationship with the government and regulatory bodies can go a long way in bringing seamless progress.	– Interacting with statutory/regulatory bodies, such as stock exchanges, tax departments, SEBI and other government departments as and when required
Vendors/Suppliers	
Maintaining our relationship with vendors and suppliers of raw materials and indirect services are key to uninterrupted operations and delivery to our discerning consumers.	– Conducting vendor meetings – Having procurement policies and vendor-selection process – Conducting supplier visits and meetings as well as vendor-review meetings
Customers	
As a customer-centric Company, our ability to meet fast-evolving consumer needs is a priority. Delivering quality products and expanding our customer base are imperatives for growth.	– Requesting proposals from customers – Conducting client visits and meetings – Making initial contact and pitches – Addressing client feedback – Building relationships in sales – Identifying emerging client needs
Local communities	
For us shared prosperity is paramount, and we are making sustained efforts in creating resilient communities.	– Conducting site visits and local community meetings – Issuing press releases for organisational awareness – Providing financial support to build and maintain community-based infrastructure in villages, such as roads and community centres – Contributing to local welfare activities – Maintaining schools and hospitals through the Pragnya Priya Foundation in rural Telangana and Andhra Pradesh
Employees	
Our people, their ideas and their passion are the key forces driving our Company's forward trajectory. Their dedicated approach and winning mindset bring our ambitions to life.	– Offer Global and Regional Leadership Development programmes to develop our future leaders – Conduct annual performance evaluations and agree on personal-development activities for all of our employees – Implemented a global learning-management system to provide web-based trainings and digitalise our learning administration – Conducted employee satisfaction survey to assure that RAIN is a great place to work – Instituted global HR policies related to recruiting, onboarding of new employees, and compensation and benefits

More materials for lithium-ion batteries

By upcycling petroleum-refinery by-products, we supply a range of electrode-related products to producers of rechargeable battery materials.

Our PETRORES® products are specifically developed precursors used to create the amorphous carbon layer – several tens of nanometres in thickness – that act as a coating for 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 a battery's durability, safety and energy capacity, as well as its charging and discharging speed.

In 2021, we completed projects of expanding our production capacity for PETRORES® and LIONCOAT® carbon precursors for the rechargeable lithium battery market. This should allow us to follow the increasing demand of our customers for these carbon raw materials in the production of graphite and silicon-graphite composite electrode materials.

SUSTAINABILITY AMBITIONS

Strengthening an enduring commitment

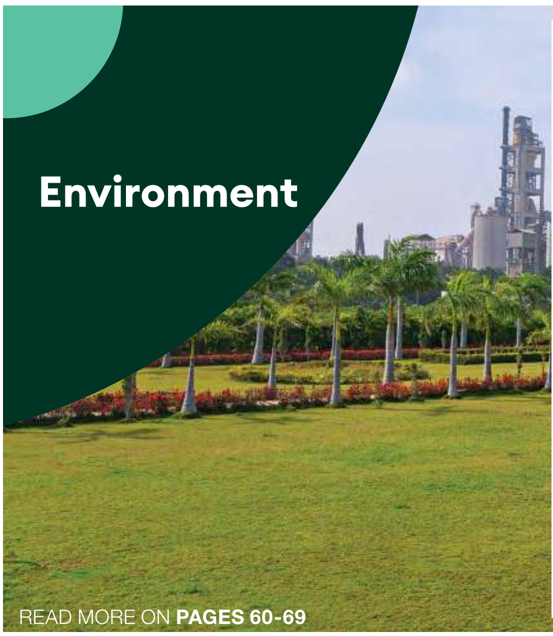
For decades, our business model has been based on converting other industries' by-products into materials that are essential to the production of longer lasting and infinitely recyclable materials.

In 2020, we formally communicated this long-engrained ethos as our Company's vision and laid the foundation for a more systematic sustainability approach by creating our first organisational structure to actively promote sustainability. In 2021, regular Sustainability Steering Committee and core team meetings helped outline our future direction, in addition to our corporate sustainability team. In future we will expand our corporate sustainability team and in addition we will create a dedicated Sustainability Engineer position to support sustainability-focused projects.

The focus during 2021 was to elaborate on and advance our sustainability activities in line with the Global Reporting Initiative (GRI) reporting standards. Accordingly, our Carbon and Advanced Materials segments conducted the Company's first materiality assessment as a starting point for the development of our future sustainability strategy, which aims to determine mid- and long-term targets. The process began with the identification of multiple, potential, material topics. The sustainability core team prepared internal workshops to identify those topics, which are strategically most relevant both internally and from the stakeholder perspective. Subsequently, a complementary impact analysis was conducted to evaluate direct and indirect effects from each topic identified. Impact can occur when carrying out our business activities and those can be positive as well as negative along the entire value chain.

Finally, in accordance with GRI standards, eight environment-, social- and product-related material topics were identified for our Carbon and Advanced Materials segments. While our Cement segment is not taking part in our GRI project at this initial stage, the material topics identified were nevertheless cross-checked with our Cement segment for alignment purposes.

Environment



READ MORE ON **PAGES 60-69**

GHG EMISSIONS AND ENERGY

We consume significant amounts of energy and are aware of our impact on climate change and the need for reduction of related CO_2 emissions.

We have, for decades, used the heat generated in our industrial processes to generate energy, offsetting the need for energy from stand-alone generating plants. In addition, our solar power generation capacity continues to grow, with plans to greatly expand it in the near future, further off-setting emissions from our own plants.

WASTE

Our business model is founded on resource efficiency and strictly follows the principles of waste minimisation.

AIR EMISSIONS (NON-GHG)

We have significant air emissions related to its operations and constantly strives to further minimise the impact of these emissions.

Social

READ MORE **PAGES 70-79**

DIVERSITY AND EQUAL RIGHTS

We provide equal opportunities, in conformance with all applicable laws and regulations, to all employees and applicants based on qualification, merit and business needs.

HEALTH AND SAFETY (INCLUDING PRODUCT SAFETY)

Health and safety is of highest relevance for us and we aim for zero incidents.

LOCAL COMMUNITIES

Through our charitable foundations in India and Europe, and in our employee-driven charitable activities in North America, we further expanded our service to our local communities through our free schools and hospitals, scholarships, employee volunteer work and donations to charities.

Products

INNOVATIVE AND SUSTAINABLE PRODUCT PORTFOLIO

We constantly strive to develop innovative products to fulfil the needs of our customers and support sustainable societal development.

CIRCULARITY OF PRODUCTS AND FEEDSTOCKS

Our business model is based on the conversion (upcycling) of by-products from the oil, power generation and steel industries into value-added raw materials essential for other industries. Beyond these upcycled feedstocks, we believe that renewable and recycled feedstocks are important for a circular economy.

SUSTAINABILITY AMBITIONS

Our preparedness to the United Nations Sustainable Development Goals (SDGs)

The United Nations' 17 Sustainable Development Goals (SDGs) are a framework for companies to align business activities to the 2030 agenda of sustainable development. In 2020, we initiated our first assessment of the business' core activities as well as social engagement in terms of their SDG contributions. In 2021 the business was further reviewed from the perspective of SDGs based on the SDG Sector Roadmaps for the chemical and cement industries. These roadmaps were developed by the World Business Council for Sustainable Development (WBCSD) for multiple industries. The overall objective is to provide guidance for the wider business communities and priority SDGs for a specific sector. Priority SDGs are those where a sector has the highest potential to minimise negative and maximise positive impacts.

Combining the WBCSD sector, roadmaps for the Indian cement sector as well as for the chemical sector, the following SDGs are being considered of highest relevance for us: 3, 6, 7, 8, 9, 11, 12, 13 (shown below). Beyond these goals, Education (SDG 4) has been an area of strong engagement for us for many years and thus is also considered of high relevance.

Many of our products and/or activities have a positive influence on single or multiple SDGs. However, we are also aware that some of our products and processes have a negative impact on the SDGs and we are continuously striving to minimise these impacts associated with our products or business activities.

Safety and health are of central importance to us during manufacturing and the downstream use of our products. In 2021, our Life-Saving Rules initiative was rolled out to help us protect our employees from any incidents. We promote a healthy and active lifestyle within the Company via multiple activities, regular health check-ups for employees as well as occupational health and safety management systems, including continuous improvement activities in the workplace focused on safety, such as toolbox talks. Elsewhere, we support the Pragnya Priya Foundation in India with a focused, hands-on and grassroots approach towards education and health for underprivileged and underserved communities.

We believe that education is a key factor in enabling individuals to reach their full potential and enhance the quality of life in their communities. Through our Pragnya Priya Foundation, we operate three schools in rural India. In the US, many of our CSR-related activities support STEM (science, technology, engineering and math) education, while in Europe our RÜTGERS Foundation strives to make science, technology and computer science lessons tangible and interesting for pre-college students.

We rely on water in several of our different production processes, and we are aware of our responsibility with regards to protecting and preserving this valuable resource. We are also a supplier of the key raw material in activated carbon, which is used to absorb hazardous chemicals from air, water and in wastewater-treatment applications.

We continuously work towards increasing energy efficiency by implementing energy-management systems, investing in steam and electricity co-generation and waste-heat recovery plants, producing solar electricity and utilising the energy made by our own processes to the greatest extent possible.

We take seriously our responsibility of providing decent and safe working conditions across our global footprint. We have family-friendly working time models such as Mobile Working Policies. Our people at different sites participate in works councils, collective agreements on remuneration, and multiple programmes and activities focusing on workplace safety.

Our cement products are important for resilient and sustainable infrastructure development. As a building material, cement combines durability, resilience to climate-related and natural disasters, cost-effectiveness and widespread availability.

We support a resilient infrastructure with other products for the transportation and construction industries, such as railroad sleeper ties, pitches and protective sealers for asphalt as well as corrosion-resistant coatings for use in marine infrastructure, ships and shipping containers.

We have a key role in the growth of sustainable cities, which depend on energy- and climate-efficient structures. Long-standing durability in buildings and other construction is made possible using high-quality materials such as our resins, which have a positive influence on resistance against water and moisture. Our Priya Cement brand is a major name in the Indian industry, and our materials find applications in multiple concrete structural applications.

Our business model is based on resource efficiency as we transform by-products from other industries and utilise them to create new materials while preventing them from being used as combustion fuels. Responsible production is further expressed through our multiple activities to reduce environmental emissions, such as our wide use of flue-gas desulphurisation, continuous emission monitoring system units and our leak detection and repair project.

As a Company with energy-intensive processes, greenhouse gas emissions and energy are material issues for us. We work to reduce GHG emissions from our process by implementing energy-efficiency projects and installing waste-heat recovery systems. Furthermore, our products have the potential to additionally save GHG emissions in downstream products.

Case study

EcoVadis ratings

Three of our production facilities in Europe – our Zelzate plant in Belgium and our Castrop-Rauxel and Duisburg operations in Germany – have participated in the EcoVadis rating programme since 2017. EcoVadis, which is a globally recognised, sustainability-rating platform, defines corporate social responsibility (CSR) as 'the continuing commitment to act responsibly by integrating social and environmental concerns into business operations. CSR goes beyond regulatory compliance to focus on how companies manage their economic, social and environmental impacts, as well as their relationships with stakeholders.'

In 2021, after receiving EcoVadis Silver ratings the past two years, our German operations earned a Gold rating for achieving 'an advanced level of corporate social responsibility'. In doing so, Castrop-Rauxel and Duisburg joined our Belgian business in Zelzate, which has received Gold ratings each of the past three years. In addition, in its first year of being evaluated, our U.S. calcination business received a silver rating from EcoVadis, placing that business in the 84th percentile among industry peers for its sustainability performance.

Focusing our collective energy on a greener future

We are striving to consistently minimise our environmental footprint through prudent use of resources and upcycling industrial by-products rather than allowing them to be used in ways that have a negative impact on society, thus accelerating the path to a circular economy.

ADVANCING OUR ENVIRONMENTAL DATA MANAGEMENT

In 2021, we initiated a three-step process to optimise our internal environmental data collection regarding compliance with the Global Reporting Initiative (GRI) standard. First, the internal data collection processes were reviewed in close coordination with all global production sites to ensure consistent collection and monitoring of our environmental data. Then data-collection was conducted for 2021 in accordance with these new collection processes. The third step comprised an external validation of our collected data, which is planned for 2022. However, as the project follow up and external data validation is still ongoing, all numbers used in this Report represent our management estimates, as has been reported in previous years. This key project advances our environmental data baseline significantly and will enable us to include externally validated data in our next annual report.

CARBON-FOOTPRINT STUDIES CONDUCTED IN 2021

In 2020, we established the infrastructure to conduct lifecycle assessments and carbon-footprint studies for our products. During 2021, our efforts evolved, standard process and procedures were implemented, and product carbon-footprint assessments were conducted to support the increasing demand from our customers for transparency of product-carbon footprints along their and our value chains.

Carbon-footprint study for aluminium value chain. We are an important contributor for low-carbon aluminium producers

In 2021, our Rain Carbon subsidiary undertook a detailed product carbon-footprint study with one of its major aluminium smelting customers that produces low-carbon aluminium with hydroelectric power. The goal is to publish this study in a technical paper by mid-2022, and it will highlight our role in producing some of the lowest-carbon aluminium in the world.

The study will provide a detailed breakdown of the smelters' scope 1, 2 and 3 emissions and will be the first study of its kind to use a large body of primary emissions data for the anode supply chain.

The study will show total cradle-to-gate CO_2-equivalent emissions for the smelter, which are ~75% lower than the global smelting average. Rain Carbon is a major supplier of CTP and CPC used at the smelter. The waste-heat energy recovery system at Lake Charles reduces the CO_2 footprint of the CPC by ~16% relative to a calciner with no heat recovery.

Carbon-footprint study for benzene production at our Zelzate site

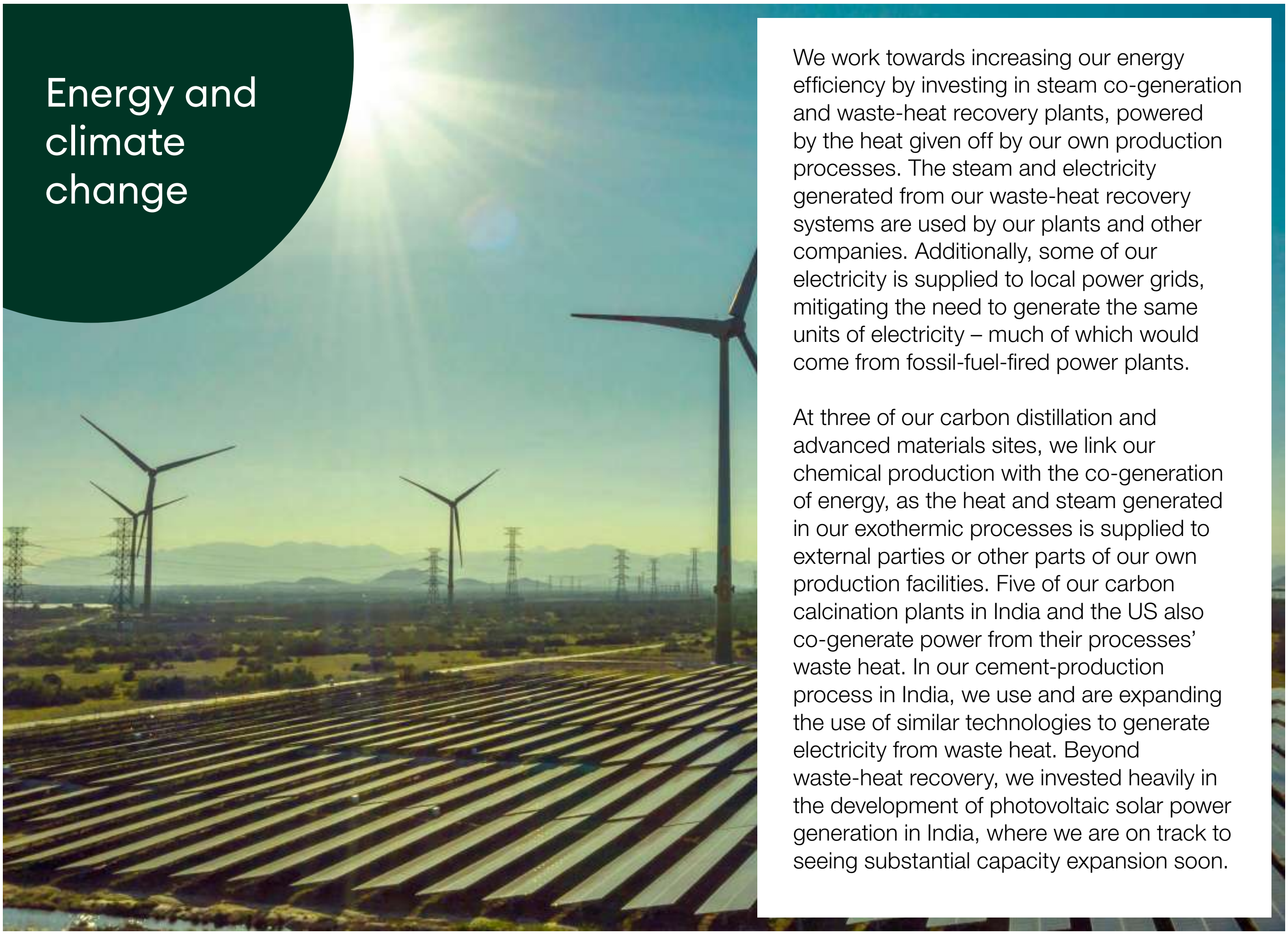
In 2021, we conducted a product carbon-footprint study for the benzene produced at our Zelzate facility in Belgium. Our benzene is produced from light oil, a by-product of metallurgical coke production, which is isolated by the further processing of coke-oven gas from coal pyrolysis. If this light oil were not extracted from the coke-oven gas, it would instead be incinerated as internal fuel along with the coke-oven gas. At Zelzate, we distil this light oil into various aromatic fractions, including benzene, which is needed for the synthesis of many key products, such as aniline, styrene, nylon, synthetic rubber, plastics, detergents, insecticides and dyes.

There are two primary alternative production routes for benzene. The first is benzene produced based on pyrolysis gas from steam-cracker processes. The second is benzene produced based on the BTX fractions from catalytic-reforming processes. The results were compared with the market mix. (57% steam cracker, 35% catalytic reformer and 8% toluene dealkylation.)*

*(Reference: https://www.petrochemistry.eu/about-petrochemistry/petrochemicals-facts-and-figures/european-market-overview/).

The assessment revealed a product carbon footprint of benzene produced at our Zelzate facility of 1.06 CO_2 equivalent per tonne of benzene. The study showed that, compared to the alternative production routes, our process has a lower carbon footprint than via the steam-cracking production route (-38%) and the benzene market mix (-22%). The study also includes an assessment of the emissions from the alternative combustion of the same amount of light oil necessary to produce one tonne of benzene, which is calculated as 4.16 tonnes CO_2 equivalent. The production of one tonne of benzene via our route is 75% lower than the respective emissions from incinerating light oil as a secondary fuel. However, these promising results are a simplified comparison due to the limitations of the considered system boundaries. The study and the results were critically reviewed in accordance with ISO 14067 by an external, independent third party.

Energy and climate change



We work towards increasing our energy efficiency by investing in steam co-generation and waste-heat recovery plants, powered by the heat given off by our own production processes. The steam and electricity generated from our waste-heat recovery systems are used by our plants and other companies. Additionally, some of our electricity is supplied to local power grids, mitigating the need to generate the same units of electricity – much of which would come from fossil-fuel-fired power plants.

At three of our carbon distillation and advanced materials sites, we link our chemical production with the co-generation of energy, as the heat and steam generated in our exothermic processes is supplied to external parties or other parts of our own production facilities. Five of our carbon calcination plants in India and the US also co-generate power from their processes' waste heat. In our cement-production process in India, we use and are expanding the use of similar technologies to generate electricity from waste heat. Beyond waste-heat recovery, we invested heavily in the development of photovoltaic solar power generation in India, where we are on track to seeing substantial capacity expansion soon.

ENVIRONMENT

An important step to managing the impact of climate change is the monitoring of our energy as well as our GHG emission data. The processes for data collection were reviewed and updated during 2021. The below table summarises the energy and GHG emission data collected per the new processes. This Report uses data reported to the relevant governmental authorities or estimates based on internal-calculation methods.

Energy and GHG data*	2021	Notes
Energy input	**Absolute** 3.9 Mn MWh **Specific** 0.67 MWh/metric tonne product	Based on primary energy, purchased grid electricity, purchased steam and self-generated energy from waste-heat recovery and self-generated renewable-energy for all our production sites where the respective is applicable
Total energy generated from waste-heat recovery	1.2 Mn MWh	Based on electricity and steam generation from different waste-heat-recovery systems in Castrop-Rauxel, Chalmette, Duisburg, Kurnool, Lake Charles, Norco, Suryapet, Vizag and Zelzate
Direct GHG emissions from fuel/waste-gas combustion and production process at sites (Scope 1)	**Absolute** 3.13 Mn metric tonnes CO_2e **Specific** 0.55 metric tonnes CO_2e/metric tonne product	By gas: Includes CO_2 emissions from all our sites, and CH_4, N_20 emissions from our calcination operations and Hamilton plant By source: Includes emissions from fuel combustion, the calcination process and waste-gas combustion for all sites where this is applicable. Limitation: Emissions from waste-gas combustion at Duisburg are not included; Emissions from calcination sites are estimates based on a combination of measured and calculated values. These will be further refined in the future.
Indirect GHG emissions from purchase of grid electricity and steam (Scope 2)	**Absolute** 0.16 Mn metric tonnes CO_2e **Specific** 0.03 metric tonnes CO_2e/metric tonne product	Based on all our production sites.
GHG emissions avoided due to internal energy production from waste heat	0.74 Mn metric tonnes of CO_2e	Based on electricity generation at different waste-heat recovery processes in Castrop-Rauxel, Chalmette, Duisburg, Kurnool, Lake Charles, Norco, Suryapet, Vizag and Zelzate. Avoided emission are calculated from the generated megawatts, emission factors of local electricity grids and combustion of natural gas as well as respective efficiency factors.

*General note: Values cannot be compared with values reported in RAIN's 2020 Annual Report because 1) the methodology of data collection was changed and 2) the scope of the included sites was changed to include data from the Kurnool and Suryapet cement plants.

The following section describes site specific activities to reduce GHG-emissions and use energy most efficiently.

SOLAR AND WASTE-HEAT ELECTRICITY GENERATION AT OUR CEMENT PLANTS IN INDIA

We have invested heavily in a combination of CO_2-offsetting, power-generation systems in our Cement vertical in India. We have done this through a combination of constructing photovoltaic solar power panels and implementing waste-heat capture systems with electric turbines, similar to the systems used at the calcination plants in our Carbon segment. The adoption of these environmentally favourable, captive power-generation technologies enabled us to significantly reduce our CO_2 footprint by reducing our reliance on electricity from the grid in India, where most power is generated from high CO_2-emitting coal.

The following is a summary of our achievements in this area:

Suryapet (Telangana), India

- 4.1 MW gross waste-heat recovery commissioned in 2019
- 1 MW of solar power generating capacity commissioned in 2020
- 1 MW of solar power generating capacity commissioned in 2021
- 3.6 MW of solar-generating capacity on-track to be added during the first half of 2022

Kurnool (Andhra Pradesh), India

- 6.4 MW gross waste-heat recovery commissioned in 2016
- 1 MW of solar power generating capacity commissioned in 2020
- 10 MW of solar generating capacity on-track to be added during the first half of 2022

Case study

NEERI: One of the cleanest CPC manufacturing units from an environmental perspective

In 2018, as part of India's effort to reduce air pollution, the Hon'ble Supreme Court implemented significant restrictions on the ability of India's calciners to import GPC and prohibited the industry from importing any CPC. The court also established that calciners importing GPC should have installed flue-gas desulfurisation (FGD) systems that reduce SO_2 emissions by more than 90%. Currently, we are the only calciner in India with installed FGD systems operating at or above the court-mandated threshold.

In July 2021, RAIN engaged The Council of Scientific Industrial Research – National Environmental Engineering Research Institute (CSIR-NEERI) to perform an independent assessment of the positive impact of its pollution-control efforts, as part of the Company's effort to gain unrestricted access to GPC and CPC imports. In September, CSIR-NEERI published its report, which looks specifically at the reduced emissions resulting from the use of flue-gas desulphurisation (FGD) and waste-heat recovery (WHR) systems for electricity generation at RAIN's Vizag calcination facility and the new vertical-shaft calciner in the Andhra Pradesh Special Economic Zone (APSEZ).

In terms of the plants' state-of-the-art FGD systems, CSIR-NEERI concluded that RAIN has more than 98% scrubbing efficiency, thereby making these units one of the cleanest CPC manufacturing units from an environmental perspective.

CSIR-NEERI also found that our ability to co-generate power (40 MW at the Vizag plant and 15 MW at the APSEZ plant) and thus replace an equivalent amount of electricity from coal-fired power plants have major environmental benefit. According to CSIR-NEERI, the GHG [greenhouse gas] emissions are set to zero when power generation is obtained by steam generated from waste-heat recovery systems compared with estimated GHG emissions of 1,537 and 576 tonnes per day when using coal to generate 40 MW and 15 MW of electricity, respectively. Therefore our CPC manufacturing will result in an overall reduction of SO_2 emissions, ash generation and greenhouse gas emissions (due to reduced coal consumption) for an equivalent power generation.

Case study

GHG-emission and energy-efficiency activities at Duisburg

An example of the energy-efficiency projects from our site in Duisburg is the optimisation of the two process steps of vacuum distillation and strip-steam distillation, which started in 2021. The process change combines vacuum- and steam-stripping, enabling the site to reduce steam pressure as well as distillation time. In this way, more material can be produced in the same timeframe while using less energy (steam) to produce each tonne of product. Overall energy consumption was reduced by ~8,500 MWh per annum. Another benefit of the process changes made in polymerisation and distillation was a median increase in yield of around 10%.

In 2021, Duisburg also conducted the project 4,000+ (referring to the monthly production-tonnage target for our NOVARES® resins). The aim is to streamline the overall production process – in particular, the liquid-resin product line (LA, L and LS series) – to better meet the specified viscosity. To date, the project has resulted in shorter distillation times, higher throughput and a decrease of energy consumption (temperature) per batch. For example, these changes reduced the distillation time of our NOVARES® LS-500 by approximately half and reduced the process time of other liquid products by ~20%.

Another activity that enabled significant energy savings at our sites as well as for our customers was the ramp up of hot-molten deliveries from Duisburg to adhesive customers across Europe. Selected resin customers are now increasingly receiving resins in a hot-molten state rather than as solid-resin pastilles. This saves energy twice: first, since we do not need to cool the product to further process it (pastillisation), and second since the hot-molten resins do not require customers to use additional energy for re-melting the resins before using them in their processes.

Case study

Equipment upgrades lead to energy savings at German production sites

At our Castrop-Rauxel and Duisburg sites in Germany, we have had a systematic energy-management system ISO 50001-certified since 2014. We continuously monitor our process to identify and act on any untapped energy-efficiency potentials.

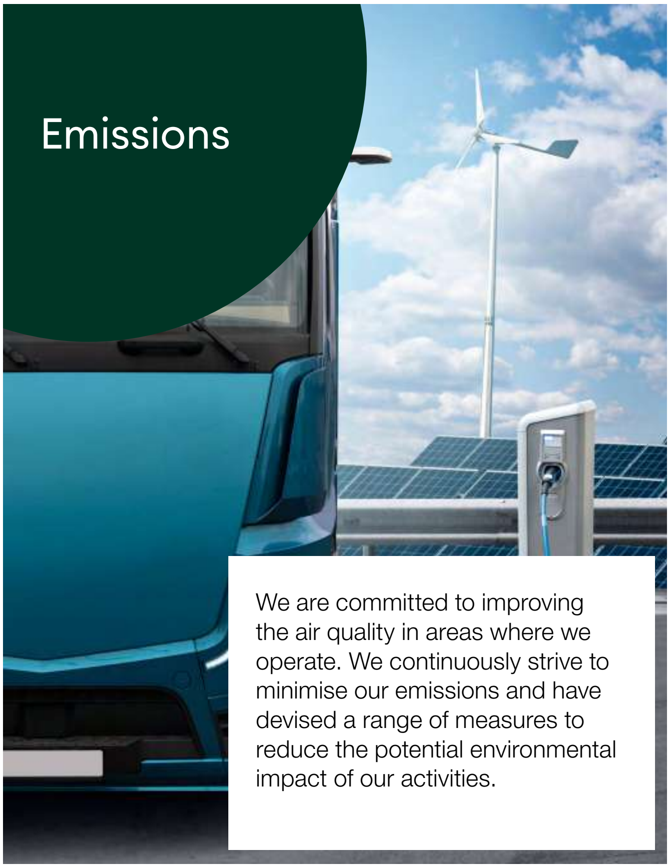
In 2021, the naphthalene production unit in Castrop-Rauxel was upgraded in terms of energy efficiency. The installation of a more advanced and energy-efficient cooling system, including a new refrigerant, enabled a significant reduction in energy consumption. Across all energy-efficiency projects, the specific energy consumption for the Castrop-Rauxel site in 2021 was reduced by 23.7% in comparison to 2020.

Case study

Oxygen injection at our calcining facilities

Using oxygen instead of natural gas reduces absolute CO_2 emissions of our calcining facilities since it reduces flue-gas volumes inside the kiln, which decreases fines loss and improves kiln yield. Currently this technology is used at our Chalmette, Gramercy and Vizag calciners. Over the 2014-21 period, a detailed analysis of the oxygen-injection and process changes to improve the kiln yield was conducted at the Vizag calciner, which showed a kiln yield improvement of 4.5% and CO_2 emissions reduction of ~23%. A further detailed study is planned at Chalmette in 2022 to quantify GHG benefits of shifting from natural gas to oxygen at other calcining facilities.

Emissions



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.

Four of our six US anode-grade and titanium dioxide-grade calcination plants are fitted with different types of continuous emissions monitoring systems (CEMS) in the exhaust stacks. The CEMS ensure that we operate well within mandatory emissions limits.

At our carbon distillation and advanced materials facilities, we have a Leak Detection And Repair (LDAR) project to proactively and regularly check for fugitive losses of benzene, toluene and xylene (BTX) emissions. This project was originally initiated at our facility in Zelzate, Belgium in 2010. Due to its success, a similar project was rolled out at our Castrop-Rauxel, Hamilton and Cherepovets distillation facilities in Germany, Canada and Russia, respectively. Across most of our coal tar distillation units, wet scrubbers are installed to reduce air emissions. These scrubbers remove particles and gases from waste-gas streams, typically in tank farms.

NOX AND SOX EMISSIONS

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 FGD reduces the SO_2 load of the flue gases from waste-gas combustion by 95%; the other flue gases produce only marginal SO_2 emissions because of the low-sulphur fuel used. The exhaust air from the biological wastewater treatment is cleaned by an activated carbon filter system, thus reducing VOC emissions significantly.

At our Zelzate distillation and advanced materials facility in Belgium we operate a flue gas desulfurisation to reduce our SOx air emissions. Furthermore, 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%.

Due to the nature of the different raw materials processed at our production facilities, SOx emissions predominantly occur at our carbon calcination sites. However, we have invested heavily in technologies that dramatically reduce emissions of these non-greenhouse gases from our processes. We continuously strive to implement efficient, flue-gas treatment systems and make new investments in these responsible technologies.

The processes for data collection were reviewed and updated during 2021. The below table summarises the NOx and SOx emission data collected as per the new processes. The below figures are based on data reported to the relevant governmental authorities or estimates based on internal-calculation methods.

Type of Emissions*	Value 2021	Note
Specific NOx emissions	0.50 kg NOx/metric tonne	Based on emissions at Chalmette, Cherepovets, Duisburg, Gramercy, Hamilton, Kurnool, Lake Charles, Norco, Purvis, Robinson, Suryapet, Vizag and Zelzate
Specific SOx emissions	2.79 kg SOx/metric tonne	Based on emissions at Chalmette, Cherepovets, Duisburg, Gramercy, Hamilton, Kurnool, Lake Charles, Norco, Purvis, Robinson, Suryapet and Zelzate

*General note: Values cannot be compared with values reported in RAIN's 2020 Annual Report because 1) the methodology of data collection was changed and 2) the scope of the included sites was changed to include data from the Kurnool and Suryapet cement plants.

Case study

Norco and Chalmette: SO_2 emissions-scrubbing improvements

In 2021, we installed an improved fresh-lime injection system at our Norco site to improve the SO_2-scrubbing efficiency. This, in turn, also reduces the site's fresh-lime raw material consumption and generation of scrubber by-product material. Additionally, we have installed a redundant, standby fresh-lime feeder, which ensures continuous operation of Norco's scrubbing system.

We are also undertaking significant improvements to our waste-heat energy recovery system at the Chalmette facility in 2022. The tubes in the steam-generating bank of the boiler will be replaced, and the joints from the economiser tubes to the headers will be redone with additional quality controls. These major investments will improve the reliability of Chalmette's boiler and associated co-generation power plant, allowing for more reliable energy production and scrubbing performance as well as a lower carbon footprint for each tonne of CPC produced by increasing the amount of electricity generated every year at Chalmette by RAIN. These activities will enable us to further reduce our SO_2 and CO_2 emissions per tonne of CPC produced at Chalmette by increasing the annual amount of flue gas that we will divert through the FGD system. The improved boiler and power plant reliability will enable us to reduce the units of electricity needed (and its associated carbon footprint) from external power-generation plants. With the installation of new tubes in the steam-generating bank of the boiler, we expect to produce ~4% of additional steam for the same flue-gas quantity, increasing the plant's electric-power generation, thus contributing to lower carbon footprint.

Case study

Atchutapuram: New FGD technology utilised by RAIN

We commenced operations in September 2021 at our newest calcination plant in Atchutapuram, India. This new plant utilises vertical-shaft kiln technology, which allows for a higher percentage of our green petroleum coke raw material to be converted into CPC. Like its sister plant in nearby Vizag, the Atchutapuram plant was equipped with a waste-heat boiler and electricity-generation system, plus an accompanying FGD system. This new FGD system, however, is based on an even more efficient ammonia SO_2-scrubbing technology, which can remove 99% of the SO_2 from our emissions stream. Starting with Vizag, and now being followed at Atchutapuram, we will be operating the only two calcination plants in India that scrub SO_2 from the exhaust gas for the benefit of the environment and use their process heat to generate electricity.

Case study

Zelzate: Improved odour management

Based on research first conducted in 2018, an action plan to reduce the odour impact on the neighbourhood was developed and continuously implemented. Since then, a significant decrease of the odour impact in the neighbourhood by almost 60% could be achieved by implementing the following measures:

- Closed pitch-loading and -unloading station
- Extra treatment of pitch waste gases
- Closed sampling stations and leak-free pumps
- Installation of a new closed solvent-loading station

Additional measures to reduce emissions and odour are planned for 2022. This includes the connection of the tar-oil storage to the waste-gas incinerator.

Water management

Water is an essential resource at our sites, where it is primarily used to generate steam in power plants and for cooling in our production facilities.

Water availability and quality are global challenges, and industrial companies can contribute to this through sustainable water management. We have biological wastewater treatment and water-recycling and -cooling circuits in place at multiple facilities and we are working to optimise these processes further.

NEW WATER FILTRATION SYSTEM UNDER CONSTRUCTION AT OUR GRAMERCY SITE

At our Gramercy terminal in the US, we are testing a new, more efficient water-filtration system to reduce the total suspended solids released when removing excess water from our raw material barges. This filtered water can be reused within the calcination plant, reducing the need for additional water. All laboratory results during the testing phase of this new filtration system have indicated an 85% improvement in reducing suspended solids. Based on these results, we are planning to install a large-scale, permanent system at Gramercy during 2022.

EFFICIENT WATER MANAGEMENT AT OUR HAMILTON SITE

The Hamilton plant in Canada operates an on-site sewer system. To further minimise groundwater infiltration, the system periodically undergoes inspections and has undergone major repairs in recent years, including relining of pipelines and lining of catch basins. These activities reduce the risk of quality problems and the excessive quantity of discharged water. Additionally, the following activities were conducted in water management:

- In 2020 a new stormwater-treatment unit was commissioned to collect and treat all site stormwater. By adding a reverse-osmosis unit behind the stormwater treatment, the site will recycle significant volumes of water and reduce the use of potable water. The unit will be commissioned in 2022.
- In the membrane biological reactor wastewater-treatment unit, several additional filtration modules were installed in 2020 to enable higher throughput and improved contaminant removal. Further optimisation in 2021 led to an increase of throughput from 5 imperial gallons per minute to 12 imperial gallons per minute – an improvement of over 100%.
- Our Hamilton facility is now able to handle all process wastewater generated on site, rather than shipping it off site for treatment by a third party. An additional benefit is the avoided steam production due to a 10-15% reduction in total energy consumption resulting from the installation of vacuum pumps and elimination of the use of stripping steam in both primary distillation units.

EFFICIENT WATER MANAGEMENT AT OUR VIZAG SITE

At the Vizag calcination plant in India, efficient use of water is daily exercise. For example, all sewage water is treated to such a degree that it is suitable for use in watering the green belt surrounding our plant. Elsewhere, the wastewater from our Vizag waste-heat power plant and its auxiliary cooling-tower blowdown water is being reused in the flue-gas desulphurisation process after treatment. These processes increase our site's water efficiency and reduce consumption of this precious resource for every tonne of material it produces.

ENVIRONMENT

Waste management

Our production processes aim at highest resource efficiency in converting as much raw materials as possible into products and thus minimising waste volumes. We consider resource efficiency to be key target in our business model.

We implemented multiple different activities across our global operations. At our Castrop-Rauxel site in Germany, we operate a raw material-recovery plant that processes the suspensions from the facility's water purification processes, extracting materials that can then be used as secondary raw materials. At our Hamilton facility in Canada, drippings from our unloading lines are now collected and fed into our raw material storage units for processing instead of being disposed of as waste.

Waste reduction through the sustainable use of lime from our FGD systems is important for our calcining facilities. At our Vizag calcining facility in India, we supply the sulphate lime by-product to local brick manufacturers who use it as a key blend component, instead of sending it to landfill. This reduces the environmental impact while also providing employment to the industry producing bricks. Our US lime FGD by-products similarly find beneficial uses in a host of end applications, including soil stabilisation, road-bed construction and agriculture. Our newest FGD system, at the Atchutapuram vertical-shaft calciner in India, employs an ammonia-scrubbing technology, whose by-product is ammonia sulphate, which can be used as a fertiliser by the local agricultural community.

In our Cement segment, we initiated a sustainable waste-management programme to achieve the goal of 'zero waste' by focusing on regulatory compliance and maximum resource recovery. For this purpose, we established a dedicated waste-converter unit in each cement plant during the first week of 2021 with all the following results:

- Over 100 kgs of waste (dry, wet, and unrecoverable/reject combined) generated daily at each site is now segregated at the source for compositing, recycling or upcycling through burning in the cement kiln
- Non-recyclable dry waste, such as multi-layered plastic packaging and segregated combustible fractions—plastic waste too small to be recycled—is combusted in the kiln

As a result of these and other activities at our cement plants, we have:

- Attained our goal of sending zero waste to landfill
- Reduced greenhouse emissions by ~7.75 metric tonnes each month
- Used the compost produced from the wet waste and garden litter for in-house landscaping at our cement facilities

Circular economy

There are multiple definitions of the term circular economy, and many of them focus on the use of raw materials and often follow the approach of reducing (minimum use of raw materials), reusing (maximum reuse of products and components) and recycling (high-quality reuse of raw materials).

A circular economy is the opposite of linear business models, in which products are manufactured from raw materials and then discarded at the end of their useful lives. The essential component of a circular economy is to keep products and materials in productive use for as long as possible, to minimise landfilling and incineration of waste. A circular economy promotes waste minimisation and encourages the reuse and recycling of materials. We contribute to circularity and a circular economy in different ways.

Our business model links linear value chains by upcycling

In our Carbon and Advanced Materials segment, we convert by-products from other industries and ensure that these are used in most productive ways. In this way, we serve as the critical 'carbon link' between linear business models. 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.

Reusing fly ash is contributing to circular economy through resource efficiency

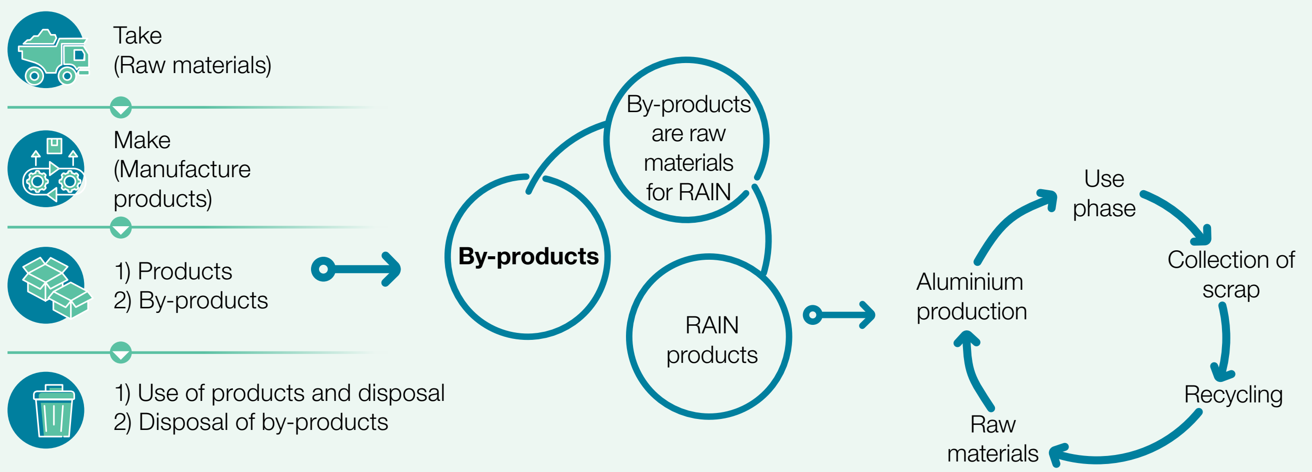
In our Cement segment, we upcycle fly ash produced as a by-product of coal-fired power generation with our clinker to produce portland pozzolana cement (PPC), which is used in buildings and other construction applications that require high-strength concrete. To avoid environmental hazards, power companies are required to isolate the fly ash in containment ponds that require vast land parcels and huge quantities of water to convert the ash into a manageable slurry. Our ability to instead use fly ash in our 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 volume of limestone, thus reducing our carbon emissions compared with that of 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 ordinary portland cement (OPC). As a result of these efforts, over the last few years, we have significantly reduced our production of OPC, as we shift to the eco-friendlier PPC. It accounted for close to 78% of our total cement production in 2021.

Our products are critical elements in well-established process technologies for producing materials that can be recycled in closed loops

Our products are essential prerequisites 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.

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 (EAF), where steel scrap is recycled at the end of its useful life and brought into a new use phase.

Linear economy | **Upcycling** | **Circular economy - Aluminium**



SOCIAL (WORKFORCE)

Meeting the mark with an effective people approach

Our focus is on raising an aware and confident workforce that can unravel answers to tomorrow's challenges, while prioritising their safety and professional growth. We have seamlessly adopted the emerging hybrid working environment, with employees not directly involved with the operation and maintenance of our production facilities, working from home. We have also stepped up our efforts to make people interactions more meaningful.

EMPLOYEE SAFETY IN THE TIME OF A PANDEMIC

Like last year, in 2021 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, their families and production personnel from possible infection, so that our facilities remained an unbroken link in the global supply chain.

Due to our safety culture and awareness, we decided to work from home beyond legal requirements and continue to collaborate via virtual meetings on Microsoft Teams. Microsoft Teams enabled us to use the platform to conduct job interviews, substitute business travel and provide employees with real-time updates about developments in our Company.

Precautionary measures that were implemented at our production facilities in 2020 remained largely unchanged to avoid a breakout at our plants. Tight restrictions were enforced to ensure limited access to our facilities – especially critical areas, such as control rooms – to minimise the possibility of COVID-19 exposure.

We supported our employees' efforts to get vaccinated. At our US and German plants, we worked with outside healthcare providers to offer on-site vaccination, with over 200 employees at our Castrop-Rauxel facility getting vaccine shots during the summer of 2021. Similarly, in India and Russia, we worked with local organisations to ensure that interested employees had access to COVID-19 vaccines.

As we enter 2022, 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.

IMPACTFUL EMPLOYEE ENGAGEMENT

In 2021, we launched our first-ever employee-satisfaction and engagement survey. Given the many changes in our organisation in recent years, as well as in the way we work due to the pandemic, we believe this is the appropriate time to ask for employee feedback on a range of topics. This will help us identify opportunities to make it an even better place to work.

The survey contained several questions designed to create a common understanding of what employees are satisfied with and in which areas the organisation could improve. The survey was also constructed to help us understand the importance and impact of cultural and age differences across our global workforce.

To execute the survey efficiently, the global HR organisation worked closely with our global Office 365 team to develop the questionnaire and an online tool to evaluate the results of the survey using Office 365.

The management team reviewed the feedback during the first months of 2022 and is developing an action plan to address key areas for improvement. We plan to communicate the results and action items to our employees by the end of the first quarter of 2022.

PROFESSIONAL GROWTH AND DEVELOPMENT

Meeting the training needs and assuring further development of our employees during the pandemic were challenging in 2021. When the objectives could be attained using virtual training, we utilised Microsoft Teams to protect the health and safety of our employees. For trainings that would not be effective using an online platform, we used risk evaluation to assess the local COVID-19 situation to determine if trainings could take place in small groups with strict precautionary measures or if it would be ideal to postpone them.

Building on our success using virtual formats for many training activities in 2020, we decided to transition our Global and North America Leadership Development programmes to online platforms in 2021. During the year, 10 employees participated in the second round of the Global Leadership Development programme. Virtual Learning Groups were implemented, and individual online coaching seasons were offered to the participants. We also had 16 employees from the US and Canada begin the Regional Leadership Development programme in North America, online.

We expanded the use of our Learning Management System in 2021, and it became a vital platform to provide web-based trainings, such as 'Moderating Online Meetings', 'Leading & Motivating Employees in the Home Office' and 'Working Successfully in Your Home Office'. We also offer a broad assortment of professional development tutorials, including leadership-related issues, sales and communication skills to our employees.

Our Human Resources team reviewed several employee-satisfaction and employee-engagement studies to evaluate the following dimensions related to employee satisfaction:

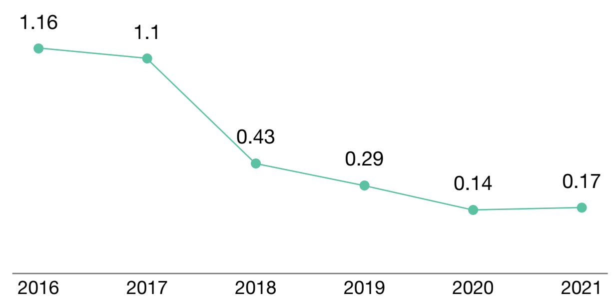
Corporate culture	**Communication**	**Organisation and structure**	**Work-life balance**	**Job and tasks**	**Financial compensation**
Career development	**Training and development**	**Work environment**	**Relationship with colleagues**	**Leadership**	

SOCIAL (WORKFORCE)

STRENGTHENING OUR EHS MEASURES

For the third consecutive year, our Carbon and Advanced Materials segments had an annual total recordable incident rate (TRIR) of less than 0.2, demonstrating that even with the many challenges posed by the pandemic, our employees are strongly focused on safety and health for themselves and their colleagues.

Total Recordable Incident Rate



0.14

Total lost-time injury rate in the Carbon and Advanced Materials business segments in 2021

0.17

TRIR in the Carbon and Advanced Materials business segments in 2021

In recognition of our production facilities that have gone one year or more without a recordable injury, we launched the President's Safety Excellence Award in 2021. Going forward, facilities that have been recordable-free for five or more years will receive a gold medal; for three years, a silver medal; and for one year, a bronze medal.

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 for 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.

In 2019, Quest for Zero began with organisation-wide training and awareness-building activities that helped employees recognise unsafe actions and conditions and empowered them to act proactively and independently to implement preventive measures. We also worked with DuPont Sustainable Solutions on several initiatives to enhance operational safety and optimise our expertise and processes.

As a result, employees in our Carbon and Advanced Materials segments completed 2019 with a TRIR of 0.29, less than 0.14 in 2020 and 0.17 in 2021 – clear evidence that our safety trajectory is heading in the right direction. In fact, 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.

In our Cement segment, we are implementing additional improvements to our safety-management systems, based on recommendations by the National Safety Council. We expect this to improve the effectiveness of our existing safety systems and procedures at both of our integrated cement plants.

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 over 100 deaths per week, or about 15 deaths a day. These statistics motivated us to introduce our Life-Saving Rules campaign in 2020. In 2021, we continued our 18–24-month rollout of the nine rules that focus on highly hazardous situations that our employees and contractors frequently face in the work environment.

Some achievements in 2021 are as follows:

- Introduced the President's Award for Excellence in Safety recognising the following facilities for one or more years without a recordable injury:
  - Gold medal (5+ years) -- Purvis, US
  - Silver medal (3-5 years) -- Vizag, India
  - Bronze medal (1-3 years) -- Duisburg, Germany; Gramercy, US; Hamilton, Canada; and Kędzierzyn-Koźle, Poland
- 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.

BUILDING FOR A SAFER FUTURE

The lessons learned and new experiences that have come from dealing with COVID-19, powerful hurricanes and other challenges have resulted in many positive SHE-related impacts across the organisation.

In 2021, we continued the rollout of our Life-Saving Rules campaign, focusing on near misses and unsafe conditions that could result in injury, and the need for increased safety-related communication at all levels of our organisation. The Life-Saving Rules 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 will remain a priority cross our organisation in 2022 and will continue to drive us in our quest to becoming an incident-free organisation.

SOCIAL (SUPPLY CHAIN PARTNER)

Stepping up execution with deeper connections

In 2021, we enhanced our supply-chain activities and their contribution to our Company, as well as our upstream and downstream business partners, by focusing on continuous improvement and enhanced sustainability through control, data analytics and investment.

SUPPLY CHAIN CONTROL

While some of our raw materials are delivered to our sites by our suppliers, most of the logistics along our supply chains are organised and controlled by in-house teams of specialists, backed by supply chain data analytics specialists around India, Europe and North America.

This unique strength gives us key insights into the causes of delays and exposes areas with scope of improvement along each section of our supply chains by helping us constantly analyse processes and drive efficiency improvements. This focus on logistics data analytics enables us to lower logistics costs while also improving our supply chain's sustainability and reliability.

Our facilities and supply chains are built on flexibility and multi-modal capabilities. Our plants and terminals receive our liquid and solid raw materials from suppliers via a combination of pipelines, conveyor belts, trains, trucks, containers, barges and ships, including our own deep-water ship terminals.

Our plants and terminals load out our bulk and packaged materials as well as solid and liquid finished and intermediate goods, using a combination of multi-modal logistical connections.

We receive and ship materials either directly using our own sites and terminals or by working with strategically located, off-site, third-party locations. This includes many where we offer value-added activities, such as blending or packaging to accurately meet our business needs.

Our logistical fleet and network are strengthened by a backbone of dedicated, exclusive-use, specialty vehicles and terminals that move and transfer our materials safely, sustainably and efficiently. Maintaining strong relationships with our logistics service providers is key to our ability to maintain reputation as an industry-leading, first-class service provider among our suppliers and customers.

Supply chain data analytics for improvement, optimisation and sustainability

During 2021, RAIN's Logistics teams implemented and enhanced a global series of technology-based tracking systems to effectively monitor and manage the efficiency of our terminals and vehicle fleets through data analytics.

Access to this critical information allows us to proactively and directly make planning decisions that reduce our vehicle waiting time (demurrage) costs across the globe. Logistics data analytics enables better monitoring of the loading and un-loading speed performance at our own terminals by identifying and eliminating regular causes for delays and zeroing in on our logistics partners who are operating most efficiently. These insights allow us to drive operating efficiencies at our terminals and those of our business partners and better manage our fleet sizes by reducing the number of vehicles we require. Such fleet reduction and logistics efficiency improvements offer both financial and sustainability benefits.

SUPPLY CHAIN OPTIMISATION INITIATIVES

Our supply chain strategy is built on a sustainable and cost-reducing philosophy of maximising and optimising the utilisation rates of our vehicles and terminals wherever possible. Combined with our supply chain data analytics, this guiding philosophy drives supply chain cost optimisation, as well as a reduction in emissions. For the movement of liquid and solid materials across our global footprint, we partnered with specialist trucking companies whose vehicle designs allow us to utilise the same vehicles to deliver our outbound, intermediate and finished goods, and to then pick up our in-bound raw materials near the initial delivery sites. Instead of using two vehicles, each making one leg of a journey empty, we organise our logistics and vehicles to be fully loaded in both directions, both domestically and internationally. This reduces our transportation and raw material costs, as well as our carbon footprint.

Our fleet of specialty tanker ships is flexibly designed to carry both our raw materials and our very different finished goods, either at the same time or in similar 'back-haul' return journeys. This allows reduction in our fleet-size needs, costs and impact on the environment. These efforts have enabled us to enter into strategic partnerships and relationships with key vehicle suppliers to build long-term, reliable and sustainable supply chains as a partnership.

2021: A year of investments in supply chain sustainability

The bygone year saw us initiate and complete several key supply chain infrastructure investments that will increase our sustainability both environmentally and economically, putting us on a strong footing for the future by proactively addressing the needs of today and tomorrow. Here are a few examples:

- At our Gramercy calcination facility and terminal in the US, we reduced our barge-water discharge by implementing advanced systems to filter that water and reuse it at the plant. We also commissioned a pilot study at Gramercy to measure energy usage along each step of our site's logistics and production chains. The goal of the study is to identify areas where our energy use can be reduced, with lessons learned that can be implemented at other sites. Also, at Gramercy, we completed a major logistics project using a simple and low-cost, dock-design solution for our barge-handling that had the double benefit of enabling safer barge operations at all river water levels and Gramercy's berthing up of Panamax-sized ships. This will facilitate faster loading and unloading of barges and our ability to use larger ships that transport more of our materials with greater fuel efficiency.
- At our Castrop-Rauxel facility in Germany, we implemented a new system to control dust emissions during bag-filling operations, which improves the working environment for our employees and the living environment around our site. Also, at Castrop-Rauxel, we implemented new loading-arm systems to greatly reduce vapour emissions for trucks loading certain liquids at our site.
- At our Kurnool cement plant in India, we optimised trucking logistics around a combination of raw material pick-ups and cement deliveries. Whenever our teams identify a potential new source of raw materials, we make parallel moves to start (or increase) our cement sales in the areas near that raw material source. This allows us to deliver cement economically while on the way to pick up local raw materials for the return journey.
- At our Lake Charles facility in the US, we began a series of projects to greatly reduce particulate emissions from both our raw material and finished good conveying and loading

SOCIAL (SUPPLY CHAIN PARTNER)

systems, which has lowered our raw material waste. Also at Lake Charles, we initiated a project to implement a new finished product sizing technology that will significantly reduce our electricity consumption and product loss, while also helping in achieving faster loading speeds.

- At our Norco facility in the US, we implemented simple yet effective design enhancements to our sulphur-emissions scrubbing system to allow the site to more effectively remove sulphur from its process emissions. These improvements to the weighing and injection systems also significantly reduce the amount of lime-scrubbing agent that needs to be transported by truck into and out of the plant every year, thereby reducing the sulphur and carbon footprints of Norco's operations.
- At our Duisburg facility in Germany, we increased production to record levels during 2021, helped by the consolidation of hydrogenated resins previously produced at our former Uithoorn site in the Netherlands. This centralisation and consolidation in the production of materials into one site reduced our transportation costs, emissions and complexity. It also meant more throughput for our inbound and outbound logistics infrastructure. To meet this challenge, RAIN specialists successfully rethought several key bottleneck points in Duisburg's traditional supply chain to ensure our ability to receive, produce, package and ship record volumes of material.
- At our Chalmette facility in the US, we completed several key logistics improvements that will enhance transportation-mode flexibility. At the Chalmette Terminal, we initiated a project to greatly reduce particulate emissions during unloading of raw materials, while also allowing us to directly trans-load finished-goods blend components directly from barges onto ships. We also made several key investments to enable Chalmette in loading out finished goods by rail. We modernised several finished goods storage tanks, allowing safe, environmentally efficient and reliable inventory management for the future.
- At our Zelzate facility in Belgium, we completed preparations in 2021 for the installation of a new ship-loading arm. This new logistical connection will allow us to move material more efficiently by water to our customers than trucks. This enhancement will also allow us to reduce the traffic volumes on the roads, as well as into and out of our site, by 550 truckloads per year.
- At our Duisburg, Germany site, we undertook a multi-pronged project in 2021 that enabled the facility to ship record-high production quantities while reducing our impact per tonne on the surrounding community. With the consolidation into Duisburg of volumes previously produced at our former site in Uithoorn, the Netherlands, we have debottlenecked multiple aspects of our packaging, palletising and loading systems. These new systems and new paperless documentation procedures allowed us to reduce the quantities of paper and packaging materials used per tonne sold. They also enabled us to load more tonnes on average into each truck load, reducing the number of trucks needed per tonne of material shipped.
- In North America, our raw materials logistics team was able to re-think our traditional transportation method and supply-chain route used to move a critical raw material to our Zelzate site in Belgium. By switching from small-volume tank-container transportation to large-volume barges and ships, this new practice will reduce our carbon footprint and road traffic on two continents, while safely and reliably moving a critical raw material through our system.

At our Vizag facility in India, we completed construction of three covered warehouses to store raw materials and finished goods. This investment will reduce dust emissions and enable better control of our inventory quantities than by using third-party storage facilities. These RAIN warehouse locations will reduce the distances over which our materials need to be transported and facilitate faster loading and unloading operations for our ships in the local port, both of which will reduce the environmental impact of our operations.

SOCIAL (CUSTOMERS)

Making good customer relationships even better

At RAIN, much of our success is the result of the blue-chip portfolio of customers that we have cultivated over the years and our ongoing effort to strengthen those relationships.

CARBON

In our Carbon segment, we enjoy long-standing supply relationships with the world's leading aluminium and TiO_2 producers. We have an excellent reputation as a reliable supplier of CPC to the market, and have used an ISO 9001-certified quality system since 1991. We have a history of close collaboration with our customers and have published numerous joint technical papers with them during the past 20 years. In 2021, we completed a detailed carbon-footprint study with one of our major aluminium smelting customers that will be published as a technical paper in 2022 (see story on page 60). It will provide an industry benchmark on what it means to produce sustainable, low-carbon aluminium. In addition to regular customer visits and meetings, we have a world-class pilot anode facility in Germany that we use on a regular basis to support our aluminium smelting customers.

ADVANCED MATERIALS

In our Advanced Materials segment, we work to enhance customer relationships through one-on-one meetings, training seminars, collaborative projects with clients, such as those utilising our new Duisburg rubber lab (see story on page 31) and social media-based marketing. These activities are augmented by customer-satisfaction surveys – and responsive actions on our part – as well as key performance indicators on customer experience, quality and complaint analysis as well as preventive actions.

CEMENT

Our Cement segment is a prominent player in Andhra Pradesh, Telangana, Tamil Nadu, Karnataka, Kerala, Odisha and Maharashtra. We have more than 2,000 registered dealers, the majority of which are repeat customers. We are enhancing infrastructure development in India by making our cement products easier to handle and more accessible for customers. We support our small distributors and dealers that cannot afford to purchase and store large quantities of cement at once with two new services in collaboration with our freight transportation and logistics provider. These services include:

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

SOCIAL (COMMUNITY)

Transforming lives for the better

Across our operations, we have identified diverse social concerns and designed a range of CSR activities in healthcare, safety, education, and community outreach and engagement. They have been crafted to positively impact the lives of our various stakeholder groups and the communities where we operate.

In India, many of our activities are driven by our Pragnya Priya Foundation (www.pragnyapriya.org), which we established in 2012 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 IN INDIA

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 in India 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.

Our classrooms leverage world-class academic content from one of the top digital education providers in India. We train teachers in the latest trends in education and the use of digital equipment. The schools have laboratories for various scientific subjects, such as physics, chemistry and biology, and are well-equipped with libraries and playgrounds. As part of our commitment to health and safety, good hygiene has been a focus in each of our schools throughout the COVID-19 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. The education received at our schools has prepared them to successfully complete professional examinations. With the transition to fully digital classes, we expect the academic achievements of our students to accelerate.

HEALTHCARE IN INDIA

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 within a 30-kilometre radius. These medical centres are equipped with test laboratories and other specialised equipment.

69,497

Patients receiving treatment at the three Pragnya Priya hospitals in India

COMMUNITY DEVELOPMENT IN INDIA

We have undertaken projects that contribute to the overall development of communities around our production facilities. We are promoting and supporting growth initiatives in collaboration with 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 trees to create 'social forests' and improving the air quality in Vizag

Beyond our tree horticultural activities in Vizag, tree plantation at our cement plants is one of our most engaging and eco-friendly activities. In fact, we are the first industrial company around the Suryapet area to have a large-scale, high-density plantation, which is spread over four acres. Our Kurnool plant is equally well-known for its horticulture activities. Many visitors are especially fond of the green space in the middle of the cement plant.

ACTIVITIES IN NORTH AMERICA

In North America, we have a long history of participating in diverse activities to make meaningful difference in the lives of the people in our communities, including working with local schools to help drive education in areas that are fundamental to our business: science, technology, engineering, mathematics education. Much of our activity in North America involves the hands-on work of our employees stocking 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. Prior to the pandemic, our employees donated ~1,000 volunteer hours per year, and in 2021 – as vaccinations became available across the region – they safely resumed their work with several organisations we support.

One area that remained unaffected despite the pandemic was the financial generosity of our US employees. Their contributions helped support a range of initiatives for those in need in local communities. For over two decades, through a matching programme with our employees, we have contributed more than US$ 1.9 Mn to the United Way.

RÜTGERS FOUNDATION ACTIVITIES IN EUROPE

The RÜTGERS Foundation aims to make science, technology and computer science lessons tangible and interesting for pre-college students. It supports school groups and project teams and helps create immersive experiences in science and research for the students.

The Foundation has increasingly promoted scientific networks and supported the inter-disciplinary exchange of science. It 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.

400 Schools

Funded by the RÜTGERS Foundation

€1.65 Mn

Contributed by the RÜTGERS Foundation

13,000

Young people reached by RÜTGERS Foundation activities

*Numbers recorded since inception in 1999 until now

Ethical governance driving enduring value

Our governance structure helps implement our strategy effectively and transparently. It enables us to deliver long-term value for our shareholders, employees, business partners and other stakeholders.

8
Board members

4
Annual Board meetings

100%
Board meeting attendance

We embrace the principle of shared value, which involves creating economic value in a way that also creates value for the society. Our values are embedded in the rich governance and disclosure practices followed by our Group Companies.

We pursue financial profitability and value creation for all our stakeholders while improving our social and environmental footprint. We abide by all applicable laws and regulations that relate to our business and follow 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. Regular risk-assessment processes help us determine relevant mitigation measures to protect our business. We work to provide our stakeholders complete information and clarity across our public communications.

ETHICS

Our Board of Directors has adopted and they also 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 provides a general roadmap for the directors, officers and employees to follow as they perform their day-to-day responsibilities.

We comply with applicable laws, regulations, codes and policies as well as the highest ethical standards. As our industry evolves, our values continue to serve as the pillar through which we express who we are and what we believe in.

A culture of integrity is critical in achieving sustainable growth. High levels of trust, together with a strong business reputation, make it easier to attract and retain our people, customers and suppliers, forge productive relationships in our local communities, and pave the way to confidently enter new markets. Compliance is an essential element of our culture of integrity requiring responsible conduct from all employees, directors and third-party business partners in accordance with all applicable laws, internal codes, and policies.

CODE OF CONDUCT

RAIN's Code of Conduct sets out the fundamental standards to be followed by employees. It also has a robust integrity and compliance programme, in which our people undergo training and communications on the Code of Conduct. It enables employees to become familiar with leadership expectations on behaviours and compliance, legal requirements, avoiding conflicts of interest, providing a healthy and safe workplace, safeguarding our property and information, appropriate use of information technology resources and understanding how to report any suspected unethical or illegal conduct, without fear of retaliation

WHISTLE-BLOWER POLICY

We have adopted a whistle-blower Policy for Rain Industries Limited and its subsidiaries.

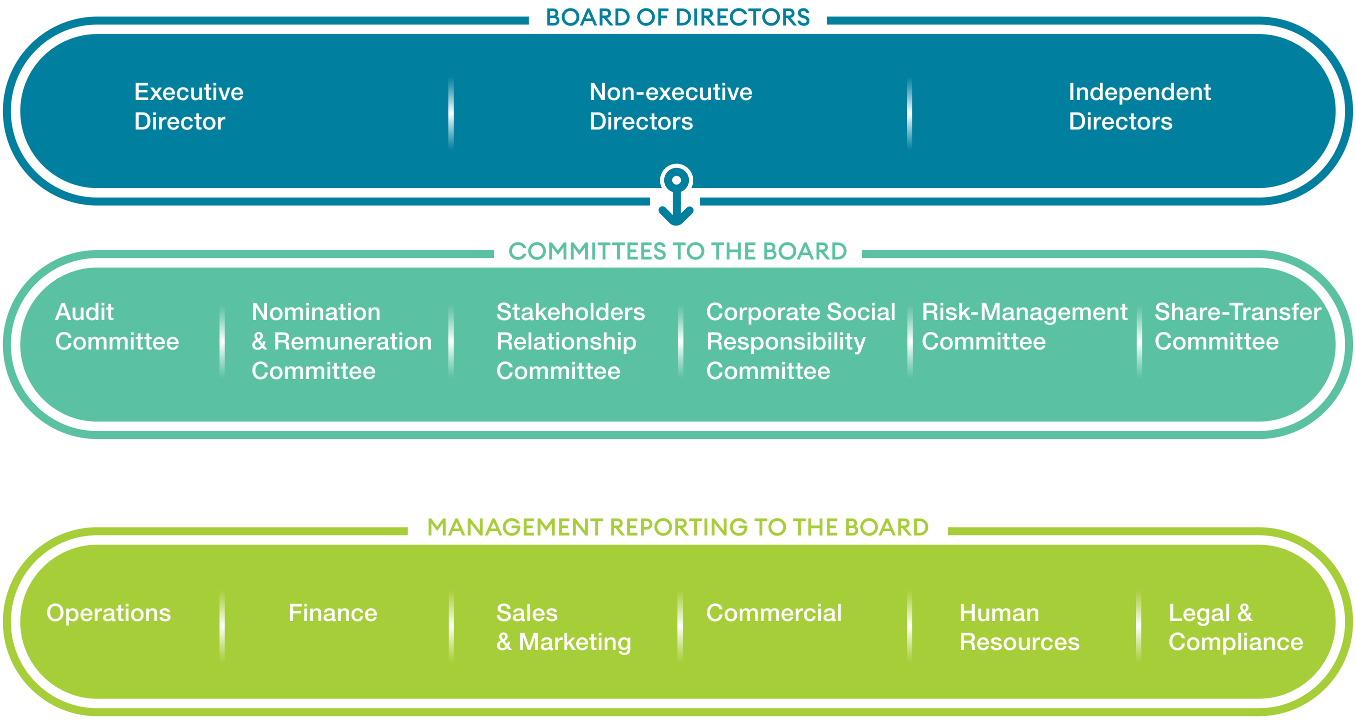
Our Board of Directors of the Company has approved a whistle-blower policy/vigil mechanism to monitor the actions taken on complaints received under the said policy. This policy outlines the reporting procedure and investigation mechanism to be followed in case an employee raises concerns on any wrong-doing in the Company. Employees are given protection in two important areas: confidentiality and retaliation. An ombudsperson has been appointed to receive the complaints through an online portal, emails or letters and then look into them with an investigating committee. The Whistle-blower Policy pertains to all our employees as well as external parties, and it is designed to ensure the highest level of honesty, integrity and ethical behaviour throughout our Company.

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. 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 entrusts them with powers that help 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.

GOVERNANCE



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 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

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. JAGAN MOHAN REDDY NELLORE

Stakeholders Relationship Committee

The Committee resolves 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, review of measures taken for effective exercise of voting rights by shareholders, review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent, review of measures and initiatives taken by the Company to reduce unclaimed dividends and ensure timely receipt of dividend warrants/ annual reports/statutory notices by the shareholders of the Company.

CHAIRPERSON: MR. N. SUJITH KUMAR REDDY

GOVERNANCE (BOARD OF DIRECTORS)

Leaders that bring in direction and dynamism

MR. BRIAN JUDE MCNAMARA

Chairman, Independent Director

Mr. Brian Jude McNamara is a former banker with 33 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 responsibilities in 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

He is presently a Director on the Board of Rain Industries Limited and is also a Director on the Board of its Subsidiaries namely Rain Cements Limited, Rain CII Carbon (Vizag) Limited and Rain Carbon Inc.

MR. N. RADHAKRISHNA REDDY

Managing Director

Mr. N. Radhakrishna Reddy is the Managing Director of RAIN Industries Limited. He has more than 53 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, Apeetha Enterprises Private Limited and Pragnya Priya Foundation.

MR. JAGAN MOHAN REDDY NELLORE

Vice Chairman

Mr. Jagan Mohan Reddy Nellore is the Vice Chairman of RAIN Industries Limited and has 29 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.

MR. N. SUJITH KUMAR REDDY

Non-Executive Director

Mr. N. Sujith Kumar Reddy is the Managing Director of RAIN Cements Limited. He has a bachelor's degree in commerce, and more than 30 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

Mr. Varun Batra is a senior finance professional with more than 31 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 and small organisations with direct Frontline and Profit Centre

GOVERNANCE (BOARD OF DIRECTORS)

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 between 1997 – 2010. He is a graduate in mathematics from St. Xavier's College, Mumbai and post-graduate from the Indian Institute of Management (IIM), Ahmedabad.

Other roles

Director on the Boards of Sphaera Pharma Private Limited, Aditya Auto Products and Engineering (India) Private Limited and Sanchi Techstarter Private Limited. A Senior Designated Partner and heads the Mumbai office for Baring Private Equity India Investment Managers LLP and Baring Private Equity India Advisors LLP.

MS. NIRMALA REDDY

Independent Director

Ms. Nirmala Reddy worked as a Financial Sector consultant for the World Bank, Washington, DC, during 1995-2006. Her assignments were on credit intermediation, sustainability, privatisation, appraisal of development banks and financial institutions in projects located in Mongolia, Guyana, Egypt and Jordan. She also worked on projects for the Asian Development Bank in Thailand and the African Development Bank in Cote de I'vore. Earlier, she was a career banker having joined the State Bank as a probationary officer in 1969. She has 22 years of experience in banking operations, foreign-exchange, as head of merchant banking in her career with Vijaya Bank and served as Director correspondent banking with American Express Bank Ltd. Bombay. She was trained in the Bank's branches in New York, London and Frankfurt. Ms Reddy holds a master's degree in political science from Osmania University, Hyderabad. She has studied French and Japanese.

Other roles

Director on the Boards of RAIN Cements Limited, RAIN CII Carbon (Vizag) Limited, Nugget Estates Private Limited, Nugget Realty & Ventures Private Limited and President for Globe Enterprises LLC.

MS. RADHIKA VIJAY HARIBHAKTI

Independent Director

Ms. Radhika Vijay Haribhakti 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 a post-graduate 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, Navin Fluorine International Ltd, Pipeline Infrastructure Limited and Torrent Power Limited.

MR. ROBERT THOMAS TONTI

Independent Director

Mr. Robert Thomas Tonti has over 40 years of experience primarily centered on the calcining of petroleum coke and energy production with experience in oil refining and aluminium smelting.

Early engineering experience with Shell Oil and Kaiser Aluminum & Chemical led to his becoming a start-up manager of then Calciner Industries Inc., for the 1988 acquisition of Kaiser's calcining plants by private investors. His production experience included the optimisation of supply chain, logistics and freight movements. His technical experience included raw material quality control, the design and upgrade of control systems for calciners and customer service to aluminium smelters. Executive procurement experience included the purchase and transport of bulk materials (petroleum coke) worldwide. Executive operations experience included negotiation and administration of union labour contracts, environmental affairs, and the management of 120 salaried and hourly personnel. Executive business development experience included creation of steam and power generation projects, their commercial contracts, governmental relations, and relations with investor-owned utilities. His executive M&A experience included staffing and restarting of an acquired coke calciner, acquisition due diligence of refiner divested coke calciners, and the acquisition and divestiture of a calciner in China.

He holds a Bachelor of Science degree in Chemical Engineering from Rensselaer Polytechnic Institute, Troy, New York, and an MBA from International Institute for Management Development, Lausanne, Switzerland.

Other roles

He is an Independent Director on the Board of Rain Carbon Inc, a wholly owned subsidiary of the Company.

AWARDS

Prestigious validations for the work we do

- EcoVadis Gold sustainability rating – Carbon distillation and advanced materials businesses in Belgium and Germany
- EcoVadis Silver sustainability rating – Carbon calcination business in the US
- President's Award and Leadership Award from United Way of Southwest Louisiana – Lake Charles Calcination and Energy Facility
- 2021 State Energy Conservation Awards Silver Prize – Kurnool cement plant
- Organised keynote session on 'Sustainability in the Aluminium Supply Chain' at the 2021 TMS industry conference

RCL MINES RECEIVED THE FOLLWING PRIZES IN MINES SAFETY WEEK

- Safe Mine Workings – 1st Prize
- Heavy Earth-Moving Machinery – 1st Prize
- Loading & Transportation – 2nd Prize
- Overall Performance – 1st Prize

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 47th Annual General Meeting (AGM) of the Members of Rain Industries Limited (the Company) will be held on Friday, the May 6, 2022 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, 02/2021 and 21/2021 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, 2021 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, 2021 and Report of Auditors thereon.

3. To approve and ratify interim dividend of ₹ 1 per equity share for the financial year ended 31st December, 2021.

4. To appoint a Director in place of Mr. Jagan Mohan Reddy Nellore (DIN: 00017633) who retires by rotation and being eligible offers himself for re-appointment.

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

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

Place: Hyderabad
Date: February 25, 2022

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, January 13, 2021 and December 14, 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 the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the Circulars issued by MCA and SEBI, 47th AGM of the Company being conducted through Video Conferencing (VC)/Other Audio-Visual Means (OAVM) herein after called as "e-AGM".

   e-AGM: The 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 login 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 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, January 13, 2021 and December 14, 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 and Annual Report has been uploaded on the website of the Company at https://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 https://www.bseindia.com and https://www.nseindia.com respectively. The Notice and Annual Report is also available on the website of e-voting agency KFin Technologies Private Limited at the website address https://evoting.kfintech.com.

7. 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 to the Company's Registrar and Share Transfer Agent, KFin Technologies Private Limited at 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.

8. The Register of Members and Share Transfer Books of the Company will remain closed from May 3, 2022 to May 6, 2022 (both days inclusive).

9. Profile of Mr. Jagan Mohan Reddy Nellore who is being re-appointed as Director is annexed to Notice and Report on Corporate Governance.

10. 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 ₹ 41,51,690 of the Company for the Financial Year ended December 31, 2014 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.

11. 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 10th May, 2021 (date of last Annual General Meeting) on the website of the Company (www.rain-industries.com) and also on the website of Ministry of Corporate Affairs.

12. Information in respect of such unclaimed dividend when due for transfer to the Investor Education and Protection Fund (IEPF) are given below:

Sl. No.	For the Financial year ended	Percentage of Dividend	Date of Declaration	Due date for transfer to the Investor Education and Protection Fund
1	December 31, 2015 (Interim dividend)	50%	August 14, 2015	September 15, 2022
2	December 31, 2016 (Interim dividend)	50%	August 13, 2016	September 14, 2023
3	December 31, 2017 (Interim dividend)	50%	August 11, 2017	September 10, 2024
4	December 31, 2017 (Final dividend)	50%	May 11, 2018	June 10, 2025
5	December 31, 2018 (Interim dividend)	50%	November 14, 2018	December 13, 2025
6	December 31, 2019 (Interim dividend)	50%	November 13, 2019	December 12, 2026
7	December 31, 2020 (Interim dividend)	50%	October 30, 2020	December 5, 2027
8	December 31, 2021 (Interim dividend)	50%	October 30, 2021	December 3, 2028

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.

13. Unclaimed Equity shares held in the suspense account are maintained with Stock Holding Corporation of India Limited, G6-G10, East Block, Swarna Jayanthi Commercial Complex, Ameerpet, Hyderabad – 500002, Telangana State, India, vide Client ID: IN301330 and DP ID: 40195702.

14. **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 1,91,011 equity shares to Investor Education and Protection Fund during the financial Year ended December 31, 2021.

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

15. 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.

    The Shareholders holding shares in Physical form are requested to update their Bank Account details by submitting the Electronic Clearing Service ("ECS") form available on the website of the Company at https://www.rain-industries.com/

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 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:** Shareholders who wish to register as speakers at the AGM are requested to visit https://emeetings.kfintech.com register themselves between May 03, 2022 (10.00 Hours IST) and May 5, 2022 (17.00 Hours 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 April 29, 2022 (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:

Step 1:

Access to Depositories e-Voting system in case of individual shareholders holding shares in demat mode.

Step 2:

Access to KFintech e-Voting system in case of shareholders holding shares in physical and non-individual shareholders in demat mode.

Details on Step 1 are mentioned below:

Login method for remote e-Voting for Individual shareholders holding securities in demat mode:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	**1. User already registered for IDeAS facility:**
	I. Visit URL: https://eservices.nsdl.com
	II. Click on the "Beneficial Owner" icon under "Login" under 'IDeAS' section.
	III. On the new page, enter User ID and Password. Post successful authentication, click on "Access to e-Voting"
	IV. Click on company name or e-Voting service provider and you will be re-directed to e-Voting service provider website for casting the vote during the remote e-Voting period.
	2. User not registered for IDeAS e-Services
	I. To register click on link: https://eservices.nsdl.com
	II. Select "Register Online for IDeAS" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp
	III. Proceed with completing the required fields.
	IV. Follow steps given in point no.1
	3. Alternatively by directly accessing the e-Voting website of NSDL
	I. Open URL: https://www.evoting.nsdl.com/
	II. Click on the icon "Login" which is available under 'Shareholder/Member' section.
	III. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password / OTP and a Verification Code as shown on the screen.
	IV. Post successful authentication, you will be requested to select the name of the Company and the e-Voting Service Provider name, i.e. KFintech.
	V. On successful selection, you will be redirected to KFintech e-Voting page for casting your vote during the remote e-Voting period.
Individual Shareholders holding securities in demat mode with CDSL	**1. Existing user who have opted for Easi/Easiest**
	I. Visit URL: https://web.cdslindia.com/myeasi/home/login or URL: www.cdslindia.com
	II. Click on New System Myeasi
	III. Login with your registered user id and password.
	IV. The user will see the e-Voting Menu. The Menu will have links of ESP i.e., KFintech e-Voting portal.
	V. Click on e-Voting service provider name to cast your vote.

Type of shareholders	Login Method
	2. User not registered for Easi/Easiest
	I. Option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration
	II. Proceed with completing the required fields.
	III. Follow the steps given in point 1
	3. Alternatively, by directly accessing the e-Voting website of CDSL
	I. Visit URL: www.cdslindia.com
	II. Provide your demat Account Number and PAN No.
	III. System will authenticate user by sending OTP on registered Mobile & Email as recorded in the demat Account.
	IV. After successful authentication, user will be provided links for the respective ESP, i.e., KFintech where the e-Voting is in progress.
Individual Shareholder login through their demat accounts / Website of Depository Participant	I. You can also login using the login credentials of your demat account through your DP registered with NSDL /CDSL for e-Voting facility.
	II. Once logged-in, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-Voting feature.
	III. Click on options available against company name or e-Voting service provider – Kfintech and you will be redirected to e-Voting website of KFintech for casting your vote during the remote e-Voting period without any further authentication.

Important note: Members who are unable to retrieve User ID / Password are advised to use Forgot user ID and Forgot Password option available at respective websites.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e., NSDL and CDSL.

Login type	Helpdesk details
Securities held with NSDL	Please contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Securities held with CDSL	Please contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022 – 2305 8738 or 022 -2305 8542 - 43

Details on Step 2 are mentioned below:

Login method for e-Voting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

(A) Members whose email IDs are registered with the Company/Depository Participants (s), will receive an email from KFintech which will include details of E-Voting Event Number (EVEN), USER ID and password. They will have to follow the following process:

i. Launch internet browser by typing the URL: https://emeetings.kfintech.com/

ii. Enter the login credentials (i.e., User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) xxxx, followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with KFintech for e-voting, you can use your existing User ID and password for casting the vote.

iii. After entering these details appropriately, click on "LOGIN".

iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,$, etc.,). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

v. You need to login again with the new credentials.

vi. On successful login, the system will prompt you to select the "EVENT" i.e., 'Rain Industries Limited–Annual General Meeting" and click on "Submit"

vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.

viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat accounts.

ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.

x. You may then cast your vote by selecting an appropriate option and click on "Submit".

xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution (s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).

xii. Corporate/Institutional Members (i.e., other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., authorising its representative on its behalf to cast its vote through remote e-voting. Together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email id dvm@dvmgopalandassociates.in with a copy marked to evoting@kfintech.com. The scanned image of the above-mentioned documents should be in the naming format "Corporate Name and Event No."

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 2021 -2022.

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 the 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 under heading 'INSTRUCTIONS FOR E-VOTING' above to vote through e-voting platform.

(iii) The e-voting period commences from 10.00 Hours (IST) on May 3, 2022 to 17.00 Hours (IST) on May 5, 2022. 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 April 29, 2022 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, 3rd Floor, Royal Majestic, Prem Nagar Colony, Near Banjara

Hills Care Hospital, Khairtabad, Hyderabad–500004, Telangana, India as the Scrutiniser to conduct the voting process (e-voting and poll) in a fair and transparent manner.

(v) The Scrutinizer shall, within a period not exceeding 48 hours from the conclusion of the Annual General Meeting unlock the votes in the presence of at least two (2) witnesses, not in the employment of the Company and make a Scrutinizer's Report containing the details with respect to votes cast in favour, against, neutral/abstained, shall submit the Report to the Chairman of the Company.

(vi) Subject to the receipt of sufficient votes, the resolution shall be deemed to be passed at the 47th Annual General Meeting of the Company scheduled to be held on Friday, May 6, 2022, the results declared along with the Scrutinizer's Report shall be placed on the Company's website https://www.rain-industries.com and on the website of KFintech, https://evoting.kfintech.com/, within 48 hours of conclusion of the Annual General Meeting.

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

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

Place: Hyderabad
Date: February 25, 2022

ANNEXURE TO THE NOTICE DATED FEBRUARY 25, 2022

Details of Directors seeking appointment/re-appointment at the ensuing Annual General Meeting on Friday, May 6, 2022

[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]

Sl. No.	Particulars	Name of the Director Mr. Jagan Mohan Reddy Nellore
1	DIN	00017633
2	Date of birth and Age	January 17, 1967, 55 Years
3	Qualification	Bachelor of Science degree in Industrial Engineering from Purdue University, USA
4	Experience and expertise in specific functional areas	More than 29 years of experience in finance, commercial and operations areas.
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. N. Sujith Kumar Reddy, Non-Executive Director.
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	June 13, 1997
11	Shareholding in the Company	Holds 100 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. Rain CII Carbon (Vizag) Limited
		3. Renuka Cement Limited
		4. Pragnya Priya Foundation
		5. Sujala Investments Private Limited
		6. Rain Enterprises Private Limited
		7. Rain Commodities (USA) Inc.
		8. Rain CII Carbon LLC
		9. Rain Carbon Inc.
		10. CII Carbon Corp
14	Membership / Chairmanship of Committees of other Boards	**I) Member of:**
		A. Audit Committee and Nomination & Remuneration Committee of:
		1. Rain Cements Limited
		2. Rain CII Carbon (Vizag) Limited
		B. Corporate Social Responsibility Committee of
		1. Rain Cements Limited
		II) Chairman of Corporate Social Responsibility Committee of:
		1. Rain CII Carbon (Vizag) Limited

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

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

Place: Hyderabad
Date: February 25, 2022

Directors' Report

Dear Members,

Your Directors have pleasure in presenting the 47th Annual Report and the Audited Financial Statements (standalone and consolidated) for the Financial Year ended December 31, 2021

FINANCIAL RESULTS

A) Standalone

The Standalone performance for the Financial Year ended December 31, 2021 is as under:

The Financial Summary

(₹ in million)

S. No.	Particulars	December 31, 2021	December 31, 2020
1	Revenue from operations	535.47	476.25
2	Profit before finance cost, depreciation and tax expense	478.00	474.25
3	Finance Cost	80.95	121.39
4	Profit before depreciation and tax expense	397.05	352.86
5	Depreciation and amortisation expense	6.23	6.43
6	Profit before Tax Expense	390.82	346.43
7	Tax Expense	79.18	73.41
8	Profit After Tax Expense	311.64	273.02
9	Add: Surplus at the beginning of the year	509.12	599.75
10	Total Available for appropriation	820.76	872.77
	Appropriations:		
11	Dividend including taxes	336.35	336.35
12	Transfer to general reserve	31.16	27.30
13	Surplus carried to Balance Sheet	453.25	509.12

B) Consolidated

The Consolidated performance for the Financial Year ended December 31, 2021 is as under:

The Financial Summary

(₹ in million)

S. No.	Particulars	December 31, 2021	December 31, 2020
1	Revenue from operations	145,267.82	104,646.93
2	Profit before finance cost, depreciation and amortisation expense, impairment loss, share of (loss)/profit of associates and tax expense	25,708.39	21,327.01
3	Finance cost	4,789.14	4,905.43
4	Profit before depreciation and amortisation expense, impairment loss, share of (loss)/profit of associates and tax expense	20,919.25	16,421.58
5	Depreciation and amortisation expense	7,981.53	7,917.17
6	Profit before impairment loss, share of (loss)/profit of associates and tax expense	12,937.72	8,504.41
7	Impairment loss	168.07	0.00
8	Profit before share of (loss)/profit of associates and tax expenses	12,769.65	8,504.41
9	Share of profit/(loss) of associates (net of income tax)	(5.45)	5.46
10	Profit before tax expense	12,764.20	8,509.87
11	Tax expense	5,828.79	2,627.56
12	Profit after tax expense	6,935.41	5,882.31

(₹ in million)

S. No.	Particulars	December 31, 2021	December 31, 2020
13	Non-controlling interests	1,133.83	300.64
14	Profit after tax expense after non-controlling interests	5,801.58	5,581.67
15	Add: Surplus at the beginning of the year	51,296.55	46,513.90
16	Total Available for appropriation	57,098.13	52,095.57
	Appropriations:		
17	Dividend including taxes	336.35	336.35
18	Transfer to general reserve	31.16	27.30
19	Impact on account of sale of subsidiaries	0.00	435.37
20	Surplus carried to the Balance Sheet	56,730.62	51,296.55

State of the Company's Affairs

During the year under review, the Company achieved revenue of ₹ 535 million and net profit of ₹ 312 million on a standalone basis. During the same period, the consolidated revenue was ₹ 145,268 million and net profit was ₹ 5,802 million.

The global economy rebounded after the significant impact of Coronavirus (COVID-19) pandemic in 2020. Beginning 2021, pent-up demand resulted in robust sales of nearly all our products, helping us in generating strong revenues and EBITDA. However, by end of the year, new challenges emerged including whether an overtaxed global supply chain could keep up with rising demand and our ability to source key raw materials such as green petroleum coke and coal tar pitch in an increasingly tight market. Also, during the year, we have seen soaring energy costs in Europe, which impacted our performance to some extent. However, we have implemented proactive measures to minimise the risk to our production facilities in the western Europe in the event that the Russia-Ukraine conflict disrupts natural gas flows. We have also responded to high energy prices by hedging a good portion of our natural gas contracts into the second quarter, and we are pursuing measures to reduce the energy intensity of our plants and preserve the margins in our business in these extreme conditions.

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 16 manufacturing facilities in seven countries across three continents and continues to grow through capacity expansions and mergers and acquisitions throughout the world across all business segments.

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

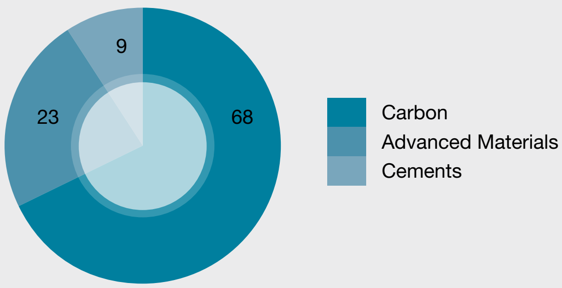
Our Cement business segment produces high-quality ordinary portland cement (or "OPC") and portland pozzolana cement (or "PPC") consumed largely by the civil construction and infrastructure industries within South India.

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.

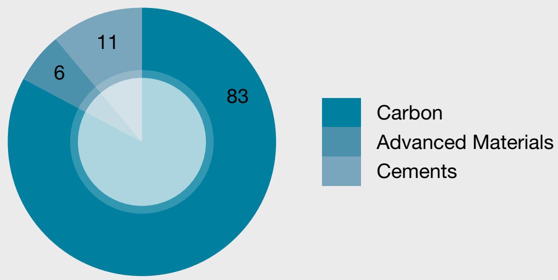
Our global manufacturing footprint and our integrated worldwide logistics network have strategically positioned us to capitalise on market opportunities by addressing raw material supply and product demand on a global basis in both established (mainly North America and Europe) and emerging markets (mainly Asia and the Middle East).

Revenue and operating profit contributions from our three business segments for the year 2021 are as follows:

Revenue (%)



Operating Profit (%)



1. Carbon

Our Carbon business segment consists of calcined petroleum coke ("CPC"), coal tar pitch ("CTP") and derivates 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 68% of the consolidated revenue of RAIN Group for CY 2021.

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 112 MW. Further, the Company has made substantial investments in flue-gas desulphurisation ("FGD") to reduce emissions at its Carbon segment's plants in India and in the United States. These strategic investments give RAIN Group a competitive advantage in the CPC industry and play a critical role in our sustainability efforts.

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 two in India with an aggregate production capacity of approximately 2.4 million tonnes per annum. During the year, RAIN Group commenced the operations of its 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. 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 (a raw material essential to 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 required.

Worldwide CPC production for CY 2021 was about 30 million tonnes, 77% of which was produced in China and North America, comprising 63% of global demand. China continues to play a dominant role in the CPC industry, and its share of the world's CPC production is estimated to remain at 55-60% 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 29.9 million tonnes in 2021, and it is expected to grow to 31.8 million tonnes by 2025, representing a CAGR of 1.5%. Worldwide production of CPC aggregated to 30 million tonnes in 2021, and it is expected to grow to 32 million tonnes by 2025, representing a CAGR of 1.6%.

At the same time, the availability of high-quality raw materials continues to be a challenge – especially low-sulphur, anode-grade GPC for our calcination business. Aluminium smelters understand that this situation is not likely to improve, and RAIN continues working closely with them to find ways to adapt to relaxed specifications to the maximum extent possible. In terms of GPC pricing, decreased Chinese GPC production has prompted China to import more GPC, triggering increased competition and higher costs on the seaborne market. We will be watching the Chinese production and energy situation, which could continue to experience volatility well into 2022.

During 2022, we also expect that our new vertical-shaft calciner and anhydrous carbon pellet (ACP) production facilities will start contributing to our performance. In late 2021, CPC production at the vertical-shaft calciner began to ramp up, and we are preparing to export our first shipment of shaft CPC during the first half of 2022. Looking ahead, we continue to work with Indian authorities to secure a GPC import allocation for the vertical-shaft calciner.

In terms of ACP, we believe that this proprietary and value-added calcinable product has a promising future, thanks to its energy-savings and emissions-reduction potential as well as its ability to improve our GPC utilisation. At the same time, we recognise that commercialisation of this new product will be a process and we expect to complete the commercialisation during CY 2022.

Threats & Challenges – CPC

The main, on-going threat for the CPC industry remains the availability of suitable-quality GPC. GPC is a by-product of the oil refining process and is not produced to meet the supply needs or quality specifications 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 the 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. Our proprietary ACP is another product innovation to address the expected future shortfall in availability of anode-grade GPC.

It is expected that India will continue to lead CPC demand growth in the world (excluding 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 on 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 desulphurisation systems at its existing calciner in Visakhapatnam and the new vertical-shaft calciner, 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.

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. For 2022 is expected that Asia (including 69% from China) will contribute 83% of total global pig iron production and Europe (including 4% from Russia) will contribute about 7%.

Every tonne of metallurgical coke produced yields on average 0.04 tonnes of coal tar by-product. 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%).

Coal Tar Pitch:

As per recent industry estimates, global demand for CTP aggregated to approximately 7.5 million tonnes in CY 2021. This is expected to grow to approximately 8.3 million tonnes by CY 2025, representing an CAGR of 2.4%. Global production of CTP aggregated to approximately 7.6 million tonnes in CY 2021 and is expected to grow to approximately 8.4 million tonnes by CY 2025, representing a CAGR of 2.5%.

Geographically, CTP production is led by China, followed by Europe and other Asia countries with these three markets having an estimated aggregated share of 93% during CY 2021.

Seventy-one percent of the world's CTP production is used as an essential raw material required to produce carbon anodes for aluminium smelting. For every tonne of primary aluminium produced, approximately 0.1 tonne of CTP is required. Therefore, production of primary aluminium is an important determinant of demand for CTP. The second-largest CTP end-user, consuming approximately 10% of global production, are graphite electrode producers. Graphite electrodes are used in the manufacturing of steel, silicon metal, alloys, and other key global materials, 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 68.1 million tonnes in CY 2021 and is expected to grow to approximately 73.2 million tonnes by CY 2025, representing a CAGR of 1.8%. Global production of primary aluminium aggregated to 66.9 million tonnes in CY 2021 and is expected to grow to approximately to 74.2 million tonnes by CY 2025.

Of the total production of CY 2021, it is estimated that 57% 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 8% and 10% of global primary aluminium production during CY 2021.

The demand for aluminium is expected to be driven by electrical conductors, construction, increased usage in automobiles and significant growth in the packaging industry.

Aluminium continues to chip away at 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.

Other Carbon Products (Naphthalene and other Aromatic Oils):

Naphthalene is used both in the production of dispersants by the construction industry, and as superplasticisers to produce concrete and gypsum. Therefore, demand for naphthalene is correlated to construction industry activity.

Naphthalene is also used in the production of phthalic anhydride (PA) 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. In addition, the waste heat generated by the Company's exothermic PA production process is captured and converted into steam for in-house use as a sustainable alternative to generating steam from additional fossil fuels.

Aromatic oils, such as creosote oil and carbon black oil are sold to a variety of industries. Creosote oil is used by the wood-treatment industry for the impregnation and preservation 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 remains the on-going 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 ~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 continue to be cyclical periods of weak demand that could result in decreased primary aluminium production. RAIN Group's sales have historically declined during such cyclical periods of weak global demand for aluminium.

Research and development is being conducted by certain smelters to produce carbon-free aluminium for reducing emission of greenhouse gases through the use of inert anodes, which would replace traditional carbon anodes. However, the ability to retrofit such technology by existing aluminium smelters and the cost of producing aluminium using inert anodes are yet to be established. For example, the energy consumption for an inert anode cell would 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.

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, primarily in the Carbon segment at its CPC plants, and additionally in the Advanced Materials and Cement segments. RAIN Group co-generates energy through waste heat recovered in the calcining process. Currently, RAIN Group has co-generation energy plants at four Carbon segment CPC plants with an aggregate capacity of 112 MW.

The operation of these waste-heat recovery units reduces greenhouse gas emissions by offsetting the use of fossil fuels that otherwise would be 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 and sustainability, it has made substantial investments in flue-gas desulfurisation at its CPC plants in India and USA to significantly reduce the emission of sulphur dioxide to meet all regulatory requirements for air-quality standards.

Threats & Challenges – Energy

Energy production from CPC 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 utilisation 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 phthalic anhydride and cement operations, is captively used to power those operations, mitigating the risk of declining energy tariffs. Energy revenues in USA 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, Germany and Poland.

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 now operates a hydrogenated hydrocarbon resins ("HHCR") plant at its integrated coal tar 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 23% of RAIN Group's consolidated revenue for CY 2021 was from this segment. The Advanced Materials business can be classified broadly into three sub-product categories: engineered products, chemical intermediates 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. Chemical Intermediates

Our main chemical intermediates are BTX products — benzene, toluene and xylene — and phthalic anhydride. BTX is produced from the secondary distillation of crude benzene, a liquid by-product derived during the conversion of coal into metallurgical coke used for pig iron and steel production. Substantially all of the crude benzene we use as raw material is procured from third parties. Benzene, toluene and crude xylene are critical inputs for several chemical-based substances, including solvents for inks and paints. Our main naphthalene derivative product is phthalic anhydride (PA), which is used in construction, plastics and as specialty chemicals in other industries.

2.3. Resins

RAIN Group manufactures aromatic hydrocarbon resins and hydrogenated hydrocarbon resin products based on either petrochemical or coal tar distillate raw materials.

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

In 2022, we expect to benefit from continued strong demand for our CARBORES® engineered product, which is used in refractory and graphite products, as well as our PETRORES® specialty coating for lithium-ion batteries. In 2022, we are looking for an incremental production of both products, thanks to the recent completion of a strategic project to convert one of our units in Europe to produce PETRORES®, which will enable us to meet the increasing demand.

We also anticipate that sales volumes of the rest of our Advanced Materials products will remain strong, and we are ready to meet that demand as a result of late 2021 maintenance outages at our BTX and PA production facilities that will provide increased operational capacity and reliability.

A particular focus in the coming year will be on optimising the productivity of our HHCR facility. The second half of 2020 was devoted to providing customers with our new 'water-white' resins for technical evaluation and confirmation. Then, much of early 2021 was spent stabilising the plant, which allowed us to operate the facility at approximately 40% during the second half of 2021. During the fourth quarter, we also found an opportunity to upgrade the productivity and reliability of the plant by replacing the reactors with equipment based on a much simpler design. These new reactors will eliminate unnecessary production bottlenecks and reduce the need for future maintenance outages, positioning the plant to operate at 75% capacity utilisation by the end of 2022.

As with the Carbon distillation business, this segment faces the continued challenge of coal tar availability and rising cost for the raw material. Moreover, soaring energy prices in Europe could remain an issue in the near term as process of these segment products are more energy intensive compared to our distillation products. In response, we are pursuing measures to reduce the energy intensity of our plants and preserve the margins in our business to the extent possible in these extreme conditions.

Threats & Challenges – Advanced Materials

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

RAIN Group tries to mitigate its pricing and procurement risks through an integrated global management of sales and procurement, optimised processes and long-term agreements with suppliers to ensure reliable sourcing of raw materials.

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 due, in part, to the seasonality of certain products sold in Europe and North America that are not in high demand in cold weather. We are working to pass the unprecedently increased energy costs as well as increasing raw material costs to our customers. We have also hedged majority portion of the energy costs in first half of 2022 to reduce the impact in the coming year.

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 3.5 million tonnes per annum. About 9% of the consolidated revenue of RAIN Group for CY 2021 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. Of the total cement produced, PPC grade accounts for about 78% and OPC grade about 22%.

RAIN Group has been working constantly to reduce 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 contractors for transporting 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 these 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 11 MW in the Kurnool and Suryapet cement plants. During CY 2020, the Company set up two mini solar power plants of 1 MW each in both the cement plants. We continued our sustainability initiative of producing more green energy by expanding our solar power capacity by 1 MW in 2021, and we plan to install an additional 14 MW in 2022. With these measures, the Company generates significant savings in its energy costs.

Cement Industry Growth in India

India is the second largest cement producer in the world and accounted for over 7% of the global installed capacity. The Indian cement industry was estimated to have a total production capacity of ~550 million tonnes in 2021 and is expected to add 80 million tonnes of capacity over the next three years. India's overall cement production accounted for 294.4 million tonnes (MT) in FY21 and 329 million tonnes (MT) in FY20. Cement is a cyclical commodity with a high correlation to GDP. The Indian housing sector, including the low-cost and affordable housing segment, accounts for close to two thirds of total consumption. The other major consumers of cement include infrastructure at 20% and the rest by industrial capex.

Due to the increasing demand in various sectors such as housing, commercial construction and industrial construction, 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, driven by government initiatives such as Pradhan Mantri Awas Yojana (PMAY), Smart Cities Mission and Swachh Bharat Abhiyan.

Cement, being a bulk commodity, is freight-intensive, and transporting it over long distances can be costly. This has resulted in cement being largely a regional play, with the industry being divided into five main regions in India: North, South, West, East and Central. The southern states of Andhra Pradesh, Telangana, Tamil Nadu and Karnataka together account for nearly one third of the country's total installed capacity.

Since the first COVID-19 wave hit India in March 2020, cement demand has progressively recovered. While the second wave in April and May 2021 negatively impacted demand/supply dynamics, the industry has witnessed a rebound in South Indian demand since June 2021 – albeit inconsistently, due to the festive season and heavy rainfall in November that brought construction to a standstill in Andhra Pradesh, Tamil Nadu, and rest of South India.

Current Position

The physical and chemical transformation processes which take place during the production of any cement clinker releases CO2. In response, RAIN Group has invested heavily in a combination of CO2-offsetting, power-generation systems in our Cement segment in India. We have done this through a combination of constructing photovoltaic solar power panels and implementing waste-heat capture systems with electric turbines, similar to the systems used at the calcination plants in our Carbon segment. The adoption of these environmentally favourable, captive power-generation technologies enabled us to significantly reduce our greenhouse gas emissions by reducing our reliance on electricity from the grid in India, where most power is generated from high CO2-emitting coal.

Near Future

Looking ahead, cement demand will continue to be closely linked to economic growth. Today, India is the fastest-growing major economy in the world. Global bodies such as the International Monetary Fund and the World Bank maintain that India's GDP will grow faster than other major countries during the next few years. While India's economy still must recover to pre-pandemic levels, think tanks expect India to grow at a rapid pace on the back of carefully curated policy interventions from the government addressing inflation, unemployment and other key economic issues.

With the government of India introducing new plans for housing and infrastructure development, the growth outlook for construction and cement sectors remains positive. 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 expand aggregate demand and the level of economic activity, thereby cushioning any downturn in cement consumption. Similarly, in the Union Budget of India 2021, India's Finance Minister announced a continued focus on rural development and infrastructure, which will play a vital role in helping India become a US$5 trillion economy.

In 2021, working remotely is being adopted at a fast pace, and demand for affordable houses with ticket size below ₹ 40-50 lakh is expected to rise in Tier 2 and 3 cities, leading to an increase in demand for cement.

In October 2021, Prime Minister, Mr. Narendra Modi launched the "PM Gati Shakti-National Master Plan (NMP)" for multimodal connectivity. This will bring synergy to create a world-class, seamless multimodal transport network in India, and should boost the demand for cement in the future.

In the next 10 years, India could become the main exporter of clinker and gray cement to the Middle East, Africa and other developing nations. Cement plants near the ports, such as those in Gujarat and Visakhapatnam, will have an added advantage for export and will logistically be well armed to face stiff competition from cement plants in the interior of the country.

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 ~12% in 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 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

(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 2021-22.

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 the 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 as **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 the 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, 2021 is annexed to this Board's Report as **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, 2021 forms part of the Annual Report.

As per the provisions of Section 136 of the Companies Act, 2013, the Company has placed separate Audited accounts of its Subsidiaries on its website www.rain-industries.com and a copy of separate Audited Financial Statements of its Subsidiaries will be provided to shareholders upon their request.

Share Capital

The Paid-up Share Capital of the Company as on December 31, 2021 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, 2021 is ₹ 2,502.69 million as compared to ₹ 2,527.40 million for the previous Financial year ended December 31, 2020 and the Consolidated Net worth of the Company for the Financial Year ended December 31, 2021 is ₹ 59,524.99 million as compared to ₹ 54,059.76 million for the previous Financial year ended December 31, 2020.

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 25, 2021, April 29, 2021, July 31, 2021 and October 30, 2021.

Details of the attendance of the Directors at the Board meetings held during the Year ended December 31, 2021 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 *	3	3
Ms. Radhika Vijay Haribhakti	4	4
Ms. Nirmala Reddy	4	4
Mr. Varun Batra	4	4
Mr. Brian Jude McNamara	4	4
Mr. Robert Thomas Tonti**	-	-

Note: * Mr. H. L. Zutshi, Independent Director is ceased to be a Director of the Company with effect from September 30, 2021 due to completion of his second term as an Independent Director.

**Mr. Robert Thomas Tonti was appointed as an Independent Director of the Company with effect from October 31, 2021 for a period of 5 years i.e., from October 31, 2021 to October 30, 2026.

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, 2021 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, 2021 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, Ms. Nirmala Reddy, Mr. Varun Batra, Mr. Brian Jude McNamara and Mr. Robert Thomas Tonti.

- **Brief description of the terms of reference:**

  - formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
  - For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

    a) use the services of an external agencies, if required;

    b) consider candidates from a wide range of backgrounds, having due regard to diversity; and

    c) consider the time commitments of the candidates.
  - formulation of criteria for evaluation of performance of independent directors and the board of directors;
  - devising a policy on diversity of board of directors;
  - 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 of directors their appointment and removal.
  - whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
  - recommend to the board, all remuneration, in whatever form, payable to senior management.

Nomination and Remuneration Committee meetings

During the period from January 1, 2021 to December 31, 2021, Nomination and Remuneration Committee Meeting was held on October 30, 2021.

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
Ms. Nirmala Reddy	Member	1	1
Mr. Varun Batra	Member	1	1
Mr. Brian Jude McNamara	Member	1	1
Mr. Robert Thomas Tonti *	Member	-	-

Note: Mr. H. L. Zutshi, Independent Director is ceased to be a member of Nomination and Remuneration Committee of the Company with effect from September 30, 2021 due to completion of his second term as an Independent Director.

* Mr. Robert Thomas Tonti, Independent Director was appointed as a member of the Nomination and Remuneration Committee of the Company with effect from October 31, 2021.

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

The details of Loans, Guarantees, Investments and Security made during the Financial Year ended December 31, 2021 is given in compliance with the provisions of Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 and the same is annexed to the Board's Report as **Annexure – 3.**

Particulars of Contracts or Arrangements with Related Parties

All 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, 2021 in prescribed Form AOC-2 is annexed to this Board's Report as **Annexure – 4.**

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 ₹ 31.16 million to the General Reserve for the Financial Year ended December 31, 2021. An amount of ₹ 453.25 million is retained in the retained earnings.

Dividend

The Board of Directors of the Company at their Meeting held on October 30, 2021 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, 2021 and same was paid to the shareholders and no further dividend has been recommended for the Financial Year ended December 31, 2021.

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

Dividend Distribution Policy

The Company has adopted the Dividend Distribution Policy to determine the distribution of dividends in accordance with the Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations"). The Dividend Distribution Policy is available on the Company's website, at https://www.rain-industries.com/investors/#policies.

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 the Companies (Accounts) Rules, 2014 is annexed to this Board's Report as **Annexure – 5.**

Risk Management Committee

The Risk Management Committee consists of the following Directors:

Mr. Jagan Mohan Reddy Nellore, Chairman,
Mr. N. Sujith Kumar Reddy, Member and Mr. Brian Jude McNamara, 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.

Brief description of terms of reference:

1. To formulate a detailed Risk Management Policy which shall include:

    a. A framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, Environment, Social and Governance related risks), information, cyber security risks or any other risk as may be determined by the Committee.

    b. Measures for risk mitigation including systems and processes for internal control of identified risks.

    c. Business continuity plan.

2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

3. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

4. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

5. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;

6. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee;

7. The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the Board of Directors.

Risk Management Committee Meetings

During the Financial Year, Risk Management Committee Meeting was held on July 22, 2021 and October 21, 2021.

Attendance at the Risk Management Committee Meeting:

Name of the Director	Designation	Number of Meetings	
		Held	Attended
Mr. Jagan Mohan Reddy Nellore	Chairman	2	2
Mr. N. Sujith Kumar Reddy	Member	2	2
Mr. Brian Jude McNamara	Member	2	2

Note: The Risk Management Committee was reconstituted on June 4, 2021 by the Board of Directors of the Company. Pursuant to reconstitution, Mr. N. Radhakrishna Reddy has ceased to be the Member of the Committee and Mr. Brian Jude McNamara was appointed as Member of the Committee.

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 ₹ 4 million on CSR activities.

The Company along with its subsidiaries in India has spent an amount of ₹ 223.80 million towards CSR activities during last 3 years.

A report on Corporate Social Responsibility as per Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed to this Board's Report as **Annexure – 6**.

During the Financial Year, Corporate Social Responsibility Committee Meeting was held on April 22, 2021.

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 April 22, 2021 and October 21, 2021.

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.

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 organisation 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

Mr. H. L. Zutshi (DIN: 00041002), Independent Director is ceased to be a Director of the Company with effect from September 30, 2021 due to completion of his second term as an Independent Director.

The Shareholders of the Company has approved the re-appointment of Mr. N. Radhakrishna Reddy (DIN: 00021052) as the Managing Director of the Company for a period of 3 years i.e., from December 10, 2021 to December 9, 2024.

The Shareholders of the Company has approved to continue the appointment of Ms. Nirmala Reddy (DIN: 01673128) as an Independent Director of the Company, to hold office for her remaining term of office i.e., up to February 27, 2023 as she would be crossing 75 years of age on March 27, 2022.

The Shareholders of the Company has approved the re-appointment of Mr. Brian Jude McNamara (DIN: 08339667), as an Independent Director of the Company for a period of 5 years i.e., from February 28, 2022 to February 27, 2027.

The Shareholders of the Company has approved the appointment of Mr. Robert Thomas Tonti (DIN: 09367847) as an Independent Director of the Company with effect from October 31, 2021 for a period of 5 years i.e., from October 31, 2021 to October 30, 2026.

Except the above, there has been no change in the Board of Directors during the Financial Year ended December 31, 2021.

Appointment/Re-appointment

Mr. Jagan Mohan Reddy Nellore, Director of the Company retires by rotation and being eligible offers 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, 2021, 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 the Indian Institute of Corporate Affairs (IICA).

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 Affair (IICA). One Independent Director will appear for Online Proficiency Self-Assessment Test to be conducted by Indian Institute of Corporate Affair (IICA) before the due date for passing the exam.

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 the 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.

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 as **Annexure – 7.**

Directors and Officers Insurance ('D&O')

As per the requirements of Regulation 25(10) of the SEBI Listing Regulations, the Company has taken Directors and Officers Insurance ('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 43rd Annual General Meeting of the Company, i.e., up to the conclusion of the 48th Annual General Meeting of the Company.

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

Auditors Report

There are no qualifications, reservations or adverse remarks or disclaimer made by BSR & Associates LLP, Chartered Accountants (ICAI Regn. No.116231W/W-100024), Statutory Auditors in their report for the Financial Year ended December 31, 2021.

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, 2021.

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

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

Secretarial Audit of Material Unlisted Indian Subsidiaries

The Material Unlisted 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, 2021 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 as **Annexure – 8A** and **Annexure – 8B**.

Annual Secretarial Compliance Report

The Company has undertaken an audit for the Financial Year ended December 31, 2021 for all applicable compliances as per the 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 as **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, 2021. 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. Radhika Vijay Haribhakti, Chairperson, Mr. Varun Batra, Member, Mr. Brian Jude McNamara, Member and Mr. Robert Thomas Tonti, 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, 2021. 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 25, 2021, April 28, 2021, July 30, 2021 and October 29, 2021.

Attendance at the Audit Committee Meetings

Name of the Director	Designation	Number of Meetings	
		Held	Attended
Ms. Radhika Vijay Haribhakti	Chairperson	4	4
Mr. H. L. Zutshi *	Member	3	3
Mr. Varun Batra	Member	4	4
Mr. Brian Jude McNamara	Member	4	4
Mr. Robert Thomas Tonti**	Member	-	-

Note: Ms. Nirmala Reddy has resigned from the membership of Audit Committee of the Company with effect from January 11, 2021 due to increase in personal commitments leaving less time.

* Mr. H. L. Zutshi, Independent Director is ceased to be a member of Audit Committee of the Company with effect from September 30, 2021 due to completion of his second term as an Independent Director.

** Mr. Robert Thomas Tonti, Independent Director was appointed as a member of Audit Committee of the Company with effect from October 31, 2021.

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 maximise 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 victimisation 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.

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 ₹ 41,51,690 of the Company for the Financial Year ended December 31, 2014 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 December 8, 2021.

During the year, 1,91,011 equity shares were transferred to IEPF.

The Company has transferred an amount of ₹ 30,11,802 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, 2015 (Interim dividend)	50%	August 14, 2015	September 15, 2022
2	December 31, 2016 (Interim dividend)	50%	August 13, 2016	September 14, 2023
3	December 31, 2017 (Interim dividend)	50%	August 11, 2017	September 10, 2024
4	December 31, 2017 (Final dividend)	50%	May 11, 2018	June 10, 2025
5	December 31, 2018 (Interim dividend)	50%	November 14, 2018	December 13, 2025
6	December 31, 2019 (Interim dividend)	50%	November 13, 2019	December 12, 2026
7	December 31, 2020 (Interim dividend)	50%	October 30, 2020	December 5, 2027
8	December 31, 2021 (Interim dividend)	50%	October 30, 2021	December 3, 2028

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

The Board of Directors of the Company have adopted various policies such as Related Party Transactions Policy, Whistle Blower Policy, Material Subsidiaries Policy, Corporate Social Responsibility Policy, Anti-Corruption and Anti Bribery policy, Risk Management Policy, Dissemination of material events

Policy, Documents preservation policy, Monitoring and Reporting of Trading by Insiders, Code of Internal Procedures and conduct for Regulating, monitoring and reporting of trading by Insiders, Code of Practices and Procedures for Fair Disclosures, Policy on Prevention of Fraud and Internal Financial Control Policy and such other procedures for ensuring the orderly and efficient conduct of its business for safeguarding of its assets, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

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

Names of Companies, which have become or ceased to be Company's Subsidiaries, Joint Ventures or Associate Companies during the year

During the Financial Year, the Company has incorporated Rain Verticals Limited as a Wholly Owned Subsidiary Company on April 6, 2021.

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

Change in the nature of business

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

The details of significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future

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

During the year under review, no application was made or any proceedings pending against the Company under the Insolvency and Bankruptcy Code, 2016.

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, 2021 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, 2021 forms part of this Annual Report as required under Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as **Annexure – 9**.

Credit Rating

During the Financial Year ended December 31, 2021, India Ratings and Research has revised Rain Industries Limited's (the Company) Outlook to Stable from Negative while affirming the Long-Term Issuer Rating at 'IND A/Stable'.

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 harmonise the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015 as amended from time to time, the policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated.

Nomination and Remuneration policy of the Company forms part of this Annual Report and the policy is also available on the Company's website at: https://rain-industries.com/investors/#policies as **Annexure – 10**.

Human Resources

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

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

Prevention of Sexual Harassment

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

The Company has not received any complaints during the year.

The Company regularly conducts awareness programs for its employees.

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

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 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 recognising the processes and frameworks that require attention to meet the targets of greater efficiency. It requires us to spend significant management time but at the same time, leads to better business and a better brand.

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

Environment, Health and Safety

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

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

In line with the 'Go Green' philosophy, the Company is continuously adopting new techniques to eliminate and minimise 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**

Place: Hyderabad Date: February 25, 2022	**N. Radhakrishna Reddy** *Managing Director* DIN: 00021052	**Jagan Mohan Reddy Nellore** *Director* DIN: 00017633

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 the 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	31.12.2021	INR	298.05	7,243.48	11,136.40	11,136.40	16.14	13,860.96	2,320.61	621.06	1,699.55	(1.72)	1,697.83	-	100	11%
2	Rain Commodities (USA) Inc.	13.01.2006	31.12.2021	US$	906.67	14,452.78	24,211.80	24,211.80	-	-	3,424.49	0.99	3,423.50	(42.94)	3,380.56	412.01	100	21%
3	Rain Verticals Limited (6)	06.04.2021	31.12.2021	INR	1.00	(0.36)	0.89	0.89	-	-	(0.36)	-	(0.36)	-	(0.36)	-	100	0%
4	Renuka Cement Limited	14.01.2011	31.12.2021	INR	74.98	229.78	305.51	305.51	-	-	4.64	1.33	3.31	-	3.31	-	100	0%
5	Rain Carbon Inc.	15.09.2010	31.12.2021	US$	17,777.87	266.71	61,880.85	61,880.85	-	-	306.04	(28.21)	334.25	(13.22)	321.03	3,510.92	100	2%
6	Rain Carbon Holdings, LLC	12.04.2010	31.12.2021	US$	14,828.28	4,839.79	19,668.08	19,668.08	-	-	590.63	-	590.63	-	590.63	590.63	100	4%
7	Rain Global Services LLC	27.03.2008	31.12.2021	US$	0.24	(0.24)	-	-	-	-	-	-	-	-	-	-	100	0%
8	Rain CII Carbon (Vizag) Limited	23.04.2008	31.12.2021	INR	81.80	16,280.94	19,872.63	19,872.63	-	17,233.60	3,328.63	857.80	2,470.83	3.82	2,474.65	-	100	16%
9	Rain CII Carbon LLC	19.07.2007	31.12.2021	US$	13,639.83	18,517.11	84,276.45	84,276.45	-	53,002.20	2,898.04	(50.54)	2,948.58	290.81	3,239.39	590.63	100	19%
10	CII Carbon Corp.	18.08.2009	31.12.2021	US$	-	-	-	-	-	-	-	-	-	-	-	-	100	0%
11	Rain Carbon Canada Inc.	04.01.2013	31.12.2021	CAD	2,027.94	6,537.01	10,582.23	10,582.23	-	3,599.39	537.91	112.77	425.14	390.17	815.31	-	100	3%
12	Rain Carbon BV	04.01.2013	31.12.2021	EURO	724.80	15,060.42	20,383.75	20,383.75	-	29,072.50	2,546.90	656.28	1,890.62	(761.32)	1,129.30	4,259.50	100	12%
13	VFT France S.A	04.01.2013	31.12.2021	EURO	797.28	433.33	1,236.96	1,236.96	-	32.13	22.93	-	22.93	(19.91)	3.02	-	100	0%
14	Rumba Invest BVBA & Co. KG (5)	04.01.2013	31.12.2021	EURO	-	(1.96)	1,460.99	1,460.99	-	-	101.30	-	101.30	0.03	101.33	-	94.9	1%
15	Rain Carbon Germany GmbH (5)	04.01.2013	31.12.2021	EURO	2,226.59	7,023.35	38,281.70	38,281.70	115.71	48,565.78	(1,839.01)	(27.67)	(1,811.34)	1,089.19	(722.15)	-	99.7	-11%
16	RÜTGERS Resins BV	04.01.2013	31.12.2021	EURO	74.20	1,694.03	1,783.38	1,783.38	-	3.30	71.67	15.29	56.38	(50.81)	5.57	-	100	0%
17	Severtar Holding Ltd.	04.01.2013	31.12.2021	EURO	10.31	4,269.80	4,281.38	4,281.38	-	-	2,511.03	383.49	2,127.54	(11.74)	2,115.80	-	65.3	13%
18	OOO RÜTGERS Severtar	04.01.2013	31.12.2021	RUB	296.44	4,533.10	6,077.90	6,077.90	-	11,383.21	4,628.36	928.94	3,699.42	116.47	3,815.89	2,556.57	65.3	23%
19	OOO Rain Carbon LLC	26.05.2017	31.12.2021	RUB	0.01	194.73	545.94	545.94	-	0.74	14.41	3.56	10.85	64.11	74.96	-	100	0%

ANNEXURE - 1

₹ 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
20	Rain Carbon Poland Sp. z. o. o	04.01.2013	31.12.2021	PLN	195.70	276.67	664.32	664.32	-	2,692.80	209.02	39.89	169.13	0.31	169.44	-	100	1%
21	Rain Carbon (Shanghai) Trading Co. Ltd. (formerly known as RÜTGERS (Shanghai) Trading Co. Ltd.)	06.01.2014	31.12.2021	CNY	31.12	75.51	384.31	384.31	-	666.90	10.82	0.65	10.17	8.28	18.45	-	100	0%
22	Rain Carbon Wohnimmobilien GmbH & Co. KG (5)	20.08.2015	31.12.2021	EURO	0.14	209.71	239.19	239.19	-	115.00	0.92	(2.75)	3.67	(13.43)	(9.76)	-	100	0%
23	Rain Carbon Gewerbeimmobilien GmbH & Co. KG (5)	21.08.2015	31.12.2021	EURO	0.14	682.27	789.70	789.70	-	144.53	64.82	13.29	51.53	(30.07)	21.46	-	100	0%
24	Rain Carbon GmbH (5)	27.11.2015	31.12.2021	EURO	3.62	10,147.83	55,599.58	55,599.58	-	150.66	(47.38)	2,252.65	(2,300.03)	(692.71)	(2,992.74)	-	100	-15%

Notes:

1. Indian rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies are based on the exchange rates as at December 31, 2021. Exchange rates as on the last date of the financial year are INR/USD - 74.30; INR/EURO - 84.05; INR/RUB - 0.99; INR/CNY - 11.67; INR/PLN - 18.32; INR/CAD - 58.47.
2. Refer Note 2(d) of Consolidated Financial Statements to see relation with the subsidiary, percentage equity holding and Country of incorporation for each of subsidiary.
3. Financial information is based on Audited Results of the subsidiaries. The reporting period of the subsidiary is same as that of holding Company.
4. Investments except in case of investments in subsidiaries.

5 Controlled companies in German fiscal unity, income according to local GAAP transferred to Rain Carbon GmbH and taxed on consolidated basis.

6 New entity floated during the year.

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

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

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	Latest audited Balance Sheet Date	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	ii. Not Considered in Consolidation
1	InfraTec Duisburg GmbH (IDGmbH)	04.01.2013	31.12.2020	7,500	87.06	30	Based on the percentage of holding over these investees	As the group has only ability to exercise signifcant influence but not control over these investees	87.06	(5.45)	(12.72)

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

	N. Radhakrishna Reddy	**Jagan Mohan Reddy Nellore**	**T. Srinivasa Rao**	**S. Venkat Ramana Reddy**
Place: Hyderabad	*Managing Director*	*Vice Chairman*	*Chief Financial Officer*	*Company Secretary*
Date: February 25, 2022	DIN: 00021052	DIN: 00017633	M. No.: F29080	M. No.: A14143

ANNEXURE - 2

FORM NO. AOC -1

Report on the performance and Financial position of each of the Subsidiaries, Associates and Joint Ventures Companies of the Company

(Pursuant to Rule 8 of the 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	31.12.2021	INR	298.05	7,243.48	11,136.40	11,136.40	16.14	13,860.96	2,320.61	621.06	1,699.55	(1.72)	1,697.83	-	100	11%
2	Rain Commodities (USA) Inc.	13.01.2006	31.12.2021	US$	906.67	14,452.78	24,211.80	24,211.80	-	-	3,424.49	0.99	3,423.50	(42.94)	3,380.56	412.01	100	21%
3	Rain Verticals Limited (6)	06.04.2021	31.12.2021	INR	1.00	(0.36)	0.89	0.89	-	-	(0.36)	-	(0.36)	-	(0.36)	-	100	0%
4	Renuka Cement Limited	14.01.2011	31.12.2021	INR	74.98	229.78	305.51	305.51	-	-	4.64	1.33	3.31	-	3.31	-	100	0%
5	Rain Carbon Inc.	15.09.2010	31.12.2021	US$	17,777.87	266.71	61,880.85	61,880.85	-	-	306.04	(28.21)	334.25	(13.22)	321.03	3,510.92	100	2%
6	Rain Carbon Holdings, LLC	12.04.2010	31.12.2021	US$	14,828.28	4,839.79	19,668.08	19,668.08	-	-	590.63	-	590.63	-	590.63	590.63	100	4%
7	Rain Global Services LLC	27.03.2008	31.12.2021	US$	0.24	(0.24)	-	-	-	-	-	-	-	-	-	-	100	0%
8	Rain CII Carbon (Vizag) Limited	23.04.2008	31.12.2021	INR	81.80	16,280.94	19,872.63	19,872.63	-	17,233.60	3,328.63	857.80	2,470.83	3.82	2,474.65	-	100	16%
9	Rain CII Carbon LLC	19.07.2007	31.12.2021	US$	13,639.83	18,517.11	84,276.45	84,276.45	-	53,002.20	2,898.04	(50.54)	2,948.58	290.81	3,239.39	590.63	100	19%
10	CII Carbon Corp.	18.08.2009	31.12.2021	US$	-	-	-	-	-	-	-	-	-	-	-	-	100	0%
11	Rain Carbon Canada Inc.	04.01.2013	31.12.2021	CAD	2,027.94	6,537.01	10,582.23	10,582.23	-	3,599.39	537.91	112.77	425.14	390.17	815.31	-	100	3%
12	Rain Carbon BV	04.01.2013	31.12.2021	EURO	724.80	15,060.42	20,383.75	20,383.75	-	29,072.50	2,546.90	656.28	1,890.62	(761.32)	1,129.30	4,259.50	100	12%
13	VFT France S.A	04.01.2013	31.12.2021	EURO	797.28	433.33	1,236.96	1,236.96	-	32.13	22.93	-	22.93	(19.91)	3.02	-	100	0%
14	Rumba Invest BVBA & Co. KG (5)	04.01.2013	31.12.2021	EURO	-	(1.96)	1,460.99	1,460.99	-	-	101.30	-	101.30	0.03	101.33	-	94.9	1%
15	Rain Carbon Germany GmbH (5)	04.01.2013	31.12.2021	EURO	2,226.59	7,023.35	38,281.70	38,281.70	115.71	48,565.78	(1,839.01)	(27.67)	(1,811.34)	1,089.19	(722.15)	-	99.7	-11%
16	RÜTGERS Resins BV	04.01.2013	31.12.2021	EURO	74.20	1,694.03	1,783.38	1,783.38	-	3.30	71.67	15.29	56.38	(50.81)	5.57	-	100	0%
17	Severtar Holding Ltd.	04.01.2013	31.12.2021	EURO	10.31	4,269.80	4,281.38	4,281.38	-	-	2,511.03	383.49	2,127.54	(11.74)	2,115.80	-	65.3	13%
18	OOO RÜTGERS Severtar	04.01.2013	31.12.2021	RUB	296.44	4,533.10	6,077.90	6,077.90	-	11,383.21	4,628.36	928.94	3,699.42	116.47	3,815.89	2,556.57	65.3	23%
19	OOO Rain Carbon LLC	26.05.2017	31.12.2021	RUB	0.01	194.73	545.94	545.94	-	0.74	14.41	3.56	10.85	64.11	74.96	-	100	0%
20	Rain Carbon Poland Sp. z. o. o	04.01.2013	31.12.2021	PLN	195.70	276.67	664.32	664.32	-	2,692.80	209.02	39.89	169.13	0.31	169.44	-	100	1%
21	Rain Carbon (Shanghai) Trading Co. Ltd. (formerly known as RÜTGERS (Shanghai) Trading Co. Ltd.)	06.01.2014	31.12.2021	CNY	31.12	75.51	384.31	384.31	-	666.90	10.82	0.65	10.17	8.28	18.45	-	100	0%

₹ in millions

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22	Rain Carbon Wohnimmobilien GmbH & Co. KG (5)	20.08.2015	31.12.2021	EURO	0.14	209.71	239.19	239.19	-	115.00	0.92	(2.75)	3.67	(13.43)	(9.76)	-	100	0%
23	Rain Carbon Gewerbeimmobilien GmbH & Co. KG (5)	21.08.2015	31.12.2021	EURO	0.14	682.27	789.70	789.70	-	144.53	64.82	13.29	51.53	(30.07)	21.46	-	100	0%
24	Rain Carbon GmbH (5)	27.11.2015	31.12.2021	EURO	3.62	10,147.83	55,599.58	55,599.58	-	150.66	(47.38)	2,252.65	(2,300.03)	(692.71)	(2,992.74)	-	100	-15%

Notes:

1. Indian rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies are based on the exchange rates as at December 31, 2021. Exchange rates as on the last date of the financial year are INR/USD - 74.30; INR/EURO - 84.05; INR/RUB - 0.99; INR/CNY - 11.67; INR/PLN - 18.32; INR/CAD - 58.47.
2. Refer Note 2(d) of Consolidated Financial Statements to see relation with the subsidiary, percentage equity holding and Country of incorporation for each of subsidiary.
3. Financial information is based on Audited Results of the subsidiaries. The reporting period of the subsidiary is same as that of holding Company.
4. Investments except in case of investments in subsidiaries.
5 Controlled companies in German fiscal unity, income according to local GAAP transferred to Rain Carbon GmbH and taxed on consolidated basis.
6 New entity floated during the year.

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

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

ANNEXURE - 2

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	Latest audited Balance Sheet Date	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	ii. Not Considered in Consolidation
1	InfraTec Duisburg GmbH (IDGmbH)	04.01.2013	31.12.2020	7,500	87.06	30	Based on the percentage of holding over these investees	As the group has only ability to exercise signifcant influence but not control over these investees	87.06	(5.45)	(12.72)

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

	N. Radhakrishna Reddy	**Jagan Mohan Reddy Nellore**	**T. Srinivasa Rao**	**S. Venkat Ramana Reddy**
Place: Hyderabad	*Managing Director*	*Vice Chairman*	*Chief Financial Officer*	*Company Secretary*
Date: February 25, 2022	DIN: 00021052	DIN: 00017633	M. No.: F29080	M. No.: A14143

ANNEXURE - 3

Particulars of Loans, Guarantees, Investments and Security under Section 186 of the Companies Act, 2013

₹ in millions

Nature of transaction (whether loan/ guarantee/ security/ acquisition)	Date of making loan/ acquisition/ giving guarantee/ providing security	Name and address of the person or body corporate to whom it is made or given or whose securities have been acquired (Listed/ Unlisted entities)	Amount of loan/ security/ acquisition /guarantee	Time period for which it is made/ given	Date of passing Board Resolution	Purpose of loan/ security/ acquisition / guarantee	For loans	
							Rate of interest	Date of maturity
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Acquisition (Allotment)	06.04.2021	Rain Verticals Limited Rain Center, 34, Srinagar Colony Hyderabad -500073, Telangana State, India. (Unlisted) (a wholly owned subsidiary)	₹ 1 million	Not applicable	February 25, 2021	Incorporation of a wholly owned subsidiary namely Rain Verticals Limited	Not applicable	Not applicable
Loan	01.12.2021	Rain Commodities (USA) Inc., (a wholly owned Subsidiary Company) Corp. Off: 10 Signal Road, Stamford, Fairfield, USA-06902 (Unlisted)	USD 20 million (₹ 1,498 million (1 USD = ₹ 74.90))	The loan is repayable in two installments by Rain Commodities (USA) Inc: USD 6 million on March 04, 2022 and balance USD 14 million on November 29, 2023.	October 30, 2021	Un-secured Loan for making investment in its overseas wholly owned subsidiary Company	Interest: SOFR (Secured Overnight Financing Rate) plus margin of 335 bps	Rain Commodities (USA) Inc. has to repay the loan amount in two installments: USD 6 million on March 04, 2022 and balance USD 14 million on November 29, 2023.

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

Place: Hyderabad
Date: February 25, 2022

N. Radhakrishna Reddy
Managing Director
DIN: 00021052

Jagan Mohan Reddy Nellore
Director
DIN: 00017633

ANNEXURE - 4

FORM NO. AOC-2

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

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

1. There are no contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 which are not at arm's length basis.

2. Contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 which are at arm's length basis are as follows:

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, 2021 to December 31, 2021	₹ 52.41 million	February 28, 2020 and February 25, 2021	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, 2021 to December 31, 2021	₹ 7.03 million	February 28, 2020 and February 25, 2021	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, 2021 to December 31, 2021	₹ 59.35 million	February 28, 2020 and February 25, 2021	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.

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, 2021 to December 31, 2021	₹ 7.03 million	February 28, 2020 and February 25, 2021	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 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 Demurrages, Travel Expenses, Insurance and other expenses by Rain CII Carbon (Vizag) Limited	From January 01, 2021 to December 31, 2021	₹ 0.62 million	February 28, 2020 and February 25, 2021	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, 2021 to December 31, 2021	₹ 73.81 million	February 28, 2020 and February 25, 2021	NIL	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 Carbon Inc., (Wholly owned Subsidiary)	Revenue from Shared Services	From January 01, 2021 to December 31, 2021	₹ 225.92 million	February 28, 2020 and April 29, 2021	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, 2022

ANNEXURE - 5

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

A. CONSERVATION OF ENERGY

1) The steps taken or impact on conservation of energy: -N.A.-

2) The steps taken by the Company for utilising 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

₹ in millions

Particulars	December 31, 2021	December 31, 2020
Used	78.67	120.53
Earned	707.91	467.71

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

Place: Hyderabad
Date: February 25, 2022

N. Radhakrishna Reddy
Managing Director
DIN: 00021052

Jagan Mohan Reddy Nellore
Director
DIN: 00017633

ANNEXURE - 6

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. Brief outline on CSR Policy of the Company

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.

This policy shall apply to all CSR initiatives and activities taken up at the various work-center and locations of Rain Industries Limited (RIL), for the benefit of different segments of the society. The objective of the Company is:

- To ensure an increased commitment at all levels in the organisation, to operate its business in an economically, socially & environmentally sustainable manner, while recognising the interests of all its stakeholders.
- To directly or indirectly take up programmes that benefit the communities in & around its Work Centre and results, over a period of time, in enhancing the quality of life & economic wellbeing of the local people.
- To generate, through its CSR initiatives, a goodwill for RIL and help reinforce a positive & socially responsible image of RIL as a corporate entity.

In accordance with the requirements under the Companies Act, 2013, Our Company's CSR activities, amongst others, will focus on:

i) Providing health care, maintaining of 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;

iii) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water;

iv) Rural development projects.

v) Disaster Management, including relief, rehabilitation and reconstruction activities.

RIL may identify activities apart from the aforementioned activities for carrying out the CSR activities and those identified activities need to be approved by the CSR Committee or Board of Directors.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Jagan Mohan Reddy Nellore	Chairman	1	1
2	Mr. N. Sujith Kumar Reddy	Member	1	1
3	Ms. Nirmala Reddy	Member	1	1

3. Provide the web-link where Composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the Company:

https://www.rain-industries.com/

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report):

The average CSR obligation of the Company in past 3 years was ₹ 1.33 million, hence, the impact assessment is not applicable to the Company.

5. **Details of the amount available for set off in pursuance of sub-rule (3) of Rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any**

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (₹ million)	Amount required to be set-off for the financial year, if any (₹ million)
1	FY 2021	Nil	Nil
2	FY 2020	Nil	Nil
3	FY 2019	Nil	Nil
	Total	**Nil**	**Nil**

6. **Average net profit of the Company as per section 135(5):**

Net Profit	For the Financial Year ended December 31 (₹ million)		
	2020	2019	2018
	(19.73)	20.83	(72.92)
Average Net Profit for the preceding three Financial Years	(23.94)		

7. (a) **Two percent of average net profit of the Company as per section 135(5):**
Nil. However, the Company has spent ₹ 1 million

(b) **Surplus arising out of the CSR projects or programmes or activities of the previous financial years:** NA

(c) **Amount required to be set off for the financial year, if any:** Nil

(d) **Total CSR obligation for the financial year (7a+7b-7c):** Nil

8. (a) **CSR amount spent or unspent for the financial year:**

Total Amount Spent for the Financial Year (₹ million)	Amount Unspent (₹ million)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount.	Date of transfer	Name of the Fund	Amount	Date of transfer
₹ 1 million	Nil	NA	NA	Nil	NA

(b) **Details of CSR amount spent against ongoing projects for the financial year:**

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No)	Location of the project		Project duration	Amount allocated for the project (₹ million)	Amount spent in the current financial Year (₹ million)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ million	Mode of Implemen-tation - Direct (Yes/ No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
1.	NA	NA	NA	NA		NA	NA	NA	NA	NA	NA	NA
	Total	**NA**	**NA**	**NA**		**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project (₹ million)	Mode of implemen-tation - Direct (Yes/ No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR Registration Number
1.	Health and Education	Promotion of Health and Education	Yes	Maintenance of Schools and Hospitals in: Suryapet District, Telangana State, India; Kurnool District, Andhra Pradesh State, India; and Nellore District, Andhra Pradesh State, India		₹ 1 million	No	The amount was spent through Pragnya Priya Foundation, a Section 25 Company under Companies Act, 1956 (Section 8 of Companies Act, 2013)	CSR00001767
	Total					**₹ 1 million**			

(d) Amount spent in Administrative Overheads: Nil

(e) Amount spent on Impact Assessment, if applicable: Nil

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 1 million

(g) Excess amount for set off, if any

Sl. No.	Particular	Amount (₹ million)
(i)	Two percent of average net profit of the Company as per section 135(5)	Nil
(ii)	Total amount spent for the Financial Year	₹ 1 million
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount spent in the reporting Financial Year (₹ million)	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in succeeding financial years (₹ million)
			Name of the Fund	Amount (₹ million)	Date of transfer	
1.	FY 2021	Nil	Nil	Nil	Nil	Nil
2.	FY 2020	Nil	Nil	Nil	Nil	Nil
3.	FY 2019	Nil	Nil	Nil	Nil	Nil
	Total	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**

(b) **Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):**

(1) Sl. No.	(2) Project ID	(3) Name of the Project	(4) Financial Year in which the project was commenced	(5) Project duration	(6) Total amount allocated for the project (₹ million)	(7) Amount spent on the project in the reporting Financial Year (₹ million)	(8) Cumulative amount spent at the end of reporting Financial Year (₹ million)	(9) Status of the project - Completed / Ongoing
1.	NA	NA	NA	NA	NA	NA	NA	NA
	Total	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**

10. **In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details):**
    (a) **Date of creation or acquisition of the capital asset(s):** NA
    (b) **Amount of CSR spent for creation or acquisition of capital asset:** Nil
    (c) **Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc:** N.A.
    (d) **Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset):** N.A.
11. **Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5):** N.A.

For and on behalf of Corporate Social Responsibility Committee
for **Rain Industries Limited**

N. Radhakrishna Reddy
Managing Director
DIN: 00021052

Jagan Mohan Reddy Nellore
Chairman of CSR Committee
DIN: 00017633

Place: Hyderabad
Date: February 25, 2022

ANNEXURE - 7

STATEMENT OF PARTICULARS AS PER RULE 5 OF THE 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

Sl. 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)	1.95
5	Mr. Varun Batra (Independent Director)	2.62
6	Ms. Radhika Vijay Haribhakti (Independent Director)	2.62
7	Ms. Nirmala Reddy (Independent Director)	2.51
8	Mr. Brian McNamara (Independent Director)	2.62
9	Mr. Robert Thomas Tonti (Independent Director)	Nil

*Median remuneration of Employees: ₹ 5,54,444/-

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

Sl. No.	Name of the Director / KMP	Percentage Increase in Remuneration
1	Mr. N. Radhakrishna Reddy (Managing Director)	Nil
2	Mr. Jagan Mohan Reddy Nellore (Vice Chairman)	Nil
3	Mr. N. Sujith Kumar Reddy (Non-Executive Director)	Nil
4	Mr. H.L. Zutshi (Independent Director)	(20%)
5	Mr. Varun Batra (Independent Director)	7.41%
6	Ms. Nirmala Reddy (Independent Director)	(5.44%)
7	Ms. Radhika Vijay Haribhakti (Independent Director)	7.41%
8	Mr. Brian Jude McNamara (Independent Director)	7.41%
9	Mr. Robert Thomas Tonti (Independent Director)	Nil
10	Mr. T. Srinivasa Rao (Chief Financial Officer)	12%
11	Mr. S. Venkat Ramana Reddy (Company Secretary)	15%

(iii) The percentage increase in the median remuneration of employees in the financial year: 15%

(iv) The number of permanent employees on the rolls of Company: There are 160 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 19%

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	Jagan Mohan Reddy Nellore
Place: Hyderabad	*Managing Director*	*Director*
Date: February 25, 2022	DIN: 00021052	DIN: 00017633

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

Sl. 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 53 years of experience in Construction and Cement Industry	January 2, 1984	80 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)	₹ 18.21 million	Regular	B. Com, FCA 35 years	April 1, 2012	55 Years	Vice President (Finance) of Rain CII Carbon (Vizag) Limited	N.A.	N.A.

* Mr. N. Radhakrishna Reddy, Managing Director has not been paid any remuneration during the financial year ended 31st December, 2021.

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	Jagan Mohan Reddy Nellore
Place: Hyderabad	*Managing Director*	*Director*
Date: February 25, 2022	DIN: 00021052	DIN: 00017633

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, 2021

Sl. No.	Name and Designation	Remuneration received during the period from January 1, 2021 to December 31, 2021	Nature of Employment	Qualifications and experience of the Employee	Date of commence-ment 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 53 years of experience in Construction and Cement Industry.	02.01.1984	80 Years	N.A.	Father of Mr. Jagan Mohan Reddy Nellore, Director and Mr. N. Sujith Kumar Reddy, Director.	N.A.
2	Mr. T. Srinivasa Rao, Chief Financial Officer	₹ 18.21 million	Regular	B.Com, FCA 35 Years	01.04. 2012	55 Years	Vice President (Finance) of Rain CII Carbon (Vizag) Limited	N.A.	N.A.
3	Mr. Balasubramanian Ramaswamy, Chief Internal Auditor	₹ 9.57 million	Regular	B.Com., ICWAI 37 Years	21.04.2017	54 Years	Metro Cash & Carry India	N.A.	N.A.
4	Mr. M. S. Krishnamohan Reddy, General Manager – HR	₹ 7.90 million	Regular	B.Com, B.L. and M.H.R.M. 34 Years	12.06.1996	60 Years	SOL Pharmaceuticals Limited	N.A.	N.A.
5	Mr. Rakesh Jain, General Manager - Global Shared Services	₹ 7.22 million	Regular	ICAI 23 Years	18.02.2019	46 Years	W N S	N.A.	N.A.
6	Mr. K. Shankar Sathish, Deputy General Manager – IT	₹ 6.20 million	Regular	B.Com, ACA, ICWAI 20 Years	26.09.2016	45 Years	Archean Group	N.A.	N.A.
7	Mr. S. Venkat Ramana Reddy, Company Secretary	₹ 5.11 million	Regular	M.Com, LLB, ACS 19 Years	01.02.2008	49 Years	Suryalata Spinning Mills Limited	N.A.	N.A.
8	Mr. V. P. Srikanth, General Manager – Legal	₹ 3.90 million	Regular	B.Sc., BL 28 Years	11.02.2008	57 Years	Advanta India	N.A.	N.A.
9	Mr. U.S. Saranga Pani, General Manager - Corporate Finance	₹ 3.89 million	Regular	B.Com, CA and CWA 15 Years	23.06.2014	38 Years	Dr. Reddy's Laboratories Limited	N.A.	N.A.
10	Mr. Madhu Babu Gondi, Assistant General Manager - IT	₹ 3.50 million	Regular	MFM 20 Years	21.12.2015	50 Years	Delta Technology International Services	N.A.	N.A.
11	Mr. Ramasamy Guhan, Head - Microsoft Office 365	₹ 3.35 million	Regular	M.Sc – Computer Science 18 Years	12-10-2020	47 Years	Capgemini	N.A.	N.A.

* Mr. N. Radhakrishna Reddy, Managing Director has not been paid any remuneration during the financial year ended 31st December 2021.

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, 2022

ANNEXURE - 8

SECRETARIAL AUDIT REPORT

For the Financial Year Ended 31st December, 2021

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.

We have conducted verification and examination of the books, papers, minutes books, forms, returns filed and other records as maintained and facilitated by the Company, and according to the examinations carried out by us and explanations and information furnished and representations made to us by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has during the Audit Period covering the Financial Year ended on 31st December, 2021 complied with the Statutory Provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st December, 2021 ("Audit Period") and we report that during the period under review the Company has complied with the provisions of the following Acts, Rules, Regulations, Guidelines and Standards:

    1.1. 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. 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.

3. We further report that:

    3.1 The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in the compliance with the provisions of the Act.

    3.2 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.

    3.3 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.

3.4 Decisions at the meetings of the Board of Directors and Committees of the Board of the Company were taken unanimously.

3.5 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

vi. SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021

3.6 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.

4. We further report that during the audit period, there were no specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

for **DVM & Associates LLP**
Company Secretaries
L2017KR002100
Peer review Certificate No. 890/2020

DVM Gopal
Partner
M No: F 6280
CP No: 6798
UDIN: F006280C002685737

Place: Hyderabad
Date: February 25, 2022

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

ANNEXURE

To
The Members,
Rain Industries Limited
Hyderabad

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. Due to the inherent limitations of an audit including internal, financial and operating controls, there is an unavoidable risk that some Misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with the Standards.
3. 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.
4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company. We have obtained reasonable assurance that the statements prepared, documents or Records maintained by the Company are free from misstatement.
5. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.
6. 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.
7. 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
Peer review Certificate No. 890/2020

DVM Gopal
Partner
M No: F 6280
CP No: 6798
UDIN: F006280C002685737

Place: Hyderabad
Date: February 25, 2022

ANNEXURE - 8A

Form No. MR-3

SECRETARIAL AUDIT REPORT

for the Financial Year ended December 31, 2021

[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 authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st December, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st December, 2021 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; (Not applicable to the Company during the audit period);
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. The Company has during the audit period covering the financial year ended on 31st December, 2021 complied with the statutory provisions listed below,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;
4. The Atomic Energy Act, 1962 read with Atomic Energy (Radiation Protection) Rules, 2004;
5. The Explosive Act 1884 read with Explosive Rules, 2008;

6. The Static & Mobile Pressure Vessels (Unfired) Rules, 1981;
7. Cylinder Rules, 2004;
8. Ammonium Nitrate Rules, 2012;
9. Limestone And Dolomite Mines Metallic Ferrous Mine Regulations, 2012;
10. The Explosives Act, 2008 read with rules made thereunder;
11. Environmental (Protection) Act, 1986 Read with Environmental Protection Rules, 1986;
12. The Hazardous Wastes (Managements Handling and Trans Boundary Movement) Rules, 2008;
13. The Water (Prevention & Control of Pollution) Act, 1974 read with Water (Prevention & Control of Pollution) Rules, 1975;
14. Water (Prevention & Control of Pollution) Cess Act, 1977;
15. The Air (Prevention & Control of Pollution) Act, 1981 read with Air (Prevention & Control of Pollution) Rules, 1982;
16. The Noise Pollution (Regulation and Control) Rules, 2000;
17. Indian Boilers Act, 1923;
18. Factories Act, 1948;
19. Industrial Disputes Act, 1947; and
20. 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. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- 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: A031197C002598806

Place: Hyderabad
Date: February 18, 2022

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. 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 management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

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

M B Suneel
Partner
C.P. No: 14449
UDIN: A031197C002598806

Place: Hyderabad
Date: February 18, 2022

ANNEXURE - 8B

SECRETARIAL AUDIT REPORT

For The Financial Year Ended 31st December, 2021

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.

We have conducted verification and examination of the books, papers, minutes books, forms, returns filed and other records as maintained and facilitated by the Company, and according to the examinations carried out by us and explanations and information furnished and representations made to us by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has during the Audit Period covering the Financial Year ended on 31st December, 2021 complied with the Statutory Provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st December, 2021 ("Audit Period") and we report that during the period under review the Company has complied with the provisions of the following Acts, Rules, Regulations, Guidelines and Standards:

    1.1. 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. 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 Rules, 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.

    8) The Factories Act, 1948.

3. We further report that:

    3.1 The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in the compliance with the provisions of the Act.

    3.2 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.

    3.3 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.

    3.4 Decisions at the meetings of the Board of Directors and Committees of the Board of the Company were taken unanimously.

3.5 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.

3.6 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.

4. We further report that during the audit period, there were no specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

for **DVM & Associates LLP**
Company Secretaries
L2017KR002100
Peer review Certificate No. 890/2020

DVM Gopal
Partner
M No: F 6280
CP No: 6798
UDIN: F006280C002611157

Place: Hyderabad
Date: February 17, 2022

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

ANNEXURE

To
The Members,
Rain CII Carbon (Vizag) Limited
Hyderabad.

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. Due to the inherent limitations of an audit including internal, financial and operating controls, there is an unavoidable risk that some Misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with the Standards.
3. 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.
4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company. We have obtained reasonable assurance that the statements prepared, documents or Records maintained by the Company are free from misstatement.
5. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
6. 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.
7. 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
Peer review Certificate No. 890/2020

DVM Gopal
Partner
M No: F 6280
CP No: 6798
UDIN: F006280C002611157

Place: Hyderabad
Date: February 17, 2022

ANNEXURE - 8C

SECRETARIAL COMPLIANCE REPORT OF RAIN INDUSTRIES LIMITED FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2021

We, DVM & Associates LLP, Company Secretaries, having our office situated at No. 6/3/154-159, Flat No. 303, 3rd Floor, Royal Majestic Apartment, Prem Nagar Colony, Near Care Hospital, Road No. 1, Banjara Hills, Hyderabad – 500004, Telangana State, India, have examined:

(a) all the documents and records made available to us and explanation provided by Rain Industries Limited ("the Listed Entity");

(b) the filings/ submissions made by the listed entity to the stock exchanges;

(c) website of the listed entity;

(d) any other document/ filing, as may be relevant, which has been relied upon to make this certification for the Financial Year ended December 31, 2021 ("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;

(i) SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021; **(Not applicable to the Listed Entity during the Review Period)**

The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder.

Based on the above examination, we hereby report that, during the Review Period:

(a) 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.

(b) 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.

(c) The actions taken by listed entity to comply with the observations made in previous reports does not arise during the review period.

(d) 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
Peer review Certificate No. 890/2020

DVM Gopal
Partner
M No: F 6280
CP No: 6798
UDIN: F006280C002399418

Place: Hyderabad
Date: February 3, 2022

ANNEXURE - 9

BUSINESS RESPONSIBILITY REPORT - FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2021

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

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. **Corporate Identity Number (CIN) of the Company:** L26942TG1974PLC001693
2. **Name of the Company:** Rain Industries Limited
3. **Registered address:** Rain Center, 34, Srinagar Colony, Hyderabad- 500073, Telangana State, India.
4. **Website:** www.rain-industries.com
5. **E-mail id:** secretarial@rain-industries.com
6. **Financial Year reported:** January 1, 2021, to December 31, 2021.
7. **Sector(s) that the Company is engaged in (industrial activity code-wise)**

   Rain Industries Limited (Rain Group) along with its subsidiaries in India and outside India are engaged in the business of manufacture and sale of Cement, Carbon Products (Calcined Petroleum Coke and Coal Tar Pitch), Electricity and Advanced materials.

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
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 Seven International locations through its Subsidiaries on consolidated basis. The Seven international locations are as follows:

   (i) Germany

   (ii) United States of America

   (iii) Belgium

   (iv) Russia

   (v) Canada

   (vi) Poland

   (vii) France

   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 (CPC) and Electricity: Calcined Petroleum Coke plant (using Rotary-kiln technology) is in Visakhapatnam, Andhra Pradesh, India. One more CPC Plant (using Vertical Shaft Kiln technology) is set-up in Andhra Pradesh Special Economic Zone, Atchutapuram, Visakhapatnam District, Andhra Pradesh.

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

Local	State	National	International
✓	✓	✓	✓

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (₹): ₹ 672,691,358/-

2. Revenue from Operations (₹): ₹ 535.47 million (Standalone) and ₹ 145,267.82 million (Consolidated).

3. Profit after taxes (₹): ₹ 311.64 million (Standalone) and ₹ 5,801.58 million (Consolidated – after minority interest).

4. Total spending on Corporate Social Responsibility (CSR) as percentage of profit:

   Though Rain Industries Limited (the Company) is not required to spend 2% of its net profits calculated in accordance with Section 198 of the Companies Act, 2013 towards CSR expenditure as per Section 135 of the Companies Act, 2013, the Company has spent ₹ 1 million towards CSR activities. Further, the Company along with its subsidiaries in India has spent an amount of ₹ 59.66 million on CSR activities during the year.

   The Company along with its subsidiaries in India has spent an amount of ₹ 226.13 million on its CSR activities during last 3 years.

5. List of activities in which expenditure in 4 above (CSR) has been incurred:

   The Company through Pragnya Priya Foundation (Section 25 Company, under Companies Act, 1956/Section 8 Company, Companies Act, 2013) is maintaining Schools and Hospitals in Suryapet District, Telangana State, India, Kurnool District, Andhra Pradesh, India and Nellore District, Andhra Pradesh, India.

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies?

Yes, Rain Industries Limited has 24 Subsidiary Companies.

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

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

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

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

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

a) Details of the Director/Directors responsible for implementation of the BR policy/policies

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

b) Details of the BR head

Sl. 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 Integrity and in a manner that is ethical, transparent and accountable, 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 that 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 marginalised (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	N	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	N	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	N	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	N	Y	Y
7	Does the Company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	N	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	N	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	N	Y	Y

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

Sl. 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 the 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 reasons (The Company does not carry-on any business that is engaged in influencing public and regulatory policy.)	-	-	-	-	-	-	✓	-	-

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 review the BR performance of the Company through Business Review Meetings on a quarterly basis.

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

   BR will be published annually along with the Annual Report.

   Web link: www.rain-industries.com

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1

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

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

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

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

   The Company has received and resolved 188 complaints from Shareholders during the Financial Year ended December 31, 2021, and all the complaints have been resolved satisfactorily.

   With respect to other Stakeholders, the Company has formulated Whistle Blower Policy. However, the Company has not received any complaint under Vigil mechanism during the Financial Year ended December 31, 2021.

Principle 2

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

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

   (a) Calcined Petroleum Coke – An indispensable consumable for producing Aluninium metal, by upcycling "Green Petroleum Coke", a by-product of Petroleum Refinery and contribute to Circular Economy.

   (b) Coal Tar Pitch – An indispensable consumable for producing Aluninium metal, by upcycling "Coal Tar", a by-product of Steel manufacturers (through blast-furnace) and contribute to Circular Economy.

   (c) Portland Pozzolana Cement – An environmentally friendly cement, optimizing the consumption of limestones and enabling the use of Fly-Ash, a by-product produced by Coal-fired Power Plants, and contributing to a Circular Economy.

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

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

   The Company through its 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 manufacturing Carbon products and generation and distribution of electricity), always strives for conserving natural resources and energy and improved efficiencies in plant operations. Rain Cements Limited is expanding its solar power plant capacity to generate more "Green Power". The Company through its Subsidiary Companies is producing Anhydrous Carbon Pellets for optimising the usage of Green Petroleum Coke.

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

   Cement, Calcined Petroleum Coke, Coal tar Pitch and Electricity are used for variety of purposes by diverse consumers. As the products are used for variety of purposes by diversified consumers, it is not practical to measure the reduction in usage by consumers. However, we work to achieve energy consumption by our customers. One example from our Advanced Materials segment is the initiative of delivering hot melt products from our Duisburg site. Selected resin customers are now increasingly receiving resins in a hot-molten state rather than as solid-resin pastilles. This saves energy twice: first, since we do not need to cool the product to further process it (Pastillation), and second since the hot-molten resins do not require customers to use additional energy for re-melting the resins before using them in their processes.

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 practices of the Company and its Subsidiary Companies practices are targeted at seeking cost optimisation, 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. The Company gives preference in selection of vendors which comply with the various principles of sustainability.

   The criteria for procurement of equipment are 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?***

   The Company and its Subsidiary Companies within India gives priority to local vendors to the extent possible. If the products are not available in the local markets, then only the same are imported into India.

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.**

   Our production processes aim at highest resource efficiency in converting as much raw materials as possible into products and thus minimising waste volumes. We consider resource efficiency a foundation of our business model. We implemented multiple different activities across our global operations.

   The Subsidiary Companies in India are engaged in the business of manufacture and sale of Cement and Calcined Petroleum Coke. In the process of manufacturing Cement and Calcined Petroleum Coke, plants generate waste heat, which is used to generate electricity. In the manufacture of Cement, there is no solid or liquid waste arising from this process. The solid waste generated in manufacturing Calcined Petroleum Coke is supplied as Gypsum to Fal-G brick manufacturers for promoting local communities.

   At our Castrop-Rauxel site in Germany, we operate a raw material-recovery plant that processes the suspensions from the facility's water purification processes, extracting materials that can then be used as secondary raw materials. At our Hamilton facility in Canada, drippings from our unloading lines are now collected and fed into our raw material storage units for processing instead of being disposed of as waste.

Principle 3

Businesses should promote the well-being of all employees

1. **Please indicate the Total number of employees of Rain Industries Limited:** 160

2. **Please indicate the Total number of employees hired on temporary/ contractual/casual basis:** Nil

3. **Please indicate the Number of permanent women employees:** 25

4. **Please indicate the Number of permanent employees with disabilities:** Nil

5. **Do you have an employee association that is recognised by management:** No

6. **What percentage of your permanent employees are members of this recognised employee association:** Not applicable, as no employee association is formed or recognised.

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

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 marginalised.

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

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

2. **Out of the above, has the Company identified the disadvantaged, vulnerable & marginalised stakeholders**

   There are no disadvantaged, vulnerable and marginalised 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 marginalised stakeholders.

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

   The Company and its subsidiaries endeavor to make 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 were reported during the Financial Year ended December 31, 2021.

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 adhere to all the Statutory Environmental Regulatory requirements. The subsidiary Companies within and outside India have adopted the Company's 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.**

   The Subsidiary Companies of the Company are working to optimise the usage of resources and contribute to the goal of its customers in reducing the carbon and environmental footprint.

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 two Waste-heat-recovery Power plants at its Cement Plants situated at Suryapet District, Telangana State, India and at Kurnool District, Andhra Pradesh, India generating 4.1 MW Electricity and 6.4 MW Electricity respectively;

   ii. Rain Cements Limited, a wholly owned Subsidiary has two Solar Power Plants at its Cement Plants situated at Suryapet District, Telangana State, India and at Kurnool District, Andhra Pradesh, India generating 2.0 MW Electricity and 1.0 MW of Electricity respectively;

iii. Rain CII Carbon (Vizag) Limited, a wholly owned Subsidiary 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 their 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 that 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 vocational 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 organisation?**

   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?**

   No.

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 ₹ 59.66 million on its CSR activities during Financial year ended December 31, 2021.

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

The CSR model of Rain Industries Limited and its subsidiaries is well-integrated with their business strategy and has helped to bring about positive change in communities. The Company established the Pragnya Priya Foundation in 2012 to drive its CSR initiatives, which include improving the lives of marginalized sections of society living near the Company's production facilities.

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

- **Health**

Rain Industries Limited, through the Pragnya Priya Foundation, has established 3 free primary hospitals, one each in (1) Ramapuram Village, Mellacheruvu Mandal, Suryapet District, Telangana State, India; (2) Boincheruvupalli Village, Kurnool District, Andhra Pradesh, India and (3) Kalayakagollu village, Nellore District, Andhra Pradesh, India. Each of these hospitals also provides fully equipped 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 Industries Limited, through the Pragnya Priya Foundation, operates 3 High Schools in English Medium with digital classrooms, one each at (1) Ramapuram Village, Mellacheruvu Mandal, Suryapet District, Telangana State, India; (2) Boincheruvupalli Village, Kurnool District, Andhra Pradesh, India and (3) 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, the Company promotes and supports initiatives taken by Local Bodies and Government Agencies to identify, adopt and support for development and growth.

- **Environment**

Rain Industries Limited undertakes Plantation of Trees at Visakhapatnam towards promotion of Plantation and Social Forestry, for improving the air-quality and minimising the air-pollution.

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, 2022

ANNEXURE - 10

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 harmonise the aspirations of human resources consistent with the goals of the Company and in terms of 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, 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 and to recommend to the Board their appointment and removal.

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 Board, its Committees and Individual 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 Regulation 16(1)(b) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

  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;

  iii. Chief Financial Officer; and

  iv. Such other officer, not more than one level below the Directors who is in Whole time Employment, Designated Key Managerial Personnel by the Board.

'Senior Management' means personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the Executive Directors, including their functional heads.

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 Directors, Key Managerial Personnel and other Employees.

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.

4. For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an

independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

a. use the services of an external agencies, if required;

b. consider candidates from a wide range of backgrounds, having due regard to diversity; and

c. consider the time commitments of the candidates.

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 Other Employees 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 Managing Director or Whole time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution.

C. Term and Remuneration

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 Managing Director or Whole-time Director will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. for Managing Director or Whole time Directors shall be subject to the approval of the shareholders of the Company and Schedule V of the Companies Act, 2013.

iii. Where any insurance is taken by the Company on behalf of its Managing Director or 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 Managing Director or 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 Managing Director or Whole-time Director in accordance with the provisions of Schedule V of the Companies Act, 2013.

vi. No Independent Director, who resigns from the Company, shall be appointed as an Executive/Whole Time Director on the board of the Company, its subsidiary or associate company or on the board of a company belonging to its promoter group, unless a period of one year has elapsed from the date of resignation as an independent director

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. With effect from April 1, 2022, the appointment, re-appointment or removal of Independent Director of a listed Entity shall be subject to the approval of shareholders by way of Special Resolution and disclosure of such appointment shall be made 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, computed as per the applicable provisions of the Companies Act, 2013.

E. Composition, Role, Frequency of Meetings and Quorum

The Composition, Role, Frequency of Meetings and Quorum of the Nomination and Remuneration Committee shall be as per the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and such other requirements as may be prescribed from time to time.

F. Evaluation

The Committee shall carry out evaluation of performance of Board, its Committees and Individual Directors annually.

G. 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.

H. 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	**Jagan Mohan Reddy Nellore**
Place: Hyderabad	*Managing Director*	*Director*
Date: February 25, 2022	DIN: 00021052	DIN: 00017633

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. We have 16 production facilities in seven countries across three continents and continue to grow through capacity expansions, mergers and acquisitions throughout the world across all business segments.

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, chemical intermediates 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 capitalise on market opportunities by addressing raw material supply and product demand on a global basis, in both established (mainly North America and Europe) and emerging markets (mainly Asia and the Middle East).

The following operating and financial review is intended to convey the management's perspective on the operating and financial performance of RAIN Group for the year ended December 31, 2021. 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 2021	CY 2020
Income from Operations	145,268	104,647
Adjusted Operating Profit	25,174	19,896
Operating Profit (%)	17.3%	19.0%
Profit Before Tax	12,764	8,510
Adjusted Profit After Tax @	7,560	5,321

@ After Non-controlling interest

Operating profit and profit after tax are adjusted with exceptional and one-off items. Please find hereunder the reconciliation of reported operating profit and reported profit after tax with adjusted operating profit and adjusted profit after tax.

₹ in million

Reconciliation	Operating Profit	Profit After Tax
Reported	25,291	5,801
Adjustments:		
Expenses towards strategic projects and other non-recurring items	540	540
Repair and other costs incurred on account of hurricane	513	513
Insurance claims received during the quarter related to prior periods	(337)	(337)
Gain on disposal of assets held for sale	(221)	(221)
Reversal of reorganisation costs accruals	(103)	(103)
Income due to waiver of Payroll Protection Program Loan by federal government of United States	(469)	(469)
Gain on divestment of superplasticiser business	(40)	(40)
Impairment of pond pitch asset	-	168
Tax impact on above adjustments	-	(174)
Valuation of deferred taxes	-	1,882
Adjusted	**25,174**	**7,560**

During CY 2021, our business generated revenue from operations of ₹ 145.3 billion and operating profit of ₹ 25.2 billion. The revenue in CY 2021 was higher by 38.8% compared to CY 2020 mainly due to higher price realisations and appreciation of Euro against INR. The operating margins in CY 2021 were higher due to increased realisations offset with an increase in raw material costs and other operating costs. As a result, the profit after tax in CY 2021 was ₹ 7.6 billion (i.e., ₹ 2.3 billion higher than the ₹ 5.3 billion generated in CY 2020).

Consequently, the adjusted earnings per share was ₹ 22.48 in CY 2021 as against ₹ 15.82 in CY 2020.

With a moderate performance in CY 2021 coupled with a strong cash balance of ₹ 16.9 billion and undrawn working capital loans of ₹ 10.9 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, 2021, is ₹ 672,691,358, comprising 336,345,679 fully paid-up equity shares of ₹ 2 each.

Details of Key Financial Ratios (Consolidated):

Sl. No.	Key Financial Ratios	Financial year 2021	Financial year 2020	Variance
(i)	Debtors Turnover	10.49	9.53	10%
(ii)	Inventory Turnover	3.62	2.94	23%
(iii)	Interest Coverage Ratio	5.57	4.25	31%
(iv)	Current Ratio	2.19	1.94	13%
(v)	Net Debt Equity Ratio	1.21	1.33	-9%
(vi)	Adjusted Operating Profit Margin (%)	17%	19%	-2%
(vii)	Adjusted Net Profit Margin (%)	5%	5%	0%
(viii)	Return on Net Worth	12%	10%	2%

The interest coverage ratio has increased during the current year as compared to previous year mainly on account of higher operating margin due to increased realisations coupled with decreased interest expense due to lower utilisation of working capital borrowings

3. PERFORMANCE OF CARBON BUSINESS SEGMENT

₹ in million

Particulars	CY 2021	CY 2020
Sales Volumes ('000 Tonnes)	2,529	2,522
Net Revenue	96,966	66,772
Operating Profit	20,884	13,857
Operating Profit (%)	21.5%	20.8%

Our Carbon business segment includes the manufacturing and trading of carbon products comprising CPC, CTP, GPC and other derivates of coal distillation, including creosote oil, naphthalene, carbon black oil and other basic aromatic oils. Energy produced through waste-heat recovery in the manufacturing of CPC is also included in the Carbon business segment. About 67.5% of RAIN Group's consolidated revenue for CY 2021 was generated from the Carbon business segment.

During CY 2021, the Carbon business segment generated ₹ 97.0 billion in net revenue, an increase of approximately 45.2% as compared to ₹ 66.8 billion generated during CY 2020. The increase in revenue was due to increase in average realisations by approximately 44.8%, including exchange fluctuation from depreciation of Indian Rupee against Euro. The operating margin increased to 21.5% in CY 2021 as compared to 20.8% in CY 2020. Margins increased in the Carbon business due to improved realisations offset by an increase in energy cost in Europe.

With encouraging prospects for steady-to-increased demand by end-customer industries, and the completion of our vertical-shaft kiln CPC plant in India, we expect the Carbon business segment to perform better in the future.

4. PERFORMANCE OF ADVANCED MATERIALS BUSINESS SEGMENT

₹ in million

Particulars	CY 2021	CY 2020
Sales Volumes ('000 Tonnes)	385	398
Net Revenue	32,910	26,935
Operating Profit	1,555	3,864
Operating Profit (%)	4.7%	14.3%

Our Advanced Materials business segment mainly comprises engineered products, chemical intermediates and resins, which are derived from our primary distillate – naphthalene – and additional raw materials purchased from third parties. About 22.9% of RAIN Group's consolidated revenue for CY 2021 is from the Advanced Materials business segment.

During CY 2021, our Advanced Materials business segment generated ₹ 32.9 billion in net revenue, an increase of 22.2% as compared to ₹ 26.9 billion during CY 2020. The increase was primarily related to a 26.3% increase in blended price realisations during CY 2021 offset by a 3.3% decrease in sales volumes. The operating margin decreased from 14.3% in CY 2020 to 4.7% in CY 2021 due to an unprecedented increase in energy costs in Europe coupled with incremental operating costs in HHCR plant for replacing certain equipment to make process improvements as well as the divestment of the superplasticisers business.

With stabilisation of our hydrogenated hydrocarbon resins plant in Germany and shifting a portion of increased energy costs to customers, we expect the Advanced Materials business segment to perform better in the future.

5. PERFORMANCE OF CEMENT BUSINESS SEGMENT

₹ in million

Particulars	CY 2021	CY 2020
Sales Volumes ('000 Tonnes)	2,895	2,241
Net Revenue	13,821	10,255
Operating Profit	2,735	2,175
Operating Profit (%)	19.8%	21.2%

Our Cement business segment is engaged in the manufacture and sale of cement. The products include high-quality OPC and PPC. About 9.6% of the consolidated revenue of RAIN Group for CY 2021 was from this business segment. During CY 2021, this segment generated ₹ 13.8 billion in net revenue. Due to an increase in volumes of approximately 29.2% in CY 2021 compared to CY 2020, coupled with an increase in price realisations by 4.3%, there was an increase in revenue by approximately 34.8% compared to ₹ 10.3 billion during CY 2020. The Cement business segment operated at an average capacity utilisation of approximately 83% during CY 2021 compared to approximately 64% in CY 2020.

The operating margin of Cement business decreased from 21.2% in CY 2020 to 19.8% in CY 2021 due to higher operating costs offset by increased volumes and realisations.

With expected growth in demand from rural markets in India 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 aims at process improvement and the development of new, higher-margin products and technologies through research and development (R&D) initiatives. We emphasise 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 our primary distillation process and allow generation of incremental margins greater than the margins 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 the 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 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 Board of Directors' 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 2,400 people 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 a Safety Training Observation Programme (STOPTM), which focuses on ways to address unsafe acts and recognise people who act and work safely. Our learning-management system plays an active role in standardising and digitisation of a few 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 certifications demonstrate RAIN Group's efforts in ensuring high product-quality standards and compliance with environmental laws and regulations.

2021 was another important year in our safety journey, as our commitment to workplace safety resulted in the third consecutive year that our Rain Carbon subsidiary achieved a total recordable injury rate of less than 0.2.

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, and 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 incidents. We have taken stringent measures to reduce the number of recordable injuries 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 last two years.

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	**Jagan Mohan Reddy Nellore**
Place: Hyderabad	*Managing Director*	*Director*
Date: February 25, 2022	DIN: 00021052	DIN: 00017633

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 maximise 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"), the 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, 2021, the Board of Directors ("Board") comprised of Eight Directors, of which Seven are Non-Executive Directors and one is Executive Director. 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 31st December, 2021.

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 7 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.

Board of Directors as on 31st December, 2021

Sl. No.	Name of the Director	Designation	Category
1	Mr. Brian Jude McNamara	Chairman	Independent Director
2	Mr. N. Radhakrishna Reddy	Managing Director	Executive Director (Promoter)
3	Mr. Jagan Mohan Reddy Nellore	Vice Chairman	Non - Executive Director (Promoter)
4	Mr. N. Sujith Kumar Reddy	Director	Non - Executive Director (Promoter)
5	Mr. Varun Batra	Director	Independent Director
6	Ms. Radhika Vijay Haribhakti	Director	Independent Director
7	Ms. Nirmala Reddy	Director	Independent Director
8	Mr. Robert Thomas Tonti *	Director	Independent Director

Note: Mr. H. L. Zutshi, Independent Director is ceased to be a Director of the Company with effect from September 30, 2021 due to completion of his second term as an Independent Director.

*Mr. Robert Thomas Tonti was appointed as an Independent Director of the Company with effect from October 31, 2021 for a period of 5 years i.e., from October 31, 2021 to October 30, 2026.

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, 2021 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 *	3	3	Yes
Ms. Radhika Vijay Haribhakti	4	4	Yes
Ms. Nirmala Reddy	4	4	Yes
Mr. Varun Batra	4	4	Yes
Mr. Brian Jude McNamara	4	4	Yes
Mr. Robert Thomas Tonti**	-	-	NA

Note: *Mr. H. L. Zutshi, Independent Director is ceased to be a Director of the Company with effect from September 30, 2021 due to completion of his second term as an Independent Director.

** Mr. Robert Thomas Tonti was appointed as an Independent Director of the Company with effect from October 31, 2021 for a period of 5 years i.e., from October 31, 2021 to October 30, 2026.

c. Other Directorships

The number of Directorships and memberships in the Committees of other Companies held by the Directors as on December 31, 2021 are as under:

Name of the Director	No. of other Directorships*	In other Public Companies#	
		Membership	Chairmanship
Mr. N. Radhakrishna Reddy	6	-	-
Mr. Jagan Mohan Reddy Nellore	6	4	-
Mr. N. Sujith Kumar Reddy	8	-	-
Mr. Varun Batra	3	-	-
Mr. Brian Jude McNamara	2	4	1
Ms. Radhika Vijay Haribhakti	5	8	1
Ms. Nirmala Reddy	4	2	2
Mr. Robert Thomas Tonti	-	-	-

*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).

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. Varun Batra	Nil	NA
5	Mr. Brian Jude McNamara	Nil	NA
6	Ms. Nirmala Reddy	Nil	NA
7	Ms. Radhika Vijay Haribhakti	4	1. **Navin Fluorine International Limited –** Independent Director
			2. **EIH Associated Hotels Limited –** Independent Director
			3. **ICRA Limited –** Independent Director
			4. **Torrent Power Limited –** Independent Director
8	Mr. Robert Thomas Tonti	Nil	NA

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 finalisation of agenda. Audio-Visual mode facilities are provided to enable Directors who are unable to attend the meetings in person, to participate in the meeting via Audio-Visual mode. 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, 2021. 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 25, 2021, April 29, 2021, July 31, 2021 and October 30, 2021.

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, 2021 are as follows:

Name of the Director	No. of Equity Shares (Face Value of ₹ 2 each) held in the Company
Mr. Jagan Mohan Reddy Nellore	100
Mr. N. Sujith Kumar Reddy	10,028,770
Mr. Varun Batra	NIL
Mr. Brian Jude McNamara	NIL
Ms. Radhika Vijay Haribhakti	NIL
Ms. Nirmala Reddy	NIL
Mr. Robert Thomas Tonti	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	Specialisation
1	Mr. N. Radhakrishna Reddy	Managing Director (Promoter)	He has more than 53 years of experience in Construction and Cement Industry.
2	Mr. Jagan Mohan Reddy Nellore	Non-Executive Director (Promoter)	He has more than 29 years of experience in Finance, Commercial and Manufacturing areas.
3	Mr. N. Sujith Kumar Reddy	Non-Executive Director (Promoter)	He has more than 30 years of experience in Manufacturing and Construction Industry.
4	Mr. Varun Batra	Independent Director	He is a Senior finance professional with more than 31 years of experience in the fields of Private Equity, Special Situations, Corporate Finance & Capital Markets, Credit & Relationship Management across various Corporate & Financial Institutional customers.
5	Mr. Brian Jude McNamara	Independent Director	He is a former banker with a 33 years career in Project Finance, Corporate Finance and Investment Management.

Sl. No.	Name of the Director	Category	Specialisation
6	Ms. Radhika Vijay Haribhakti	Independent Director	She has over 31 years of experience in Commercial and Investment Banking.
7	Ms. Nirmala Reddy	Independent Director	She has more than 48 years of experience in Banking, Finance and Project appraisal.
8	Mr. Robert Thomas Tonti	Independent Director	He has over 40 years' experience primarily centered on the Calcining of Petroleum Coke and Energy Production with experience in Oil refining and Aluminium Smelting.

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, 2021.

l. Mr. H. L. Zutshi, Independent Director has ceased to be a Director of the Company with effect from September 30, 2021 due to completion of his second term as an Independent Director.

m. Mr. Robert Thomas Tonti was appointed as an Independent Director of the Company with effect from October 31, 2021 for a period of 5 years i.e., from October 31, 2021 to October 30, 2026.

Profile of Board of Directors

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

- **Mr. N. Radhakrishna Reddy, Managing Director**

  Mr. N. Radhakrishna Reddy (80 years) is the Managing Director of Rain Industries Limited. He has more than 53 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, Apeetha Enterprises Private Limited and Pragnya Priya Foundation.

  He holds 10,383,730 equity shares in the Company.

  Mr. N. Radhakrishna Reddy is father of Mr. Jagan Mohan Reddy Nellore, Vice Chairman and Mr. N Sujith Kumar Reddy, Non-Executive Director. Other than the said Directors, he is not related to any other Director or Manager or the Key Managerial Personnel of the Company.

- **Mr. Jagan Mohan Reddy Nellore,**
  Vice Chairman & Non-Executive Director

  Mr. Jagan Mohan Reddy Nellore (55 years) brings with him 29 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 globalisation 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 or Manager or the Key Managerial Personnel of the Company.

- **Mr. N. Sujith Kumar Reddy, Non-Executive Director**

  Mr. N. Sujith Kumar Reddy (50 Years) holds a Bachelor's degree in Commerce. He has more than 30 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 or Manager or the Key Managerial Personnel of the Company.

- **Mr. Varun Batra, Independent Director**

  Mr. Varun Batra (55 years) is a Senior finance professional with more than 31 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 organisations with direct Frontline and Profit Centre responsibility. He is currently a Senior Partner and heads the Mumbai office for Baring Private Equity Partners Advisors LLP and Baring Private Equity India Investment Managers LLP.

  He was a Managing Director at Citibank N.A where he worked between 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 Director on the Boards of Sphaera Pharma Private Limited, Aditya Auto Products and Engineering (India) Private Limited and Sanchi Techstarter Private Limited.

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

  He is not holding any equity shares of the Company and he is not related to any Director or Manager or the Key Managerial Personnel of the Company.

- **Mr. Brian Jude McNamara, Independent Director**

  Mr. Brian Jude McNamara (59 years) is a former banker with 33 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 responsibilities in 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.

Prior to joining IFC, Mr. McNamara worked in the corporate finance division of Solvay Chemicals (Belgium) and in banking and investment management in Brussels, Belgium and Dublin, Ireland.

Mr. McNamara holds a bachelor's degree in economics and philosophy from Bristol University in England, and a master's degree in finance and banking from University College Dublin in Ireland.

He is presently a Director on the Board of Rain Industries Limited and is also a Director on the Board of its Subsidiaries namely Rain Cements Limited, Rain CII Carbon (Vizag) Limited and Rain Carbon Inc.

He is a Member of Nomination and Remuneration Committee, Audit Committee and Risk Management Committee of Rain Industries Limited, Member of Audit Committee and Nomination and Remuneration Committee of Rain CII Carbon (Vizag) Limited, Chairman of Audit Committee and Member of Nomination and Remuneration Committee of Rain Cements Limited and Chairman of Audit Committee of Rain Carbon Inc.

He is not holding any equity shares of the Company and he is not related to any Director or Manager or the Key Managerial Personnel of the Company.

- **Ms. Nirmala Reddy, Independent Director**

  Ms. Nirmala Reddy (74 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 I'vore. Earlier, she was a career banker having joined the State Bank as a probationary officer in 1969. She has 22 years of experience in banking operations, foreign exchange, as head of merchant banking in her career with Vijaya Bank and served as Director correspondent banking with American Express Bank Ltd. Bombay. She was trained in the Bank's branches in New York, London and Frankfurt. Ms. Reddy holds a master's degree in political science from Osmania University, Hyderabad. She has studied French and Japanese.

  She is presently a Director on the Boards of Rain Cements Limited, Rain CII Carbon (Vizag) Limited, Nugget Estates Private Limited, Nugget Realty & Ventures Private Limited and President for Globe Enterprises LLC.

  She is a Member of Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Stakeholders Relationship Committee of Rain Industries Limited, Chairperson of Nomination and Remuneration Committee of Rain CII Carbon (Vizag) Limited and Chairperson of Nomination and Remuneration Committee of Rain Cements Limited.

  Ms. Reddy is not holding any equity shares of the Company and she is not related to any Director, Manager and other Key Managerial Personnel of the Company.

- **Ms. Radhika Vijay Haribhakti, Independent Director**

  Ms. Radhika Haribhakti (64 years) has over 31 years of experience in Commercial and Investment Banking with Bank of America, JM Morgan Stanley and DSP Merrill Lynch. She has advised several large corporates and led their Equity and Debt offerings in domestic as well as international capital markets. She now heads RH Financial, a boutique Advisory Firm focused on M&A and Private Equity.

  She serves as an Independent Director on the Boards of EIH Associated Hotels Limited, ICRA Limited, Navin Fluorine International Limited, Pipeline Infrastructure Limited and Torrent Power Limited.

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

Committee, Risk Management Committee and Nomination & Remuneration Committee of Torrent Power Limited and Member of Audit Committee, Corporate Social Responsibility Committee and Health Safety, Security and Environment Committee of Pipeline Infrastructure 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 has also been Co Convener of "Training for Women on Corporate Boards", a FICCI – FLO initiative.

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

She is not holding any equity shares of the Company and she is not related to any Director or Manager or the Key Managerial Personnel of the Company.

- **Mr. Robert Thomas Tonti, Independent Director**

Mr. Robert Thomas Tonti (63 Years) has over 40 years of experience primarily centered on the calcining of petroleum coke and energy production with experience in oil refining and aluminium smelting. He holds a Bachelor of Science degree in Chemical Engineering from Rensselaer Polytechnic Institute, Troy, New York, United States of America and MBA from International Institute for Management Development, Lausanne, Switzerland.

Early engineering experience in aluminium smelting and petrochemicals led to Mr. Tonti becoming a start-up manager of then Calciner Industries Inc., for the 1988 acquisition of their calcining plants by private investors. His production technical experience included the optimisation of supply chains, logistics and freight movements, raw material quality control, customer service and the design of control systems for calciners. Executive procurement experience included the purchase and transport of bulk materials (petroleum coke) worldwide. Executive operations experience included environmental affairs, negotiation and administration of union labour contracts, and the management of the predecessor company's salaried and hourly personnel at five US facilities. Executive business development experience included creation of steam and power generation projects, their commercial contracts and governmental and investor-owned utility relations. His executive M&A experience included acquisition, staffing and restarting of facilities.

He is an Independent Director on the Board of Rain Carbon Inc, a wholly owned subsidiary of the Company and member of Audit Committee of Rain Carbon Inc.

He is not holding any equity shares of the Company and he is not related to any Director or Manager or the Key Managerial Personnel 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 statement is correct, sufficient and credible;

ii. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;

iii. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

iv. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:

   a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013

   b. Changes, if any, in accounting policies and practices and reasons for the same

   c. Major accounting entries involving estimates based on the exercise of judgment by management

d. Significant adjustments made in the financial statements arising out of audit findings

e. Compliance with listing and other legal requirements relating to financial statements

f. Disclosure of any related party transactions

g. Qualifications in the draft audit report

v. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;

vi. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

vii. Review and monitor the auditor's independence and performance, and effectiveness of audit process;

viii. Approval or any subsequent modification of transactions of the Company with related parties;

ix. Scrutiny of inter-corporate loans and investments;

x. Valuation of undertakings or assets of the Company, wherever it is necessary;

xi. Evaluation of internal financial controls and risk management systems;

xii. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

xiii. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

xiv. Discussion with internal auditors of any significant findings and follow up there on;

xv. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;

xvi. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

xvii. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

xviii. To review the functioning of the Whistle Blower mechanism;

xix. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

xx. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee;

xxi. Examination of the financial statement and the auditors' report thereon;

xxii. Monitoring the end use of funds raised through public offers and related matters;

xxiii. 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;

xxiv. The Audit Committee shall have authority to investigate into any matter 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;

xxv. The auditors of a 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;

xxvi. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders;

xxvii. Management discussion and analysis of financial condition and results of operations;

xxviii. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;

xxix. Management letters / letters of internal control weaknesses issued by the statutory auditors;

xxx. Internal audit reports relating to internal control weaknesses;

xxxi. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee; and

xxxii. Statement of deviations:

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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

b) annual statement of funds utilised for purposes other than those stated in the offer document/ prospectus/notice in terms of Regulation 32(7) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

b. Composition, names of members and Chairperson

- The Audit Committee of the Company comprises of 4 Independent Directors with Ms. Radhika Vijay Haribhakti, Independent Director as its Chairperson.

Composition of Audit Committee:

Name of the Director	Designation
Ms. Radhika Vijay Haribhakti	Chairperson
Mr. Brian Jude McNamara	Member
Mr. Varun Batra	Member
Mr. Robert Thomas Tonti	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/her on his behalf shall attend the General Meeting of the Company. Ms. Radhika Vijay Haribhakti, Chairman of the Audit Committee, was present at the 46th Annual General Meeting of the Company held on May 10, 2021 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.

c. Audit Committee meetings held and attendance during the Financial year ended December 31, 2021

- Four Audit Committee Meetings were held during the Financial Year ended December 31, 2021. 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 25, 2021, April 28, 2021, July 30, 2021 and October 29, 2021.

- **Attendance at the Audit Committee Meetings**

Name of the Director	Designation	Number of Meetings	
		Held	Attended
Ms. Radhika Vijay Haribhakti	Chairperson	4	4
Mr. H. L. Zutshi *	Member	3	3
Mr. Varun Batra	Member	4	4
Mr. Brian Jude McNamara	Member	4	4
Mr. Robert Thomas Tonti**	Member	-	-

Note: Ms. Nirmala Reddy has resigned from the membership of Audit Committee of the Company with effect from January 11, 2021 due to increase in personal commitments leaving less time.

* Mr. H. L. Zutshi, Independent Director is ceased to be a Director of the Company with effect from September 30, 2021 due to completion of his second term as an Independent Director.

** Mr. Robert Thomas Tonti, Independent Director was appointed as a member of Audit Committee of the Company with effect from October 31, 2021.

3. Nomination and Remuneration Committee

a. Brief description of terms of reference

- formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;

- For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

a) use the services of an external agencies, if required;

b) consider candidates from a wide range of backgrounds, having due regard to diversity; and

c) consider the time commitments of the candidates.

- formulation of criteria for evaluation of performance of independent directors and the board of directors;
- devising a policy on diversity of board of directors;
- 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 of directors their appointment and removal.
- whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- recommend to the board, all remuneration, in whatever form, payable to senior management.

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. Varun Batra	Member
Mr. Brian Jude McNamara	Member
Ms. Nirmala Reddy	Member
Mr. Robert Thomas Tonti	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 46^{th} Annual General Meeting of the Company held on May 10, 2021.

c. Nomination and Remuneration Committee meetings

- One Nomination and Remuneration Committee Meeting was held during the Financial Year ended December 31, 2021.
- The Nomination and Remuneration Committee Meeting was held on October 30, 2021.

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
Ms. Nirmala Reddy	Member	1	1
Mr. Varun Batra	Member	1	1
Mr. Brian Jude McNamara	Member	1	1
Mr. Robert Thomas Tonti*	Member	-	-

Note: Mr. H. L. Zutshi, Independent Director is ceased to be a member of Nomination and Remuneration Committee of the Company with effect from September 30, 2021 due to completion of his second term as an Independent Director.

*Mr. Robert Thomas Tonti, Independent Director was appointed as a member of Nomination and Remuneration Committee of the Company with effect from October 31, 2021.

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:

(a) Qualifications: Professional qualifications;

(b) Experience: Experience relevant to the entity;

(c) Knowledge and Competency:

(i) How the person fares for effective functioning of the entity and the Board; and

(ii) Whether the person has sufficient understanding and knowledge of the entity and fulfillment of the independence criteria as specified in these regulations and their independence from the management;

(d) Fulfillment of functions: Whether the person understands and fulfills the functions assigned to him/her as by the Board and the law;

(e) Ability to function as a team: Whether the person is able to function as an effective team- member;

(f) Initiative: Whether the person actively takes initiative with respect to various areas;

(g) Availability and attendance: Whether the person is available for meetings of the Board and attends the meeting regularly and timely, without delay;

(h) Commitment: Whether the person is adequately committed to the Board and the entity;

(i) Contribution: Whether the person contributed effectively to the entity and in the Board meetings;

(j) Integrity: Whether the person demonstrates highest level of integrity (including conflict of interest disclosures, maintenance of confidentiality, etc.);

(k) Independence: Whether person is independent from the entity and the Management and there is no conflict of interest; and

(l) 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 the 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. Risk Management Committee

a) Brief description of terms of reference

1. To formulate a detailed Risk Management Policy which shall include:

    a. A framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, Environment, Social and Governance related risks), information, cyber security risks or any other risk as may be determined by the Committee.

    b. Measures for risk mitigation including systems and processes for internal control of identified risks.

    c. Business continuity plan.

2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

3. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

4. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

5. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;

6. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee;

7. The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors.

b) Composition, name of members and Chairperson

The Risk Management Committee comprised of 3 Directors with Mr. Jagan Mohan Reddy Nellore, Non-Executive Director as its Chairman.

The Risk Management Committee was reconstituted on June 4, 2021 through Circular Resolution passed by the Board of Directors of the Company. Pursuant to reconstitution Mr. N. Radhakrishna Reddy has ceased to be the Member of the Committee and Mr. Brian Jude McNamara was appointed as Member of the Committee.

Composition of the Risk Management Committee:

Name of the Director	Designation
Mr. Jagan Mohan Reddy Nellore	Chairman
Mr. N. Sujith Kumar Reddy	Member
Mr. Brian Jude McNamara	Member

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

The minutes of the meetings of the Risk Management Committee are circulated to all the members of the Board.

c) Risk Management Committee meetings

During the Financial Year, Risk Management Committee Meeting was held on July 22, 2021 and October 21, 2021.

Attendance at the Risk Management Committee Meeting:

Name of the Director	Designation	Number of Meetings	
		Held	Attended
Mr. Jagan Mohan Reddy Nellore	Chairman	2	2
Mr. N. Sujith Kumar Reddy	Member	2	2
Mr. Brian Jude McNamara	Member	2	2

d) Risk Management Policy

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.

The policy on Risk Management is available on the Company's website, the web link for the same is https://rain-industries.com/investors.

5. Meeting of Independent Directors

A separate meeting of the Independent Directors was held on October 30, 2021 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.

6. 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 organisation and the effective functioning of the Board.

7. 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 organisation to introduce new perspectives while maintaining experience and continuity.

8. 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

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, 2021:

(In ₹ million)

Name of the Director	Sitting Fees	Commission	Total Amount
Mr. H. L. Zutshi *	0.48	0.60	1.08
Mr. Varun Batra	0.70	0.75	1.45
Mr. Brian Jude McNamara	0.70	0.75	1.45
Ms. Radhika Vijay Haribhakti	0.70	0.75	1.45
Ms. Nirmala Reddy	0.64	0.75	1.39
Mr. Robert Thomas Tonti **	-	-	-
Mr. Jagan Mohan Reddy Nellore	-	-	-
Mr. N. Sujith Kumar Reddy	-	-	-

Note: * Mr. H. L. Zutshi, Independent Director is ceased to be a Director of the Company with effect from September 30, 2021 due to completion of his second term as an Independent Director.

** Mr. Robert Thomas Tonti was appointed as an Independent Director of the Company with effect from October 31, 2021 for a period of 5 years i.e., from October 31, 2021 to October 30, 2026.

d. **The Remuneration paid to the Managing Director during the year is as follows:**

Name of the Director and Designation	Salary	Benefits	Bonuses	Pension	Commission	Performance linked incentives	Performance criteria	Service contracts	Notice	Total
Mr. N. Radhakrishna Reddy Managing Director	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Appointed for a period of 3 years	3 Month	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.

9. 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 46th Annual General Meeting of the Company held on May 10, 2021.

10. 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, 2021, the Company has received 188 and resolved 188 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

11. 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
2020	May 10, 2021	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).
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.

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

Year	Date	Time	Special Resolutions Passed
2020	May 10, 2021	11.00 A.M.	No Special Resolutions were 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.

c) No Extraordinary General Meeting was held during the past 3 years.

d) Following Special Resolutions were passed Last year through Postal Ballot

1) Person who conducted the Postal ballot exercise

The Company has appointed Mr. DVM Gopal, Practising Company Secretary (Membership No. 6280 and CP No. 6798) as Scrutinizer to conduct the Postal Ballot voting process in accordance with the law and in a fair and transparent manner.

2) Procedure for Postal Ballot

Pursuant to Section 108, Section 110 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014, read with General Circular No. 14/2020 dated April 8, 2020, the General Circular No. 17/2020 dated April 13, 2020, the General Circular No. 22/2020 dated June 15, 2020, the General Circular No. 33/2020 dated September 28, 2020, the General Circular No. 39/2020 dated December 31, 2020, General Circular No. 02/2021 dated January 13, 2021 and the General Circular No. 10/2021 dated June 23, 2021 issued by Ministry of Corporate Affairs ("MCA Circulars"), read with Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings (SS-2) including any statutory modification or re-enactment thereof for the time being in force and pursuant to other applicable laws and regulations, that the following Special Resolutions were passed by the Members of the Company through Postal Ballot by remote e-voting process during the Financial Year ended December 31, 2021.

3) Special Resolutions passed last year through Postal Ballot

(i) Re-appointment of Mr. N. Radhakrishna Reddy (DIN: 00021052) as the Managing Director of the Company for a period of 3 years i.e., from December 10, 2021 to December 9, 2024;

(ii) To continue the appointment of Ms. Nirmala Reddy (DIN: 01673128) as an Independent Director of the Company, to hold office for her remaining term of office i.e., up to February 27, 2023 as she would be crossing 75 years of age on March 27, 2022;

(iii) Re-appointment of Mr. Brian Jude McNamara (DIN: 08339667), as an Independent Director of the Company for a period of 5 years i.e., from February 28, 2022 to February 27, 2027; and

Ordinary Resolution passed last year through Postal Ballot:

(iv) Appointment of Mr. Robert Thomas Tonti (DIN: 09367847), as an Independent Director of the Company for a period of 5 years i.e., from October 31, 2021 to October 30, 2026.

Voting Results:

Resolution	Category	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3) = [(2)/(1)]* 100	No. of Votes – in favour (4)	No. of Votes – against (5)	% of Votes in favour on votes polled (6)= [(4)/(2)] *100	% of Votes against on votes polled (7)= [(5)/(2)] *100
Re-appointment of Mr. N. Radhakrishna Reddy (DIN:00021052) as the Managing Director of the Company for a period of 3 years i.e., from December 10, 2021 to December 9, 2024	Promoter and Promoter Group	138,378,854	138,378,854	100.0000	138,378,854	0	100.0000	0.0000
	Public- Institutions	42,847,629	34,902,323	81.4568	34,902,323	0	100.0000	0.0000
	Public- Non-Institutions	155,119,196	11,661,094	7.5175	11,607,671	53,423	99.5419	0.4581
	Total	**336,345,679**	**184,942,271**	**54.9858**	**184,888,848**	**53,423**	**99.9711**	**0.0289**

Resolution	Category	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3) = [(2)/(1)]* 100	No. of Votes – in favour (4)	No. of Votes – against (5)	% of Votes in favour on votes polled (6) = [(4)/(2)] *100	% of Votes against on votes polled (7) = [(5)/(2)] *100
Continuation of appointment of Ms. Nirmala Reddy (DIN: 01673128) as an Independent Director of the Company, to hold office for her remaining term of office i.e., up to February 27, 2023 as she would be crossing 75 years of age on March 27, 2022.	Promoter and Promoter Group	138,378,854	138,378,854	100.0000	138,378,854	0	100.0000	0.0000
	Public- Institutions	42,847,629	34,902,323	81.4568	33,168,686	1733637	95.0329	4.9671
	Public- Non- Institutions	155,119,196	11,660,256	7.5170	11,568,791	91465	99.2156	0.7844
	Total	**336,345,679**	**184,941,433**	**54.9855**	**183,116,331**	**1825102**	**99.0131**	**0.9869**

Resolution	Category	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3) = [(2)/(1)]* 100	No. of Votes – in favour (4)	No. of Votes – against (5)	% of Votes in favour on votes polled (6) = [(4)/(2)] *100	% of Votes against on votes polled (7) = [(5)/(2)] *100
Re-appointment of Mr. Brian Jude McNamara (DIN:08339667), as an Independent Director of the Company for a period of 5 years i.e., from February 28, 2022 to February 27, 2027.	Promoter and Promoter Group	138,378,854	138,378,854	100.0000	138,378,854	0	100.0000	0.0000
	Public- Institutions	42,847,629	34,902,323	81.4568	32,753,851	2,148,472	93.8443	6.1557
	Public- Non- Institutions	155,119,196	11,660,721	7.5173	11,572,579	88,142	99.2441	0.7559
	Total	**336,345,679**	**84,941,898**	**54.9857**	**182,705,284**	**2,236,614**	**98.7906**	**1.2094**

Resolution	Category	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3) = [(2)/(1)]* 100	No. of Votes – in favour (4)	No. of Votes – against (5)	% of Votes in favour on votes polled (6) = [(4)/(2)] *100	% of Votes against on votes polled (7) = [(5)/(2)] *100
Appointment of Mr. Robert Thomas Tonti (DIN:09367847), as an Independent Director of the Company for a period of 5 years i.e., from October 31, 2021 to October 30, 2026.	Promoter and Promoter Group	138,378,854	138,378,854	100.0000	138,378,854	0	100.0000	0.0000
	Public- Institutions	34,902,323	81.4568	34,666,690	235633	99.3249	0.6751	34,902,323
	Public- Non- Institutions	155,119,196	11,660,869	7.5174	11,606,645	54224	99.5350	0.4650
	Total	**336,345,679**	**184,942,046**	**54.9857**	**184,652,189**	**289857**	**99.8433**	**0.1567**

4) No Special Resolution is being proposed at the ensuing Annual General Meeting to be passed through Postal Ballot.

12. Means of Communication

The Company recognises 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://www.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).

13. General Shareholder information

a) Annual General Meeting : 47th Annual General Meeting

Date	: May 6, 2022
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, 2022 to December 31, 2022.

Tentative Schedule for considering Financial Results:

For the Quarter ending March 31, 2022	: April/May, 2022
For the Quarter ending June 30, 2022	: July/August, 2022
For the Quarter ending September 30, 2022	: October/November, 2022
For the Quarter/Year ending December 31, 2022	: January/February, 2023

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 2021 - 2022 has been paid to the above stock exchanges.

e) Stock Code

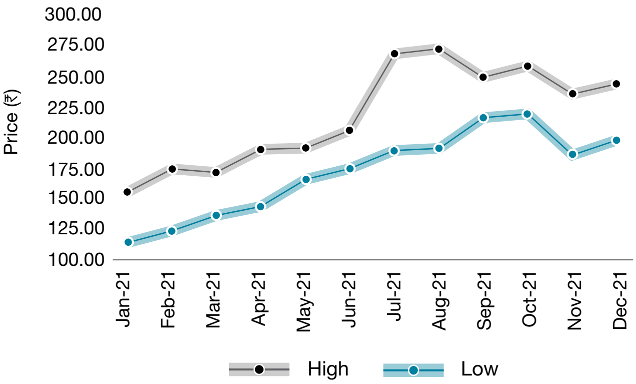
Name of the Stock Exchange	Scrip Code
BSE Limited	500339
National Stock Exchange of India Limited	RAIN

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, 2021	156.50	115.10	60,61,828
February, 2021	175.35	124.10	73,98,682
March, 2021	172.00	137.70	62,74,252
April, 2021	191.00	144.05	1,04,71,274
May, 2021	192.45	166.80	94,59,582
June, 2021	206.75	175.35	1,18,38,693
July, 2021	269.40	190.10	1,21,58,278
August, 2021	272.90	191.75	49,31,508
September, 2021	249.85	217.35	53,47,488
October, 2021	259.40	220.70	41,65,471
November, 2021	236.55	186.30	27,47,770
December, 2021	244.70	198.75	37,74,022

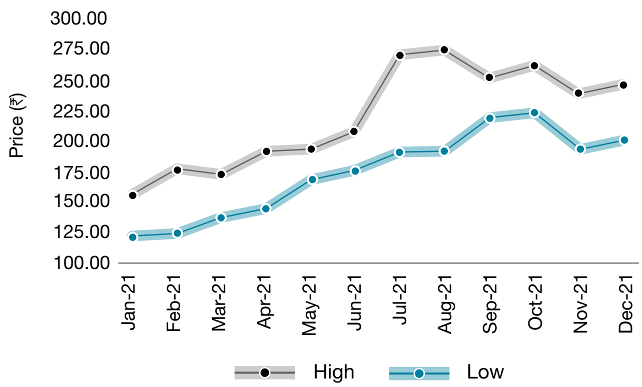
Share Prices at BSE



National Stock Exchange of India Limited (NSE)

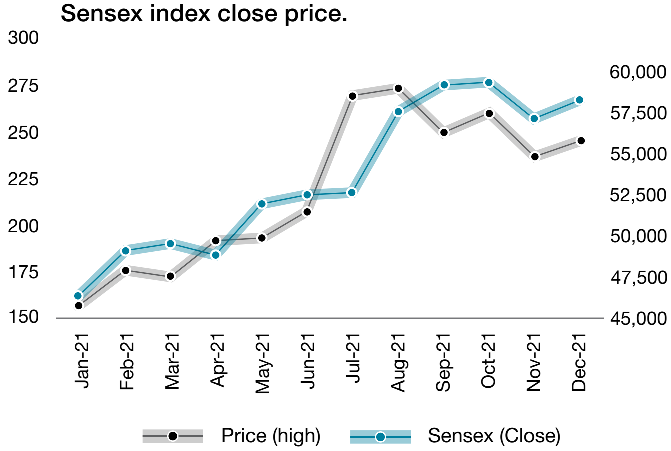
Month	High (₹)	Low (₹)	No. of Equity Shares traded
January, 2021	156.60	121.40	6,51,66,756
February, 2021	175.40	124.00	9,08,90,610
March, 2021	172.35	137.60	5,31,98,003
April, 2021	191.10	144.00	14,05,55,674
May, 2021	192.50	166.85	9,72,25,959
June, 2021	206.80	175.50	12,69,78,494
July, 2021	269.50	190.15	16,32,38,283
August, 2021	272.75	191.60	7,20,78,660
September, 2021	249.90	217.05	6,69,83,576
October, 2021	259.50	220.75	4,69,81,612
November, 2021	236.70	192.00	3,01,35,574
December, 2021	244.80	198.60	5,77,07,525

Share Prices at NSE



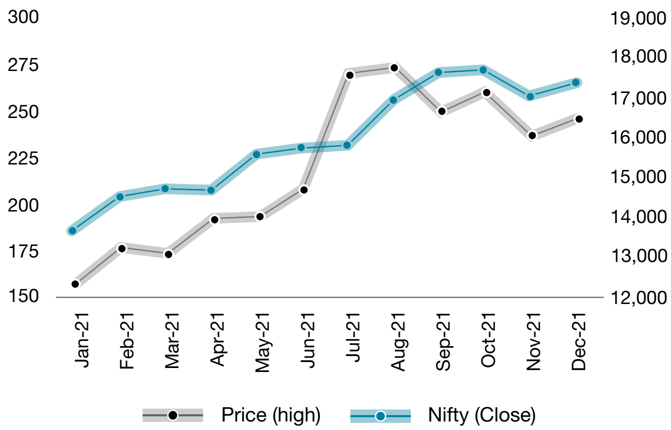
g) Performance in comparison to broad based indices of BSE Sensex:

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



Performance in comparison to broad based indices of Nifty:

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



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

i) 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
E-mail: einward.ris@kfintech.com
Web site: www.kfintech.com

j) Share Transfer System

The requests received for Deletion of Name, Transmission of Shares, Split and issue of duplicate share certificates are processed and despatched 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 Deletion of Name, Transmission of Shares, Split and issue of duplicate share certificates are approved by Share Transfer Committee and are noted at Board Meetings.

The shares of the Company can be transferred / traded only in dematerialised form. Shareholders holding shares in physical form are advised to avail the facility of dematerialisation. During the year, the Company obtained, on half-yearly basis, a certificate from a Company Secretary in Practice, certifying that all certificates for transfer, transmission, sub-division, consolidation, renewal, exchange and deletion of names, were issued as required under Regulation 40(9) of the SEBI(LODR) Regulations, 2015. These certificates were duly filed with the Stock Exchanges.

k) Distribution of Shareholding

Shareholding pattern as on December 31, 2021

Sl. No.	Category	No. of Shares held	Percentage of shareholding
1	Promoters/Directors/ Associates	13,83,78,854	41.14
2	Mutual Funds	7,86,481	0.23
3	Financial Institutions and Banks	37,070	0.01
4	Foreign Portfolio Investors	4,73,49,498	14.08
5	Bodies Corporate	1,92,42,678	5.72
6	Alternate Investment Funds	1,84,000	0.05
7	Trusts	12,748	0.00
8	NRIs	1,30,42,734	3.88
9	HUF	56,37,024	1.68
10	Clearing Members	17,88,991	0.53
11	Investor Education Protection Fund (IEPF) A/c	32,75,372	0.97
12	Unclaimed Suspense Account	4,41,830	0.13
13	Indian Public	10,61,68,399	31.57
	Total	**33,63,45,679**	**100.00**

Distribution of shareholding according to nominal value as on December 31, 2021

Share Holding of nominal value of	Shareholder		Shares	Shareholding	
	Number	% to total No.		In (₹)	% to Total Amount
1-5000	1,81,501	97.03	4,07,31,488	8,14,62,976	12.11
5001- 10000	2,834	1.52	1,05,03,775	2,10,07,550	3.12
10001- 20000	1,319	0.71	97,31,837	1,94,63,674	2.89
20001- 30000	437	0.23	54,85,598	1,09,71,196	1.63
30001- 40000	230	0.12	41,01,356	82,02,712	1.22
40001- 50000	169	0.09	38,40,820	76,81,640	1.14
50001- 100000	232	0.12	82,88,985	1,65,77,970	2.46
100001& Above	336	0.18	25,36,61,820	50,73,23,640	75.42
Total	**1,31,558**	**100.00**	**336345679**	**672,691,358**	**100.00**

l) Dematerialisation 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).

33,05,33,764 equity shares were dematerialised representing 98.27% of the total paid up equity share capital of the Company as on December 31, 2021.

ISIN: INE855B01025

m) There are no outstanding Global Depository Receipts/American Depository Receipts or Warrants or any convertible instruments as on December 31, 2021.

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, 2021:

India Ratings and Research has revised Rain Industries Limited's (Company) Outlook to Stable from Negative while affirming the Long-Term Issuer Rating at 'IND A/Stable'.

(i) Long term borrowing: "IND A/Stable".

14. 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 the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has adopted a policy to determine Related Party Transactions.

The 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, 2021, 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

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 victimisation of employees who avail of the mechanism and allows direct access to the Chairperson of the audit committee in exceptional cases.

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

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

The ombudsman had not received any complaint during the Financial Year ended December 31, 2021.

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, 2021.

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, 2021:

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	6.95
2	Fees paid for Limited review of the Company and Subsidiary Companies situated in India and outside India	9.10
3	Statutory Audit fees paid for Audit of Subsidiary Companies situated outside India	53.51
4	Fees paid for other services	6.79
5	Reimbursement of expenses	2.08
	Total	**78.43**

j) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

Sl. No.	Particulars	Number
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

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

16. 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 the 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.

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

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

18. 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 prioritised 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 Chief 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.

19. 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.

20. 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.

21. 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.

22. 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.

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:

Sl. 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, 2021.	393	6,82,195
2	No. of shareholders who approached the Company for transfer of shares from Unclaimed Suspense account during the year.	6	1,88,985
3	No. of shareholders to whom shares were transferred from the Unclaimed Suspense account during the year.	6	1,88,985
4	Transferred to Investor Education and Protection fund Authority	65	51,380
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, 2021 (1-3-4).	322	4,41,830

The voting rights on the shares outstanding in the suspense account as on December 31, 2021 shall remain frozen till the rightful owner of such shares claim the shares.

23. 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 1,91,011 equity shares to Investor Education and Protection Fund during the Financial Year ended December 31, 2021.

24. Proceeds from public issues, rights issues, preferential issues, etc.

During the year ended December 31, 2021, there were no proceeds from public issues, rights issues, preferential issues, etc.

25. 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

26. 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

27. 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	**Jagan Mohan Reddy Nellore**
Place: Hyderabad	*Managing Director*	*Director*
Date: February 25, 2022	DIN: 00021052	DIN: 00017633

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, 2021.

for **Rain Industries Limited**

N. Radhakrishna Reddy
Managing Director
DIN: 00021052

Place: Hyderabad
Date: February 25, 2022

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, 2021 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 24, 2022

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, 2021.

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, 2021:

Sl. No.	Name of the Director	Designation	DIN No.
1	Mr. Brian Jude McNamara	Chairman (Independent Director)	08339667
2	Mr. N. Radhakrishna Reddy	Managing Director	00021052
3	Mr. Jagan Mohan Reddy Nellore	Vice Chairman (Non-Executive Director)	00017633
4	Mr. N. Sujith Kumar Reddy	Non-Executive Director	00022383
5	Mr. Varun Batra	Independent Director	00020526
6	Ms. Radhika Vijay Haribhakti	Independent Director	02409519
7	Ms. Nirmala Reddy	Independent Director	01673128
8	Mr. Robert Thomas Tonti	Independent Director	09367847

for **DVM & Associates LLP**
Company Secretaries
L2017KR002100

DVM Gopal
Partner
M No: F 6280
CP No: 6798
UDIN: F006280C002685583

Place: Hyderabad
Date: February 25, 2022

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, 2021, 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 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, 2021.

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's Registration No: 116231W/W-100024

Vikash Somani
Partner
Membership No: 061272
UDIN: 22061272ADPSIQ9322

Place: Hyderabad
Date: February 25, 2022

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 31 December 2021 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 31 December 2021, 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 Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the 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 financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the 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 and take necessary actions, as applicable under applicable laws and regulations.

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 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.

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 year 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 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 December 2021 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 31 December 2021 on its financial position in its standalone financial statements - Refer Note 31 to the standalone financial statements;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

   iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 December 2021.

   (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
Firm's Registration Number: 116231W/ W-100024

Vikash Somani
Partner
Membership Number: 061272
UDIN: 22061272ADPNHI1879

Place: Hyderabad
Date: 25 February 2022

Annexure A

to the Independent Auditors' Report on the standalone financial statements of Rain Industries Limited for the year ended 31 December 2021

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 31 December 2021, we report that:

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular program of physical verification of its fixed assets by which all fixed assets are verified once in two years. 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 any other loans, secured or unsecured 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. 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, Goods and service 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, goods and service tax, cess and other material statutory dues were in arrears as at 31 December 2021 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:

Name of the Statute	Nature of Dues	Amount in millions (₹)	Period to which the amount relates	Forum where the dispute is pending
Income-tax Act, 1961	Income-tax	19.48	AY 2008-09	Honorable High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh
Income-tax Act, 1961	Income-tax	16.76	AY 2009-10	
Income-tax Act, 1961	Income-tax	2.60	AY 2010-11	
Income-tax Act, 1961	Income-tax	31.71	AY 2011-12	
Income-tax Act, 1961	Income-tax	32.56	AY 2012-13	

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
Firm's Registration Number: 116231W/ W-100024

Vikash Somani
Partner
Membership Number: 061272
UDIN: 22061272ADPNHI1879

Place: Hyderabad
Date: 25 February 2022

Annexure B

to the Independent Auditors' Report on the standalone financial statements of Rain Industries Limited for the year ended 31 December 2021

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 31 December 2021 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 31 December 2021, 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:

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
Firm's Registration Number: 116231W/ W-100024

Vikash Somani
Partner
Membership Number: 061272
UDIN: 22061272ADPNHI1879

Place: Hyderabad
Date: 25 February 2022

Standalone Balance Sheet

as at December 31, 2021

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

	Note	As at December 31, 2021	As at December 31, 2020
ASSETS			
1. Non-current assets			
(a) Property, plant and equipment	3	72.77	69.40
(b) Other Intangible assets	4	0.92	1.07
(c) Financial assets			
(i) Investments	5	9,170.65	9,169.65
(ii) Loans	6	1,041.30	88.72
(d) Deferred tax asset, net	26 (iv)	-	1.54
(e) Non-current tax assets, net	26 (vii)	104.42	119.83
(f) Other non-current assets	7	0.36	0.43
2. Current assets			
(a) Financial assets			
(i) Trade receivables	8	167.53	47.45
(ii) Cash and cash equivalents	9	185.23	207.78
(iii) Bank balances other than cash and cash equivalents	9	32.15	35.54
(iv) Loans	10	536.26	2,252.06
(v) Other financial assets	11	11.21	4.83
(b) Other current assets	12	5.55	2.03
TOTAL		**11,328.35**	**12,000.33**
EQUITY AND LIABILITIES			
1. Equity			
(a) Equity share capital	13	672.69	672.69
(b) Other equity	14	8,419.49	8,442.40
		9,092.18	**9,115.09**
2. Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	15	1,486.05	521.09
(b) Provisions	16	6.85	6.36
(c) Deferred tax liability, net	26 (iv)	5.39	-
Current liabilities			
(a) Financial liabilities			
(i) Trade payables	17		
(A) total outstanding dues of micro enterprises and small enterprises		-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		107.03	5.91
(ii) Other financial liabilities	18	577.27	2,295.66
(b) Other current liabilities	19	21.05	37.14
(c) Provisions	20	3.07	2.32
(d) Current tax liabilities, net	26 (vii)	29.46	16.76
TOTAL		**11,328.35**	**12,000.33**
Corporate information	1		
Significant accounting policies	2		
The notes referred to above form an integral part of the financial statements			

As per our report of even date attached
***for* B S R & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 116231W/ W-100024

Vikash Somani
Partner
Membership number: 061272

Place: Hyderabad
Date: February 25, 2022

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

Place: Hyderabad
Date: February 25, 2022

Standalone Statement of Profit and Loss

for the year ended December 31, 2021

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

	Note	For the year ended December 31, 2021	For the year ended December 31, 2020
1 INCOME			
Revenue from operations	21	535.47	476.25
Other income	22	501.42	499.88
Total income		**1,036.89**	**976.13**
2 EXPENSES			
Purchases of stock-in-trade		193.35	150.88
Employee benefits expense	23	214.38	183.05
Finance costs	24	80.95	121.39
Depreciation and amortisation expense	3 & 4	6.23	6.43
Loss on foreign currency transactions and translations (net)		8.37	10.76
Other expenses	25	142.79	157.19
Total expenses		**646.07**	**629.70**
3 PROFIT BEFORE TAX (1-2)		**390.82**	**346.43**
4 TAX EXPENSE	26 (i)		
1. Current tax		73.12	70.24
2. Deferred tax		6.06	3.17
5 PROFIT FOR THE YEAR (3-4)		**311.64**	**273.02**
6 OTHER COMPREHENSIVE INCOME:			
A. (i) Items that will not be reclassified subsequently to profit or loss			
- Remeasurements of the defined benefit plans	29 (b)	2.67	1.68
(ii) Income tax relating to items that will not be reclassified to profit or loss	26 (ii)	(0.87)	-
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		-	-
Total Other Comprehensive Income for the year		**1.80**	**1.68**
7 TOTAL COMPREHENSIVE INCOME FOR THE YEAR (5+6)		**313.44**	**274.70**
8 EARNINGS PER SHARE (FACE VALUE OF ₹ 2/- EACH)	32		
Basic and Diluted (₹)		0.93	0.81
Corporate information	1		
Significant accounting policies	2		
The notes referred to above form an integral part of the financial statements			

As per our report of even date attached
***for* B S R & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 116231W/ W-100024

For and on behalf of the Board of Directors of
Rain Industries Limited
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M. No.: A14143

Place: Hyderabad
Date: February 25, 2022

Place: Hyderabad
Date: February 25, 2022

Standalone Statement of changes in Equity

for the year ended December 31, 2021

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

(I)

Particulars	Equity Share Capital	Other equity							Total
		Reserves and Surplus					Other Comprehensive Income		
		Capital Reserve	Capital Redemption Reserve	Securities Premium	General Reserve	Retained Earnings	Foreign Currency Translation Reserve	Remeasurements of Defined Benefit Plans	
Balance as on January 1, 2021	672.69	4,319.91	47.66	516.67	828.92	509.12	2,219.36	0.76	9,115.09
Profit for the year (A)	-	-	-	-	-	311.64	-	-	311.64
Other comprehensive income (B)									
- Remeasurements of defined benefit plans (net of tax)	-	-	-	-	-	-	-	1.80	1.80
Total Comprehensive Income for the year (A+B)	**-**	**-**	**-**	**-**	**-**	**311.64**	**-**	**1.80**	**313.44**
Dividends (Refer note 13(ii))	-	-	-	-	-	(336.35)	-	-	(336.35)
Transfer from retained earnings	-	-	-	-	31.16	(31.16)	-	-	-
Balance as on December 31, 2021	**672.69**	**4,319.91**	**47.66**	**516.67**	**860.08**	**453.25**	**2,219.36**	**2.56**	**9,092.18**

Particulars	Equity Share Capital	Other equity							Total
		Reserves and Surplus					Other Comprehensive Income		
		Capital Reserve	Capital Redemption Reserve	Securities Premium	General Reserve	Retained Earnings	Foreign Currency Translation Reserve	Remeasurements of Defined Benefit Plans	
Balance as on January 1, 2020	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
Other comprehensive income (B)									
- Remeasurements of defined benefit plans (net of tax)	-	-	-	-	-	-	-	1.68	1.68
Total Comprehensive Income for the year (A+B)	**-**	**-**	**-**	**-**	**-**	**273.02**	**-**	**1.68**	**274.70**
Dividends (Refer note 13(ii))	-	-	-	-	-	(336.35)	-	-	(336.35)
Transfer from retained earnings	-	-	-	-	27.30	(27.30)	-	-	-
Balance as on December 31, 2020	**672.69**	**4,319.91**	**47.66**	**516.67**	**828.92**	**509.12**	**2,219.36**	**0.76**	**9,115.09**

Standalone Statement of changes in Equity (continued)

for the year ended December 31, 2021

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

(II) DESCRIPTION OF THE PURPOSES OF EACH RESERVE WITHIN EQUITY:

Reserves and Surplus:

(a) **Capital reserve:** It consists of pre-acquisition profits. During amalgamation, the excess of net assets taken, over the consideration paid were treated as capital reserve in accordance with previous GAAP.

(b) **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.

(c) **Securities premium:** The amount received in excess of face value of the equity shares is recognised in Securities Premium. It can be utilised 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.

(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. (Refer note 27.2)

(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

Vikash Somani
Partner
Membership number: 061272

Place: Hyderabad
Date: February 25, 2022

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

Place: Hyderabad
Date: February 25, 2022

Standalone Statement of Cash Flow

for the year ended December 31, 2021

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

	For the year ended December 31, 2021	For the year ended December 31, 2020
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	390.82	346.43
Adjustments for:		
Depreciation and amortisation expense	6.23	6.43
Interest and other borrowing costs	80.95	121.39
Interest income	(75.76)	(117.05)
Dividend income from non-current investments	(410.74)	(369.41)
Liabilities / provisions no longer required written back	-	(0.57)
Loss on foreign currency transactions and translations, net	9.52	10.62
Operating profit before working capital changes	**1.02**	**(2.16)**
Adjustments for changes in working capital:		
(Increase) / decrease in operating assets:		
Trade receivables	(121.12)	3.22
Loans and other assets	(53.77)	(3.82)
Increase / (decrease) in operating liabilities:		
Trade payables	101.13	2.44
Other current liabilities	(16.10)	22.47
Other financial liabilities	(4.91)	(7.69)
Provisions	3.91	2.49
Cash (used in) / generated from operations	**(89.84)**	**16.95**
Income taxes paid, net	(44.42)	(40.50)
Net cash used in operating activities	**(134.26)**	**(23.55)**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets	(9.45)	(5.63)
Loans given to subsidiaries	(1,486.05)	-
Loans repaid by subsidiaries	2,293.09	710.76
Investment in Subsidiary	(1.00)	-
Fixed/restricted deposits with banks refunded	3.39	7.25
Interest received	72.85	115.02
Dividend income from non-current investments	410.74	369.41
Net cash from investing activities	**1,283.57**	**1,196.81**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from non-current borrowings	1,498.00	-
Repayment of non-current borrowings	(2,257.64)	(711.70)
Interest and other borrowing costs paid	(75.87)	(120.02)
Dividend paid	(336.35)	(336.35)
Net cash used in financing activities	**(1,171.86)**	**(1,168.07)**
Net (decrease)/ increase in cash and cash equivalents (A+B+C)	**(22.55)**	**5.19**
Cash and cash equivalents - opening balance	207.78	202.67
Effect of exchange differences on restatement of foreign currency cash and cash equivalents	-	(0.08)
Cash and cash equivalents - closing balance (Refer note 9)	**185.23**	**207.78**

Standalone Statement of Cash Flow (continued)

for the year ended December 31, 2021

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

Notes:

(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

	For the year ended December 31, 2021	For the year ended December 31, 2020
Cash and cash equivalents		
Balances with banks:		
- in current accounts	54.83	58.38
- in deposit accounts (with original maturity of 3 month or less)	130.40	149.40
	185.23	**207.78**

(iii) Refer note.15 for reconciliation of liabilities arising from financing activities

As per our report of even date attached
for B S R & Associates LLP
Chartered Accountants
ICAI Firm registration number: 116231W/ W-100024

Vikash Somani
Partner
Membership number: 061272

Place: Hyderabad
Date: February 25, 2022

For and on behalf of the Board of Directors of
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Chief Financial Officer
M. No.: F29080

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

Place: Hyderabad
Date: February 25, 2022

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 standalone 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, 2021 have been applied. The accounting policies are applied consistently to all the periods presented in the standalone financial statements.

The standalone financial statements were authorised for issue by the Company's Board of Directors on February 25, 2022.

(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 standalone 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 standalone 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 non-financial assets (refer note 27 and 2 (g))

Notes (continued)

Forming part of Financial Statements for the year ended December 31, 2021

- Expected Credit loss–provision for doubtful debts (refer note 27.3)
- Measurement of borrowings at amortised cost (refer note 15)
- Assessment of functional currency (refer note 2(a)(ii))

Current and Non-current classification

All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle.

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 standalone 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.

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 is accounted for within equity.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised 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 standalone financial statements of the Company in the same form in which they appeared in the standalone financial statements of the acquired entity.

Notes (continued)

Forming part of Financial Statements for the year ended December 31, 2021

The difference, if any, between the value of net assets and the consequent reduction in value of investment held by the Company is transferred to the capital reserve or to the accumulated balance of profit and loss.

c) Financial instruments

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

Financial Assets

Recognition and initial measurement

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

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

Financial assets

Business model assessment

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

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

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

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

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

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

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

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

Financial assets: Subsequent measurement and gains and losses

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

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

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

Notes (continued)

Forming part of Financial Statements for the year ended December 31, 2021

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.

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	1-10
Office equipment	3-5
Vehicles	1-10

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

g) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets (Cash Generating Unit or CGU) that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the higher of its value in use and its fair value less costs of disposal. 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 recognised 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.

Notes (continued)

Forming part of Financial Statements for the year ended December 31, 2021

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

Other long-term employee benefits

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

Short-term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

k) Leases

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 standalone price of the lease component and the aggregate standalone 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 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.

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.

Notes (continued)

Forming part of Financial Statements for the year ended December 31, 2021

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 and 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 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) Standards issued but not yet effective

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The Amendments revised Division-II of Schedule III and are applicable from financial year beginning April 1, 2021. Accordingly, the amendments will be applicable to the Company for the year ended December 31, 2022.

Notes (continued)

Forming part of Financial Statements for the year ended December 31, 2021

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

NOTE 3: PROPERTY, PLANT AND EQUIPMENT

	Land - freehold	Buildings	Furniture and fixtures	Office equipments	Vehicles	Total
Gross carrying amount						
As at December 31, 2019	2.21	66.67	4.87	21.84	1.06	96.65
Additions	-	-	-	5.63	-	5.63
Deletions	-	-	-	-	-	-
As at December 31, 2020	**2.21**	**66.67**	**4.87**	**27.47**	**1.06**	**102.28**
Additions	-	-	-	9.45	-	9.45
Deletions	-	-	-	0.11	-	0.11
As at December 31, 2021	**2.21**	**66.67**	**4.87**	**36.81**	**1.06**	**111.62**
Accumulated depreciation						
As at December 31, 2019	-	5.39	4.87	15.86	0.48	26.60
Depreciation for the year	-	1.35	-	4.81	0.12	6.28
Deletions	-	-	-	-	-	-
As at December 31, 2020	**-**	**6.74**	**4.87**	**20.67**	**0.60**	**32.88**
Depreciation for the year	-	1.35	-	4.61	0.12	6.08
Deletions	-	-	-	0.11	-	0.11
As at December 31, 2021	**-**	**8.09**	**4.87**	**25.17**	**0.72**	**38.85**
Net carrying amount						
As at December 31, 2020	**2.21**	**59.93**	**-**	**6.80**	**0.46**	**69.40**
As at December 31, 2021	**2.21**	**58.58**	**-**	**11.64**	**0.34**	**72.77**

Note:

- Movable assets are pledged against borrowings availed from bank. Refer note 15 for details.

NOTE 4: OTHER INTANGIBLE ASSETS

	Software	Total
Gross carrying amount		
As at December 31, 2019	**1.47**	**1.47**
Additions	-	-
Deletions	-	-
As at December 31, 2020	**1.47**	**1.47**
Additions	-	-
Deletions	-	-
As at December 31, 2021	**1.47**	**1.47**
Accumulated Amortisation		
As at December 31, 2019	**0.25**	**0.25**
Amortisation for the year	0.15	0.15
Deletions	-	-
As at December 31, 2020	**0.40**	**0.40**
Amortisation for the year	0.15	0.15
Deletions	-	-
As at December 31, 2021	**0.55**	**0.55**
Net carrying amount		
As at December 31, 2020	**1.07**	**1.07**
As at December 31, 2021	**0.92**	**0.92**

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

NOTE 5: NON-CURRENT INVESTMENTS

	As at December 31, 2021	As at December 31, 2020
Investment (unquoted, at cost)		
A. EQUITY SHARES		
(i) of subsidiaries		
Rain Cements Limited, India		
29,805,000 (December 31, 2020: 29,805,000) Equity Shares of ₹ 10 each fully paid up representing 100% of share capital	2,128.10	2,128.10
Rain Commodities (USA) Inc, United States of America (U.S.A.)		
20 (December 31, 2020: 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, 2020: 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
Rain CII Carbon (Vizag) Limited, India (refer note c below)		
1,000,000 (December 31, 2020: 1,000,000) Equity Shares of ₹ 10 each fully paid up representing 12.22% of share capital	13.00	13.00
Rain Verticals Limited, India		
100,000 (December 31, 2020: Nil) Equity Shares of ₹ 10 each fully paid up representing 100% of share capital	1.00	-
B. PREFERENCE SHARES		
(i) of subsidiaries		
Rain Commodities (USA) Inc, United States of America (U.S.A.)	6,121.30	6,121.30
97,800 (December 31, 2020: 97,800) Convertible Redeemable Preferred Series - B at par value US$ 1,000 per share fully paid up		
Total	**9,170.65**	**9,169.65**
(a) aggregate value of unquoted investments	9,170.65	9,169.65
(b) aggregate value of quoted investments	-	-
(c) Investments are pledged with banks against borrowings availed from banks. Refer note 15 for details.		

NOTE 6: NON-CURRENT LOANS

	As at December 31, 2021	As at December 31, 2020
(Unsecured, considered good, unless otherwise stated)		
Loans and advances		
- to related parties (Refer notes below and note 30)	1,040.24	87.66
Electricity deposits	0.16	0.16
Security deposits	0.90	0.90
Total	**1,041.30**	**88.72**

Notes:

A) The loan of US$ 20 million, provided during the financial year ended December 31, 2021, carries interest of SOFR plus 335 basis points payable on quarterly basis at the end of each quarter. This loan is repayable in two installments by Rain Commodities (USA) Inc: US$ 6 million on March 04, 2022 and balance US$ 14 million on November 29, 2023. Balance as at December 31, 2021 is ₹ 1,486.06 including current portion of ₹ 445.82 (December 31, 2020: NIL including current portion of NIL).

Notes (continued)

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

NOTE 6: NON-CURRENT LOANS (CONTINUED)

B) 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, 2021 is repayable by Rain Commodities (USA) Inc. in one quarterly instalment. Balance as at December 31, 2021 is ₹ 89.16 including current portion of ₹ 89.16 (December 31, 2020: ₹ 876.64 including current portion of ₹ 788.98).

C) 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 has been repaid by Rain Commodities (USA) Inc. as a bullet repayment on October 29, 2021. Balance as at December 31, 2021 is NIL (December 31, 2020: ₹ 1,461.07 including current portion of ₹ 1,461.07).

D) These loans were given for the purpose of making investment in subsidiaries outside India.

NOTE 7: OTHER NON-CURRENT ASSETS

	As at December 31, 2021	As at December 31, 2020
Excess contribution to Plan assets for Defined benefit plan (Refer note 29 (b))	0.36	0.43
Total	**0.36**	**0.43**

NOTE 8: TRADE RECEIVABLES

	As at December 31, 2021	As at December 31, 2020
Trade receivables considered good - secured	-	-
Trade receivables considered good - unsecured	167.53	47.45
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	-	-
	167.53	**47.45**
Less: Allowance for doubtful trade receivables	-	-
Total	**167.53**	**47.45**

(i) Trade receivables amounting to ₹ 66.32 (December 31, 2020: ₹ 47.45) are due from related parties. Refer note 30

(ii) The company's exposure to credit and currency risk details are disclosed in note 27.3 and 27.7.

(iii) Receivables are pledged with banks against borrowings availed from banks. Refer note 15 for details.

NOTE 9: CASH AND BANK BALANCES

	As at December 31, 2021	As at December 31, 2020
A. Cash and cash equivalents		
Balances with banks:		
- in current accounts	54.83	58.38
- in deposit accounts (with original maturity of 3 months or less)	130.40	149.40
	185.23	**207.78**
B. Bank balances other than cash and cash equivalents		
Unpaid dividend accounts	32.15	35.54
	32.15	**35.54**
Total [A+B]	**217.38**	**243.32**

Cash and bank balances are pledged to fulfill collateral requirements against borrowings availed from banks. Refer note 15 for the details.

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

NOTE 10: CURRENT LOANS

	As at December 31, 2021	As at December 31, 2020
(Unsecured, considered good, unless otherwise stated)		
Loans to related parties* (Refer note 30)	534.98	2,250.05
Loan to employees	1.28	2.01
Total	**536.26**	**2,252.06**

* For details of loans to related parties refer note 6

NOTE 11: OTHER CURRENT FINANCIAL ASSETS

	As at December 31, 2021	As at December 31, 2020
(Unsecured, considered good, unless otherwise stated)		
Interest accrued on deposits	0.30	0.33
Interest accrued on loans (Refer note 30)	3.64	-
Unbilled revenue	7.27	4.50
Total	**11.21**	**4.83**

NOTE 12: OTHER CURRENT ASSETS

	As at December 31, 2021	As at December 31, 2020
(Unsecured, considered good, unless otherwise stated)		
Balances with Government authorities	5.48	1.88
Advance to suppliers and service providers	0.07	0.15
Total	**5.55**	**2.03**

NOTE 13: SHARE CAPITAL

	As at December 31, 2021		As at December 31, 2020	
	Number of Shares	Amount	Number of Shares	Amount
Authorised share capital:				
Equity shares of ₹ 2 each	590,000,000	1,180.00	590,000,000	1,180.00
Redeemable preference shares of ₹ 100 each	4,900,000	490.00	4,900,000	490.00
Total	**594,900,000**	**1,670.00**	**594,900,000**	**1,670.00**
Issued, subscribed and fully paid up share capital				
Equity shares of ₹ 2 each	336,345,679	672.69	336,345,679	672.69
Total	**336,345,679**	**672.69**	**336,345,679**	**672.69**

Notes (continued)

Forming part of Financial Statements for the year ended December 31, 2021

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

NOTE 13: 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:

Particulars	As at December 31, 2021		As at December 31, 2020	
	Number of Shares	Amount	Number of Shares	Amount
As at beginning of the year	336,345,679	672.69	336,345,679	672.69
Add/(Less): Changes in equity shares during the year	-	-	-	-
As at end of the year	**336,345,679**	**672.69**	**336,345,679**	**672.69**

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

The Company has only one class of equity shares having a par value of ₹ 2 each per share. Each holder of equity shares is entitled to one vote per share. The final dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting. However, in case of interim dividend the profits are distributed based on approval of Board of Directors. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to number of equity shares held by the shareholders.

The Board of Directors at its meeting held on October 30, 2021 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, 2021 and no further dividend is recommended during the year.

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 is recommended during the year.

(iii) Particulars of shareholders holding more than 5% of the equity shares

Name of the Shareholder	As at December 31, 2021		As at December 31, 2020	
	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	27,300,669	8.12

(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.

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

NOTE 14: OTHER EQUITY

	As at December 31, 2021	As at December 31, 2020
Reserves and Surplus:		
(a) Capital reserve (Balance at the beginning and end of the year)	**4,319.91**	**4,319.91**
(b) Securities premium (Balance at the beginning and end of the year)	**516.67**	**516.67**
(c) Capital redemption reserve (Balance at the beginning and end of the year)	**47.66**	**47.66**
(d) General reserve		
Opening balance	828.92	801.62
Add: Transferred from Retained earnings	31.16	27.30
Closing balance	**860.08**	**828.92**
(e) Retained earnings		
Opening balance	509.12	599.75
Add: Profit for the year	311.64	273.02
Less: Dividend	(336.35)	(336.35)
Transfer to General Reserve	(31.16)	(27.30)
Closing balance	**453.25**	**509.12**
Items of Other Comprehensive Income:		
(a) Foreign currency translation reserve (Balance at the beginning and end of the year)	**2,219.36**	**2,219.36**
(b) Remeasurements of defined benefit plans		
Opening balance	0.76	(0.92)
Add: Actuarial gain on remeasurements of defined benefit plans	1.80	1.68
Closing balance	**2.56**	**0.76**
Total	**8,419.49**	**8,442.40**

NOTE 15: NON-CURRENT BORROWINGS

	As at December 31, 2021	As at December 31, 2020
A. Term loans		
From banks		
- Secured banks	2,020.33	2,771.14
Less: Current portion of Non-current borrowings disclosed under note 18 - Other current financial liabilities	534.28	2,250.05
Total [A+B+C+D+E]	**1,486.05**	**521.09**

Notes:

(i) During the financial year ended December 31, 2016, the Company had borrowed Term loan of US$ 30 million from a bank which was secured by a pari passu first charge on all immovable and movable properties of Rain Cements Limited (RCL), a wholly owned subsidiary Company, except for current assets of RCL (present and future) and assets charged with Axis Bank Limited for another loan availed by RCL. Further a Corporate Guarantee has been issued by RCL in favour of the bank. The loan was sanctioned vide credit facilities agreement dated February 20, 2016 between the Company, RCL and the bank. No guarantee commission has been charged by RCL based on the requirements of the bank. It carries interest of 3 months Libor plus 300 basis points. Balance (gross of transaction costs) as at December 31, 2021 is ₹ 534.98 (December 31, 2020: ₹ 1,314.97).

Notes (continued)

Forming part of Financial Statements for the year ended December 31, 2021

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

NOTE 15: NON-CURRENT BORROWINGS (CONTINUED)

(ii) During the financial year ended December 31, 2021, the Company has borrowed Term loan of US$ 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 (RCCVL) in favour of the bank

c) Pledge over 1,000,000 equity shares of ₹ 10 each held by the Company in RCCVL, a wholly owned step-down subsidiary

No guarantee commission has been charged by RCCVL based on the requirements of the bank. It carries interest of SOFR + margin of 310 basis points payable monthly. The loan is repayable on November 30, 2023. Balance (gross of transaction costs) as at December 31, 2021 is ₹ 1,486.05 (December 31, 2020: ₹ Nil)

(iii) During the financial year ended December 31, 2018, the Company had borrowed Term loan of US$ 20 million from a bank and was 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 RCCVL in favour of the bank

c) Pledge over 1,000,000 equity shares of ₹ 10 each held by the Company in RCCVL, a wholly owned step-down subsidiary

No guarantee commission has been charged by RCCVL based on the requirements of the bank. It carries interest of 3 months US$ Libor plus 215 basis points for year 1 & 2, 3 months US$ LIBOR plus 290 basis points for year 3 payable monthly. The loan has been repaid on October 29, 2021. Balance (gross of transaction costs) as at December 31, 2021 is ₹ Nil (December 31, 2020: ₹ 1,461.07)

(iv) The term loans availed by the Company have been utilised for the purpose of investment / overseas direct investment in its wholly owned subsidiary company which is engaged in the business of Calcined Petroleum Coke, in accordance with the sanctioned terms.

(v) The scheduled maturity of non-current borrowings (gross of deferred finance cost) and total number of installments are summarised as below:

Borrowings Repayable	As at December 31, 2021	As at December 31, 2020
Outstanding Term Loans from Banks:		
IDBI Bank Limited - US$ 7.2 million* (December 31, 2020: US$ 18.0 million)	534.98	1,314.97
Citibank - US$ 20.0 million** (December 31, 2020: US$ 20.0 million)	1,486.05	1,461.07
Total	**2,021.03**	**2,776.04**

* US$ 30 million is repayable in 10 quarterly installments starting from December 2019.

** US$ 20 million is a bullet repayment on November 30, 2023.

(vi) The aggregate amount of loans outstanding (including current maturities of non-current borrowings) guaranteed by subsidiaries is ₹ 2,021.03 (December 31, 2020: ₹ 2,776.04). (Refer note 30)

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

NOTE 15: NON-CURRENT BORROWINGS (CONTINUED)

(vii) Reconciliation of liabilities arising from financing activities*

Particulars	As at December 31, 2021	As at December 31, 2020
Opening balance at the beginning of the year	2,771.14	3,383.35
Borrowings made during the year	1,498.00	-
Borrowings repaid during the year	(2,257.64)	(711.70)
Exchange loss on monetary items	4.63	95.29
Others - Amortisation of deferred finance cost	4.20	4.20
Closing balance at the end of the year	**2,020.33**	**2,771.14**

*Aforesaid reconciliation includes current maturities of non-current borrowings

(viii) The Company's exposure to liquidity, interest rate and foreign currency risk is included in note 27.4, 27.6 and 27.7.

NOTE 16: NON-CURRENT PROVISIONS

	As at December 31, 2021	As at December 31, 2020
Provision for employee benefits:		
- Compensated absences (Refer note 29 (c))	6.85	6.36
Total	**6.85**	**6.36**

NOTE 17: TRADE PAYABLES

	As at December 31, 2021	As at December 31, 2020
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	107.03	5.91
Total	**107.03**	**5.91**
Disclosures of dues to Micro Enterprises and Small Enterprises as per Micro, Small and Medium Enterprises Development (MSMED) Act, 2006:		
(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

Notes (continued)

Forming part of Financial Statements for the year ended December 31, 2021

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

NOTE 17: TRADE PAYABLES (CONTINUED)

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, 2021 has been made in the financial statements based on information received and available with the Company. Further in the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier under the said Act.

The above information has been determined to the extent such parties have been identified on the basis of information available with the Company. Auditors have placed reliance on such information provided by the management.

NOTE 18: OTHER CURRENT FINANCIAL LIABILITIES

	As at December 31, 2021	As at December 31, 2020
Current maturities of non-current borrowings (Refer note 15)	534.28	2,250.05
Interest accrued but not due on borrowings	4.03	2.97
Employee payables	4.06	3.95
Payables to auditors	2.75	3.15
Unpaid dividends*	32.15	35.54
Total	**577.27**	**2,295.66**

*There is no amount due and outstanding to be credited to Investor Education and Protection fund as at December 31, 2021 and December 31, 2020.

The Company's exposure to liquidity, interest rate and foreign currency risk is included in note 27.4, 27.6 and 27.7

NOTE 19: OTHER CURRENT LIABILITIES

	As at December 31, 2021	As at December 31, 2020
Provision for expenses	16.69	33.67
Other payables		
- Statutory liabilities	4.36	3.47
Total	**21.05**	**37.14**

NOTE 20: CURRENT PROVISIONS

	As at December 31, 2021	As at December 31, 2020
Provision for employee benefits:		
- Compensated absences (Refer note 29(c))	3.07	2.32
Total	**3.07**	**2.32**

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

NOTE 21: REVENUE FROM OPERATIONS

	For the year ended December 31, 2021	For the year ended December 31, 2020
Sale of products and duty scripts (Refer note 30)	195.02	152.68
Sale of services (Refer note 30)	340.45	323.57
Revenue from operations (net)	**535.47**	**476.25**

(i) Break up of revenue from operations based on timing of transfer of goods or services:

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Revenue from operations recognised at a point in time	195.02	152.68
Revenue from operations recognised over a period of time	340.45	323.57

(ii) Contract assets:

Particulars	As at December 31, 2021	As at December 31, 2020
Contract assets recorded in balance sheet	7.27	4.50

(iii) Reconciliation of Revenue from sale of products and duty scripts with contract price:

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Revenue as per contracted price (A)	195.02	152.68
Less - Reductions towards variable consideration components (B)	-	-
Revenue recognised (A-B)	**195.02**	**152.68**

NOTE 22: OTHER INCOME

	For the year ended December 31, 2021	For the year ended December 31, 2020
Interest income		
Interest from banks on deposits	5.57	8.02
Interest on loans and advances (Refer note 30)	69.60	105.91
Interest on income tax refund	0.59	3.12
Dividend income from non-current investments (Refer note 30)	410.74	369.41
Other non-operating income		
Rental income from operating leases (Refer note 30)	14.06	12.78
Liabilities / provisions no longer required written back	-	0.57
Miscellaneous income	0.86	0.07
Total	**501.42**	**499.88**

Notes (continued)

Forming part of Financial Statements for the year ended December 31, 2021

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

NOTE 23: EMPLOYEE BENEFITS EXPENSE

	For the year ended December 31, 2021	For the year ended December 31, 2020
Salaries, wages and bonus	200.59	169.45
Contributions to provident and other funds (Refer note 29)	13.72	13.48
Staff welfare expenses	0.07	0.12
Total	**214.38**	**183.05**

NOTE 24: FINANCE COSTS

	For the year ended December 31, 2021	For the year ended December 31, 2020
Interest expense on borrowings	76.50	117.01
Other borrowing costs	4.45	4.38
Total	**80.95**	**121.39**

NOTE 25: OTHER EXPENSES

	For the year ended December 31, 2021	For the year ended December 31, 2020
Repairs and maintenance	6.27	6.03
Insurance	0.95	0.98
Rent	5.67	4.26
Rates and taxes	4.57	5.77
Communication expenses	14.61	12.24
Travelling and conveyance	4.04	4.69
Printing and stationery	0.66	0.26
Advertisement expense	0.92	0.74
Corporate Social Responsibility (Refer note 33)	1.00	1.00
Consultancy charges	13.01	7.55
Payment to auditors (Refer note below)	4.16	4.13
Directors' sitting fees (Refer note 30)	3.22	3.62
Commission to directors (Refer note 30)	3.60	3.25
IT infrastructure expenses and licenses	75.56	98.66
Miscellaneous expenses	4.55	4.01
Total	**142.79**	**157.19**

Note:

Payment to auditors comprises (excluding GST):

	For the year ended December 31, 2021	For the year ended December 31, 2020
Statutory audit	2.60	2.60
Limited review	1.20	1.20
Other services	0.32	0.29
Reimbursement of expenses	0.04	0.04
Total	**4.16**	**4.13**

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, 2021	For the year ended December 31, 2020
Current tax		
(i) Tax for current year	70.33	9.61
(ii) Tax relating to earlier years	2.79	60.63
	73.12	**70.24**
Deferred tax		
(i) Attributable to the origination and reversal of temporary differences	6.06	(0.09)
(ii) Minimum alternate tax credit write-off *	-	3.26
	6.06	**3.17**
Total	**79.18**	**73.41**

* 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.

(ii) Income tax expense / (benefit) recognised in other comprehensive income:

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
a. Remeasurements of the defined benefit plans	0.87	-
Total	**0.87**	**-**

(iii) Reconciliation of Effective tax rate:

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Income tax expense for the year to be reconciled to the accounting profit:		
Profit before taxes	**390.82**	**346.43**
Enacted income tax rate in India	25.17%	25.17%
Computed expected tax expense	98.36	87.19
Effect off:		
Effects of tax-exempt income and other deductions, net	4.86	(70.43)
Effect of income charged at special rate	(32.89)	(7.15)
Tax related to prior years	2.79	60.63
Others, net	6.06	3.17
Total income taxes expenses	**79.18**	**73.41**
Effective tax rate	**20.3%**	**21.2%**

Notes (continued)

Forming part of Financial Statements for the year ended December 31, 2021

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

NOTE 26: INCOME TAXES (CONTINUED)

(iv) Recognised deferred tax assets and liabilities:

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Deferred tax assets		
Employee benefits	1.54	2.08
Land indexation	1.66	1.54
Total deferred tax assets	**3.20**	**3.62**
Deferred tax liabilities		
Basis difference of property, plant, and equipment	(8.59)	(2.08)
Total deferred tax liabilities	**(8.59)**	**(2.08)**
Net deferred tax (liability)/asset	**(5.39)**	**1.54**

(v) Movement in temporary differences:

Particulars	Balance as at January 1, 2020	Recognised in profit or loss during the year	Recognised in OCI during the year	Balance as at December 31, 2020	Recognised in profit or loss during the year	Recognised in OCI during the year	Balance as at December 31, 2021
On account of depreciation and amortization	(9.04)	6.96	-	(2.08)	(6.51)	-	(8.59)
On account of employee benefits	2.30	(0.22)	-	2.08	0.33	(0.87)	1.54
On account of land indexation	1.45	0.09	-	1.54	0.12	-	1.66
Tax on losses carried forward	6.74	(6.74)	-	-	-	-	-
Total	**1.45**	**0.09**	**-**	**1.54**	**(6.06)**	**(0.87)**	**(5.39)**

(vi) Unrecognised Deferred tax assets:

There are no unrecognised deferred tax assets for the year ended December 31, 2021 and 2020 respectively.

(vii) Non-current tax assets and current tax liabilities

Particulars	As at December 31, 2021	As at December 31, 2020
Non-current tax assets (net of provision for tax ₹ 1,322.85 (December 31, 2020: ₹ 1,276.17)	104.42	119.83
Current tax liabilities (net of advance tax ₹ 260.95 (December 31, 2020: ₹ 249.99)	29.46	16.76

(viii) 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.

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, 2021				As at December 31, 2020			
		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
I	**Financial Assets at amortised cost**								
	Loans	1,577.56	-	-	-	2,340.78	-	-	-
	Trade receivables	167.53	-	-	-	47.45	-	-	-
	Cash and cash equivalents	185.23	-	-	-	207.78	-	-	-
	Bank balances other than cash and cash equivalents	32.15	-	-	-	35.54	-	-	-
	Other current financial assets	11.21	-	-	-	4.83	-	-	-
		1,973.68	**-**	**-**	**-**	**2,636.38**	**-**	**-**	**-**
II	**Financial Liabilities at amortised cost**								
	Borrowings (including current maturities of non-current borrowings included in other current financial liabilities)	2,020.33	-	-	-	2,771.14	-	-	-
	Trade payables	107.03	-	-	-	5.91	-	-	-
	Other current financial liabilities	42.99	-	-	-	45.61	-	-	-
		2,170.35	**-**	**-**	**-**	**2,822.66**	**-**	**-**	**-**

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.

Notes (continued)

Forming part of Financial Statements for the year ended December 31, 2021

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

NOTE 27: FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

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.

Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Company and changes in the operating results of the borrower

Based on the above analysis, the Company does not expect any credit risk from its trade receivables for any of the years reported in this financial statements.

The age wise break up of receivables, net of allowances is given below:

Particulars	As at December 31, 2021	As at December 31, 2020
Financial assets that are neither past due not impaired	167.53	47.45
Total	**167.53**	**47.45**

The Company's exposure to credit risk for trade receivables by geographic region is as follows:

Particulars	Carrying amount as at	
	December 31, 2021	December 31, 2020
United States	60.40	-
Europe	-	43.00
Asia	107.13	4.45
Total	**167.53**	**47.45**

At December 31, 2021, the carrying amount of the Company's most significant customer is ₹ 101.21 (December 31, 2020: ₹ 4.45).

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

NOTE 27: FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

The Company's exposure to credit risk for loans (both current and non-current) (excluding loan to employees) by geographic region is as follows:

Particulars	Carrying amount as at	
	December 31, 2021	December 31, 2020
United States	1,575.22	2,337.71
Asia	1.06	1.06
Total	**1,576.28**	**2,338.77**

Investments

The Company has investments in wholly-owned and step down subsidiaries, thereby limiting the exposure to credit risk. All the counterparties have sound financial position with positive net worth. The Company does not expect any losses from non-performance by these counter parties.

Cash and cash equivalents (including bank balances, fixed deposits and margin money with banks):

Credit risk on cash and cash equivalent is limited as the Company generally transacts with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

Other financial assets:

There is no significant loss allowance for other financial assets.

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, 2021, cash and cash equivalents are held with major banks.

Maturity of financial liabilities

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payment and excludes impact of netting arrangements (if any):

As at December 31, 2021

Contractual cash flows	Carrying value*	Less than 1 year	1-2 years	2-5 years	5-10 years	Later	Total
Non-derivative financial liabilities							
Borrowings (including current maturities of non-current borrowings included in other current financial liabilities)	2,020.33	534.98	1,486.05	-	-	-	2,021.03
Trade payables	107.03	107.03	-	-	-	-	107.03
Other current financial liabilities	42.99	42.99	-	-	-	-	42.99

Notes (continued)

Forming part of Financial Statements for the year ended December 31, 2021

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

NOTE 27: FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

As at December 31, 2020

Contractual cash flows	Carrying value*	Less than 1 year	1-2 years	2-5 years	5-10 years	Later	Total
Non-derivative financial liabilities							
Borrowings (including current maturities of non-current borrowings included in other current financial liabilities)	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

* Carrying value of borrowings is shown as net of deferred finance cost

Note 27.5: Market risk:

Market risk is the risk of loss of future earnings, fair value or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates and other market changes that effect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including deposits, foreign currency receivables, payables and borrowings.

Note 27.6: Interest rate risk:

Interest rate risk is measured by using the cashflow sensitivity for change in variable interest rates. Any movement in the market interest rates could have an impact on the Company's cash flows as well as costs. In order to manage the Company's position with regard to interest rate risk, it adopts a policy of ensuring an optimal mix of its interest rate risk exposure. The Company's exposure to the risk of changes in market interest rates related primarily to the Company's borrowing with variable interest rates.

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments as reported to management is as follows.

Particulars	Interest rate exposure as at	
	December 31, 2021	December 31, 2020
Variable rate instruments		
Financial assets	1,575.22	2,337.71
Financial liabilities	(2,021.03)	(2,776.04)

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, 2021		For the year ended December 31, 2020	
	Increase in rate	Decrease in rate	Increase in rate	Decrease in rate
Impact on Profit and loss (before tax)				
Variable-rate instruments	(4.46)	4.46	(4.38)	4.38

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.

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, 2021:

Foreign currency involved:	Amounts in ₹ millions		Total
	USD	EUR	
Assets:			-
Trade receivables (Refer note 30)	60.40	-	60.40
Interest accrued on loans to subsidiary (Refer note 30)	3.64	-	3.64
Loans to subsidiary (Refer note 30)	1,575.22	-	1,575.22
	1,639.26	**-**	**1,639.26**
Liabilities:			
Interest accrued but not due on borrowings	4.03	-	4.03
Borrowings	2,021.03	-	2,021.03
	2,025.06	**-**	**2,025.06**

The following table analyzes foreign currency risk from non derivative financial instruments as at December 31, 2020:

Foreign currency involved:	Amounts in ₹ millions		Total
	USD	EUR	
Assets:			-
Trade receivables (Refer note 30)	-	43.00	43.00
Loans to subsidiary (Refer note 30)	2,337.71	-	2,337.71
	2,337.71	**43.00**	**2,380.71**
Liabilities:			
Interest accrued but not due on borrowings	2.97	-	2.97
Borrowings	2,776.04	-	2,776.04
	2,779.01	**-**	**2,779.01**

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 of profit and loss due to 1% change in foreign currency rates

Particulars	December 31, 2021		December 31, 2020	
	Strengthening	Weakening	Strengthening	Weakening
Impact on Profit and loss (before tax)				
EUR	-	-	0.43	(0.43)
USD	(3.86)	3.86	(4.41)	4.41

Notes (continued)

Forming part of Financial Statements for the year ended December 31, 2021

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

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, 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:

Particulars	As at December 31, 2021	As at December 31, 2020
Total borrowings, net of cash and cash equivalents	1,835.10	2,563.36
Equity	9,092.18	9,115.09
Net debt to equity ratio	**0.20**	**0.28**

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: ₹ 10.80 (December 31, 2020 - ₹ 10.40).

b) Defined Benefit plans:

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, 2021. The following table sets forth the status of the various defined benefit plans of the Company and the amounts recognised in the balance Sheet and statement of profit and loss.

(i) Amounts recognized in the Balance Sheet are as follows:

Particulars	As at December 31, 2021	As at December 31, 2020
Present value of funded obligation	16.56	15.56
Less: Fair value of plan assets	16.92	15.99
Net liability/(excess contribution to plan assets)	**(0.36)**	**(0.43)**

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

NOTE 29: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

(ii) Amounts recognized in the Statement of Profit and Loss are as follows:

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Current service cost	2.80	2.90
Interest on net defined benefit liability/(asset)	(0.06)	0.05
Total	**2.74**	**2.95**

Amount recognised in other comprehensive income for the year ended December 31, 2021 is ₹ 2.67 (December 31, 2020 - ₹ 1.68).

(iii) Reconciliation of opening and closing balances of the present value of the obligations:

Particulars	As at December 31, 2021	As at December 31, 2020
Opening defined benefit obligation	15.56	13.72
Current service cost	2.80	2.90
Interest cost	0.85	0.83
Remeasurements due to:		
Changes in financial assumptions	(0.48)	0.60
Changes in demographic assumptions	-	(0.45)
Experience adjustments	(2.03)	(1.81)
Benefits paid	(0.14)	(0.23)
Closing defined benefit obligation	**16.56**	**15.56**

(iv) Reconciliation of opening and closing balances of the fair value of plan assets:

Particulars	As at December 31, 2021	As at December 31, 2020
Opening fair value of plan assets	15.99	12.51
Employer contributions	-	2.91
Interest on plan assets	0.91	0.78
Remeasurements due to:		
Actual return on plan assets less interest on plan assets	0.16	0.02
Benefits paid	(0.14)	(0.23)
Closing fair value of plan assets	**16.92**	**15.99**
Actual return on plan assets	**1.07**	**0.80**

(v) Major Category of plan assets as a percentage to fair value of plan assets:

Particulars	As at December 31, 2021	As at December 31, 2020
Insurer managed funds	100%	100%

Notes (continued)

Forming part of Financial Statements for the year ended December 31, 2021

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

NOTE 29: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

(vi) Principal Actuarial assumptions used:

Particulars	As at December 31, 2021	As at December 31, 2020
Discount rates on benefit obligations	6.60%	6.10%
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.

(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, 2021 shown below:

Particulars	Increase	Decrease
Discount rate (0.5% movement)	(0.45)	0.48
Future salary growth (0.5% movement)	0.48	(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, 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)

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 Company expects to contribute a sum of ₹ 1.00 to the plan for the next annual reporting period (December 31, 2020: ₹ 1.00)

(ix) As at December 31, 2021 the weighted average duration of the defined benefit obligation is 5.59 years (December 31, 2020: 6.13 years)

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

NOTE 29: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

(x) Maturity profile of the defined benefit obligation:

Particulars	As at December 31, 2021	As at December 31, 2020
Year 1	4.39	3.30
Year 2	3.87	1.54
Year 3	0.66	3.71
Year 4	1.53	0.65
Year 5	0.66	1.32
Thereafter	15.76	14.56

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, 2021 is ₹ 9.92 (December 31, 2020 - ₹ 8.68).

The following table sets forth the status of the compensated absences:

Particulars	As at December 31, 2021	As at December 31, 2020
Net Liability		
- Current	3.07	2.32
- Non-current	6.85	6.36
Total	**9.92**	**8.68**

The principal assumptions used for computation of defined benefit plan equally apply to the computation of compensated absences and are accordingly considered in the estimation of benefits.

NOTE 30: RELATED PARTY DISCLOSURES

a) Names of related parties and description of relationship

Sl. No	Relationship		Name
(a)	**List of related parties where control exists**		
(i)	Subsidiaries	1	Rain Cements Limited [RCL]
		2	Renuka Cement Limited [RenCL]
		3	Rain Verticals Limited [RVL]*
		4	Rain Commodities (USA) Inc. [RCUSA]
		5	Rain Global Services LLC [RGS]
		6	Rain Carbon Inc. [RCI]
		7	Rain Carbon Holdings, LLC [RCH]
		8	Rain CII Carbon (Vizag) Limited [RCCVL]
		9	Rain CII Carbon LLC [RCC]
		10	CII Carbon Corp [CIICC]
		11	Rain Carbon GmbH (RCG)
		12	Rain Carbon Canada Inc.

Notes (continued)

Forming part of Financial Statements for the year ended December 31, 2021

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

NOTE 30: RELATED PARTY DISCLOSURES (CONTINUED)

Sl. No	Relationship	Name	
		13	RÜTGERS Polymers Ltd. (RPL)**
		14	Handy Chemicals (USA) Ltd [HUSA]**
		15	Rain Carbon BV (RCBV)
		16	VFT France SA [VFSA]
		17	Rain Carbon Wohnimmobilien GmbH & Co. KG
		18	Rain Carbon Gewerbeimmobilien GmbH & Co. KG
		19	Rain Carbon Germany GmbH
		20	OOO Rain Carbon LLC
		21	Rain Carbon Poland Sp. z. o. o
		22	RÜTGERS Resins BV [RRBV]
		23	OOO RÜTGERS Severtar [OOOSevertar]
		24	Severtar Holding Ltd [Severtar]
		25	Rumba Invest BVBA & Co. KG [Rumba]
		26	Rain Carbon (Shanghai) Trading Co. Ltd. (formerly known as RÜTGERS (Shanghai) Trading Co. Ltd.)
(b)	**Other related parties where transactions have taken place during the year/balances exists at year end**		
(i)	Associate of subsidiary	1	InfraTec Duisburg GmbH (IDGmbH) (Investment by Rain Carbon Germany GmbH)
(ii)	Enterprise where key managerial personnel along with their relatives exercise significant influence	1	Pragnya Priya Foundation (PPF)
		2	Sujala Investments Private Limited
		3	Rain Enterprises Pvt Ltd
		4	Nivee Holdings Pvt Limited
		5	Arunachala Holdings Private Limited
		6	PCL Financial Services Pvt Limited
		7	Arunachala Logistics (P) Limited
(iii)	Key Managerial Personnel (KMP)	1	Mr. N. Radha Krishna Reddy Managing Director
		2	Mr. T. Srinivasa Rao Chief Financial Officer
		3	Mr. S. Venkat Ramana Reddy Company Secretary
(iv)	Non-executive directors	1	Mr. Brian Jude Mc Namara - Chairman (Independent Director)
		2	Mr. Jagan Mohan Reddy Nellore - Vice Chairman (Non-Executive Director)
		3	Mr. N. Sujith Kumar Reddy - Non-Executive Director
		4	Mr. Varun Batra - Independent Director
		5	Ms. Radhika Vijay Haribhakti - Independent Director
		6	Ms. Nirmala Reddy - Independent Director
		7	Mr. Robert Tonti Thomas - Independent Director (since October 31, 2021)
		8	Mr. H.L. Zutshi - Independent Director (till September 30, 2021)

* Incorporated on April 6, 2021

**Entities sold on December 31, 2020

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

NOTE 30: RELATED PARTY DISCLOSURES (CONTINUED)

b) Transactions with related parties for the year ended December 31, 2021

Nature of Transaction	Subsidiary Companies	Enterprise where key managerial personnel along with their relatives exercise significant control	Key Management Personnel	Non-executive directors	Balance Outstanding To/ (From)
Sales					
- RCCVL	73.81	-	-	-	(5.92)
Revenue from Services*					
- RCCVL	59.35	-	-	-	-
- RCL	52.41	-	-	-	-
- RCI	225.92	-	-	-	(60.40)
Loans Given					
- RCUSA	1,486.05	-	-	-	(1,575.22)
Loans Repaid					
- RCUSA	2,293.09	-	-	-	-
Interest Income					
- RCUSA	69.60	-	-	-	(3.64)
Rental Income					
- RCCVL	7.03	-	-	-	-
- RCL	7.03	-	-	-	-
Remuneration (Refer note (a) below) (Short term employee benefits)					
- T Srinivasa Rao	-	-	18.21	-	-
- S Venkat Ramana Reddy	-	-	5.11	-	-
Dividend Paid					-
- Sujala Investments Private Limited	-	37.77	-	-	-
- Rain Enterprises Pvt Ltd	-	25.32	-	-	-
- Nivee Holdings Pvt Limited	-	8.14	-	-	-
- Arunachala Holdings Private Limited	-	5.27	-	-	-
- PCL Financial Services Pvt Limited	-	3.78	-	-	-
- Arunachala Logistics (P) Limited	-	0.99	-	-	-
- Mr. N. Radha Krishna Reddy	-	-	10.38	-	-
- Mr. T. Srinivasa Rao	-	-	0.09	-	-
- Mr. N. Sujit Kumar Reddy	-	-	-	10.03	-
Corporate Social Responsibility expenditure					
- PPF	-	1.00	-	-	-
Dividend Income Received from					
- RCUSA	410.74	-	-	-	-
Sitting Fee	-	-	-	3.22	-
Commission	-	-	-	3.60	3.60
Reimbursement of payments made to Subsidiary					
- RCCVL	0.62	-	-	-	-

Notes (continued)

Forming part of Financial Statements for the year ended December 31, 2021

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)
Investment in equity shares of Subsidiary					
- RVL	1.00	-	-	-	-
Corporate Guarantee given on behalf of the company by**					
- RCL	-	-	-	-	534.98
- RCCVL	-	-	-	-	1,486.05

* Unbilled revenue amounting to ₹ 7.27 (December 31, 2020: ₹ 4.50) represents transactions with related parties. However, these amounts have not been disclosed above as the Company has not allocated and billed to the respective related parties as at the reporting date.

** (i) The corporate guarantee given amounted to ₹ 2,229.08 (US$ 30 million). However considering the borrowing outstanding as on December 31, 2021 is ₹ 534.98 (US$ 7.2 million), accordingly the corporate guarantee amount received from RCL has been restricted to the borrowing outstanding.

(ii) During the year ended December 31, 2021, on account of repayment of the borrowing, corporate guarantee given by RCCVL was released. Further, for the borrowing availed during the year ended December 31, 2021, a new corporate guarantee of ₹ 1,486.05 (US$ 20 million) was given.

c) 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)
Sales					
- RCCVL	113.06	-	-	-	(4.45)
Revenue from Services*					
- RCCVL	55.00	-	-	-	-
- RCL	46.13	-	-	-	-
- RCC	79.56	-	-	-	-
- RCG	138.38	-	-	-	(43.00)
Loans Given					
- RCUSA	-	-	-	-	(2,337.71)
Loans Repaid					
- RCUSA	710.76	-	-	-	-
Interest Income					
- RCUSA	105.91	-	-	-	-
Rental Income					
- RCCVL	6.39	-	-	-	-
- RCL	6.39	-	-	-	-
Remuneration (Refer note (a) below) (Short term employee benefits)					
- T Srinivasa Rao	-	-	16.11	-	-
- S Venkat Ramana Reddy	-	-	4.80	-	-

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)
Dividend Paid					-
- Sujala Investments Private Limited	-	37.77	-	-	-
- Rain Enterprises Pvt Ltd	-	25.32	-	-	-
- Nivee Holdings Pvt Limited	-	8.14	-	-	-
- Arunachala Holdings Private Limited	-	5.27	-	-	-
- PCL Financial Services Pvt Limited	-	3.78	-	-	-
- Arunachala Logistics (P) Limited	-	0.99	-	-	-
- Mr. N. Radha Krishna Reddy	-	-	10.38	-	-
- Mr. T. Srinivasa Rao	-	-	0.09	-	-
- Mr. N. Sujit Kumar Reddy	-	-	-	10.03	-
Corporate Social Responsibility expenditure					
- PPF	-	1.00	-	-	-
Dividend Income Received from					
- RCL	280.17	-	-	-	-
- RCUSA	89.24	-	-	-	-
Sitting Fee	-	-	-	3.62	-
Commission	-	-	-	3.25	3.25
Reimbursement of payments made to Subsidiary					
- RCCVL	0.55	-	-	-	-
Customer Advances					
- RCCVL	15.00	-	-	-	-
Reimbursements of payments made on behalf of					
- RCCVL	0.03	-	-	-	-
Corporate Guarantee given on behalf of the company by					
- RCL**	-	-	-	-	1,314.97
- RCCVL	-	-	-	-	1,461.07

* Unbilled revenue amounting to ₹ 4.50 (December 31, 2019: Nil) represents transactions with related parties. However, these amounts have not been disclosed above as the Company has not allocated and billed to the respective related parties as at the reporting date.

** The Corporate Guarantee given amounted to ₹ 2,191.61 (US$ 30 million). However considering the borrowing outstanding as on December 31, 2020 is ₹ 1,314.97 (US$ 18.0 million), accordingly the corporate guarantee amount received from RCL has been restricted to the borrowing outstanding.

Notes (continued)

Forming part of Financial Statements for the year ended December 31, 2021

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:

(a) 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 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, 2021	For the year ended December 31, 2020
As at the beginning of the year	2,337.71	2,964.83
Given during the year	1,486.05	-
Repaid during the year	(2,293.09)	(710.76)
Exchange gain / (loss)	44.55	83.64
As at the end of the year	**1,575.22**	**2,337.71**

Information pursuant to Regulation 34 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Particulars	As at December 31, 2021	As at December 31, 2020
Loans to subsidiaries		
Loan to Rain Commodities (USA) Inc.:		
Amount outstanding as at the year ended	1,575.22	2,337.71
Maximum amount outstanding	2,337.71	2,964.83

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

NOTE 31: CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR)

Particulars	As at December 31, 2021	As at December 31, 2020
(I) Contingent liabilities		
(a) In respect of demands/ claims arising on account of:		
- Income tax	170.74	170.74

The Company has a process whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that there are no material foreseeable losses on such long term contracts which needs to be provided for in the books of account.

The Company has reviewed all its pending litigations including legal proceedings initiated in the ordinary course of business except as disclosed above. The Company does not expect the outcome of these proceedings to have a material and adverse effect on its financial position and accordingly no adjustment in respect thereof is expected.

NOTE 32: EARNINGS PER SHARE (EPS)

Particulars	As at December 31, 2021	As at December 31, 2020
a. Profit for the year	311.64	273.02
b. Weighted average number of equity shares of ₹ 2/- each outstanding during the year (Nos.)	336,345,679	336,345,679
Earnings per Share		
c. Basic and Diluted - [a]/[b] - (₹)	0.93	0.81

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, 2021 is Nil (December 31, 2020: Nil)

Particulars	For the year ended December 31, 2021		
	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
Total	**1.00**	**-**	**1.00**

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
Total	**1.00**	**-**	**1.00**

Notes (continued)

Forming part of Financial Statements for the year ended December 31, 2021

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

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.

NOTE 36: There is no impact on the standalone financial statements 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 statements. 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 confirm 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

Vikash Somani
Partner
Membership number: 061272

Place: Hyderabad
Date: February 25, 2022

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

Place: Hyderabad
Date: February 25, 2022

Independent Auditors' Report

To the Members of Rain Industries Limited

Report on the Audit of 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, 2021, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries, as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at December 31, 2021, 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 associates 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 year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in our audit
Revenue recognition The Group derives its revenue from Carbon and Carbon-based chemicals including advanced materials and Cement. Sales are made both to domestic and international customers. The Group recognises revenues when control of the product is transferred to the customer in accordance with the underlying terms of arrangements. The terms of sales arrangements, customer acceptance terms including the timing of transfer of control, are varied and could affect the timing of recognition of the sales. We identified the 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 during the year. Refer note 2(b) of the summary of significant accounting policies and Note 28 to the Consolidated financial statements.	Our audit procedures in testing this area included the following: 1. Evaluating the design and implementation of key internal financial controls with respect to revenue recognition and testing operating effectiveness of such controls on selected transactions. 2. Selecting samples of revenue transactions recorded during the year using statistical sampling and testing the underlying documents to assess satisfaction of recognition criteria. 3. Assessing the appropriateness of the revenue recognition accounting policies by comparing with applicable accounting standards and contractual terms. 4. Testing 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. 5. Carrying out analytical procedures on revenue recognised during the year to identify unusual variances. 6. Testing sample journal entries selected based on specified risk-based criteria to identify unusual items. 7. Assessing the disclosures provided by the Group in relation to revenue recognition in the notes to the consolidated financial statements.
Impairment As disclosed in Note 5, the Group has goodwill of ₹ 63,306.14 million as at December 31, 2021 which represents goodwill acquired through various business combinations and allocated to group of cash generating units (CGUs). A group of CGUs 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 group of CGUs to which these assets relate. The determination of the value in use of the group of CGUs requires the Group to make significant estimates and assumptions related to forecasts of future revenues and operating margins and discount rates. The recoverable amount of the group of CGUs as at December 31, 2021 has been determined based on Discounted Cashflow method. We identified this area as key audit matter because of the judgmental factors involved in impairment assessment and the significance of the carrying value.	Our audit procedures in testing this area included the following: 1. Evaluating the design of key controls and its operating effectiveness with respect to impairment testing and preparation of cash flow forecasts of the group of CGUs. 2. Testing the arithmetical accuracy of the computation of recoverable amounts of the group of CGUs. 3. Evaluating 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 and performing a high-level sensitivity analysis. 4. Involving valuation experts to assist in testing the impairment valuation model, including an independent assessment of the underlying assumptions relating to discount rate, growth rate and terminal values. 5. Assessing the disclosures provided by the Group in relation to its annual impairment test in the notes to the consolidated financial statements.
Recognition of Deferred tax asset Under Ind AS, the Group is required to reassess recognition of deferred tax asset at each reporting date. The Group has deferred tax assets in respect of carried forward tax losses, foreign tax credits, interest deductions and other timing differences as set out in Note 34 to the consolidated financial statements. The Group has recognised deferred tax assets on these timing differences to the extent it is probable that the future taxable profits will be available against which such timing differences can be utilised before they expire. When such probability is absent, the Group has not recognised deferred tax asset. The recognition is based on the projected profitability. There is significant judgement and complexity involved in preparing forecasts of future taxable profits which will result in utilisation of the recognised deferred tax assets. Therefore, we have identified recognition and measurement of deferred tax assets as a key audit matter. The assessment process is based on assumptions affected by expected future market or economic conditions.	The audit procedures in testing this area at the relevant subsidiaries/ components as performed at the subsidiary/ component level included the following: 1. Assessing the projections of future taxable profits, underlying data and assumptions used such as sales growth rate and estimated increase in the operating costs to arrive at the projected profit in each year of the forecasts. 2. Assessing the Group's ability to avail deduction of the carried forward tax losses / foreign tax credits / interest deductions before its expiry, by evaluating the projected future taxable profits. 3. Assessing the disclosures provided by the Group in relation to deferred taxes.

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 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)(i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- 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 included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the Section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

(a) We did not audit the financial statements of eight subsidiaries, whose financial statements reflect total assets of ₹ 226,090.52 million as at December 31, 2021 and total revenues of ₹ 77,822.04 million and net cash inflows amounting to ₹ 379.05 million for the year ended on that date, as considered in the consolidated financial statements. 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.

All 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 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 nine subsidiaries, whose financial statements reflect total assets of ₹ 5,321.41 million as at December 31, 2021, total revenues of ₹ 3,655.35 million and net cash inflows amounting to ₹ 62.23 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 net loss (and other comprehensive income) of ₹ 5.45 million for the year ended December 31, 2021, as considered in the consolidated financial statements, in respect of one associate, whose financial statements have not been audited by us or by other auditors. 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-section (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 certified by the Management.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

A. 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 Holding Company as on 4 January 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on December 31, 2021 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 Holding Company, its subsidiary companies, incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

B. 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:

a. The consolidated financial statements disclose the impact of pending litigations as at December 31, 2021 on the consolidated financial position of the Group. Refer Note 44 to the consolidated financial statements.

b. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended December 31, 2021.

c. 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, 2021.

d. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended December 31, 2021.

C. 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
Firm's Registration Number: 116231W/ W-100024

Vikash Somani
Partner
Membership Number: 061272
UDIN: 22061272ADPOYH2873

Place: Hyderabad
Date: 25 February 2022

Annexure A

to the Independent Auditors' report on the consolidated financial statements of Rain Industries Limited for the year ended 31 December 2021

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 (A)(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, 2021, 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, 2021, 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; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

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
Firm's Registration Number: 116231W/ W-100024

Vikash Somani
Partner
Membership Number: 061272
UDIN: 22061272ADPOYH2873

Place: Hyderabad
Date: 25 February 2022

Consolidated Balance Sheet

as at December 31, 2021

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

	Note	As at December 31, 2021	As at December 31, 2020
ASSETS			
1. Non-current assets			
(a) Property, plant and equipment	3	41,852.84	41,306.06
(b) Capital work in progress	3	7,907.63	9,313.55
(c) Right of use asset	4	4,078.62	4,913.36
(d) Goodwill	5	63,306.14	64,726.35
(e) Other intangible assets	5	154.83	298.01
(f) Equity accounted investments	6	87.06	98.74
(g) Financial assets			
(i) Investments	7	44.79	46.77
(ii) Loans	8	322.73	327.43
(iii) Other financial assets	9	112.97	4.17
(h) Deferred tax asset, net	34 (iv)	2,708.66	8,545.95
(i) Non-current tax assets, net	34 (vii)	922.06	885.38
(j) Other non-current assets	10	242.87	2,528.38
2. Current assets			
(a) Inventories	11	25,118.03	15,856.70
(b) Financial assets			
(i) Trade receivables	12	16,777.80	10,914.65
(ii) Cash and cash equivalents	13	11,031.21	15,198.32
(iii) Bank balances other than cash and cash equivalents	13	2,810.30	2,800.04
(iv) Loans	14	12.74	32.18
(v) Other financial assets	15	3,621.14	2,750.98
(c) Current tax assets, net	34 (vii)	544.18	477.32
(d) Other current assets	16	4,859.01	1,747.86
(e) Assets held for sale	53	-	39.41
TOTAL		**186,515.61**	**182,811.61**
EQUITY AND LIABILITIES			
1. Equity			
(a) Equity share capital	17	672.69	672.69
(b) Other equity	18	60,419.44	54,662.27
Equity attributable to owners of the Company		**61,092.13**	**55,334.96**
(c) Non-controlling interests	40	2,561.16	1,715.02
Total equity		**63,653.29**	**57,049.98**
2. Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	77,968.16	80,011.96
(ii) Other financial liabilities	20	62.98	75.08
(b) Provisions	21	13,352.95	15,751.66
(c) Deferred tax liability, net	34 (iv)	1,889.23	4,178.58
(d) Other non-current liabilities	22	11.57	32.32
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	23	5,302.03	5,162.32
(ii) Trade payables	24		
(A) total outstanding dues of micro enterprises and small enterprises		38.82	32.27
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		13,813.82	8,203.76
(iii) Other financial liabilities	25	6,502.54	8,188.33
(b) Other current liabilities	26	1,757.77	1,327.26
(c) Provisions	27	641.98	1,511.11
(d) Current tax liabilities, net	34 (vii)	1,520.47	1,286.98
TOTAL		**186,515.61**	**182,811.61**
Corporate information	1		
Significant accounting policies	2		

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

As per our report of even date attached
for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 116231W/ W-100024

Vikash Somani
Partner
Membership number: 061272

Place: Hyderabad
Date: February 25, 2022

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

Place: Hyderabad
Date: February 25, 2022

Consolidated Statement of Profit and Loss

for the year ended December 31, 2021

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

		Note	For the year ended December 31, 2021	For the year ended December 31, 2020
1	**INCOME**			
	Revenue from operations	28	145,267.82	104,646.93
	Other income	29	1,931.16	4,552.97
	Total income		**147,198.98**	**109,199.90**
2	**EXPENSES**			
	Cost of materials consumed		66,175.52	37,269.02
	Purchases of stock-in-trade		12,988.19	10,320.49
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	30	(5,080.55)	1,251.71
	Employee benefits expense	31	12,372.36	12,131.93
	Finance costs	32	4,789.14	4,905.43
	Depreciation and amortisation expense	3,4 & 5	7,981.53	7,917.17
	Impairment loss	3 & 54	168.07	-
	(Gain) / loss on foreign currency transactions and translations (net)		(212.25)	617.85
	Other expenses	33	35,247.32	26,281.89
	Total expenses		**134,429.33**	**100,695.49**
3	**PROFIT BEFORE SHARE OF PROFIT / (LOSS) OF ASSOCIATES AND TAX (1-2)**		**12,769.65**	**8,504.41**
4	Share of (loss) / profit of associates (net of income tax)		(5.45)	5.46
5	**PROFIT BEFORE TAX (3+4)**		**12,764.20**	**8,509.87**
6	**TAX EXPENSE / (BENEFIT)**	34 (i)		
	1. Current tax		4,191.06	2,130.12
	2. Deferred tax		1,637.73	497.44
7	**PROFIT FOR THE YEAR (5-6)**		**6,935.41**	**5,882.31**
8	**OTHER COMPREHENSIVE INCOME / (LOSS) (NET OF TAX)**			
	A. (i) Items that will not be reclassified to profit or loss			
	- Remeasurements of defined benefit plans		2,535.49	(1,397.14)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	34 (ii)	(1,655.50)	439.25
	B. (i) Items that will be reclassified to profit or loss			
	- Foreign currency translation reserve		(600.51)	1,814.70
	- Effective portion of cash flow hedge		-	(0.78)
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
	Other comprehensive income for the year		**279.48**	**856.03**
9	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR (7+8)**		**7,214.89**	**6,738.34**
	Attributable to:			
	- Owners of the Company		6,093.52	6,616.40
	- Non-controlling interests		1,121.37	121.94
10	**OF THE TOTAL COMPREHENSIVE INCOME ABOVE:**			
	Profit for the year attributable to:			
	- Owners of the Company		5,801.58	5,581.67
	- Non-controlling interests		1,133.83	300.64
	Other comprehensive income / (loss) attributable to:			
	- Owners of the Company		291.94	1,034.73
	- Non-controlling interests		(12.46)	(178.70)
11	**EARNINGS PER SHARE (FACE VALUE OF ₹ 2/- EACH)**	46		
	Basic and Diluted (₹)		17.25	16.60
	Corporate information	1		
	Significant accounting policies	2		

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

As per our report of even date attached
for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 116231W/ W-100024

Vikash Somani
Partner
Membership number: 061272

Place: Hyderabad
Date: February 25, 2022

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

Place: Hyderabad
Date: February 25, 2022

Consolidated Statement of changes in Equity

for the year ended December 31, 2021

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

(I)

Particulars	Attributable to Owners of the Company									Attributable to Non-controlling interest	Total
		Reserves and Surplus					Other Comprehensive Income / (loss)				
	Equity share capital	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, 2021	672.69	43.98	516.67	47.66	1,573.85	51,296.55	-	3,842.26	(2,658.70)	1,715.02	57,049.98
Profit for the year	-	-	-	-	-	5,801.58	-	-	-	1,133.83	6,935.41
Other comprehensive income / (loss) for the year											
- Foreign currency translation reserve	-	-	-	-	-	-	-	(588.05)	-	(12.46)	(600.51)
- Remeasurements of defined benefit plans (net of tax)	-	-	-	-	-	-	-	-	879.99	-	879.99
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**-**	**5,801.58**	**-**	**(588.05)**	**879.99**	**1,121.37**	**7,214.89**
Dividends (Refer note 17(ii))	-	-	-	-	-	(336.35)	-	-	-	-	(336.35)
Transfer to general reserve	-	-	-	-	31.16	(31.16)	-	-	-	-	-
Payment on capital reduction	-	-	-	-	-	-	-	-	-	(275.23)	(275.23)
Balance as on December 31, 2021	**672.69**	**43.98**	**516.67**	**47.66**	**1,605.01**	**56,730.62**	**-**	**3,254.21**	**(1,778.71)**	**2,561.16**	**63,653.29**

Particulars	Attributable to Owners of the Company									Attributable to Non-controlling interest	Total
		Reserves and Surplus					Other Comprehensive Income / (loss)				
	Equity share capital	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
Other comprehensive income / (loss) for the year											
- 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)
Total comprehensive income (loss) for the year	**-**	**-**	**-**	**-**	**-**	**5,581.67**	**(0.78)**	**1,993.40**	**(957.89)**	**121.94**	**6,738.34**
Dividends (Refer note 17(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)
Balance as on December 31, 2020	**672.69**	**43.98**	**516.67**	**47.66**	**1,573.85**	**51,296.55**	**-**	**3,842.26**	**(2,658.70)**	**1,715.02**	**57,049.98**

Consolidated Statement of changes in Equity (continued)

for the year ended December 31, 2021

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

(II) DESCRIPTION OF THE PURPOSES OF EACH RESERVE WITHIN EQUITY:

Reserves and Surplus

(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) **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.

(b) **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.

(c) **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

Vikash Somani
Partner
Membership number: 061272

Place: Hyderabad
Date: February 25, 2022

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

Place: Hyderabad
Date: February 25, 2022

Consolidated Statement of Cash Flow

for the year ended December 31, 2021

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

	For the year ended December 31, 2021	For the year ended December 31, 2020
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	12,764.20	8,509.87
Adjustments for:		
Depreciation and amortisation expense	7,981.53	7,917.17
Profit on sale of property, plant and equipment (net)	(349.45)	(13.87)
Loss on repurchase of Senior Secured Notes	10.83	-
Interest and other borrowing costs	4,789.14	4,905.43
Interest income	(411.92)	(320.08)
Dividend income from current investments	-	(6.01)
Gain on sale of subsidiaries	(40.10)	(3,864.20)
Advances written off	-	1.71
Assets written off	4.49	-
Provision / write down of inventories	172.95	233.68
Impairment loss	168.07	-
Government grant income	(458.33)	(26.80)
Liabilities / provisions no longer required written back	(546.07)	(124.26)
Bad debts written off	3.11	8.31
Provision for loss allowance on trade receivables	50.01	0.81
Share of loss / (profit) of associates (net of income tax)	5.45	(5.46)
Reversal of provision for plant closure costs	(102.89)	(156.12)
(Gain) / loss on foreign currency transactions and translations (net)	(249.73)	568.42
	11,027.09	**9,118.73**
Operating profit before working capital changes	**23,791.29**	**17,628.60**
Adjustments for changes in working capital:		
Inventories	(9,880.42)	1,778.04
Trade receivables	(5,789.98)	(373.32)
Financial assets and other assets	(3,448.53)	710.25
Trade payables, other liabilities and provisions	7,694.65	913.22
	(11,424.28)	**3,028.19**
Cash generated from operations	**12,367.01**	**20,656.79**
Income taxes paid, net	(4,031.13)	(2,431.34)
Net cash from operating activities	**8,335.88**	**18,225.45**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets, including capital advances	(5,477.95)	(10,805.36)
Proceeds from sale of property, plant and equipment	407.37	210.58
Inter corporate deposits placed	(3,710.05)	(2,478.21)
Inter corporate deposits released	3,073.73	403.70
Proceeds from sale of subsidiaries (Refer note 55)	40.10	6,433.48
Proceeds from sale of current investments	0.03	260.00
Fixed/restricted deposits with banks placed	(8,505.36)	(5,366.87)
Fixed/restricted deposits with banks refunded	8,480.93	3,347.20
Interest received	423.23	281.72
Dividends received on current investments	-	6.01
Net cash used in investing activities	**(5,267.97)**	**(7,707.75)**

Consolidated Statement of Cash Flow (continued)

for the year ended December 31, 2021

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

	For the year ended December 31, 2021	For the year ended December 31, 2020
C. CASH FLOW FROM FINANCING ACTIVITIES		
Payment on capital reduction	(275.23)	-
Proceeds from non-current borrowings	1,498.00	675.79
Repayment of non-current borrowings	(2,645.08)	(769.03)
Proceeds/(Repayment) of current borrowings, net	224.68	714.28
Sales tax deferment paid	(83.10)	(99.58)
Payment of lease liabilities	(1,045.86)	(1,071.94)
Payment of interest on lease liabilities	(217.52)	(218.19)
Interest and other borrowing costs paid	(4,520.07)	(4,532.40)
Dividend paid to owners of the Company	(336.35)	(336.35)
Dividend paid to non-controlling interests	-	(361.62)
Net cash used in financing activities	**(7,400.53)**	**(5,999.04)**
Net (decrease) / increase in cash and cash equivalents (A+B+C)	**(4,332.62)**	**4,518.66**
Cash and cash equivalents - opening balance	15,198.32	10,951.58
Effect of exchange differences on restatement of foreign currency cash and cash equivalents	165.51	(271.92)
Cash and cash equivalents - closing balance	**11,031.21**	**15,198.32**

Notes:

(i) The above consolidated cash flow statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard - 7 on Statement of Cash Flows.

(ii) **Components of Cash and cash equivalents**

	For the year ended December 31, 2021	For the year ended December 31, 2020
Cash on hand	0.47	0.64
Cheques/drafts on hand	-	1.32
Balances with banks:		
- in current accounts	8,218.34	7,771.14
- in exchange earners foreign currency (EEFC) accounts	1,246.75	199.53
- in deposit accounts (with original maturity of three months or less)	1,565.65	7,225.69
	11,031.21	**15,198.32**

(iii) Refer note 19 (xi) and 23(iv) for reconciliation of liabilities arising from financing activities.

(iv) Comparative figures of the previous year, where necessary, have been regrouped to conform to those of the current period.

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

Place: Hyderabad
Date: February 25, 2022

Place: Hyderabad
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NOTE 1: CORPORATE INFORMATION

Rain Industries Limited ("RIL" or "the Company" or the "Parent Company" or the "Holding Company") was incorporated on March 15, 1974 under the Companies Act, 1956 ("the Act") domiciled in India and headquartered in Hyderabad. The Company along with its subsidiaries and associates ("the Group" or "Rain Group") is engaged in the business of manufacture and sale of Carbon, Advanced Materials and Cement. The Company's equity shares are listed at BSE Limited and National Stock Exchange of India Limited in India.

Carbon comprises of Calcined Petroleum Coke ("CPC"), Green Petroleum Coke ("GPC"), Coal Tar Pitch ("CTP"), Energy produced through Waste-heat recovery and other derivates of Coal Tar distillation. Advanced Materials represent the downstream operations of Coal Tar distillation and comprises of Engineered Products, Petro Chemical Intermediaries, Naphthalene Derivates and Resins. The manufacture and sale of Cement has been classified as Cement.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

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, 2021 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, 2022.

(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
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 41)
- Recognition and measurement of provisions and contingencies: key assumptions about

Notes (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

the likelihood and magnitude of an outflow of resources (Refer note 44 and 51)

- Recognition and recoverability of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used & utilisation of Minimum Alternate Tax and Foreign Tax Credits (Refer note 34)
- Useful life of property, plant and equipment (Refer note 2(e))
- Determination of cost for right-of-use assets and lease term (Refer note 2(m))
- Impairment of financial & non-financial assets. (Refer note 39)
- Provision for inventories (Refer note 52)
- Provision for loss allowance on trade receivables (Refer note 35.4)
- Measurement of borrowings at amortised cost (Refer note 19)
- Assessment of functional currency (Refer note 2(a)(ii))

(v) Current and Non-current classification

All the assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle.

Assets

An asset is classified as current when it satisfies any of the following criteria:

i. It is expected to be realised in, or is intended for sale or consumption in, the Group's normal operating cycle;

ii. It is held primarily for the purpose of being traded;

iii. It is expected to be realised within 12 months after the reporting date; or

iv. It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

i. It is expected to be settled in the Group's normal operating cycle;

ii. It is held primarily for the purpose of being traded;

iii. It is due to be settled within 12 months after the reporting date; or

iv. The Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Group's operating cycle is within a period of 12 months.

(vi) Measurement of Fair value

Accounting policies and disclosures require measurement of fair value for both financial and non-financial assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

This note summarises accounting policy for fair value. Other fair value related disclosures are given in Note 36.

- Disclosures for valuation methods, significant estimates and assumptions
- Quantitative disclosures of fair value measurement hierarchy
- Financial instruments (including those carried at amortised cost)

(vii) 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.

Notes (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in consolidated statement of profit and loss. An impairment loss recognised for goodwill is not reversed in subsequent periods. Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the 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.

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.

Notes (continued)

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Exchange differences are recognised in consolidated statement of profit and loss, except exchange differences arising from the translation of the following items which are recognised in OCI.

- equity investments at fair value through OCI (FVOCI);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective (see (iii)); and
- qualifying cash flow hedges to the extent that the hedges are effective.

Foreign operations

On consolidation, the assets and liabilities of foreign operations are translated into ₹ at the rate of exchange prevailing at the reporting date and their statements of profit and loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in consolidated statement of profit and loss.

Any goodwill arising in the acquisition/ business combination of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount of exchange differences related to that foreign operation recognised in OCI is reclassified to consolidated statement of profit and loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is re-allocated to NCI. When the Group disposes of only a part of its interest in an associate or a joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to consolidated statement of profit and loss.

Hedge of a net investment in a foreign operation

The Group applies hedge accounting to exchange differences arising between the functional currency of the foreign operation and the Group's functional currency (₹). To the extent that the hedge is effective, exchange differences arising on the translation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in OCI and accumulated under other equity. Any remaining differences are recognised in consolidated statement of profit and loss.

Preparation of consolidated financial statements

The Financial Statements of the subsidiaries and associates used in consolidation are drawn up to the same reporting date as that of the Parent Company i.e. year ended December 31, 2021 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, 2021	December 31, 2020
1	Rain Cements Limited (RCL)	Subsidiary of RIL	India	100	100
2	Rain Verticals Limited (RVL)*	Subsidiary of RIL	India	100	-
3	Rain Commodities (USA) Inc. (RCUSA)	Subsidiary of RIL	United States of America (U.S.A.)	100	100
4	Renuka Cement Limited (RenCL)	Subsidiary of RCL	India	100	100
5	Rain Global Services LLC (RGS)	Subsidiary of RCUSA	U.S.A.	100	100
6	Rain Carbon Inc. (RCI)	Subsidiary of RCUSA	U.S.A.	100	100
7	Rain Carbon Holdings, LLC (RCH)	Subsidiary of RCI	U.S.A.	100	100
8	Rain CII Carbon (Vizag) Limited (RCCVL)	Subsidiary of RCH	India	100	100
9	Rain CII Carbon LLC (RCC)	Subsidiary of RCH	U.S.A.	100	100
10	CII Carbon Corp. (CIICC)	Subsidiary of RCC	U.S.A.	100	100
11	Rain Carbon GmbH (RCG)	Subsidiary of RCC	Germany	100	100
12	Handy Chemicals (U.S.A.) Ltd. (HUSA)**	Subsidiary of RCC	U.S.A.	-	-
13	Rain Carbon Canada Inc.	Subsidiary of RCC	Canada	100	100
14	RÜTGERS Polymers Limited (RPL)**	Subsidiary of RCC	Canada	-	-
15	Rain Carbon BV (RCBV)	Subsidiary of RCG	Belgium	100	100
16	OOO Rain Carbon 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	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	Subsidiary of RGmbH	Germany	100	100
23	Rain Carbon Gewerbeimmobilien GmbH & Co. KG	Subsidiary of RGmbH	Germany	100	100
24	Rain Carbon Poland Sp. z. o. o	Subsidiary of RGmbH	Poland	100	100
25	RÜTGERS Resins BV (RRBV)	Subsidiary of RGmbH	The Netherlands	100	100
26	Rain Carbon (Shanghai) Trading Co. Ltd. (formerly known as RÜTGERS (Shanghai) Trading Co. Ltd.)	Subsidiary of RGmbH	China	100	100
27	InfraTec Duisburg GmbH (IDGmbH)	Investment in Associates by RGmbH	Germany	30	30

*New entity floated on April 6, 2021.

** Entities sold on December 31, 2020

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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.

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:

a) In respect of Rain Cements Limited, Plant and machinery is depreciated based on the technical evaluation and assessment. The Management believes that the useful lives adopted (3 - 15 years) by it best represent the period over which an asset is expected to be available for use.

b) In respect of Rain CII Carbon (Vizag) Limited, the Management is using the remaining leasehold period of land for calculating depreciation for plant and equipment and buildings, as the assets are constructed over leasehold land.

The estimated useful lives are as follows:

Items	Years
Buildings	1-77
Furniture and Fixtures	1-20
Land held under limestone mining lease	125
Office equipment	2-40
Plant and equipment	1-50
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.

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.

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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 of disposal. 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.

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 of disposal. 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 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

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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 reminder of the annual reporting period.

Other long-term employee benefits

The employees of the Group entitled to Compensated absences. The employees can carry forward the portion of unutilised accumulated compensated absences and utilise it in future periods or encash the leave balance during the period of employment or termination or retirement of the employment. The Group records an obligation for compensated absences in the period in which the employee renders services that increased this entitlement. The Group measures the expected cost of compensated absences as the additional amount that the Group expects to pay as a result of the unused entitlement that has accumulated at the end of reporting year, based on actuarial valuation using projected unit credit method carried out in accordance with Ind AS-19 "Employee Benefits" at the end of the year.

Short-term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

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 discreet financial information is available. All operating segments' operating results are reviewed regularly by Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segments and assess the performance. The business segments have been identified based on the nature of products, risks and return, organisation structure and internal financial reporting.

The Group currently has the following reportable segments:

- Carbon
- Advanced Materials
- Cement

These have been defined as the operating segments of the Group because they are the segments that

(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

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. 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.

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Initial recognition and measurement

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

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

Financial assets: Business model assessment

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

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

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

Financial assets:

Assessment whether contractual cash flows are solely payments of principal and interest

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

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

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

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

Financial assets: Subsequent measurement and gains and losses

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

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

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

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

Derecognition

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

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

Financial liabilities:

Initial recognition and measurement

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

Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the Effective Interest Rate method.

Any changes in the terms of the borrowings or management estimates are considered in measurement of financial liability as on balance sheet date.

Financial liabilities carried at fair value through consolidated statement of profit and loss are measured at fair value with all changes in fair value recognised in the consolidated statement of profit and loss.

Derecognition

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

Offsetting:

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

Notes (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

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 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, 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.

Notes (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

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.

For the purpose of the consolidated 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 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) Standards issued but not yet effective

On March 24, 2021, the Ministry of Corporate Affairs("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The Amendments revised Division-II of Schedule III and are applicable from financial year beginning April 1, 2021. Accordingly, the amendments will be applicable to the Company for the year ended December 31, 2022.

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

NOTE 3: PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK IN PROGRESS

	Land - freehold	Land - leasehold (Refer note (v) below)	Buildings		Plant and equipment		Furniture and fixtures	Office equipments	Vehicles	Total	Capital work-in-progress (Refer note (iv) below)	Total
			Owned (Refer note (ii) below)	Finance lease (Refer note (iii) below)	Owned (Refer note (ii) below)	Finance lease (Refer note (iii) below)						
GROSS CARRYING AMOUNT												
As at December 31, 2019	997.29	43.66	6,184.86	9.62	41,592.88	1,177.78	1,488.68	930.60	1,055.85	53,481.22	13,624.09	67,105.31
Effect of transition on adoption of Ind AS 116	-	-	-	(9.62)	-	(1,177.78)	-	-	-	(1,187.40)	-	(1,187.40)
Additions	0.41	0.65	1,620.47	-	13,463.35	-	244.63	202.59	45.01	15,577.11	4,717.69	20,294.80
Deletions / Adjustments (Refer note (vi) below)	0.65	-	471.38	-	3,179.22	-	115.86	55.36	51.93	3,874.40	9,606.79	13,481.19
Exchange difference	38.46	-	(211.60)	-	2,204.21	-	179.75	66.20	(56.57)	2,220.45	578.56	2,799.01
As at December 31, 2020	**1,035.51**	**44.31**	**7,122.35**	**-**	**54,081.22**	**-**	**1,797.20**	**1,144.03**	**992.36**	**66,216.98**	**9,313.55**	**75,530.53**
Additions	-	-	1,630.10	-	6,619.94	-	135.75	69.41	22.46	8,477.66	5,981.60	14,459.26
Deletions / Adjustments	14.30	-	20.40	-	342.23	-	51.55	(18.96)	30.07	439.59	7,246.59	7,686.18
Exchange difference	(8.28)	-	30.78	-	(926.52)	-	(119.61)	(29.08)	15.03	(1,037.68)	(140.93)	(1,178.61)
As at December 31, 2021	**1,012.93**	**44.31**	**8,762.83**	**-**	**59,432.41**	**-**	**1,761.79**	**1,203.32**	**999.78**	**73,217.37**	**7,907.63**	**81,125.00**
ACCUMULATED DEPRECIATION												
As at December 31, 2019	9.34	1.40	2,016.06	8.40	17,777.37	206.25	713.03	319.60	48.64	21,100.09	-	21,100.09
Effect of transition on adoption of Ind AS 116	-	-	-	(8.40)	-	(206.25)	-	-	-	(214.65)	-	(214.65)
Depreciation for the year	-	0.37	572.07	-	5,585.03	-	273.12	177.30	62.87	6,670.76	-	6,670.76
Deletions / Adjustments (Refer note (vi) below)	-	-	198.93	-	2,872.53	-	(0.25)	(2.85)	38.92	3,107.28	-	3,107.28
Exchange difference	1.16	-	(160.14)	-	507.67	-	112.42	17.01	(16.12)	462.00	-	462.00
As at December 31, 2020	**10.50**	**1.77**	**2,229.06**	**-**	**20,997.54**	**-**	**1,098.82**	**516.76**	**56.47**	**24,910.92**	**-**	**24,910.92**
Depreciation for the year	-	0.37	603.78	-	5,745.04	-	163.32	164.05	70.88	6,747.44	-	6,747.44
Deletions / Adjustments	-	-	19.96	-	330.40	-	3.95	(12.36)	29.11	371.06	-	371.06
Impairment losses (Refer note (vii) below)	-	-	-	-	168.07	-	-	-	-	168.07	-	168.07
Exchange difference	(0.68)	-	117.40	-	(120.69)	-	(82.82)	(11.30)	7.25	(90.84)	-	(90.84)
As at December 31, 2021	**9.82**	**2.14**	**2,930.28**	**-**	**26,459.56**	**-**	**1,175.37**	**681.87**	**105.49**	**31,364.53**	**-**	**31,364.53**
NET CARRYING AMOUNT												
As at December 31, 2020	**1,025.01**	**42.54**	**4,893.29**	**-**	**33,083.68**	**-**	**698.38**	**627.27**	**935.89**	**41,306.06**	**9,313.55**	**50,619.61**
As at December 31, 2021	**1,003.11**	**42.17**	**5,832.55**	**-**	**32,972.85**	**-**	**586.42**	**521.45**	**894.29**	**41,852.84**	**7,907.63**	**49,760.47**

Note:

(i) Certain movable and immovable property, plant and equipment are hypothecated against the current and non-current borrowings availed by the Group. Refer note 19 and 23.

(ii) Includes buildings constructed and plant and equipment installed on leasehold land and depreciated over lease period.

(iii) For details regarding future minimum lease payments at the end of the year, Refer note 45.

(iv) For contractual commitments relating to capital work-in-progress, Refer note 44 (II).

(v) Leasehold land pertains to limestone mining leases in Rain Cements Limited

(vi) Deletions/Adjustments include derecognition of assets on sale of subsidiaries.

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

(vii) For details regarding impairment refer note 54.

NOTE 4: RIGHT OF USE ASSET

	Land - leasehold	Buildings	Plant and equipment	Office equipments	Vehicles	Total
Gross carrying amount						
As at December 31, 2019	-	-	-	-	-	-
Effect of transition on adoption of Ind AS 116	609.34	615.11	2,885.20	22.44	1,434.05	5,566.14
Additions	-	314.14	93.36	1.58	21.51	430.59
Deletions / Adjustments (Refer note (ii) below)	0.96	1.05	185.41	2.41	8.81	198.64
Exchange difference	1.16	17.47	250.48	2.28	178.39	449.78
As at December 31, 2020	**609.54**	**945.67**	**3,043.63**	**23.89**	**1,625.14**	**6,247.87**
Additions	-	157.83	52.55	1.65	183.56	395.59
Deletions / Adjustments	13.90	0.36	3.45	0.56	3.08	21.35
Exchange difference	(1.56)	(63.89)	(181.33)	(2.30)	(113.36)	(362.44)
As at December 31, 2021	**594.08**	**1,039.25**	**2,911.40**	**22.68**	**1,692.26**	**6,259.67**
Accumulated amortisation						
As at December 31, 2019	-	-	-	-	-	-
Effect of transition on adoption of Ind AS 116	-	8.40	206.25	-	-	214.65
Amortisation for the year	61.44	192.38	553.47	7.66	292.18	1,107.13
Deletions / Adjustments (Refer note (ii) below)	-	-	40.30	0.66	4.12	45.08
Exchange difference	0.01	1.29	40.49	0.26	15.76	57.81
As at December 31, 2020	**61.45**	**202.07**	**759.91**	**7.26**	**303.82**	**1,334.51**
Amortisation for the year	50.75	211.89	493.17	7.38	323.65	1,086.84
Deletions / Adjustments	9.64	-	3.45	0.56	3.04	16.69
Exchange difference	(0.58)	(66.08)	(123.72)	(1.70)	(31.53)	(223.61)
As at December 31, 2021	**101.98**	**347.88**	**1,125.91**	**12.38**	**592.90**	**2,181.05**
Net carrying amount						
As at December 31, 2020	**548.09**	**743.60**	**2,283.72**	**16.63**	**1,321.32**	**4,913.36**
As at December 31, 2021	**492.10**	**691.37**	**1,785.49**	**10.30**	**1,099.36**	**4,078.62**

Note:

(i) For details regarding future minimum lease payments at the end of the year, Refer note 45.

(ii) Deletions/Adjustments include derecognition of assets on sale of subsidiaries.

Notes (continued)

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

NOTE 5: GOODWILL AND OTHER INTANGIBLE ASSETS:

	Goodwill (A)	Licenses and franchise	Other intangible assets	Total Other Intangible assets (B)	Total (A+B)
Gross carrying amount					
As at December 31, 2019	62,216.87	424.49	39.08	463.57	62,680.44
Additions	-	77.78	10.86	88.64	88.64
Deletions (Refer note (ii) below)	1,930.86	3.63	-	3.63	1,934.49
Exchange difference	4,440.34	55.23	(4.64)	50.59	4,490.93
As at December 31, 2020	**64,726.35**	**553.87**	**45.30**	**599.17**	**65,325.52**
Additions	-	6.26	9.80	16.06	16.06
Deletions	-	0.10	-	0.10	0.10
Exchange difference	(1,420.21)	(35.04)	(0.44)	(35.48)	(1,455.69)
As at December 31, 2021	**63,306.14**	**524.99**	**54.66**	**579.65**	**63,885.79**
Accumulated amortisation					
As at December 31, 2019	-	134.45	10.08	144.53	144.53
Amortisation for the year	-	132.34	6.94	139.28	139.28
Deletions (Refer note (ii) below)	-	3.51	-	3.51	3.51
Exchange difference	-	22.42	(1.56)	20.86	20.86
As at December 31, 2020	**-**	**285.70**	**15.46**	**301.16**	**301.16**
Amortisation for the year	-	138.54	8.71	147.25	147.25
Deletions	-	0.10	-	0.10	0.10
Exchange difference	-	(23.36)	(0.13)	(23.49)	(23.49)
As at December 31, 2021	**-**	**400.78**	**24.04**	**424.82**	**424.82**
Net carrying amount					
As at December 31, 2020	**64,726.35**	**268.17**	**29.84**	**298.01**	**65,024.36**
As at December 31, 2021	**63,306.14**	**124.21**	**30.62**	**154.83**	**63,460.97**

Note:

(i) For impairment analysis performed for Goodwill on consolidation, Refer Note 39.

(ii) Deletions include derecognition of assets on sale of subsidiaries.

NOTE 6: EQUITY ACCOUNTED INVESTMENTS

	As at December 31, 2021	As at December 31, 2020
Associates (unquoted):		
- InfraTec Duisburg GmbH – 7,500 (December 31, 2020: 7,500) ordinary shares with no par value (Refer note 36)	87.06	98.74
Total	**87.06**	**98.74**

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

NOTE 7: NON-CURRENT INVESTMENTS

	As at December 31, 2021	As at December 31, 2020
A. INVESTMENT IN EQUITY SHARES		
(i) in other entities		
At Fair value through Other comprehensive income (FVTOCI) (unquoted)		
- Arsol Aromatics GmbH & Co. – 1,365,860 (December 31, 2020: 1,365,860) ordinary shares with no par value	28.65	30.60
At Fair value through Profit and loss (FVTPL) (unquoted)		
- Andhra Pradesh Gas Power Corporation Limited - 134,000 (December 31, 2020: 134,000) equity shares of ₹ 10 each fully paid up	16.00	16.00
B. INVESTMENT IN GOVERNMENT SECURITIES CARRIED AT FAIR VALUE THROUGH PROFIT AND LOSS (FVTPL) (UNQUOTED)		
- National Savings Certificates	0.14	0.17
Total	**44.79**	**46.77**
(a) aggregate value of quoted investments	-	-
(b) aggregate value of unquoted investments	44.79	46.77

NOTE 8: NON-CURRENT LOANS

	As at December 31, 2021	As at December 31, 2020
(Unsecured, considered good unless otherwise stated)		
Security deposits	120.46	120.83
Loans and advances		
- to employees	6.81	10.66
Electricity deposit	195.46	195.94
Total	**322.73**	**327.43**

NOTE 9: OTHER NON-CURRENT FINANCIAL ASSETS

	As at December 31, 2021	As at December 31, 2020
(Unsecured, considered good unless otherwise stated)		
Bank deposits due to mature after 12 months of the reporting date* (Refer note 13)	2.95	4.12
Interest accrued on deposits	0.02	0.05
Inter-corporate deposits	110.00	-
Total	**112.97**	**4.17**

* Represents lien marked deposits with government authorities and customers.

Notes (continued)

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

NOTE 10: OTHER NON-CURRENT ASSETS

	As at December 31, 2021	As at December 31, 2020
(Unsecured, considered good unless otherwise stated)		
Capital advances	206.13	2,492.68
Advances other than capital advances:		
Balances with Statutory authorities	36.38	35.27
Excess contribution to Plan assets for Defined benefit plan (Refer note 41)	0.36	0.43
Total	**242.87**	**2,528.38**

NOTE 11: INVENTORIES

	As at December 31, 2021	As at December 31, 2020
(At lower of cost and net realisable value)		
a) Raw materials	9,965.46	5,822.85
b) Work-in-progress	1,990.44	1,410.23
c) Finished goods	8,035.70	4,450.36
d) Stock-in-trade	2,129.50	1,558.23
e) Stores and spares	2,382.72	2,147.97
f) Packing materials	162.91	142.85
g) Fuel	451.30	324.21
Total	**25,118.03**	**15,856.70**
Goods-in-transit, included above		
a) Raw materials	811.38	169.23
b) Stock-in-trade	962.96	23.85
c) Stores and spares	0.95	1.30
d) Fuel	20.96	37.13
Total	**1,796.25**	**231.51**

The above inventories are net of provision for net realisable values of ₹ 921.32 and ₹ 803.55 as at December 31, 2021 and December 31, 2020 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. Refer note 52.

For details of inventories hypothecated against current borrowings, refer note 23.

NOTE 12: TRADE RECEIVABLES

	As at December 31, 2021	As at December 31, 2020
Trade receivables considered good - secured	1,331.46	283.82
Trade receivables considered good - unsecured	15,446.34	10,630.83
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	172.77	156.84
	16,950.57	**11,071.49**
Less: Allowance for doubtful trade receivables	172.77	156.84
Total	**16,777.80**	**10,914.65**

- For details of trade receivables hypothecated against current borrowings, refer note 23.
- The Group's exposure to credit and currency risks related to trade receivables are disclosed in note 35.4 and 35.8.

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

NOTE 13: CASH AND BANK BALANCES

	As at December 31, 2021	As at December 31, 2020
A. Cash and cash equivalents		
Cash on hand	0.47	0.64
Cheques/ drafts on hand	-	1.32
Balances with banks:		
- in current accounts	8,218.34	7,771.14
- in exchange earners foreign currency (EEFC) accounts	1,246.75	199.53
- in deposit accounts (with original maturity of three months or less)	1,565.65	7,225.69
	11,031.21	**15,198.32**
B. Bank balances other than cash and cash equivalents		
Balances held as margin money against guarantees and other commitments	263.74	181.29
Unpaid dividend accounts	32.15	35.54
Bank deposits due to mature after three months of the reporting date*	2,517.36	2,587.33
Less: Bank deposits due to mature after 12 months of the reporting date (Refer note 9)	2.95	4.12
	2,810.30	**2,800.04**
Total [A+B]	**13,841.51**	**17,998.36**

* Out of above deposits ₹ 159.43 (December 31, 2020: ₹ 152.47) are lien marked with government authorities and customers.

NOTE 14: CURRENT LOANS

	As at December 31, 2021	As at December 31, 2020
(Unsecured, considered good unless otherwise stated)		
Security deposits	4.81	6.17
Loan to employees	7.93	26.01
Total	**12.74**	**32.18**

- The Group's exposure to credit and currency risks related to current loans are disclosed in note 35.4 and 35.8.

NOTE 15: OTHER CURRENT FINANCIAL ASSETS

	As at December 31, 2021	As at December 31, 2020
(Unsecured, considered good unless otherwise stated)		
Interest accrued on deposits	128.68	92.74
Unbilled revenue (Refer note 28)	207.57	173.21
Inter-corporate deposits with financial institutions (HDFC)	3,004.52	2,478.21
Advance to employees	5.20	2.14
Other receivables	275.17	4.68
Total	**3,621.14**	**2,750.98**

Notes (continued)

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

NOTE 16: OTHER CURRENT ASSETS

	As at December 31, 2021	As at December 31, 2020
(Unsecured, considered good unless otherwise stated)		
Prepaid expenses	232.00	335.83
Balances with statutory authorities	1,720.72	546.52
Advance to suppliers and service providers	2,862.87	844.21
Advance to employees	3.39	7.89
Others	40.03	13.41
Total	**4,859.01**	**1,747.86**

NOTE 17: EQUITY SHARE CAPITAL

	As at December 31, 2021		As at December 31, 2020	
	Number of Shares	Amount	Number of Shares	Amount
Authorised share capital:				
Equity shares of ₹ 2 each	590,000,000	1,180.00	590,000,000	1,180.00
Redeemable preference shares of ₹ 100 each	4,900,000	490.00	4,900,000	490.00
Total	**594,900,000**	**1,670.00**	**594,900,000**	**1,670.00**
Issued, subscribed and fully paid up share capital				
Equity shares of ₹ 2 each	336,345,679	672.69	336,345,679	672.69
Total	**336,345,679**	**672.69**	**336,345,679**	**672.69**

Notes:

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

Particulars	As at December 31, 2021		As at December 31, 2020	
	Number of Shares	Amount	Number of Shares	Amount
As at beginning of the year	336,345,679	672.69	336,345,679	672.69
Add/(Less): Changes in equity shares during the year	-	-	-	-
As at end of the year	**336,345,679**	**672.69**	**336,345,679**	**672.69**

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

The Company has 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, 2021 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, 2021 and no further dividend has been recommended for the said year.

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.

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

NOTE 17: EQUITY SHARE CAPITAL (CONTINUED)

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

Name of the Shareholder	As at December 31, 2021		As at December 31, 2020	
	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	27,300,669	8.12

(iv) There are no shares issued pursuant to contract without payment being received in cash or by way of bonus shares during the period of five years immediately preceding the reporting date.

NOTE 18: OTHER EQUITY

	As at December 31, 2021	As at December 31, 2020
(I) RESERVES AND SURPLUS		
(a) Capital Reserve (Balance at the beginning and end of the year)	**43.98**	**43.98**
(b) Securities premium (Balance at the beginning and end of the year)	**516.67**	**516.67**
(c) Capital redemption reserve (Balance at the beginning and end of the year)	**47.66**	**47.66**
(d) General reserve		
Opening balance	1,573.85	1,546.55
Add: Transferred from retained earnings	31.16	27.30
Closing balance	**1,605.01**	**1,573.85**
(e) Retained earnings		
Opening balance	51,296.55	46,513.90
Add: Profit for the year	5,801.58	5,581.67
Less: Dividend for the year	336.35	336.35
Less: Transfer to general reserve	31.16	27.30
Less: Impact on account of sale of subsidiaries	-	435.37
Closing balance	**56,730.62**	**51,296.55**
(II) ITEMS OF OTHER COMPREHENSIVE INCOME:		
(a) Foreign currency translation reserve		
Opening balance	3,842.26	1,957.63
Add: Translation adjustments	(588.05)	1,993.40
Less: Impact on account of sale of subsidiaries	-	108.77
Closing balance	**3,254.21**	**3,842.26**
(b) Remeasurements of defined benefit plans		
Opening balance	(2,658.70)	(1,700.81)
Add: Acturial gain/(loss) on remeasurements of defined benefit plans	879.99	(957.89)
Closing balance	**(1,778.71)**	**(2,658.70)**
(c) Effective portion of cash flow hedges		
Opening balance	-	0.78
Add: Effective portion of cash flow hedges	-	(0.78)
Closing balance	**-**	**-**
Total	**60,419.44**	**54,662.27**

Notes (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

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

NOTE 19: NON-CURRENT BORROWINGS

	As at December 31, 2021	As at December 31, 2020
A. Bonds		
From banks (Refer note (i))		
- Secured banks		
7.25% Senior secured notes (due for repayment in April 2025)	40,123.60	39,645.27
	40,123.60	**39,645.27**
B. Term loans		
From banks (Refer note (ii) to (vii))		
- Secured banks	34,632.15	37,588.08
From other parties (Refer note (viii))		
- Unsecured	0.28	441.55
Less: Current maturities of non-current borrowings disclosed under Note 25 - Other current financial liabilities	608.22	2,317.94
	34,024.21	**35,711.69**
C. Deferred payment liabilities		
- Unsecured (Refer note (ix))	427.26	510.36
Less: Current maturities of non-current borrowings disclosed under Note 25 - Other current financial liabilities	138.90	83.12
	288.36	**427.24**
D. Non-current maturities of lease liabilities		
- Secured (Refer note (x))	4,409.00	5,239.44
Less: Current maturities of non-current borrowings disclosed under Note 25 - Other current financial liabilities	877.01	1,011.68
	3,531.99	**4,227.76**
Total [A+B+C+D]	**77,968.16**	**80,011.96**

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 in April 2025 (the "2025 Notes"). The net proceeds were used to redeem all of the outstanding 2018 Notes and tendered for USD 115 million of 2021 Notes. The 2025 Notes contain covenants and conditions that limit the 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 up to March 31, 2023 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 subsidiaries incorporated in United States on a joint and several basis. The Group Company has repurchased notes amounting to ₹ 338.47 (USD 4.5 million) during the year 2021. The 2025 Notes are having second-lien on assets after Term loan B. Balance (gross of transaction costs) as at December 31, 2021 is ₹ 40,534.07 (December 31, 2020: ₹ 40,177.50).

(ii) During the financial year ended December 31, 2016, the Company had borrowed Term loan of USD 30 million from a bank which was secured by a pari passu first charge on all immovable and movable properties of Rain Cements Limited (RCL), a wholly owned subsidiary Company, except for current assets of RCL (present and future) and assets charged with Axis Bank Limited for another loan availed by RCL. Further a Corporate Guarantee has been issued by RCL in favour of the bank. The loan was sanctioned vide credit facilities agreement dated February 20, 2016 between the Company, RCL and the bank. No guarantee commission has been charged by RCL based on the requirements of the bank. It carries interest of 3 months LIBOR plus 300 basis points. Balance (gross of transaction costs) as at December 31, 2021 is ₹ 534.98 (December 31, 2020: ₹ 1,314.97).

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

NOTE 19: NON-CURRENT BORROWINGS (CONTINUED)

(iii) During the financial year ended December 31, 2021, 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 (RCCVL) in favour of the bank

c) Pledge over 1,000,000 equity shares of ₹ 10 each held by the Company in RCCVL, a wholly owned step-down subsidiary

No guarantee commission has been charged by RCCVL based on the requirements of the bank. It carries interest of SOFR + margin of 310 basis points payable monthly. The loan is repayable on November 30, 2023. Balance (gross of transaction costs) as at December 31, 2021 is ₹ 1,486.05 (December 31, 2020: ₹ Nil).

(iv) During the financial year ended December 31, 2018, the Company had borrowed Term loan of USD 20 million from a bank and was 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 RCCVL in favour of the bank

c) Pledge over 1,000,000 equity shares of ₹ 10 each held by the Company in RCCVL, a wholly owned step-down subsidiary

No guarantee commission has been charged by RCCVL based on the requirements of the bank. It carried interest of 3 months USD LIBOR plus 215 basis points for years 1 & 2 and 3 months USD LIBOR plus 290 basis points for year 3 payable monthly. The loan has been repaid on October 29, 2021. Balance (gross of transaction costs) as at December 31, 2021 is ₹ Nil (December 31, 2020: ₹ 1,461.07).

(v) The term loans availed (mentioned in points (ii) (iii) & (iv)) by the Company have been utilised for the purpose of investment / overseas direct investment in its wholly owned subsidiary company which is engaged in the business of Calcined Petroleum Coke, in accordance with the sanctioned terms.

(vi) During the year 2020, 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, 2021 is ₹ 73.94 (December 31, 2020: ₹ 141.82).

(vii) 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 subsidiaries except Group Company's subsidiaries incorporated in India and Russia 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, 2021 is ₹ 32,779.50 (December 31, 2020: ₹ 35,018.10).

(viii) 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 forgiveable 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.

Notes (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

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

NOTE 19: NON-CURRENT BORROWINGS (CONTINUED)

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 and 2021. 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. During September 2021, the SBA communicated its formal forgiveness after completion of its verification of one of the subsidiary company in USA. Accordingly, the subsidiary de-recognised the liability and the forgiveness was recorded as government grant income under the heading Other Income. Balance as at December 31, 2021 is ₹ 0.28 (December 31, 2020: ₹ 441.55).

(ix) Sales tax deferment represents interest free liability in Rain Cements Limited. Balance outstanding is repayable in 42 monthly instalments based on deferment schedule.

(x) Leases are secured by assets financed under the leasing agreement. Refer note 45.

(xi) 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, 2021	As at December 31, 2020
Opening balance at the beginning of the year	78,185.26	73,322.93
Borrowings made during the year	1,498.00	675.79
Borrowings repaid during the year	(2,645.08)	(769.03)
Interest accrued during the year	10.05	-
Loan forgiven during the year	(458.33)	-
Sales tax deferment paid	(83.10)	(99.58)
Effect of changes in foreign exchange rates	(1,545.20)	4,843.99
Amortisation of deferred finance cost	221.69	211.16
Closing balance at the end of the year	**75,183.29**	**78,185.26**

(b) Lease liabilities (including current maturities included in other current financial liabilities):

Particulars	As at December 31, 2021	As at December 31, 2020
Opening balance at the beginning of the year	5,239.44	1,152.98
Lease liabilities for operating leases recognised as at January 1, 2020 as per Ind AS 116	-	4,423.70
Additions during the year	393.98	430.59
Interest accrued during the year	221.11	251.44
Deletions during the year	(18.06)	(154.46)
Lease principal payments during the year	(1,045.86)	(1,071.94)
Lease interest payments during the year	(217.52)	(218.19)
Effect of changes in foreign exchange rates	(164.09)	425.32
Closing balance at the end of the year	**4,409.00**	**5,239.44**

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

NOTE 20: OTHER NON-CURRENT FINANCIAL LIABILITIES

	As at December 31, 2021	As at December 31, 2020
Employee payables	62.98	75.08
Total	**62.98**	**75.08**

NOTE 21: NON-CURRENT PROVISIONS

	As at December 31, 2021	As at December 31, 2020
Provision for employee benefits:		
- Compensated absences (Refer note 41)	258.14	271.94
- Defined benefit plans (net) (Refer note 41)	11,919.16	14,777.30
Provision - others		
- Provision for environment liabilities (Refer note 50)	1,125.23	651.13
- Other provisions (Refer note 51)	50.42	51.29
Total	**13,352.95**	**15,751.66**

NOTE 22: OTHER NON-CURRENT LIABILITIES

	As at December 31, 2021	As at December 31, 2020
Unearned revenue	11.54	32.28
Others	0.03	0.04
Total	**11.57**	**32.32**

NOTE 23: CURRENT BORROWINGS

	As at December 31, 2021	As at December 31, 2020
Loans repayable on demand		
From banks - Secured		
- Suppliers credit loan (Refer note (i))	780.48	262.11
- Packing credit foreign currency loan (Refer note (i) and (ii))	1,102.40	158.18
- Demand loan (Refer note (i))	-	100.00
- Revolver credit facility (Refer note (iii))	3,419.15	4,642.03
Total	**5,302.03**	**5,162.32**

Notes:

(i) During 2013, the Group Company incorporated in India, entered into agreements with two banks for an aggregated facility amount of ₹ 4,526.28 (USD 60.9 million) (December 31, 2020: ₹ 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 LIBOR plus 120 basis points and LIBOR plus 150 basis points per annum for each bank.

These facilities are secured by pari-passu first charge over current assets comprising of all inventories and book debts both present and future of the said company.

Notes (continued)

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

NOTE 23: CURRENT BORROWINGS (CONTINUED)

At December 31, 2021, cash drawings outstanding under the facility aggregated to ₹ 1,352.61 (USD 18.2 million), of which ₹ 572.13 (USD 7.7 million) were towards packing credit foreign currency loan and ₹ 780.48 (USD 10.5 million) were towards Suppliers credit facility.

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 facility.

At December 31, 2021, bank guarantees outstanding were ₹ 26.00 (USD 0.3 million) under the facility.

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.

Available limit under both facilities amounts to ₹ 3,147.67 (USD 42.4 million) and ₹ 3,129.67 (USD 42.8 million) as at December 31, 2021 and 2020 respectively.

(ii) During 2013, the Group Company incorporated in India, entered into an agreement with a bank for an aggregated cash credit facility of ₹ 810.00 (USD 10.9 million) (December 31, 2020: ₹ 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 120 basis points per annum.

At December 31, 2021, cash drawings outstanding under the facility aggregated to ₹ 530.27 (USD 7.1 million), which is towards packing credit foreign currency loan.

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.

As of December 31, 2021 bank guarantees outstanding under the facility aggregated to ₹ 220.06 (USD 3.0 million).

As of December 31, 2020 bank guarantees outstanding under the facility aggregated to ₹ 168.02 (USD 2.3 million).

Available limits under the facility were ₹ 59.67 (USD 0.8 million) and ₹ 483.80 (USD 6.7 million) as at December 31, 2021 and 2020, respectively.

(iii) 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 ₹ 11,145.00 (USD 150.0 million) (December 31, 2020: ₹ 10,957.50 (USD 150 million)) RCF loan commitment of which ₹ 2,972.00 (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, 2021 rate for USD borrowings was LIBOR plus 250 basis points and for EUR borrowings EURIBOR plus 250 basis points. The Company has re-negotiated the terms of this facility subsequent to the year-end. Refer note 57 for details.

The RCF is secured by substantially all of the assets of the Group Company and are guaranteed by the Group Company's subsidiaries except Group Company's subsidiaries incorporated in India and Russia on a joint and several basis.

At December 31, 2021 cash drawings outstanding under the RCF aggregated to ₹ 3,419.15 (USD 46.0 million) of which USD borrowings aggregated to ₹ 1,486.00 (USD 20.0 million) and EUR borrowings aggregated to ₹ 1,933.15 (EUR 23.0 million). Variable interest rate depends on the type of borrowing.

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.

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

NOTE 23: CURRENT BORROWINGS (CONTINUED)

At December 31, 2021, letters of credit outstanding aggregated ₹ 371.50 (USD 5.0 million) under the North-America facility and ₹ 988.19 (USD 13.3 million) under the European Ancillary facility.

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.

Available limit under the facility amounts to ₹ 6,366.16 (USD 85.7 million) and ₹ 5,285.46 (USD 72.4 million) as at December 31, 2021 and 2020 respectively.

(iv) Reconciliation of liabilities arising from financing activities:

Particulars	As at December 31, 2021	As at December 31, 2020
Opening balance at the beginning of the year	5,162.32	3,969.95
Borrowings made during the year	7,228.31	6,639.39
Borrowings repaid during the year	(7,003.63)	(5,925.11)
Effect of changes in foreign exchange rates	(84.97)	478.09
Closing balance at the end of the year	**5,302.03**	**5,162.32**

The Group's exposure to liquidity, interest and currency risks related to borrowings is disclosed in note 35.5, 35.7 and 35.8.

NOTE 24: TRADE PAYABLES

	As at December 31, 2021	As at December 31, 2020
Total outstanding dues of micro enterprises and small enterprises	38.82	32.27
Total outstanding dues of creditors other than micro enterprise and small enterprises	13,813.82	8,203.76
Total	**13,852.64**	**8,236.03**

The Group's exposure to liquidity and currency risks related to trade payables is disclosed in note 35.5 and 35.8.

NOTE 25: OTHER CURRENT FINANCIAL LIABILITIES

	As at December 31, 2021	As at December 31, 2020
Current maturities of non-current borrowings (Refer note 19)	1,624.13	3,412.74
Interest accrued but not due on borrowings	934.64	958.07
Trade and security deposits	237.78	179.37
Employee payables	1,110.21	695.75
Deposits from contractors	710.52	627.00
Discounts payable	89.88	80.05
Unpaid dividends*	32.15	35.54
Others		
- Payables on purchase of property, plant and equipment	922.78	1,502.82
- Retention money	79.60	77.68
- Others	760.85	619.31
Total	**6,502.54**	**8,188.33**

*There is no amount due and outstanding to be credited to Investor Education and Protection fund as at December 31, 2021.

The Group's exposure to liquidity and currency risks related to other current financial liabilities is disclosed in note 35.5 and 35.8.

Notes (continued)

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

NOTE 26: OTHER CURRENT LIABILITIES

	As at December 31, 2021	As at December 31, 2020
Unearned revenue	6.36	19.56
Other payables		
- Statutory liabilities	1,451.53	939.03
- Advances from customers (Refer note 28)	185.79	173.80
- Others	114.09	194.87
Total	**1,757.77**	**1,327.26**

NOTE 27: CURRENT PROVISIONS

	As at December 31, 2021	As at December 31, 2020
Provision for employee benefits:		
- Compensated absences (Refer note 41)	74.98	77.07
- Defined benefit plans, net (Refer note 41)	18.36	17.58
- Other provisions (Refer note 51)	10.09	71.13
Provision - Others:		
- Provision for environment liabilities (Refer note 50)	301.00	724.64
- Other provisions (Refer note 51)	237.55	620.69
Total	**641.98**	**1,511.11**

NOTE 28: REVENUE FROM OPERATIONS

	For the year ended December 31, 2021	For the year ended December 31, 2020
Sale of products	143,669.81	103,937.08
Sale of services	27.14	25.03
Other operating revenues [Refer note below]	1,570.87	684.82
Total	**145,267.82**	**104,646.93**

Note:

(i) Other operating revenues comprises:

	For the year ended December 31, 2021	For the year ended December 31, 2020
Scrap sales	40.63	25.76
Duty drawback on exports	412.23	16.53
Income from sale of certified emission reductions	1.24	-
Rental income	220.88	200.72
Insurance claims	351.30	30.54
Dock revenue	137.53	89.94
Others	407.06	321.33
Total	**1,570.87**	**684.82**

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

NOTE 28: REVENUE FROM OPERATIONS (CONTINUED)

(ii) Break up of revenue from operations based on timing of transfer of goods or services:

	For the year ended December 31, 2021	For the year ended December 31, 2020
Revenue from operations recognised at a point in time	145,240.68	104,621.90
Revenue from operations recognised over a period of time	27.14	25.03
Total	**145,267.82**	**104,646.93**

(iii) Contract assets and contract liabilities:

	For the year ended December 31, 2021	For the year ended December 31, 2020
Contract assets recorded in balance sheet (Refer note 15)	207.57	173.21
Contract liabilities recorded in balance sheet (Refer note 26)	185.79	173.80

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 ₹ 173.80 included in contract liabilities as at December 31, 2020 has been recognised as revenue in the current year.

(iv) Reconciliation of revenue from operations with contract price:

	For the year ended December 31, 2021	For the year ended December 31, 2020
Contract price (A)	148,193.41	106,482.98
Less - Reductions towards variable consideration components: (B)		
Sales returns	92.22	1.71
Discounts and rebates	2,774.42	1,770.49
Other such reductions	58.95	63.85
Revenue recognised (A-B)	**145,267.82**	**104,646.93**

NOTE 29: OTHER INCOME

	For the year ended December 31, 2021	For the year ended December 31, 2020
Interest income		
Interest from banks on deposits including inter-corporate deposits	400.23	283.25
Interest on income tax refund	1.47	15.39
Other interest	10.22	21.44
Dividend income from current investments	-	6.01
Other non-operating income		
Gain on sale of subsidiaries (Refer note 55)	40.10	3,864.20
Liabilities / provisions no longer required written back	648.96	280.38
Reversal of provision for loss allowance on trade receivables	-	4.32
Profit on sale of property, plant and equipment, net (Refer note 53)	349.45	13.87
Government grant income	458.33	26.80
Miscellaneous income	22.40	37.31
Total	**1,931.16**	**4,552.97**

Notes (continued)

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NOTE 30: CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

	For the year ended December 31, 2021	For the year ended December 31, 2020
Opening Stock		
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
	7,418.82	**8,602.98**
Closing Stock		
Finished goods	8,035.70	4,450.36
Work-in-progress	1,990.44	1,410.23
Stock-in-trade	2,129.50	1,558.23
	12,155.64	**7,418.82**
(Increase)/decrease in stock	**(4,736.82)**	**1,184.16**
Foreign currency translation adjustment	(343.73)	67.55
Net (increase)/decrease	**(5,080.55)**	**1,251.71**

NOTE 31: EMPLOYEE BENEFITS EXPENSE

	For the year ended December 31, 2021	For the year ended December 31, 2020
Salaries, wages and bonus	10,864.47	10,612.73
Contributions to provident and other funds (Refer note 41)	992.94	990.51
Staff welfare expenses	514.95	528.69
Total	**12,372.36**	**12,131.93**

NOTE 32: FINANCE COSTS

	For the year ended December 31, 2021	For the year ended December 31, 2020
Interest expense on borrowings	4,300.90	4,432.01
Interest expense on lease liabilities	221.11	251.44
Interest on income tax	13.93	4.66
Other borrowing costs	253.20	217.32
Total	**4,789.14**	**4,905.43**

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

NOTE 33: OTHER EXPENSES

	For the year ended December 31, 2021	For the year ended December 31, 2020
Consumption of stores and spares	2,188.29	1,617.42
Consumption of packing materials	1,221.81	743.58
Power and fuel	9,737.75	5,184.71
Repairs and maintenance		
- Plant and machinery	2,217.93	2,098.88
- Buildings	261.65	121.73
- Others	1,339.81	980.94
Insurance	876.26	728.93
Rent	687.28	763.88
Rates and taxes	555.18	431.41
Travelling and conveyance	95.36	111.49
Selling and distribution expense	2,342.03	1,494.14
Freight expense	8,243.79	7,314.44
Corporate social responsibility and other donations (Refer note 49)	160.32	199.43
Consultancy charges	2,295.62	1,656.84
Payment to auditors [Refer note below]	78.43	69.94
Directors' sitting fees	18.25	19.97
Commission to directors	28.60	23.25
Provision for loss allowance on trade receivables (Refer note 35.4)	50.01	5.13
Loss on repurchase of Senior Secured Notes	10.83	-
Advances written off	-	1.71
Assets written off	4.49	-
Bad debts written off	3.11	8.31
Miscellaneous expenses	2,920.40	2,960.73
	35,337.20	**26,536.86**
Less: Expenses capitalised	89.88	254.97
Total	**35,247.32**	**26,281.89**

Note:

Payments to the auditors comprise (excluding taxes):

	For the year ended December 31, 2021	For the year ended December 31, 2020
Statutory audit	6.95	6.60
Limited review	9.10	9.66
Other audit fees	53.51	43.08
Other services	6.79	9.09
Reimbursement of expenses	2.08	1.51
Total	**78.43**	**69.94**

Notes (continued)

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NOTE 34: INCOME TAXES

(i) Income tax expense/(benefit) recognised in consolidated statement of profit and loss:

	For the year ended December 31, 2021	For the year ended December 31, 2020
Current tax:		
Tax for current year	4,107.71	2,384.06
Tax relating to earlier years (Refer (iii) below)	83.35	(253.94)
	4,191.06	**2,130.12**
Deferred tax:		
Attributable to the origination and reversal of temporary differences	1,637.73	463.26
Tax rate change (Refer (iii) below)	-	30.92
Minimum alternate tax credit write-off (Refer (viii) below)	-	3.26
	1,637.73	**497.44**
Total	**5,828.79**	**2,627.56**

(ii) Income tax expense/(benefit) recognised in other comprehensive income:

	For the year ended December 31, 2021	For the year ended December 31, 2020
a. Remeasurements of defined benefit plans	1,655.50	(439.25)
Total	**1,655.50**	**(439.25)**

(iii) Reconciliation of Effective tax rate:

	For the year ended December 31, 2021	For the year ended December 31, 2020
Income tax expense for the year to be reconciled to the accounting profit:		
Profit before tax	12,764.20	8,509.87
Enacted income tax rate in India	25.17%	25.17%
Computed expected tax expense	3,212.49	2,141.76
Effect off:		
Foreign-Derived Intangile Income (FDII) deduction	(114.24)	(54.70)
Global Intangible Low Taxed Income (GILTI)	-	252.34
Tax-exempt income and other deductions	(276.52)	(156.42)
Tax rate changes	-	30.92
Tax related to prior years	83.35	(253.94)
Permanent differences and non-deductible expenses	849.70	(384.20)
Deferred tax asset written off	2,339.13	1,120.48
Impact of differences in tax rates between jurisdictions	(634.28)	(602.99)
Tax effects on tax base transfers	(26.07)	(132.03)
Others, net	395.23	666.34
Total income tax expense	**5,828.79**	**2,627.56**
Effective tax rate	**45.67%**	**30.88%**

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

NOTE 34: 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:

	As at December 31, 2021	As at December 31, 2020
Property, plant and equipment and Intangible assets	(2,538.35)	(1,687.93)
Employee benefits	468.59	3,673.49
Inventories	136.05	194.85
Interest carried forward	2,324.60	2,070.47
Tax losses carry forward	(823.77)	(704.72)
Foreign tax credit	1,719.95	1,120.96
Taxes on unremitted foreign earnings	(273.64)	(192.87)
Other	(194.00)	(106.88)
Net Deferred tax asset	**819.43**	**4,367.37**
Deferred tax asset	2,708.66	8,545.95
Deferred tax liability	(1,889.23)	(4,178.58)
Net Deferred tax asset	**819.43**	**4,367.37**

(v) Movement in temporary differences:

Particulars	Balance as at January 1, 2021	Recognised in consolidated statement of profit and loss during 2021	Recognised in other comprehensive income during 2021	Impact of changes in tax rate	Exchange differences on translation/ other adjustment	Balance as at December 31, 2021
Property, plant and equipment and Intangible assets	(1,687.93)	(732.67)	-	-	(117.75)	(2,538.35)
Employee benefits	3,673.49	(1,396.51)	(1,655.50)	-	(152.89)	468.59
Inventories	194.85	(47.04)	-	-	(11.76)	136.05
Interest carried forward	2,070.47	318.68	-	-	(64.55)	2,324.60
Tax losses carry forward	(704.72)	(204.21)	-	-	85.16	(823.77)
Foreign tax credit	1,120.96	604.00	-	-	(5.01)	1,719.95
Taxes on unremitted foreign earnings	(192.87)	(90.38)	-	-	9.61	(273.64)
Others	(106.88)	(89.60)	-	-	2.48	(194.00)
Total	**4,367.37**	**(1,637.73)**	**(1,655.50)**	**-**	**(254.71)**	**819.43**

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NOTE 34: INCOME TAXES (CONTINUED)

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)	97.22	-	(10.63)	145.03	(1,687.93)
Employee benefits	2,750.10	181.36	439.25	(6.10)	308.88	3,673.49
Inventories	168.95	4.17	-	-	21.73	194.85
Interest carried forward	1,639.16	327.23	-	-	104.08	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)	63.72	-	(14.19)	(5.21)	(106.88)
Total	**3,845.67**	**(463.26)**	**439.25**	**(30.92)**	**576.63**	**4,367.37**

(vi) Unrecognised deferred tax assets:

Particulars	As at December 31, 2021		As at December 31, 2020	
	Gross amount	Unrecognised tax effect	Gross amount	Unrecognised tax effect
Tax losses carry forward	4,685.20	592.03	2,199.12	181.11
Interest losses carry forward	4,420.72	1,284.77	3,560.68	1,034.82
Property, plant and equipment and Intangible assets	2,345.98	785.32	-	-
Employee benefits	42.11	14.09	-	-
Inventories	16.51	5.53	-	-
Foreign tax credit	-	-	901.41	901.41
Others	7,417.46	2,480.79	282.68	64.25
Total	**18,927.98**	**5,162.53**	**6,943.89**	**2,181.59**

Particulars	December 31, 2021	Expiry date	December 31, 2020	Expiry date
To expire under current tax legislation	2,817.78	2022-2030	31.21	2021-2029
Not to expire under current tax legislation	16,110.20	-	6,912.68	-

(vii) Non-current and current tax assets and liabilities

Particulars	As at December 31, 2021	As at December 31, 2020
Non-current tax assets, net	922.06	885.38
Current tax assets, net	544.18	477.32
Current tax liabilities, net	1,520.47	1,286.98

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

NOTE 34: INCOME TAXES (CONTINUED)

(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. During the year ended December 31, 2020, the parent Company and one of the Indian subsidiary company 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, write-off of Minimum Alternate Tax Credit by ₹ 3.26 and reduction in deferred tax benefit by ₹ 30.92 for the year ended December 31, 2020.

(ix) Due to significant increase in operating costs driven by higher natural gas prices and tax losses, the Group's German subsidiary has re-assessed the deferred tax assets to be recognised based on the scheduled reversal of deferred tax liabilities and projected future taxable income. Based on such assessment, the Group's German subsidiary has reversed the deferred tax assets amounting to ₹ 3,777.11 (of which ₹ 2,926.06 was recorded in consolidated statement of profit and loss and balance of ₹ 851.05 was recorded through Other Comprehensive Income) during the year ended December 31, 2021.

Further, the Group's US subsidiary had generated Foreign Tax Credits ("FTC") in 2017. However, deferred tax assets amounting to ₹ 930.03 was not recognised as at December 31, 2021 on the basis of available evidence that it was more likely than not that deferred tax assets will not be realized. During the year ended December 31, 2021, Management has reassessed the recoverability of this unrecognised deferred tax asset based on the scheduled reversal of deferred tax liabilities and projected future taxable income. Accordingly, the Group's US subsidiary has recognised the deferred tax assets during the year ended December 31, 2021, amounting to ₹ 930.03 in consolidated statement of profit and loss.

(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.

Rain Carbon GmbH, Germany and Severtar Holding Ltd, Cyprus have planned fixed dividends from its foreign subsidiaries in future years contingent on the future earnings of its respective subsidiaries.

Based on the above, the Group has provided Deferred Tax Liability of ₹ 210.57 (EUR 2.5 million) on the estimated future dividends for the year ended December 31, 2021.

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.

Subject to above, the Company intends to indefinitely reinvest other earnings, as well as future earnings from our foreign subsidiaries, to fund international operations. In addition, they expect future U.S. cash generation will be sufficient to meet future U.S. cash needs.

The Group is subject to several income tax examinations by taxing authorities in various jurisdictions within which it operates. As of December 31, 2021, 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.

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NOTE 35: FINANCIAL INSTRUMENTS DISCLOSURE

Note 35.1: Fair Valuation measurement hierarchy

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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, 2021				As at December 31, 2020			
	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
FINANCIAL ASSETS								
At Amortised cost								
Trade receivables	16,777.80	-	-	-	10,914.65	-	-	-
Cash and cash equivalents	11,031.21	-	-	-	15,198.32	-	-	-
Bank balances other than cash and cash equivalents	2,810.30	-	-	-	2,800.04	-	-	-
Loans	335.47	-	-	-	359.61	-	-	-
Other non-current financial assets	112.97	-	-	-	4.17	-	-	-
Other current financial assets	3,621.14	-	-	-	2,750.98	-	-	-
At Fair value through Profit and Loss (FVTPL)								
Non-current investments	16.14	0.14	-	16.00	16.17	0.17	-	16.00
At Fair value through other comprehensive income (FVTOCI)								
Non-current investments	28.65	-	28.65	-	30.60	-	30.60	-
FINANCIAL LIABILITIES								
At Amortised cost								
Borrowings (including current maturities of non-current borrowings included in other current financial liabilities) excluding lease liabilities	80,485.32	-	-	-	83,347.58	-	-	-
Lease liabilities (including current maturities included in other current financial liabilities)	4,409.00	-	-	-	5,239.44	-	-	-
Other non-current financial liabilities	62.98	-	-	-	75.08	-	-	-
Trade payables	13,852.64	-	-	-	8,236.03	-	-	-
Other current financial liabilities	4,878.41	-	-	-	4,775.59	-	-	-

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NOTE 35: FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

Note 35.2: Valuation Techniques

(a) **Investments at FVTPL/FVTOCI:** The Group measures the fair values of such investments using expected cash flow model.

(b) **Forward exchange contracts:** The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective instruments.

(c) **Borrowings including lease liabilities (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 35.3: Financial risk management

The Group has put in place risk management systems as applicable to the respective operations. The following explains the objective and processes of the Group. The Group has a system based approach to risk management, anchored to policies and procedures and internal financial controls aimed at ensuring early identification, evaluation and management of key financial risks (such as market risk, credit risk and liquidity risk) that may arise as a consequence of its business operations as well as its investing and financing activities. Accordingly, the Group's risk management framework has the objective of ensuring that such risks are managed within acceptable and approved risk parameters in a disciplined and consistent manner and in compliance with applicable regulation. It also seeks to drive accountability in this regard.

Note 35.4: Credit Risk

Credit risk is the risk of financial loss arising from counter-party failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses both the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks. The entities within the Group have a policy of dealing only with credit worthy counter parties and obtaining sufficient collateral, where appropriate as a means of mitigating the risk of financial loss from defaults. Financial instruments that are subject to credit risk and concentration thereof principally consist of trade receivables, loans receivables, investments, cash and cash equivalents 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

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NOTE 35: FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

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 except for the amounts disclosed as credit impaired in the below table.

The age wise break up of trade receivables, net of allowances is given below:

Particulars	As at December 31, 2021	As at December 31, 2020
Financial assets that are neither past due nor impaired	12,009.10	9,151.45
Financial assets that are past due but not impaired		
Past due 0-30 days	4,410.59	1,216.69
Past due 31-60 days	(6.17)	157.52
Past due 61-90 days	50.12	87.43
Past due over 90 days	314.16	301.56
Total past due but not impaired	**4,768.70**	**1,763.20**
Credit impaired	172.77	156.84
Less: Loss allowance	172.77	156.84
Total	**16,777.80**	**10,914.65**

Movement in loss allowance for doubtful trade receivables:

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Balance at the beginning of the year	156.84	158.33
Additional provision	50.01	5.13
Provisions utilised/reversed	-	(16.36)
Foreign exchange fluctuation	(34.08)	9.74
Balance at the end of the year	**172.77**	**156.84**

The Group's exposure to credit risk for trade receivables by geographic region is as follows:

Particulars	Carrying amount	
	As at December 31, 2021	As at December 31, 2020
United States	2,502.02	1,697.14
North America excluding United States	3,655.72	2,959.90
South America	86.66	76.90
Europe including CIS	5,460.01	3,260.92
Middle East	251.78	545.86
Africa	29.92	21.72
Australia	20.79	6.23
Asia excluding Middle East	4,770.90	2,345.98
Total	**16,777.80**	**10,914.65**

At December 31, 2021, the carrying amount of trade receivable of the Group's most significant customer is ₹ 2,132.03 (December 31, 2020: ₹ 1,855.86).

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

NOTE 35: FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

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, 2021	As at December 31, 2020
United States	5.00	4.84
Europe including CIS	8.53	29.84
Asia excluding Middle East	320.66	322.92
Total	**334.19**	**357.60**

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 35.5: Liquidity risk:

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The Group manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Group's reputation. The Group's corporate treasury department is responsible for liquidity and funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Group's net liquidity position through rolling forecasts on the basis of expected cash flows. As of December 31, 2021, cash and cash equivalents are held with major banks.

Maturity of financial liabilities:

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payment and excludes impact of netting arrangements (if any):

As at December 31, 2021

Contractual cash flows	Carrying value*	Less than 1 year	1-2 years	2-5 years	5-10 years	Later	Total
Non-derivative financial liabilities:							
Borrowings (including current maturities of non-current borrowings included in other current financial liabilities)	84,894.32	7,055.02	2,442.22	74,638.58	2,059.73	1,010.92	87,206.47
Other non-current financial liabilities	62.98	-	-	38.27	24.71	-	62.98
Trade payables	13,852.64	13,852.64	-	-	-	-	13,852.64
Other current financial liabilities	4,878.41	4,878.41	-	-	-	-	4,878.41

Notes (continued)

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

NOTE 35: FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payment and excludes impact of netting arrangements (if any):

As at December 31, 2020

Contractual cash flows	Carrying value*	Less than 1 year	1-2 years	2-5 years	5-10 years	Later	Total
Non-derivative financial liabilities:							
Borrowings (including current maturities of non-current borrowings included in other current financial liabilities)	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	8,236.03	8,235.85	0.18	-	-	-	8,236.03
Other current financial liabilities	4,775.59	4,775.59	-	-	-	-	4,775.59

* Carrying value of borrowings is shown as net of deferred finance cost

Note 35.6: Market risk:

Market risk is the risk of loss of future earnings, fair value or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates and other market changes that effect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including deposits, foreign currency receivables, payables and borrowings.

Note 35.7: Interest rate risk:

Interest rate risk is measured by using the cashflow sensitivity for change in variable interest rates. Any movement in the market interest rates could have an impact on the Group's cash flows as well as costs. In order to manage the Group's position with regard to interest rate risk, it adopts a policy of ensuring an optimal mix of its interest rate risk exposure. The Group's exposure to the risk of changes in market interest rates related primarily to the Group's borrowing with variable interest rates.

Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments as reported to management is as follows:

Particulars	Interest rate exposure as at	
	December 31, 2021	December 31, 2020
Variable rate instruments		
Financial assets	-	-
Financial liabilities	(40,814.49)	(43,394.97)
	(40,814.49)	**(43,394.97)**

Cash flow Sensitivity for variable rate instruments:

Impact on Profit and loss due to 1% change in interest rate: A reasonably possible change of 1% in interest rates at the reporting date would have increased / (decreased) profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Particulars	December 31, 2021		December 31, 2020	
	Increase in rate	Decrease in rate	Increase in rate	Decrease in rate
Impact on profit and loss				
Variable-rate instruments	(408.14)	408.14	(433.95)	433.95
Total Impact	**(408.14)**	**408.14**	**(433.95)**	**433.95**

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

NOTE 35: FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

Note 35.8 Currency risk:

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of individual entities in the Group.

The following table analyses foreign currency risk from non derivative financial instruments as at December 31, 2021:

Particulars*	Amounts in ₹				Total
Foreign Currency involved	USD	EUR	CAD	Others**	
Assets:					
Cash and bank balances	602.19	90.07	523.12	2,101.32	3,316.70
EEFC balance	1,246.75	-	-	-	1,246.75
Trade receivables	3,157.03	64.33	245.73	257.50	3,724.59
Loans	764.52	-	-	346.82	1,111.34
Loans and advances to subsidiary	1,575.22	-	-	-	1,575.22
Other financial assets	17.49	-	-	-	17.49
	7,363.20	**154.40**	**768.85**	**2,705.64**	**10,992.09**
Liabilities:					
Trade payables	1,143.02	103.01	2,527.84	50.48	3,824.35
Borrowings	5,066.41	511.77	-	5.17	5,583.35
Other financial liabilities	5.54	-	-	-	5.54
Contractually reimbursable expenses	88.64	-	-	-	88.64
Payables on purchase of fixed assets	119.43	-	-	-	119.43
	6,423.04	**614.78**	**2,527.84**	**55.65**	**9,621.31**

*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, 2020:

Particulars*	Amounts in ₹				Total
Foreign Currency involved	USD	EUR	CAD	Others**	
Assets:					
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
	8,710.30	**164.16**	**314.20**	**551.63**	**9,740.29**
Liabilities:					
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
	6,423.30	**897.35**	**1,903.62**	**36.86**	**9,261.13**

*Includes intercompany balances

**Others include RUB, GBP, CHF and others

Notes (continued)

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NOTE 35: 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, 2021		December 31, 2020	
	Strengthening	Weakening	Strengthening	Weakening
USD	9.40	(9.40)	22.87	(22.87)
EUR	(4.60)	4.60	(7.33)	7.33
CAD	(17.59)	17.59	(15.89)	15.89
Others*	26.50	(26.50)	5.15	(5.15)

*Others include RUB, GBP, CHF and others

NOTE 36: INVESTMENT IN EQUITY ACCOUNTED INVESTEES

The Group holds 30% equity in Infratec Duisburg GmbH (IDGmbH) 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	
	2021	2020
Total current assets	1,512.82	1,455.34
Total non-current assets	606.12	633.50
Total assets	**2,118.94**	**2,088.84**
Equity	290.19	329.14
Total current liabilities	348.88	288.04
Total non-current liabilities	1,479.87	1,471.66
Total equity and liabilities	**2,118.94**	**2,088.84**
Revenue	1,995.08	2,149.35
Expenses	2,013.24	2,131.15
(Loss) / profit for the year, net	**(18.16)**	**18.20**
Group's share in (Loss) / Profit for the year	(5.45)	5.46

NOTE 37: CAPITAL MANAGEMENT

For the purpose of the Group’s capital management, capital includes issued equity share capital, share premium and all other equity reserves attributable to the equity share holders of the parent. The primary objective of the Group’s capital management is to maximize the shareholder value.

The Group’s policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to equity shareholders. The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position. The Group monitors capital using a

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

NOTE 37: CAPITAL MANAGEMENT (CONTINUED)

ratio of 'Net debt' to 'equity'. For this purpose, adjusted net debt is defined as total interest-bearing borrowings less cash and cash equivalents. Equity comprises all components of equity excluding non-controlling interest. The Group's Net debt to equity ratio is given below.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There have been no breaches in the financial covenants of any interest-bearing borrowing in the current period.

Particulars	As at December 31, 2021	As at December 31, 2020
Total borrowings, net of cash and cash equivalents	73,863.11	73,388.70
Equity	61,092.13	55,334.96
Net debt to equity ratio	**1.21**	**1.33**

NOTE 38: SEGMENTAL INFORMATION

a) Business Segment

The accounting principles used in the preparation of the consolidated financial statements are consistently applied to record revenue and expenditures in individual segment, and are set out in significant accounting policies.

The Group evaluates performance and determines resource allocations based on a number of factors, the primary measure being operating profit. Operating profit does not include depreciation and amortization expense, finance costs, share of profit of associates, other income, gain / loss on foreign currency transactions, exceptional items and income taxes. All inter segment transactions are accounted for at agreed upon rates based on transfer pricing agreements.

Particulars	For the year ended December 31, 2021				For the year ended December 31, 2020			
	Carbon	Advanced Materials	Cement	Total	Carbon	Advanced Materials	Cement	Total
Revenue								
External Sales	96,965.87	32,909.77	13,821.31	143,696.95	66,771.58	26,935.53	10,255.00	103,962.11
Inter- Segment Sales	6,631.47	3,827.78	20.19	10,479.44	5,313.12	2,166.25	30.71	7,510.08
Total	**103,597.34**	**36,737.55**	**13,841.50**	**154,176.39**	**72,084.70**	**29,101.78**	**10,285.71**	**111,472.19**
Less: Eliminations	(6,631.47)	(3,827.78)	(20.19)	(10,479.44)	(5,313.12)	(2,166.25)	(30.71)	(7,510.08)
Total Revenue from sale of products and from services provided	**96,965.87**	**32,909.77**	**13,821.31**	**143,696.95**	**66,771.58**	**26,935.53**	**10,255.00**	**103,962.11**
Other operating income	1,282.93	268.48	19.46	1,570.87	384.55	285.82	14.45	684.82
Total Revenue from operations	**98,248.80**	**33,178.25**	**13,840.77**	**145,267.82**	**67,156.13**	**27,221.35**	**10,269.45**	**104,646.93**
Result								
Operating Profit	**19,990.16**	**888.54**	**2,686.28**	**23,564.98**	**12,262.62**	**2,976.50**	**2,148.05**	**17,387.17**
Unallocable (income)/ expense								
Depreciation and amortisation expense				7,981.53				7,917.17
Impairment				168.07				-

Notes (continued)

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

NOTE 38: SEGMENTAL INFORMATION (CONTINUED)

Particulars	For the year ended December 31, 2021				For the year ended December 31, 2020			
	Carbon	Advanced Materials	Cement	Total	Carbon	Advanced Materials	Cement	Total
Finance costs				4,789.14				4,900.71
Other Income				(1,931.16)				(4,552.97)
Forex loss / (gain)				(212.25)				617.85
Share of profit / (loss) of associates (net of income tax)				5.45				(5.46)
Profit before taxation				**12,764.20**				**8,509.87**
Tax expense, net				5,828.79				2,627.56
Profit after tax and before minority interest				**6,935.41**				**5,882.31**

Segmental assets and liabilities:

As certain assets of the Company are often deployed interchangeably between segments, it is impractical to allocate these assets and liabilities to each segment. Hence, the details for segment assets and liabilities have not been disclosed in the above table.

Since the information about material items of income and expense are not reviewed by Chief Operating Decision Maker (CODM), the Group has not presented such information as part of its segment disclosures which is in accordance with requirements of Ind AS 108 - "Operating Segments".

b) Geographical Segment (secondary segment information)

Particulars	Revenue from operations for the		Non-current assets as at*	
	Year ended December 31, 2021	Year ended December 31, 2020	December 31, 2021	December 31, 2020
India	29,366.05	19,696.94	12,841.39	11,639.12
Outside India	115,901.77	84,949.99	105,623.60	112,331.97
	145,267.82	**104,646.93**	**118,464.99**	**123,971.09**

*Non-current assets exclude financial instruments, equity accounted investments, deferred tax assets and post-employment benefit assets.

Particulars	Revenue from operations for the		Non-current assets as at*	
	Year ended December 31, 2021	Year ended December 31, 2020	December 31, 2021	December 31, 2020
Europe including CIS	58,487.94	37,852.24	53,624.39	59,476.31
Asia excluding Middle East (Including India)	32,492.23	22,632.34	12,842.18	12,729.46
United States	23,973.41	20,965.41	45,959.99	45,639.13
North America excluding United States	19,572.66	15,902.23	6,038.43	6,126.19
Others	10,741.58	7,294.71	-	-
Total	**145,267.82**	**104,646.93**	**118,464.99**	**123,971.09**

*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.

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

NOTE 38: SEGMENTAL INFORMATION (CONTINUED)

Revenue from major products:

Particulars	For the year ended December 31	
	2021	2020
Calcined petroleum coke	42,136.26	27,026.21
Coal tar pitch	31,317.19	23,150.13
Other carbon products	21,124.97	14,418.89
Resins	13,027.81	10,430.01
Cement	13,821.31	10,255.00

Revenue from major customer:

The Group is not reliant on revenues from transactions with any single external customer and does not receive 10% or more of its revenues from transactions with any single external customer.

NOTE 39: IMPAIRMENT TESTING FOR CASH-GENERATING UNITS CONTAINING GOODWILL

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which goodwill is monitored for internal management purposes, which is not higher than the Group's operating segments. The aggregate carrying amount of goodwill allocated to each unit are as follows:

Particulars	As at December 31, 2021	As at December 31, 2020
(a) Carbon Calcination	31,320.50	30,793.57
(b) Carbon Distillation	29,604.58	31,402.87
(c) Advanced Materials	2,179.69	2,328.54
(d) Cement	201.37	201.37
	63,306.14	**64,726.35**

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:

a) Estimated cash flows for five years based on management's budgets and estimates.

b) Terminal value arrived by extrapolating last forecasted year cash flows to perpetuity, using a constant long-term growth rate ranging from 0.75% to 2.00% for various cash generating units. This long-term growth rate takes into consideration external macro-economic sources of data. Such long-term growth rate considered does not exceed that of the relevant business and industry sector.

c) The post-tax discount rates used are based on the capital structure of a peer group in accordance with Ind AS 36.

Notes (continued)

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NOTE 39: IMPAIRMENT TESTING FOR CASH-GENERATING UNITS CONTAINING GOODWILL (CONTINUED)

d) Value-in-use is calculated using after tax assumptions. The use of after tax assumptions does not result in a value-in-use that is materially different from the value-in-use that would result if the calculation was performed using before tax assumptions. The after tax discount rates used range from 7.35% 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 40: NON-CONTROLLING INTEREST

The following table summarises the information relating to each of the Group's subsidiaries that has material non-controlling interests (NCI), before any intra-group eliminations

December 31, 2021	OOO RÜTGERS Severtar	Severtar Holding Limited	Total
Non-controlling interest percentage	34.7%	34.7%	
Non-current assets	1,857.30	2,061.93	3,919.23
Current assets	4,222.10	2,219.46	6,441.56
Non-current liabilities	(442.06)	-	(442.06)
Current liabilities	(813.95)	(1.28)	(815.23)
Net assets	**4,823.39**	**4,280.11**	**9,103.50**
Net assets attributable to non-controlling interests	1,673.72	1,485.20	3,158.92
Revenue	11,408.92	-	11,408.92
Profit for the year	3,702.42	2,127.53	5,829.95
Other comprehensive income / (loss)	116.47	(11.74)	104.73
Total comprehensive income	**3,818.89**	**2,115.79**	**5,934.68**
Profit allocated to non-controlling interests	1,284.74	738.25	2,022.99
Other comprehensive income / (loss) allocated to non-controlling interests	40.42	(4.07)	36.35
Total comprehensive income allocated to non-controlling interests	**1,325.16**	**734.18**	**2,059.34**
Cash flows from / (used in) operating activities	357.65	(427.31)	(69.66)
Cash flows (used in) / from investing activities	(20.33)	2,556.57	2,536.24
Cash flows (used in) / from financing activities (Dividend to NCI: Nil)	(2,561.98)	(0.01)	(2,561.99)
Effect of exchange differences on restatement of foreign currency cash and cash equivalents	(9.97)	(29.08)	(39.05)
Net (decrease) / increase in cash and cash equivalents	(2,234.63)	2,100.17	(134.46)

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)
Net assets	**3,664.88**	**3,137.93**	**6,802.81**

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

NOTE 40: NON-CONTROLLING INTEREST (CONTINUED)

December 31, 2020	OOO RÜTGERS Severtar	Severtar Holding Limited	Total
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 loss	(435.76)	(23.02)	(458.78)
Total comprehensive income	**741.51**	**988.87**	**1,730.38**
Profit allocated to non-controlling interests	408.51	351.13	759.64
Other comprehensive loss allocated to non-controlling interests	(151.21)	(7.99)	(159.20)
Total comprehensive income allocated to non-controlling interests	**257.30**	**343.14**	**600.44**
Cash flows from operating activities	2,446.53	1,534.73	3,981.26
Cash flows (used in) / from investing activities	(141.74)	4.89	(136.85)
Cash flows 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 (decrease) / increase in cash and cash equivalents	(347.72)	576.68	228.96

NOTE 41: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS

The Group has various employee benefit schemes covering different categories of employees based on their location of employment.

a) Contribution plans:

Amounts towards defined contribution plans have been recognised under “Contributions to provident and other funds” in Note 31 of ₹ 146.18 for the year ended December 31, 2021 (December 31, 2020 - ₹ 173.70).

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, 2021 is ₹ 333.12 (December 31, 2020 - ₹ 349.01).

The following table sets forth the status of the compensated absences:

Particulars	As at December 31, 2021	As at December 31, 2020
Net Liability		
- Current	74.98	77.07
- Non-current	258.14	271.94
Total	**333.12**	**349.01**

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NOTE 41: 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 United States of America
(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, 2021. 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 recognised in the Consolidated Balance Sheet are as follows:

Particulars	As at December 31, 2021	As at December 31, 2020
Present value of funded obligation	207.17	206.37
Less: Fair value of plan assets	39.17	46.36
Net liability	**168.00**	**160.01**

(ii) Net employee benefits expense (recognised in employee benefits expense):

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Current service cost	16.56	16.52
Interest cost	9.39	9.83
Total	**25.95**	**26.35**

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

NOTE 41: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

(iii) Net employee benefits expense (recognised in other comprehensive income):

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Remeasurements of defined benefit plans	(5.48)	(6.10)

(iv) Reconciliation of opening and closing balances of the present value of the obligations:

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Opening defined benefit obligation	206.37	201.72
Current service cost	16.56	16.52
Interest Cost	11.20	11.86
Actuarial loss/(gain)		
Changes in financial assumptions	(6.44)	6.91
Changes in demographic assumptions	-	(0.49)
Experience adjustments	2.01	(11.24)
Amount paid to employees	(22.53)	(18.91)
Closing defined benefit obligation	**207.17**	**206.37**

(v) Reconciliation of opening and closing balances of the fair value of plan assets:

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Opening fair value of plan assets	46.36	47.76
Interest on plan assets	1.81	2.03
Actuarial gain	1.05	1.28
Contribution by employer	12.48	14.20
Amount paid to employees	(22.53)	(18.91)
Closing fair value of plan assets	**39.17**	**46.36**
Actual return on plan assets	**2.86**	**3.31**

(vi) Major Category of plan assets as a percentage to fair value of plan assets:

Particulars	As at December 31, 2021	As at December 31, 2020
Insurer managed funds	100%	100%

(vii) Principal Actuarial assumptions used:

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Discount rates on benefit obligations	6.60%	6.10%
Expected salary increase rates	7.00% - 7.50%	7.00% - 7.50%

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 (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

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

NOTE 41: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

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.

(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, 2021 shown below.

Particulars	Increase	Decrease
Discount rate (0.5% movement)	(5.46)	0.21
Future salary growth (0.5% movement)	5.63	0.02

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts for the year ended December 31, 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)

(ix) The expected contribution to be made by the Group during the next annual reporting period is ₹ 12.00 (December 31, 2020: ₹ 12.00).

(x) As at December 31, 2021, the weighted average duration of the defined benefit obligation is in the range of 5.59 to 6.93 years (December 31, 2020: 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.

(xii) Maturity profile of the defined benefit obligation:

Particulars	As at December 31, 2021	As at December 31, 2020
Year 1	43.57	45.70
Year 2	24.08	21.04
Year 3	22.57	22.48
Year 4	24.80	19.23
Year 5	23.50	22.85
Thereafter	202.32	195.30

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

NOTE 41: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

B. Pension plan in United States of America:

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, 2021. 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 recognised in the Consolidated Balance Sheet are as follows:

Particulars	As at December 31, 2021	As at December 31, 2020
Present value of funded obligation	1,059.84	1,046.07
Less: Fair value of plan assets	790.36	712.09
Net liability	**269.48**	**333.98**

(ii) Net employee benefits expense (recognised in employee benefits expense):

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Current service cost	39.17	34.48
Past service cost	25.13	20.45
Interest cost	25.10	27.79
Expected return on plan assets	(50.40)	(45.08)
Total	**39.00**	**37.64**

(iii) Net employee benefits expense (recognised in other comprehensive income):

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Remeasurements of defined benefit plans	(84.95)	47.15

(iv) Reconciliation of opening and closing balances of the present value of the obligations:

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Opening defined benefit obligation	1,046.07	863.52
Current service cost	39.17	34.48
Past service cost	25.13	20.45
Interest Cost	25.10	27.79
Actuarial (gain) / loss	(100.42)	105.44
Amendments	31.34	-
Amount paid to employees	(25.77)	(25.60)
Exchange differences	19.22	19.99
Closing defined benefit obligation	**1,059.84**	**1,046.07**

Notes (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

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

NOTE 41: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

(v) Reconciliation of opening and closing balances of the fair value of plan assets:

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Opening fair value of plan assets	712.09	619.55
Interest on plan assets	50.40	45.08
Actuarial gain	15.87	58.29
Contribution by employer	25.54	-
Amount paid to employees	(25.77)	(25.60)
Exchange differences	12.23	14.77
Closing fair value of plan assets	**790.36**	**712.09**
Actual return on plan assets	**66.27**	**103.37**

(vi) Major Category of plan assets as a percentage to fair value of plan assets:

Particulars	As at December 31, 2021	As at December 31, 2020
Equity securities	49%	54%
Debt securities	45%	44%
Others	6%	2%

(vii) Principal Actuarial assumptions used:

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Discount rates on benefit obligations	2.75%	2.41%
Expected rate of return on plan assets	7.00%	7.00%

Assumptions regarding future mortality and experience are set in accordance with Scale MP - 2021. The discount rate is based on the FTSE spot rates as at balance sheet date for estimated term of obligation.

(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, 2021 shown below.

Particulars	Increase	Decrease
Discount rate (0.5% movement)	77.68	(101.23)
Attrition rate (0.5% movement)	1.11	(1.34)
Future mortality (0.5% movement)	(19.31)	19.87

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.

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

NOTE 41: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

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

(ix) The expected contribution to be made by the Group during the next annual reporting period is Nil (December 31, 2020: ₹ 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.

(xi) Maturity profile of the defined benefit obligation:

Particulars	As at December 31, 2021	As at December 31, 2020
Year 1	37.14	33.21
Year 2	38.49	35.42
Year 3	38.73	37.02
Year 4	40.93	37.15
Year 5	42.80	39.53
Year 6 - Year 10	218.39	217.26

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, 2021. 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 recognised in the Consolidated Balance Sheet are as follows:

Particulars	As at December 31, 2021	As at December 31, 2020
Present value of funded obligation	10,762.49	13,068.55
Less: Fair value of plan assets	-	-
Net liability	**10,762.49**	**13,068.55**

(ii) Net employee benefits expense (recognised in employee benefits expense):

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Current service cost	503.18	489.94
Interest cost	43.10	82.56
Total	**546.28**	**572.50**

Notes (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

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

NOTE 41: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

(iii) Net employee benefits expense (recognised in other comprehensive income):

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Remeasurements of defined benefit plans	(1,977.05)	1,057.78

(iv) Reconciliation of opening and closing balances of the present value of the obligations:

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Opening defined benefit obligation	13,068.55	10,174.20
Current service cost	503.18	489.94
Interest Cost	43.10	82.56
Actuarial (gain) / loss	(1,977.05)	1,057.78
Plan participant contributions	51.92	51.13
Amount paid to employees	(106.10)	(87.41)
Exchange differences	(821.11)	1,300.35
Closing defined benefit obligation	**10,762.49**	**13,068.55**

(v) Reconciliation of opening and closing balances of the fair value of plan assets:

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Opening fair value of plan assets	-	-
Contribution by employer	54.18	36.28
Plan participant contributions	51.92	51.13
Amount paid to employees	(106.10)	(87.41)
Closing fair value of plan assets	**-**	**-**
Actual return on plan assets	**-**	**-**

(vi) Principal Actuarial assumptions used:

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Discount rates on benefit obligations	0.98%	0.34%
Expected salary increase rates	3.00%	3.00%

Assumptions regarding future mortality and experience are set in accordance with Heubeck 2018G. The discount rate is based on the IBoxx Corporate AA 10+ Indices as at balance sheet date for estimated term of obligation.

(vii) Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts for the year ended December 31, 2021 shown below.

Particulars	Increase	Decrease
Discount rate (0.5% movement)	(1,271.03)	1,508.43
Future salary growth (0.5% movement)	22.33	(21.97)
Weighted average duration	25.13 years	26.23 years

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

NOTE 41: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

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

(vii) The expected contribution to be made by the Group during the next annual reporting period is ₹ 126.60 (December 31, 2020: ₹ 63.09).

(viii) The estimates of future salary increase considered in the actuarial valuation takes into account factors like inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. The expected return on plan assets is based on actuarial expectation of the average long term rate of return expected on investments of the funds during the estimated term of the obligations.

(ix) Maturity profile of the defined benefit obligation:

Particulars	As at December 31, 2021	As at December 31, 2020
Year 1	126.61	118.22
Year 2	143.48	140.63
Year 3	157.08	159.19
Year 4	171.62	173.43
Year 5	185.52	188.67
Year 6 - Year 10	1,204.20	1,203.62

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, 2021. 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 recognised in the Consolidated Balance Sheet are as follows:

Particulars	As at December 31, 2021	As at December 31, 2020
Present value of funded obligation	1,773.42	1,868.94
Less: Fair value of plan assets	1,246.43	1,171.15
Net liability	**526.99**	**697.79**

Notes (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

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

NOTE 41: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

(ii) Net employee benefits expense (recognised in employee benefits expense):

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Current service cost	135.95	114.97
Interest cost	6.15	11.47
Expected return on plan assets	(4.07)	(7.90)
Total	**138.03**	**118.54**

(iii) Net employee benefits expense (recognised in other comprehensive income):

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Remeasurements of defined benefit plans	(115.77)	143.32

(iv) Reconciliation of opening and closing balances of the present value of the obligations:

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Opening defined benefit obligation	1,868.94	1,415.78
Current service cost	135.95	114.97
Interest Cost	6.15	11.47
Actuarial (gain) / loss	(91.41)	178.93
Administrative expenses, taxes and insurance premiums	(46.99)	(38.53)
Plan participant contributions	24.61	20.91
Amount paid to employees	(1.26)	(16.77)
Exchange differences	(122.57)	182.18
Closing defined benefit obligation	**1,773.42**	**1,868.94**

(v) Reconciliation of opening and closing balances of the fair value of plan assets:

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Opening fair value of plan assets	1,171.15	915.35
Interest on plan assets	4.07	7.90
Actuarial gain	24.36	35.61
Contribution by employer	150.93	125.12
Plan participant contributions	24.61	20.91
Administrative expenses, taxes and insurance premiums	(46.99)	(38.53)
Amount paid to employees	(1.26)	(16.77)
Exchange differences	(80.44)	121.56
Closing fair value of plan assets	**1,246.43**	**1,171.15**
Actual return on plan assets	**28.43**	**43.51**

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

NOTE 41: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

(vi) Major Category of plan assets as a percentage to fair value of plan assets:

Particulars	As at December 31, 2021	As at December 31, 2020
Insurer managed funds	100%	100%

(vii) Principal Actuarial assumptions used:

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Discount rates on benefit obligations	0.98%	0.34%
Expected rate of return on plan assets	2.20%	2.20%
Expected salary increase rates	2.50%	2.50%

Assumptions regarding future mortality and experience are set in accordance with MR/FR-5. The discount rate is based on the IBoxx Corporate AA 10+ Indices as at balance sheet date for estimated term of obligation.

(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, 2021 shown below.

Particulars	Increase	Decrease
Discount rate (0.5% movement)	(117.19)	128.06
Future salary growth (0.5% movement)	(3,546.84)	(3,546.84)
Weighted average duration	13.67 years	13.94 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, 2020 shown below.

Particulars	Increase	Decrease
Discount rate (0.5% movement)	(132.42)	144.23
Weighted average duration	NA	14.70 years

(ix) The expected contribution to be made by the Group during the next annual reporting period is ₹ 148.62 (December 31, 2020: ₹ 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.

Notes (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

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

NOTE 41: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

(xi) Maturity profile of the defined benefit obligation:

Particulars	As at December 31, 2021	As at December 31, 2020
Year 1	30.98	1.68
Year 2	12.62	19.10
Year 3	99.94	13.41
Year 4	20.99	95.35
Year 5	71.56	34.70
Year 6 - Year 10	595.52	557.23

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, 2021. 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 recognised in the Consolidated Balance Sheet are as follows:

Particulars	As at December 31, 2021	As at December 31, 2020
Present value of funded obligation	2,038.86	2,194.04
Less: Fair value of plan assets	2,364.14	2,209.52
Net liability / (asset)	**(325.28)**	**(15.48)**

(ii) Net employee benefits expense (recognised in employee benefits expense):

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Current service cost	39.82	32.88
Interest cost	57.41	59.13
Expected return on plan assets	(58.59)	(59.93)
Administrative expenses	6.13	5.53
Total	**44.77**	**37.61**

(iii) Net employee benefits expense (recognised in other comprehensive income):

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Remeasurements of defined benefit plans	(296.83)	9.23

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

NOTE 41: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

(iv) Reconciliation of opening and closing balances of the present value of the obligations:

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Opening defined benefit obligation	2,194.04	1,925.88
Current service cost	39.82	32.88
Interest Cost	57.41	59.13
Actuarial (gain) / loss	(168.82)	145.01
Plan participant contributions	4.12	4.96
Amount paid to employees	(122.38)	(68.00)
Exchange differences	34.67	94.18
Closing defined benefit obligation	**2,038.86**	**2,194.04**

(v) Reconciliation of opening and closing balances of the fair value of plan assets:

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Opening fair value of plan assets	2,209.52	1,928.15
Interest on plan assets	58.59	59.93
Actuarial gain	128.01	135.78
Contribution by employer	53.45	52.60
Plan participant contributions	4.12	4.96
Administrative expenses, taxes and insurance premiums	(6.13)	(5.53)
Amount paid to employees	(122.38)	(68.00)
Exchange differences	38.96	101.63
Closing fair value of plan assets	**2,364.14**	**2,209.52**
Actual return on plan assets	**186.60**	**195.71**

(vi) Major Category of plan assets as a percentage to fair value of plan assets:

Particulars	As at December 31, 2021	As at December 31, 2020
Others	100%	100%

(vii) Principal Actuarial assumptions used:

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Discount rates on benefit obligations	3.20%	2.60%
Expected rate of return on plan assets	4.40%	4.40%
Expected salary increase rates	3.00%	3.00%

The discount rate is based on the Mercer Yield Curve Indices as at balance sheet date for estimated term of obligation.

Notes (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

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

NOTE 41: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

(viii) Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts for the year ended December 31, 2021 shown below.

Particulars	Increase	Decrease
Discount rate (0.5% movement)	(161.85)	178.63
Future salary growth (0.5% movement)	6.35	(4.40)
Weighted average duration	12.97 years	13.43 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, 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

(ix) The expected contribution to be made by the Group during the next annual reporting period is ₹ 59.82 (December 31, 2020: ₹ 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.

(xi) Maturity profile of the defined benefit obligation:

Particulars	As at December 31, 2021	As at December 31, 2020
Year 1	91.81	83.61
Year 2	104.16	91.54
Year 3	104.60	102.31
Year 4	113.84	102.72
Year 5	119.88	111.78
Year 6 - Year 10	642.41	618.11

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

NOTE 41: 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, 2021. 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 recognised in the Consolidated Balance Sheet are as follows:

Particulars	As at December 31, 2021	As at December 31, 2020
Present value of funded obligation	535.48	549.60
Less: Fair value of plan assets	-	-
Net liability	**535.48**	**549.60**

(ii) Net employee benefits expense (recognised in employee benefits expense):

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Current service cost	36.57	10.91
Interest cost	14.52	11.58
Total	**51.09**	**22.49**

(iii) Net employee benefits expense (recognised in other comprehensive income):

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Remeasurements of defined benefit plans	(55.41)	145.76

(iv) Reconciliation of opening and closing balances of the present value of the obligations:

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Opening defined benefit obligation	549.60	375.92
Current service cost	36.57	10.91
Interest Cost	14.52	11.58
Actuarial loss/(gain)	(55.41)	145.76
Amount paid to employees	(17.93)	(11.25)
Exchange differences	8.13	16.68
Closing defined benefit obligation	**535.48**	**549.60**

Notes (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

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

NOTE 41: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

(v) Principal Actuarial assumptions used:

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Discount rates on benefit obligations	3.20%	2.60%
Annual increase in health cost		
Initial trend rate	5.65%	5.76%
Ultimate trend rate	4.00%	4.00%
Year ultimate trend rate is reached	2040	2040

Assumptions regarding future mortality and experience are set in accordance with 2014 Private Sector Canadian Pensioners Mortality Table (CPM2014Priv) with projection scale CPM-B. The discount rate is based on the Mercer Yiled Curve as at balance sheet date for estimated term of obligation.

(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, 2021 shown below.

Particulars	Increase	Decrease
Health care cost trend rates (0.5% movement)	32.59	(24.86)

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)

(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.

(xi) Maturity profile of the defined benefit obligation:

Particulars	As at December 31, 2021	As at December 31, 2020
Year 1	15.55	14.01
Year 2	16.47	15.26
Year 3	17.82	16.16
Year 4	19.08	17.51
Year 5	20.51	18.77
Year 6 - Year 10	122.80	114.75

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

NOTE 42: RELATED PARTY DISCLOSURES

a) Names of related parties and description of relationship

Key Managerial Personnel (KMP) and their relatives	1. Mr. N. Radha Krishna Reddy 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 Entertainments Private Limited (REPL)
	2. Rain Enterprises Private Limited (REnPL)
	3. Nivee Holdings Private Limited
	4. Nivee Property Developers Private Limited (NPDPL)
	5. Sujala Investments Private Limited
	6. Pragnya Priya Foundation (PPF)
	7. Arunachala Holdings Private Limited
	8. Arunachala Logistics Private Limited
	9. PCL Financial Services Private Limited
	10. Protector Facilities Management Private Limited
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. Brian Jude McNamara - Independent Director (Chairman)
	4. Mr. Varun Batra - Independent Director
	5. Ms. Radhika Vijay Haribhakti - Independent Director
	6. Ms. Nirmala Reddy - Independent Director
	7. Mr. Robert Tonti Thomas - Independent Director (since October 31, 2021)
	8. Mr. H.L. Zutshi - Independent Director (till September 30, 2021)
Equity accounted investees	1. InfraTec Duisburg GmbH (IDGmbH) (Investment by Rain Carbon Germany GmbH)

Notes (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

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

NOTE 42: RELATED PARTY DISCLOSURES (CONTINUED)

b) Transactions with related parties:

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Purchases and services (net of reimbursements) from:		
a) InfraTec Duisburg GmbH	792.42	663.09
b) Arunachala Logistics Private Limited	4,932.30	3,542.78
Sale of cement:		
a) Rain Entertainments Private Limited	0.04	0.15
b) Pragnya Priya Foundation	19.50	-
c) Nivee Property Developers Private Limited	3.24	3.57
d) Arunachala Logistics Private Limited	41.23	6.79
Other operating income		
a) InfraTec Duisburg GmbH	93.90	75.58
b) Arunachala Logistics Private Limited - Rental Income	0.50	0.42
c) Arunachla Logistics Private Limited - Sale of Scrap	0.32	1.27
Other operating expenses		
a) Arunachala Logistics Private Limited - Rental Expenses	3.86	0.90
b) Protector Facilities Management Private Limited - Man Power Services	40.85	1.76
Managerial remuneration (Short term employee benefits) (See Note (iii) below)		
a) T. Srinivasa Rao	18.21	16.11
b) S. Venkat Ramana Reddy	5.11	4.80
Remuneration, commission and sitting fees to relatives of KMP		
a) N. Sujith Kumar Reddy (managing director of a wholly owned subsidiary)	47.11	42.18
b) N. Venkata Pranav Reddy (son of managing director of a wholly owned subsidiary)	0.87	0.87
c) N. Shiv Keshav Reddy (son of managing director of a wholly owned subsidiary)	0.15	0.15
d) N. Sridutt Reddy (relative of managing director)	1.68	1.66
Sitting fees to Non-executive directors of the Company	4.18	4.14
Commission to Non-executive directors of the Company	3.60	3.25
Dividend paid		
a) Enterprise where key managerial personnel along with their relatives exercise significant influence		
- Sujala Investments Private Limited	37.77	37.77
- Rain Enterprises Private Limited	25.32	25.32
- Nivee Holdings Private Limited	8.14	8.14
- Arunachala Holdings Private Limited	5.27	5.27
- PCL Financial Services Private Limited	3.78	3.78
- Arunachala Logistics Private Limited	0.99	0.99

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

NOTE 42: RELATED PARTY DISCLOSURES (CONTINUED)

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
b) Key Managerial Personnel		
- N. Radha Krishna Reddy	10.38	10.38
- T. Srinivasa Rao	0.09	0.09
c) Non-executive directors		
- N. Sujith Kumar Reddy	10.03	10.03
Corporate social responsibility expense		
a) Pragnya Priya Foundation	54.45	71.25

The Group has the following dues from / to related parties:

Particulars	As at December 31, 2021	As at December 31, 2020
Amounts receivable from		
a) InfraTec Duisburg GmbH	255.76	53.58
b) Arunachla Logistics Private Limited	110.90	207.71
c) Nivee Property Developers Private Limited	-	0.03
Amounts payable to		
a) InfraTec Duisburg GmbH	-	0.87
b) Commission payable to Non-executive directors	3.60	3.25
c) Protector Facilities Management Private Limited	0.45	0.26
d) N. Sujith Kumar Reddy (managing director of a wholly owned subsidiary)	25.00	20.00

(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 (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

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

NOTE 43: ADDITIONAL INFORMATION TO CONSOLIDATED FINANCIAL STATEMENTS

S. No	Name of the Company	As at December 31, 2021		For the year ended December 31, 2021					
		Net Assets i.e., Total Assets minus Total Liabilities		Share in Profit or Loss		Other comprehensive income (OCI)		Total comprehensive income (TCI)	
		As a % of Consolidated Net Assets	Amount	As a % of Consolidated Profit or Loss	Amount	As a % of Consolidated OCI	Amount	As a % of Consolidated TCI	Amount
	PARENT								
	Rain Industries Limited	5.16	9,092.18	1.92	311.64	0.55	1.80	1.89	313.44
	SUBSIDIARIES								
	Indian								
1	Rain Cements Limited	4.28	7,541.53	10.47	1,699.55	(0.53)	(1.72)	10.25	1,697.83
2	Renuka Cement Limited	0.17	304.76	0.02	3.31	-	-	0.02	3.31
3	Rain CII Carbon (Vizag) Limited	9.29	16,362.74	15.22	2,470.83	1.17	3.82	14.94	2,474.65
4	Rain Verticals Limited (See note 1 below)	-	0.64	-	(0.36)	-	-	-	(0.36)
	Foreign								
5	Rain Commodities (USA) Inc.	8.72	15,359.45	21.08	3,423.50	(13.13)	(42.94)	20.41	3,380.56
6	Rain Carbon Inc.	10.25	18,044.58	2.06	334.25	(4.04)	(13.22)	1.94	321.03
7	Rain Carbon Holdings, LLC	11.17	19,668.07	3.64	590.63	-	-	3.57	590.63
8	Rain Global Services LLC	-	-	-	-	-	-	-	-
9	Rain CII Carbon LLC	18.27	32,156.94	18.16	2,948.58	88.90	290.81	19.55	3,239.39
10	CII Carbon Corp.	-	-	-	-	-	-	-	-
11	Rain Carbon Canada Inc.	4.86	8,564.95	2.62	425.14	119.27	390.17	4.92	815.31
12	Rain Carbon BV	8.97	15,785.22	11.64	1,890.62	(232.73)	(761.32)	6.82	1,129.30
13	VFT France S.A	0.72	1,230.61	0.12	22.93	(6.07)	(19.91)	0.03	3.02
14	Rumba Invest BVBA & Co. KG	-	(1.96)	0.62	101.30	0.01	0.03	0.61	101.33
15	Rain Carbon Germany GmbH	5.25	9,249.94	(11.15)	(1,811.34)	332.96	1,089.19	(4.36)	(722.15)
16	RÜTGERS Resins BV	1.00	1,768.23	0.35	56.38	(15.53)	(50.81)	0.03	5.57
17	Severtar Holding Ltd.	2.43	4,280.11	13.10	2,127.54	(3.59)	(11.74)	12.77	2,115.80
18	OOO RÜTGERS Severtar	2.74	4,829.54	22.78	3,699.42	35.60	116.47	23.03	3,815.89
19	OOO Rain Carbon LLC	0.11	194.74	0.07	10.85	19.60	64.11	0.45	74.96
20	Rain Carbon Poland Sp. z. o. o	0.27	472.37	1.04	169.13	0.09	0.31	1.02	169.44
21	Rain Carbon (Shanghai) Trading Co. Ltd.	0.06	106.63	0.06	10.17	2.53	8.28	0.11	18.45
22	Rain Carbon Wohnimmobilien GmbH & Co. KG	0.12	209.85	0.02	3.67	(4.11)	(13.43)	(0.06)	(9.76)
23	Rain Carbon Gewerbeimmobilien GmbH & Co. KG	0.39	682.41	0.32	51.53	(9.19)	(30.07)	0.13	21.46
24	Rain Carbon GmbH	5.77	10,151.45	(14.16)	(2,300.03)	(211.76)	(692.71)	(18.07)	(2,992.74)
	Sub total	100.00	176,054.98	100.00	16,239.24	100.00	327.12	100.00	16,566.36
	Less: Inter company adjustments/ eliminations		(114,962.85)		(9,298.38)		(47.64)		(9,346.02)
	Non-controlling interests		-		(1,133.83)		12.46		(1,121.37)
	Share of profit / (loss) of associates (net of income tax):								
	InfraTec Duisburg GmbH		-		(5.45)		-		(5.45)
	TOTAL		**61,092.13**		**5,801.58**		**291.94**		**6,093.52**

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 Incorporated on 6th April, 2021

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

NOTE 43: ADDITIONAL INFORMATION TO CONSOLIDATED FINANCIAL STATEMENTS

S. No	Name of the Company	As at December 31, 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
	PARENT								
	Rain Industries Limited	5.33	9,115.09	1.91	273.02	0.16	1.68	1.79	274.70
	SUBSIDIARIES								
	Indian								
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
	Foreign								
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
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
	Sub total	100.00	170,855.65	100.00	14,311.72	100.00	1,036.51	100.00	15,348.23

Notes (continued)

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

NOTE 43: ADDITIONAL INFORMATION TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

S. No	Name of the Company	As at December 31, 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
	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)
	Share of profit / (loss) of associates (net of income tax):								
	InfraTec Duisburg GmbH		-		5.46		-		5.46
	TOTAL		**55,334.96**		**5,581.67**		**1,034.73**		**6,616.40**

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.

NOTE 44: CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

Particulars	As at December 31, 2021	As at December 31, 2020
(I) CONTINGENT LIABILITIES		
(a) In respect of demands/ claims arising on account of:		
- Income tax	435.11	349.60
- Wheeling charges [Refer note below]	447.76	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	726.18	809.05
- Fuel Surcharge Adjustment levied by Electricity Distributing Companies	34.57	34.57
Note: 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. 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). The Company has disputed the aforesaid claim as the Management believes that the claim is not tenable based on the judgement given by the Supreme Court. The Company does not expect the outcome of these proceedings to have a material and adverse effect on its financial position and accordingly no adjustment in respect thereof is expected.		
(b) Claims against the Group not acknowledged as debt	410.30	370.88
(II) COMMITMENTS Estimated amounts of contracts remaining to be executed on capital account [net of Capital advances ₹ 206.13 (December 31, 2020: ₹ 2,492.68)]	971.48	993.17

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.

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

NOTE 45: LEASES

The Group has entered into various operating lease agreements for assets comprising of storage and other facilities. During the year ended December 31, 2021, the Group recognised the following in the consolidated statement of profit and loss:

(a) expense in respect of short-term leases ₹ 334.08.

(b) expense in respect of variable lease payments not included in the measurement of lease liabilities ₹ 30.83.

During the year ended December 31, 2020, the Group recognised the following in the consolidated statement of profit and loss:

(a) expense in respect of short-term leases ₹ 499.10.

(b) expense in respect of variable lease payments not included in the measurement of lease liabilities ₹ 15.91.

Cash outflow on leases are as follows:

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Principal payment on lease liabilities	1,045.86	1,071.94
Interest payment on lease liabilities	217.52	218.19
Total cash outflow on leases	**1,263.38**	**1,290.13**

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, 2021 are as follows:

Particulars	Present value of minimum lease payments	Future interest	Minimum lease payments
- Not later than 1 year	877.01	116.76	993.77
- Later than 1 year and not later than 5 years	1,598.94	395.41	1,994.35
- Beyond 5 years	1,933.05	1,149.56	3,082.61

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

The Group's exposure to leases not yet commenced to which Group is committed is ₹ Nil.

Notes (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

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

NOTE 46: EARNINGS PER SHARE (EPS)

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
a. Profit for the year	5,801.58	5,581.67
b. Weighted average number of equity shares of ₹ 2/- each outstanding during the year (Nos.)	336,345,679	336,345,679
Earnings per Share		
c. Basic and Diluted - [a]/[b] - (₹)	17.25	16.60

NOTE 47: 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, 2021 on such foreign currency loan, determined as an effective net investment hedge, recognised in the foreign currency translation reserve included in Note 18 - Other equity is ₹ 7.50 (December 31, 2020: ₹ 10.68).

NOTE 48: 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, 2021 is ₹ 442.16 (December 31, 2020: ₹ 442.16) which will be reclassfied to profit and loss upon sale of investment in subsidiary.

NOTE 49: 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, 2021	For the year ended December 31, 2020
Amount to be spent	56.49	68.94
Amount of expenditure incurred		
(i) Construction / acquisition of any asset	-	-
(ii) on purposes other than construction / acquisition of any asset – as promotion of Health and Education	59.66	74.80

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

NOTE 50: PROVISION FOR ENVIRONMENT LIABILITIES INCLUDING SITE RESTORATION

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Balance at beginning of year	1,375.77	1,329.12
Additional provision made	327.49	110.49
Provisions utilised/reversed	(73.56)	(164.44)
Unused amounts reversed during the year	(120.03)	(41.89)
Foreign currency exchange rate changes	(83.44)	142.49
Balance at end of year	**1,426.23**	**1,375.77**
Non-current provision	1,125.23	651.13
Current provision	301.00	724.64
Total	**1,426.23**	**1,375.77**

NOTE 51: OTHER PROVISIONS

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Balance at beginning of year	743.11	1,567.65
Additional provision made	1,163.00	688.26
Provisions utilised/reversed	(1,608.05)	(1,512.80)
Balance at end of year	**298.06**	**743.11**
Non-current provision	50.42	51.29
Current provision	247.64	691.82
Total	**298.06**	**743.11**

NOTE 52: PROVISION FOR INVENTORIES

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Balance at beginning of year	803.55	513.14
Additional provision made	103.49	281.58
Exchange differences	14.28	8.83
Balance at end of year	**921.32**	**803.55**

NOTE 53: ASSETS HELD FOR SALE

During the year ended December 31, 2021, the Group has sold its Moundsville plant located in the United States of America which was classified as “Assets held for sale” in the Consolidated Balance Sheet as at December 31, 2020 for an amount of ₹ 284.63 (USD 3.8 million). The resultant gain of ₹ 243.70 (USD 3.3 million) was recorded under the heading Other income.

Notes (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

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

NOTE 54: IMPAIRMENT

During 2020, the Group initiated a project to extract Pitch from a Pond at its Castrop-Rauxel site. The Group incurred capital expenditure towards certain equipment for extracting and melting the Pitch to avoid environmental issues and disposal costs to clean up the site. The Group received permission from the authorities for the clean-up for a specified period of time and also expected that the permissions would be renewed until the project was completed.

During the year ended December 31, 2021, upon expiry of the permit, a request was made to the authorities to extend the permit for additional time. However, subsequent to September 30, 2021, the authorities denied the request for extension. Accordingly, the Group has evaluated the alternate usage of the asset for other purposes and has concluded that it cannot be used for any other purpose.

Based on above evaluation, the Group has recognized an impairment loss of ₹ 168.07 (USD 2.2 million) in the consolidated statement of profit and loss for the year ended December 31, 2021.

NOTE 55: 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 during the year ended December 31, 2020.

During the year ended December 31, 2021, upon completion of certain additional formalities on sale transaction, a partial amount retained in escrow account during year-end was released and recorded as income amounting to ₹ 40.10 under the heading Other income.

NOTE 56: 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 24 March 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.

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

NOTE 57: SUBSEQUENT EVENTS

The Group has performed an evaluation of subsequent events from the balance sheet date through February 25, 2022, the date at which consolidated financial statements were made available to be issued. Aside from the below matter, the Group has determined that there are no other items to disclose.

Subsequent to the year ended December 31, 2021, the Group vide an amendment agreement dated February 7, 2022, has re-negotiated the terms of its revolving facility with the lenders. The key changes are described below:

- The revolving credit facility amount has been revised to USD 200 million from USD 150 million
- The maturity term has been revised to October 2024 with a possibility of extending the maturity to January 2027 upon fulfilment of certain conditions as described in the amendment agreement.
- The interest rates have been revised to SOFR plus 2.5% from existing LIBOR plus 2.5% for USD borrowings. The interest rates for EUR borrowings remain unchanged at EURIBOR plus 2.5%.
- The non-funded (sub-limit) has been revised to USD 100 million (subject to changes within total limit of USD 200 million) from existing USD 50 million.

The above matter does not have any impact on these consolidated financial statements.

NOTE 58: The figures of the previous year have been regrouped / reclassified, wherever considered necessary to correspond with the current period'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

Vikash Somani
Partner
Membership number: 061272

Place: Hyderabad
Date: February 25, 2022

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

Place: Hyderabad
Date: February 25, 2022

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Brian Jude McNamara
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. Robert Thomas Tonti
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, 6th 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,
3rd Floor, Royal Majestic,
Prem Nagar Colony,
Near Banjara Hills Care Hospital,
Hyderabad - 500 004,
Telangana State, India.

REGISTERED OFFICE

"Rain Center", 34, Srinagar Colony,
Hyderabad-500 073,
Telangana State, India.
Phone No. + 91 (40) 40401234
Fax No. + 91 (40) 40401214
Email: secretarial@rain-industries.com
Website: www.rain-industries.com
CIN: L26942TG1974PLC001693

BANKS

IDBI Bank Limited
ICICI Bank Limited
Citibank, NA

REGISTRARS & SHARE TRANSFER AGENTS

KFIN Technologies Private Limited
(Unit: Rain Industries Limited)
Karvy Selenium Tower B, Plot 31-32,
Gachibowli, Financial District, Nanakramguda,
Hyderabad – 500 032, Telangana State, India.
Fax: +91 40 23420814; Phone: +91 40 67161566
e-mail: einward.ris@kfintech.com
murthy.psrch@kfintech.com

RAIN INDUSTRIES LIMITED

Regd. Office: “RAIN Center”, 34, Srinagar Colony,
Hyderabad - 500 073, Telangana State, India

/Concept, content and design at AICL (hello@aicl.in)