RAIN INDUSTRIES LIMITED
(Formerly Rain Commodities Limited)

39th Annual Report 2013

BOARD OF DIRECTORS

Mr. N. Radhakrishna Reddy	Chairman
Mr. N. Jagan Mohan Reddy	Managing Director
Mr. N. Sujith Kumar Reddy	Director
Mr. Dipankar Basu	Independent Director
Mr. S L Rao	Independent Director
Mr. H L Zutshi	Independent Director
Mr. V. Narayanamurthy	Nominee Director, IDBI Bank Limited
Mr. Yogesh Rastogi	Nominee Director, ICICI Bank Limited
Mr. G. Krishna Prasad	Independent Director

CHIEF FINANCIAL OFFICER
Mr. T. Srinivasa Rao

COMPANY SECRETARY
Mr. S. Venkat Ramana Reddy

STATUTORY AUDITORS
M/s. B S R & Associates LLP,
Chartered Accountants,
Reliance Humsafar, IV Floor,
Road No 11, Banjara Hills,
Hyderabad- 500 034, A.P.

INTERNAL AUDITORS
M/s. Ernst & Young LLP,
The Oval Office,
18, iLabs Center, Madhapur,
Hyderabad - 500 081, A.P.

BANKS
IDBI Bank Limited
ICICI Bank Limited
Citibank

REGISTERED OFFICE
"Rain Center",
34, Srinagar Colony,
Hyderabad-500 073,
Andhra Pradesh, India.
Phone No. +91 (40) 40401234
Fax No. +91 (40) 40401214
Email: secretarial@rain-industries.com
Website: www.rain-industries.com

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Rain Industries Limited (formerly Rain Commodities Limited) ("Rain Group") is one of the world's leading producer of Carbon and Chemical Products and is a leading producer of Cement in South India.

Business Vertical	Description of Business
Carbon Products Business	**Calcined Petroleum Coke:** ● Carbon Products comprise Calcined Petroleum Coke ("CPC"), Green Petroleum Coke ("GPC"), Coal Tar Pitch@ ("CTP"), Co-generated Energy and other derivatives of Coal Tar distillation.@ ● Activities across the World with operating facilities spread across United States of America, Canada, Germany, Belgium, Poland, India, Africa and China. A New facility in Russia is under construction. ● Co-generation facilities located in United States of America and India.
Chemicals Business@	● Chemicals include the downstream operations of Coal Tar distillation and comprise Resins, Modifiers, Super Plasticizers and other specialty products. ● Activities across the World with facilities in Germany, Canada and the Netherlands.
Cement Business	● Production and Sale of Cement. ● Activities predominantly in South India. ● Entering new market regions viz. Maharashtra, Orissa and Kerala. ● Marketed under the brand name **"Priya Cement".**

@ Rain Group has diversified its end markets with entry into Coal Tar distillation and Chemical business through the acquisition of Belgium based RÜTGERS Group ("RÜTGERS") on January 4, 2013.

- Rain Group has achieved a Compounded Annual Growth Rate ("CAGR") of 34% in Consolidated Revenues during last five years
- Rain Group has achieved a CAGR of 13% in Consolidated Operating Profits during last five years
- Consolidated Book Value per share is increased by 180% from Rs. 34 per share to Rs. 96 per share during the last five years

Acquisition Rationale

We envisage the acquisition to significantly expand our operations and diversify both our geographic footprint and product portfolio without diverging from our core business. Expanding into the Coal Tar distillation business is complementary to our Calcining operations, as Rain Group and RÜTGERS share the same underlying business model of converting by-products into value added products for the Aluminum industry. The likely long term benefits of the acquisition include the following:

- Our increased scale of operations and strengthened cash flows will create an improved platform from which to capitalize on growth opportunities in the global market. These opportunities include leveraging our complementary customer bases to cross-sell our CPC and CTP products.

- Broader and more diversified geographic footprint and product portfolio will help the combined company deliver more stable financial performance.

- Opportunity to leverage the technological capabilities of both Rain Group's and RÜTGERS' research and development organizations.This includes facilitating lower cost CPC and CTP combinations for the customers.The combined company will have greater flexibility to commercialize Rain Group's patented ICE technology to utilize lower cost coke inputs in CPC blends, while maintaining competitive performance characteristics for the end users. The combined company is also developing new technologies to produce new environment friendly and better performing anodes for Aluminum smelting based on proven internal technologies.

Competitive Strengths of the Combined Entity

Global leader in essential Carbon products for the Aluminum industry

We intend the combined company to become a leading carbon supplier to the Aluminum industry with significant operating scale. Rain Group is a leading producer of CPC, with Global market share of about 7%, and RÜTGERS is the second largest Coal Tar distiller with Global market share of about 7%. Additional Coal Tar distillation capacity is expected to become available during early 2015 through the Russian JV. The combined company will be able to manage the entire Carbon Anode supply chain, providing Aluminum customers the access to meet all their Carbon needs, including enhanced inventory management, via a single supplier. As a result of the expected global scale of the combined company, long-standing supplier and customer relationships, production resources, application know-how, and expertise in complying with industry regulatory requirements, we believe we will be well positioned to maintain our industry-leading position.

Longstanding relationships with global customers

Rain Group and RÜTGERS have a complementary Global Aluminum customer base which includes companies such as Alcoa, Rio Tinto Alcan, Norsk Hydro, Century Aluminum, Aluminerie Alouette, National Aluminium, Vedanta Aluminum, Hindalco, DUBAL, EMAL etc. Further, both Rain Group and RÜTGERS have maintained relationships with many of their customers for over 15 years on average. We intend to work closely with our customers to improve existing products and develop new products and processes to reduce costs for both the combined company and our customers.

Favorable industry fundamentals supported by Aluminum production growth

Approximately 76% of all CPC produced across the World and approximately 79% of all CTP produced across the World is sold to primary Aluminum producers. As such, primary Aluminum production is the most important determinant of CPC and CTP demand. While both CPC and CTP are critical inputs for Aluminum production, as no known economically viable substitutes exist, they remain as a small portion of an Aluminum smelter's costs.

Long-term contracted raw material supply-a key barrier to entry

In both CPC and CTP industries, secure access to raw materials is a key competitive advantage. Given the expectation for a continued tightening in the worldwide supply of traditional Anode Grade GPC and Coal Tar, we believe it would be difficult for a new entrant to get secure supply of these critical raw materials.

Both Rain Group and RÜTGERS enjoy long-standing relationships with many of their respective suppliers. The close proximity of our calcining facilities to suppliers minimizes freight costs and provides a significant competitive advantage. In addition, we believe that we have maintained strong relationships with our refining partners regardless of contract duration, resulting in repeated contract renewals over many years. More than 90% of RÜTGERS' Coal Tar supply is based on long-standing framework contracts and its relationships with most of its suppliers exceed 10 years. RÜTGERS expanded its Coal Tar supply base by establishing the Russian JV. The secure access to high quality GPC and Coal Tar through long-term relationships provides us with a relatively stable source of raw materials to serve our customers reliably.

Diversified geographic profile with advantaged freight and transport logistics

The combined company will have an extensive global footprint, with 18 production facilities located in Belgium, Canada, China, Germany, India, the Netherlands, Poland, Egypt, Russia (from early 2015 through the Joint Venture with Severstal) and the United States. In order to serve our customers, we maintain extensive logistics and transportation networks. Rain Group's facilities operate in locations that provide favorable and efficient sourcing of GPC, with two facilities located adjacent to crude oil refineries. Our facilities are designed to further reduce transportation and logistics costs. For example three of Rain's US facilities have dedicated vessel loading stations on the US Gulf coast waterways, while RÜTGERS European operations utilise a fleet of specialty rail cars and a fully-leased fleet of specialty vessels for deepsea and inland water transportation, which increases the ability to source Coal Tar and supply its products globally.

Increased product and market diversification

The combined company will be more diversified across end markets. While the Aluminum industry will remain the primary end market for the combined company, with CPC and CTP sales together representing a major portion of revenues, our product portfolio is diversified to other products such as energy, resins and modifiers, aromatic chemicals and superplasticizers. CPC and CTP prices are dependent on the demand dynamics of the Aluminum industry, while prices of energy, resins and modifiers, super plasticizers and other chemicals are driven primarily by broader macro-economic conditions. We expect our expanded portfolio of products and diversified end use markets mitigated our exposure to the Aluminum industry.

Industry leader in proprietary product development and R&D capabilities

Rain Group's CPC business has led the industry in development efforts to utilize a wider range of GPC raw materials for use in Aluminum anodes. Alternative raw materials such as shot coke and other non-traditional anode cokes

("NTAC") are not only typically priced at a discount to traditional anode grade coke, but such NTACs are produced by more refineries resulting in adequate supply of coke for use by Aluminum smelters. Accordingly, we anticipate increasing commercial use of NTACs, as traditional anode grade GPC availability declines. Rain Group developed the patented ICE technology, jointly along with an Aluminum smelter, which allows us exclusive use of shot coke in anode blends. Shot coke is a very specific and distinctive type of NTAC. Rain Group is currently working with few major Aluminum smelting customers to carry-out trials with this technology.

Through selective investment, RÜTGERS has developed flexible production facilities and processes that allow it to produce high quality CTP and downstream products. In addition to the flexibility of its facilities and production processes, RÜTGERS' research and development team focuses on creating innovative products to meet its customers' evolving needs and to keep pace with industry standards and preferences.

The combined company is well positioned to develop new, lower cost and more efficient combinations of coke and pitch for customers and create customized solutions.

Experienced and proven management team

The combined company will be led by an experienced management team with over 100 years of combined experience in the industry and with average industry experience of senior management of over 15 years each. While Rain Group's management will oversee the combined company, RÜTGERS' senior management team (which has an average of over 20 years of relevant experience) will remain in place to allow for a smooth integration of the two businesses.

Rain Group Operating Facilities

Business Vertical	Facility	Description
Carbon Products Business	Visakhapatnam - Andhra Pradesh, India	• **Two rotary kilns** • **Located in Visakhapatnam Port Area** • **Proximity to new Aluminum Smelter plants** • **Integrated with Co-generation facility**
	Lake Charles- Louisiana, USA	• **Two rotary kilns** • **Dedicated deep-water terminal** • **Integrated with Co-generation facility**
	Robinson - Illinois, USA	• **Two rotary kilns** • **Located adjacent to Marathon oil refinery**
	Chalmette - Louisiana, USA	• **One rotary kiln** • **Dedicated deep-water terminal** • **Integrated with Co-generation facility**
	Gramercy- Louisiana, USA	• **One rotary kiln** • **Dedicated deep-water terminal** • **Integrated with Co-generation facility**
	Norco - Louisiana, USA	• **One rotary kiln** • **Located adjacent to Motiva oil refinery** • **Integrated with Co-generation facility**
	Purvis - Mississippi, USA	• **One rotary kiln** • **Focused on specialty applications** • **Direct rail or truck shipments to customers**
	Castrop - Rauxel, Germany	• **Coal tar distillation (largest single line Coal Tar distillation plant globally) with integrated downstream production operations** • **Dedicated river port and access via sea, rail and Road**
	Zelzate, Belgium[3]	• **Coal tar distillation with integrated downstream production operations** • **Transport access via sea and road**
	Hamilton, Canada	• **Serves as hub for North America and is the only coal tar distillation facility in Canada** • **Transport access via sea, rail and road**
	Zhenjiang, China	• **One vertical shaft kiln** • **Entire GPC requirement is sourced locally**
	Adabeya - Suez, Egypt	• **Engaged in production of Slag Foaming Carbon Materials and Recarbonizers**
	Kedzierzyn - Kozle, Poland	• **Soft pitch production** • **Serves as hub for Eastern Europe**
	Cherepovets, Russia (under construction, expected to be operational in early 2015)	• **Joint venture with OAO Severstal in Russia** • **Focused on pitch supply to the North Atlantic, Russia and the MiddleEast** • **Transport access via sea, rail and road**

Rain Group Operating Facilities

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

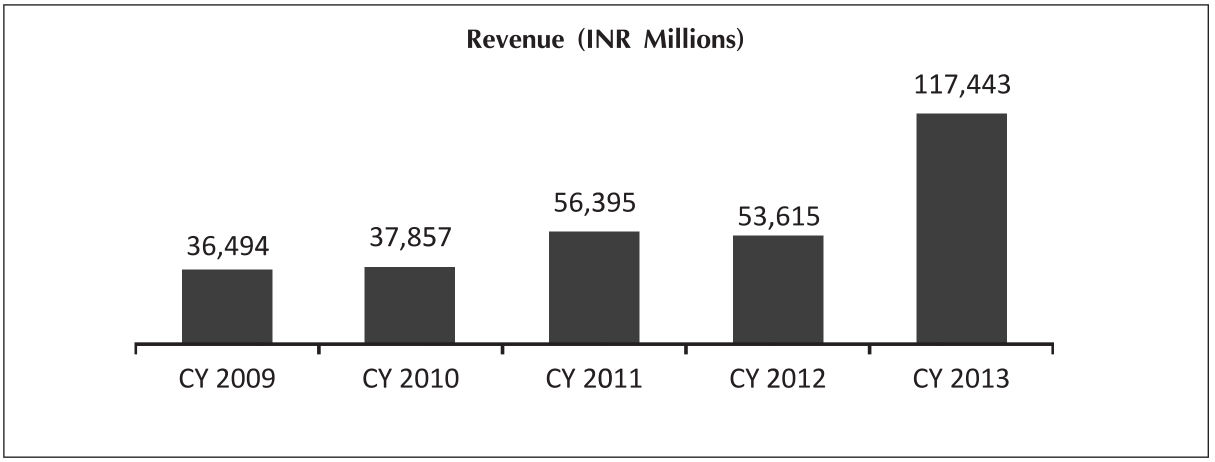
(1) *Effective January 1, 2014, Rain Group closed the Calcining facility in Moundsville - West Virginia, USA. This site has been slated for closure brought on by the impact of new and more stringent regulations by the Environmental Protection Agency, USA. These regulatory challenges would require a level of investment exceeding US$ 50 million on a plant that has been operating at less than 50% capacity since 2008, which is not economically feasible. The Company plans to continue to serve customers in the region using the site as a terminal facility for a one year period following the shutdown of the production assets.*

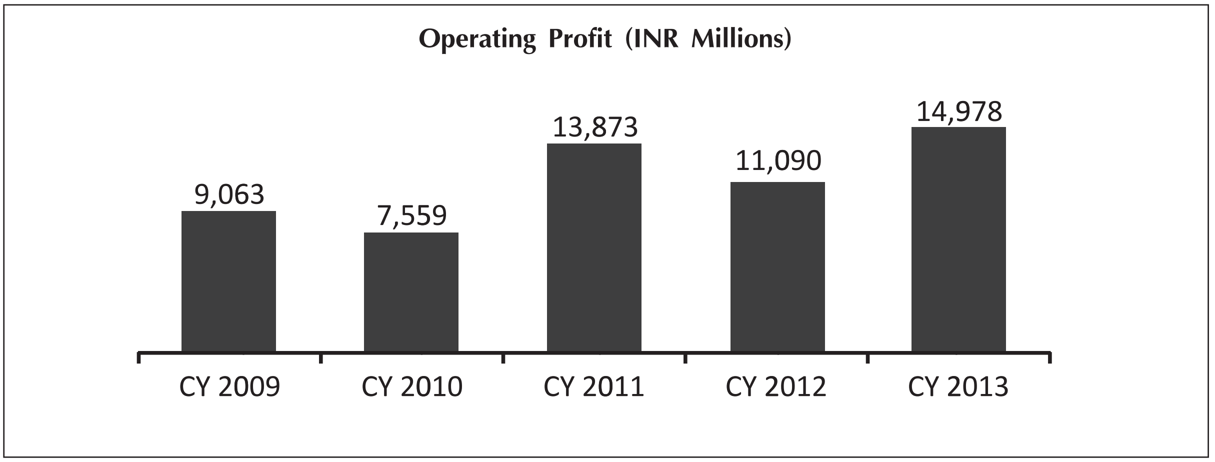
(2) *Certain of Rain Groups facilities are strategically located and have direct or indirect access to overseas distribution channels and to major logistic networks. Rain utilizes fully-leased specialty transportation assets including:*

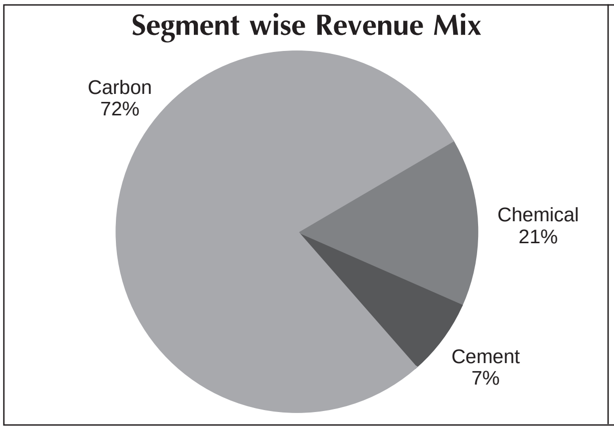
- *One icebreaker (deep sea) with 8,000 MT of capacity and secure year-round access to St. Lawrence, Canada and the Baltic Sea;*
- *Two barges with 2,000 MT of capacity each for in-land transportation; and*
- *Approximately 350 rail cars, with Rain's own terminals and connection of European sites with regional sourcing pools.*

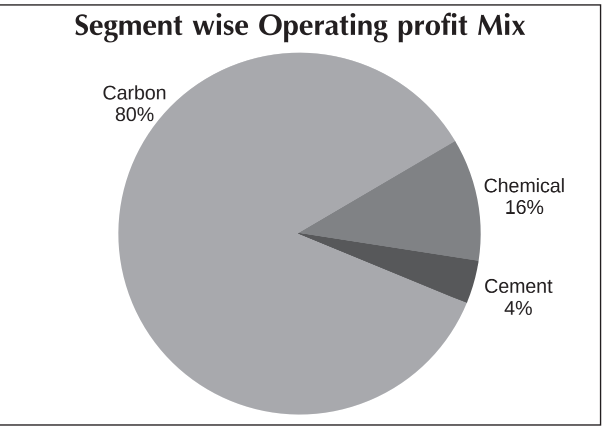
(3) *The Company is expanding its Phthalic Anhydride ("PA") plant capacity by14,000 tons per annum. This expansion project is expected to start operation in the last quarter of 2014.*

KEY FINANCIAL INDICATORS ON A CONSOLIDATED BASIS







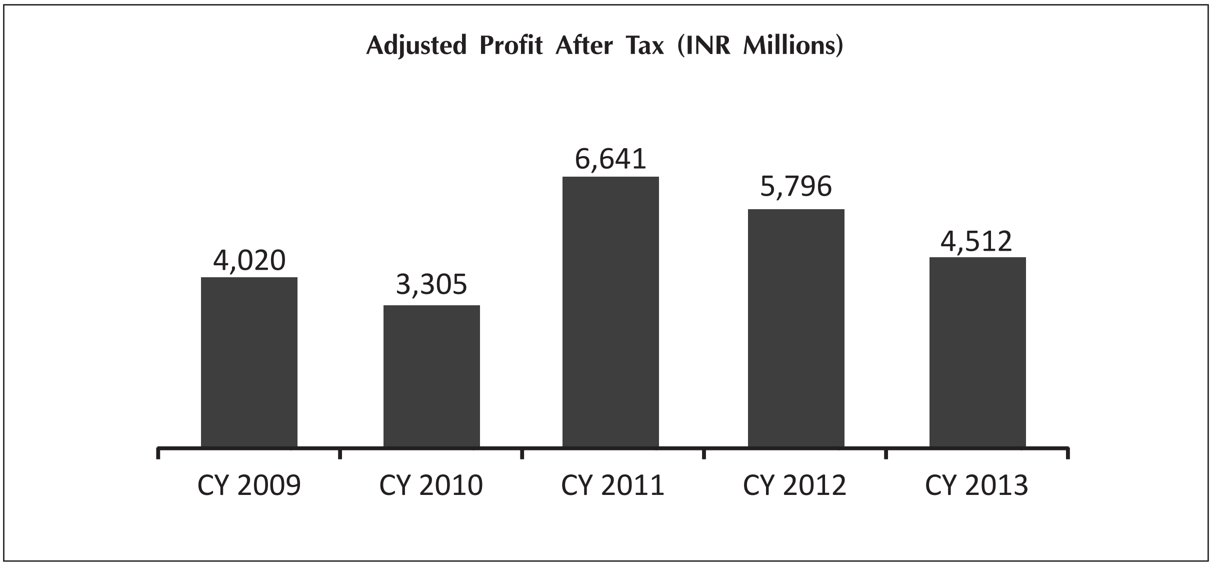


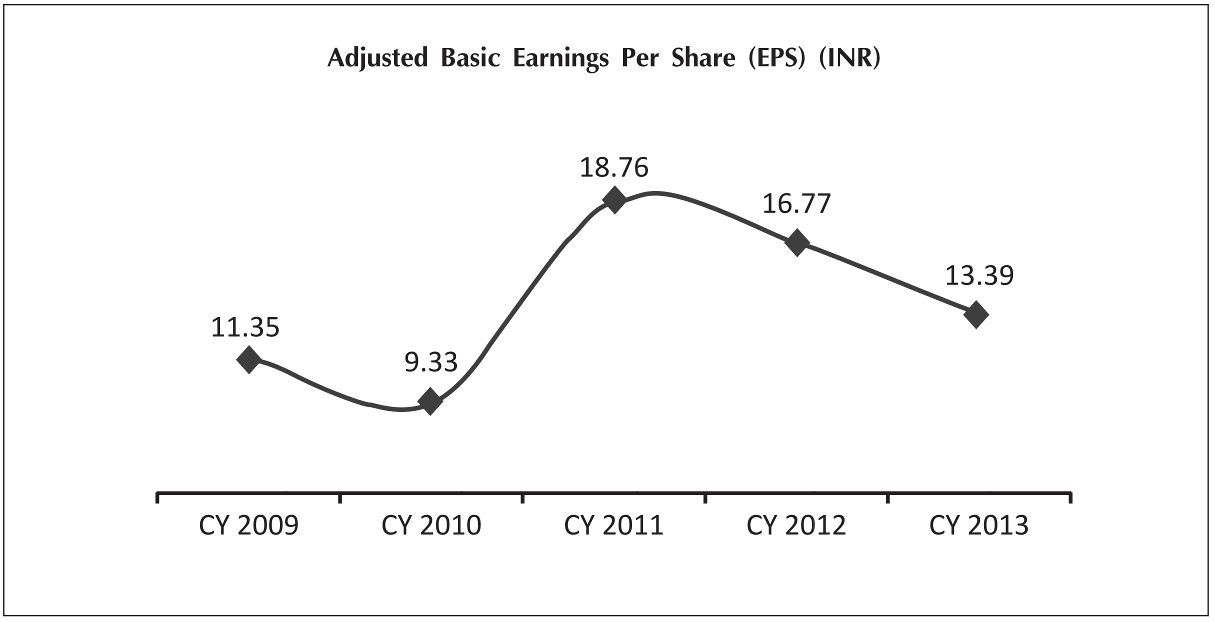
Notes:

(1) Revenue numbers for the previous years have been reclassified to correspond with the current year's classification/disclosure.

(2) Operating Profit is Profit before Other Income, Foreign exchange (gain) / loss, Depreciation & amortisation, Impairment loss, Interest, Taxation and Exceptional Items.

(3) In view of the acquisition of RÜTGERS effective January 4, 2013, the current year figures are not comparable with that of previous years.





Notes:

(1) EPS of the previous years have been recomputed to give effect to the share split (in the ratio of 1:5) in CY 2011.

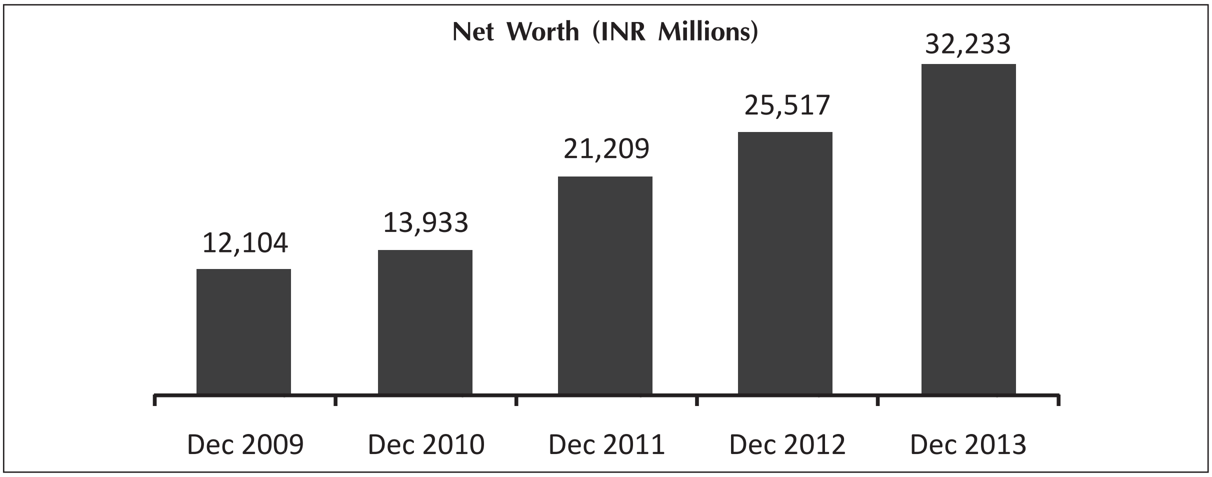
(2) Profit After Tax and EPS of CY 2009 adjusted for exceptional profit of Rs. 513 Million (net of tax Rs. 418 Million) on sale of Investment in Petroleum Coke Industries Company, Kuwait.

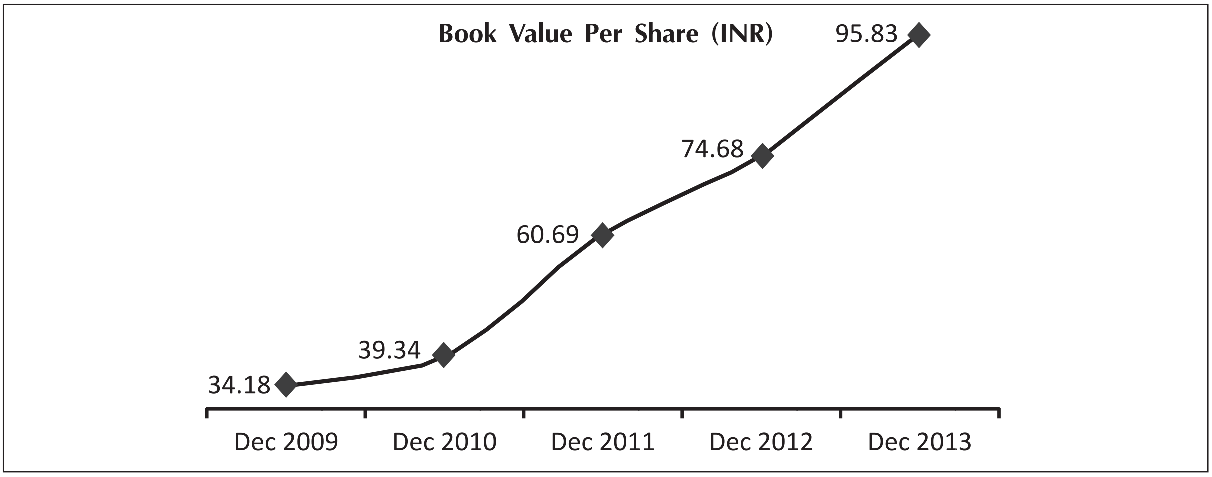
(3) Profit After Tax and EPS of CY 2010 adjusted for net exceptional expenditure of Rs. 1,249 million (net of tax Rs. 898 Million).

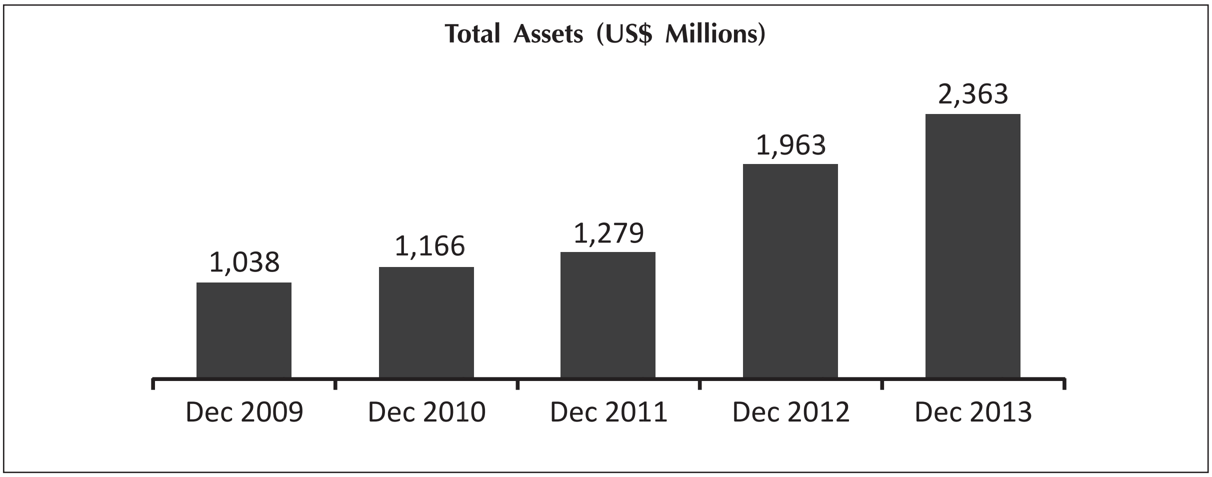
(4) Profit After Tax and EPS of CY 2012 adjusted for one time expenditure of Rs. 1,789 million (net of tax Rs. 1,219 Million) incurred in-connection with the acquisition of RÜTGERS.

(5) Profit After Tax and EPS of CY 2013 is adjusted for costs incurred for acquisition of RÜTGERS of Rs. 142 million, impairment loss of Rs. 1,304 million offset by insurance claim receipts of Rs. 375 million and tax impact on all these items of Rs. 404 million.

(6) In view of the acquisition of RÜTGERS effective January 4, 2013, the current year figures are not comparable with that of previous years.





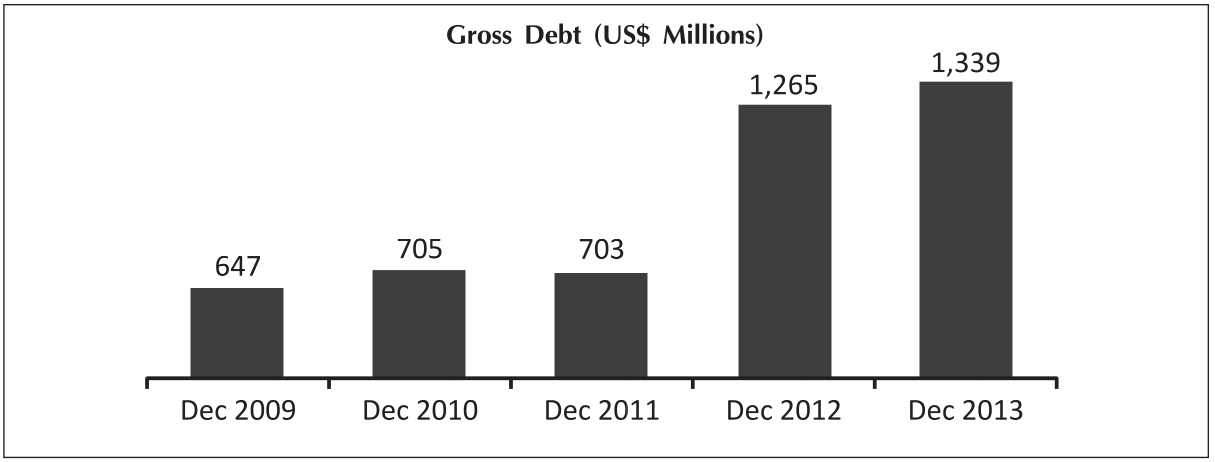


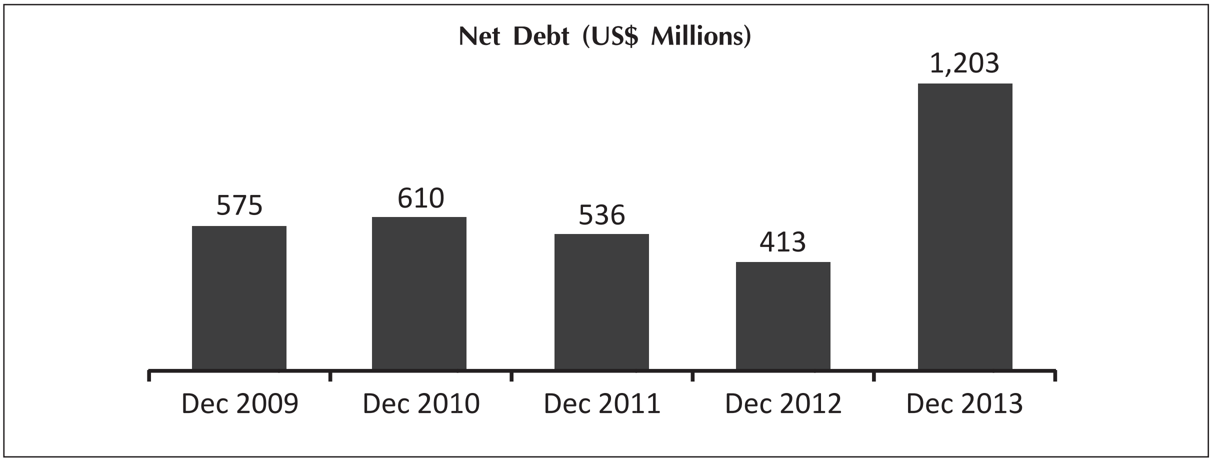
Notes:

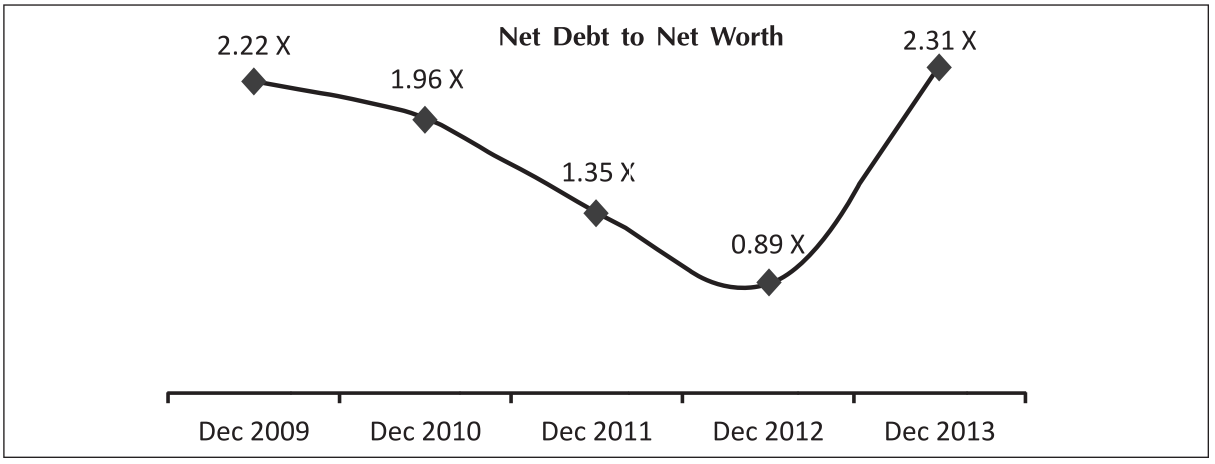
(1) Book Value Per share of the previous periods has been recomputed to give effect to the share split (in the ratio of 1:5) in CY 2011.

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

(3) In view of the acquisition of RÜTGERS effective January 4, 2013, the current year figures are not comparable with that of previous years.







Notes:

(1) As majority of the debt is in Dollar terms, we have converted the reported Indian Rupees into US Dollars applying the RBI's reference rate at the end of the respective financial years.

(2) The Gross Debt as of December 31, 2012 includes US$ 677 Million of Senior Secured Notes issued in relation to the acquisition of RÜTGERS.The proceeds of Senior Secured Notes were held in Escrow Bank account (shown as part of Cash and Bank balances as at December 31, 2012) and subsequently utilised for completion of RÜTGERS acquisition.

(3) In view of the acquisition of RÜTGERS effective January 4, 2013, the current year figures are not comparable with that of previous years.

NOTICE

Notice is hereby given that the 39th Annual General Meeting of the Members of Rain Industries Limited (formerly Rain Commodities Limited) will be held on Thursday, the May 8, 2014 at 11:00 A M at KLN Prasad Auditorium, Federation of Andhra Pradesh Chambers of Commerce & Industry (FAPCCI), Red Hills, Hyderabad-500 004, Andhra Pradesh to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at December 31, 2013, Statement of Profit and Loss for the Financial Year ended on December 31, 2013, Cash Flow Statement for the Financial year ended December 31, 2013 and reports of Directors and Auditors thereon.
2. To approve and ratify interim dividend.
3. To appoint a Director in place of Mr. Dipankar Basu, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. H.L. Zutshi, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint M/s. B S R & Associates LLP, Chartered Accountants (ICAI Regn. No.116231W), as the Statutory Auditors of the Company to hold the office from the conclusion of this 39th Annual General Meeting until the conclusion of the 40th Annual General Meeting of the Company and to authorise the Board of Directors to fix the remuneration of Auditors.

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

Place: Hyderabad
Date : February 26, 2014

S. Venkat Ramana Reddy
Company Secretary

NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and on a poll to vote instead of himself and such proxy need not be a member. The instrument appointing a proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before the meeting.

2. The Register of Members and Share Transfer Books of the Company will remain closed from April 30, 2014 to May 8, 2014 (both days inclusive).

3. Profiles of Mr. Dipankar Basu and Mr. H. L. Zutshi, Independent Directors, getting re-appointed are given in page No. 35 & 36 of Report on Corporate Governance.

4. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, unclaimed dividend of Rs. 764 thousands for the financial year ended March 31, 2006 has been transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956 and the dividend for the financial year ended March 31, 2007 and thereafter, which remain unclaimed for a period of 7 years will be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956.

5. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the company as on April 27, 2013 (date of last Annual General Meeting) on the website of the Company (www.rain-industries.com), as also on the Ministry of Corporate Affairs website.

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

Sl. No.	Name of the Company	For the Financial year ended	Percentage of Dividend	Date of Declaration	Due date for transfer to the Investor Education and Protection Fund
1	Rain Calcining Limited*	March 31, 2007	10%	August 1, 2007	August 31, 2014
2	Rain Industries Limited	March 31, 2007	35%	August 3, 2007	September 2, 2014
3	Rain Industries Limited	December 31, 2007	28%	June 25, 2008	July 25, 2015
4	Rain Industries Limited	December 31, 2008	37%	June 17, 2009	July 17, 2016
5	Rain Industries Limited	December 31, 2009	37%	June 7, 2010	July 7, 2017
6	Rain Industries Limited	December 31, 2010	46%	May 12, 2011	June 11, 2018
7	Rain Industries Limited	December 31, 2011	55%	April 25, 2012	May 25, 2019
8	Rain Industries Limited	December 31, 2012	55%	April 27, 2012	May 27, 2020
9	Rain Industries Limited	December 31, 2013 (Interim dividend)	50%	November 14, 2013	December 14, 2020

   Name of the Company has been changed from Rain Commodities Limited to Rain Industries Limited w.e.f. July 8, 2013.

   * Rain Calcining Limited is amalgamated with the Company.

   The Shareholders who have not encashed the dividend warrant(s) so far for the Financial Year ended March 31, 2007 of Rain Calcining Limited and in case of the Company for the Financial Year ended March 31, 2007, December 31, 2007, December 31, 2008, December 31, 2009, December 31, 2010, December 31, 2011, December 31, 2012 and December 31, 2013 (Interim) are requested to make their claim to the Secretarial Department, Rain Industries Limited, Rain Center, 34, Srinagar Colony, Hyderabad - 500073, Andhra Pradesh, India.

6. The Company do not have demat suspense account.

7. The Securities and Exchange Board of India ("SEBI") and the Ministry of Corporate Affairs have made it mandatory for all the Listed Companies to offer Electronic Clearing Service ("ECS") facilities for payment of dividend, wherever applicable. This facility offers various benefits like timely credit of dividend to the shareholders account, elimination of loss of instruments in transit or fraudulent encashment, etc.

   In view of the above:

   (i) Shareholders holding shares in Physical Form and desirous of availing the facility are requested to complete ECS form attached to this Annual Report and forward the same to the Company's Registrar and Share Transfer Agent.

   (ii) Shareholders holding shares in Dematerialized Form are requested to provide the Bank details to their Depository Participants for incorporation in their records.

   The Depository in turn would forward the required information to the Company.

8. The above information should be made available to the Company's Registrar and Share Transfer Agent M/s. Karvy Computershare Private Limited, (Unit: Rain Industries Limited), Plot No.17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081, Andhra Pradesh, India.

9. The Company's equity shares are Listed at (i) BSE Limited, Phiroze JeeJeebhoy Towers, Dalal Street, Mumbai- 400 001, (ii) National Stock Exchange of India Limited, Exchange Plaza, Floor 5, Plot No. C/1, Bandra (East), Mumbai - 400051 and (iii) The Delhi Stock Exchange Limited, DSE House, 3/1 Asaf Ali Road, New Delhi - 110002 and the Company has paid the Annual Listing Fees to the said Stock Exchanges for the year 2013 -14.

10. Members are requested to send all communication relating to shares (Physical and Electronic) to the Company's Registrar and Share Transfer Agent at **Karvy Computershare Private Limited (Unit: Rain Industries Limited), Plot No.17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081, Andhra Pradesh, India.**

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

Place: Hyderabad
Date : February 26, 2014

S. Venkat Ramana Reddy
Company Secretary

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 39th Annual Report and the Audited Financial Statements for the Financial Year ended December 31, 2013.

FINANCIAL RESULTS

A) STANDALONE:

The Standalone performance for the Financial Year ended December 31, 2013 is as under:

(Rs. in thousands)

PARTICULARS	December 31, 2013	December 31, 2012
Revenue from operations	**707,241**	690,888
Profit before finance cost, depreciation and tax expense	**542,229**	884,199
Finance cost	**256,687**	236,755
Profit before depreciation and tax expense	**285,542**	647,444
Depreciation	**5,034**	5,015
Profit before tax expense	**280,508**	642,429
Tax expense	**127,533**	78,689
Net Profit for the year	**152,975**	563,740
Profit brought forward from earlier year	**1,205,317**	1,082,044
Profit available for appropriation	**1,358,292**	1,645,784
Appropriations:		
Dividend (Including Tax on Dividend)	**333,031**	368,529
Transfer to general reserve	**-**	56,374
Transfer to capital redemption reserve	**10,712**	15,564
Surplus in statement of Profit and Loss	**1,014,549**	1,205,317

B) CONSOLIDATED :

The Consolidated performance for the Financial Year ended December 31, 2013 is as under:

(Rs. in thousands)

PARTICULARS	**December 31, 2013**	December 31, 2012
Revenue from operations (net)	**117,443,369**	53,614,485
Profit before finance cost, depreciation and amortization, impairment loss and tax expense	**15,040,536**	11,755,669
Finance cost	**5,933,911**	3,727,632
Profit before depreciation, impairment loss and tax expense	**9,106,625**	8,028,037
Depreciation and amortisation	**3,568,226**	1,199,682
Impairment loss	**1,303,560**	-
Profit before tax expense, share of loss of Associates and Minority Interest	**4,234,839**	6,828,355
Tax expense	**367,236**	2,180,220
Profit after tax expense and before share of loss of Associates and Minority Interest	**3,867,603**	4,648,135
Share of loss of Associates	**12,143**	-
Minority Interest	**10,205**	70,647
Net profit for the year	**3,845,255**	4,577,488
Profit brought forward from earlier year	**21,046,248**	17,010,242
Profit available for appropriation	**24,891,503**	21,587,730
Appropriations:		
Dividend (Including Tax on Dividend)	**343,162**	429,935
Transfer to general reserve	**14,476**	95,983
Transfer to capital redemption reserve	**10,712**	15,564
Surplus in Statement of Consolidated Profit and Loss	**24,523,153**	21,046,248

Note: In view of the acquisition of RÜTGERS effective January 4, 2013, the figures of the current year are not comparable with that of the previous year.

OPERATIONS

During the period under review, the Company has achieved revenue from operations of Rs. 707,241 (in thousands) and net profit of Rs. 152,975 (in thousands) on a standalone basis. During the same period, the Company has achieved net revenue from operations of Rs. 117,443,369 (in thousands) and net profit of Rs. 3,845,255 (in thousands) on a consolidated basis.

OVERVIEW OF CARBON PRODUCTS BUSINESS

Rain Group is one of the leading producers of the Carbon products with Seven operating facilities in North America, Three operating facilities in Europe and One facility each in India, China and Egypt. Rain Group is well known for its ability to co-generate Energy from waste heat recovered in the calcining process. With the installation of the new facility at Lake Charles calcining facility in the United States, currently Rain Group is co-generating Energy from four of its Carbon plants in the United States and One Carbon plant in India. In addition to the revenues generated from the sale of energy to third-parties, these co-generation facilities also reduce overall energy costs and dependence on third party suppliers for sourcing electricity.

Rain Group owns and operates dedicated deep-water vessel loading terminals at three of the CPC facilities (Lake Charles, Chalmette and Gramercy) and a barge dock at West Virginia CPC facility in the United States. Rain Group also operates two full-service petroleum coke laboratories.

The Group has recorded net revenue of Rs. 82,707,319 (in thousands) from the Carbon Products business during the financial year ended December 31, 2013 as compared to net revenue of Rs. 44,356,811 (in thousands) during the year ended December 31, 2012. The growth in the net revenue is primarily driven by acquisition of RÜTGERS.

The Company is in the process of setting up its fourth Coal Tar Distillation plant with a capacity of 300,000 tons per annum in Russia as a Joint Venture with Severstal, one of the leading steel producers in Russia. This project is currently under construction and is expected to be operational by early 2015. During the current year, the company has increased its share in this Joint Venture from 51% to 65%.

OUTLOOK FOR CARBON PRODUCTS BUSINESS

Calcined Petroleum Coke ("CPC") is produced from Green Petroleum Coke ("GPC"), a by-product of Crude Oil Refining process, through a process known as "Calcining" that removes moisture and volatile matter from GPC at high temperature. Similarly the key raw material for Coal Tar Pitch ("CTP") is Coal Tar, a liquid by product produced in the coking process of converting coal into Metallurgical Coke.

Together, CPC and CTP comprise the critical component of Carbon Anodes used in the Aluminum smelting process. CPC and CTP are considered as essential materials for the Aluminum industry, as there are no known economically viable substitutes for these products.

As per the recent industry reports, approximately 76% of the World's CPC production and 79% of the world's CTP production is used in the production of Carbon Anodes in the Aluminum Smelting Process.

Production of primary Aluminum is one of the most important determinants of CPC and CTP demand. World production of primary Aluminum totalled approximately 49.9 million metric tons in 2013 and is expected to grow to approximately 61.8 million metric tons by 2017, representing a compounded annual growth rate of 5.5%. The growth in the demand for Aluminum is expected to be driven by increasing use of lightweight materials in many key industries such as transportation (including aerospace), construction, packaging and consumer electronics. This demand growth is expected to be met through the addition of new Aluminum smelters, largely in Asia and the Middle East.

From a medium to long term perspective, the performance of Rain Group, being one of the leading carbon producers with operating facilities across the Globe is expected to be stable in the medium term with the continued demand from the growing Aluminum industry and the long term relationship with Aluminum Smelters, Crude Oil Refineries and Steel Producers.

OVERVIEW OF CHEMICAL BUSINESS

The Chemicals products of Rain Group are derived from the downstream refining of primary coal tar distillates into chemical products such as aromatic chemicals, superplasticizers, resins & modifiers. These chemical products are used in a broad variety of end-markets including paint, coatings, construction, plastics, paper, tires, rail ties, insulation and foam.

The Coal Tar distillation business of Rain can be grouped into two categories, the primary Coal Tar distillation business ("primary distillation") and the follow-on processing of selected products of primary distillation into chemicals ("downstream"). Therefore, the supply of Chemicals mostly depends on CTP production. Primarily the Chemicals business can be categorized into four sub product categories:

Superplasticizers: Superplasticizer business comprises polymer-based products that are used especially as additives for concrete, gypsum and for other applications.

Resins & Modifiers: Resins business delivers specialty resins under the brand name "NOVARES" to niche markets with applications in the adhesives, coatings, rubber and printing ink industries as well as modifiers for high-performance coating systems, alternative environmental friendly substitutes for coatings applications and paper production applications.

Aromatic Chemicals: Aromatic Chemicals comprises aromatic hydrocarbons including anthracene, carbazole and other specialty chemicals that are used in a wide range of industries, such as paper, pharmaceutical, pigments and fragrance industries. They are even used in applications for growing high-tech industries including magnet wire for electrical motors.

Chemical Trading: ChemTrade business comprises the trading of crude benzene between coke operators and crude benzene processors as well as the trading of diverse chemical raw materials and products.

The Group has recorded net revenue of Rs.23,935,723 (in thousands) from the Chemical Business during the financial year ended December 31, 2013. The Group has entered into the Chemical Business through the acquisition of RÜTGERS effective from January 4, 2013.

OUTLOOK FOR CHEMICAL BUSINESS

The growth in demand for Chemicals primarily depends on the manufacturing sector, which represents the primary customer base for Chemical industry. After a Global annual growth of 2.1% in 2013, the Global industrial cycle is starting to turn upwards with estimated world annual growth of 4.1% in 2014 and 4.4 % in 2015, in particular led by Europe, USA and Asia. Europe is the most important market for Rain's Chemical business, the European manufacturing sector started to recover in 2013 and is expected to increase to 1.8% in 2014.

OVERVIEW OF CEMENT BUSINESS

Rain Industries Limited, through one of its wholly owned subsidiaries, is engaged in the business of production and sale of Cement.

Rain Group is operating two integrated Cement plants in the state of Andhra Pradesh and one Fly Ash Handling and Cement Packing facility in the state of Karnataka.

Rain Group through its vast chain of dealer network sells Cement, under the brand name "**Priya Cement**", in the states of Andhra Pradesh, Tamilnadu, Karnataka, Maharashtra, Odisha and Kerala.

The Group has recorded net revenue of Rs.8,395,584 (in thousands) from Cement Business during the Financial Year ended December 31, 2013 compared to net revenue of Rs.9,087,021 (in thousands) during the year ended December 31, 2012.

OUTLOOK FOR CEMENT INDUSTRY

The Indian Cement industry has witnessed massive capacity addition of over 125 million tons during last five years with the growth in capacity addition is disproportionately high in South India. During the same period, South Indian Cement Capacity has increased by approximately 55 million tons. This has resulted in significant pressure on capacity utilization and price realization as well. While the capacity utilizations on Pan India basis is still around 71% for FY 2013 the capacity utilization in South India is only about 55% for FY 2013.

The increased thrust on infrastructure development by Government of India and the projected growth in the housing sector coupled with the increasing per capita income is expected to provide support to the Cement prices and hedge against the current oversupply situation. With the initiatives taken by the Government of India for infrastructure development coupled with Central elections in 2014, Cement demand is expected to rise marginally during FY 2013-2014. Management expects that the supply demand gap would start narrowing in next couple of years, as there are no major capacity expansions expected in the near term.

Considering these market conditions and continued excess capacity in South India, the management is focusing on controlling costs by deleveraging balance sheet, improving the Cement to Clinker blend ratio and trying to improve the capacity utilization and blended realization by entering into new market regions in Karnataka, Maharashtra, Orissa and Kerala.

NAME CHANGE OF THE COMPANY

Consequent to the approval of the Members of the Company through Postal Ballot on July 2, 2013 and issue of Fresh Certificate of Incorporation by the Registrar of Companies, Andhra Pradesh on July 8, 2013, the Name of the Company is changed from Rain Commodities Limited to Rain Industries Limited with effect from July 8, 2013.

DIVIDEND

The Board of Directors of the Company at its meeting held on November 14, 2013 have declared interim dividend @ 50% on the paid up Equity share capital of the Company i.e. Rs.1.00 per Equity share on face value of Rs.2 each.

The Board of Directors of the Company now recommend that the Interim Dividend be the Final Dividend for the financial year ended December 31, 2013.

BUYBACK OF EQUITY SHARES

The Board of Directors of the Company, during their meeting held on August 13, 2012, approved the buyback of 12,700,000 equity shares of Rs.2/- each at maximum price of Rs.46/- per share for an amount not exceeding Rs.460,000 (in thousands). The Buyback Offer was opened on October 22, 2012 and closed on March 25, 2013. The Company has bought back 7,827,216 equity shares and incurred an amount of Rs.297,597 (in thousands) towards buy-back of shares, including general expenses.

LISTING OF EQUITY SHARES

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

(i) BSE Limited, Phiroze JeeJeebhoy Towers, Dalal Street, Mumbai-400 001;

(ii) National Stock Exchange of India Limited, Exchange Plaza, Floor 5, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400051; and

(iii) The Delhi Stock Exchange Limited, DSE House, 3/1 Asaf Ali Road, New Delhi - 110002.

The Company has paid the Annual Listing Fees to the said Stock Exchanges for the financial year 2013-14.

SUBSIDIARY COMPANIES

The Ministry of Corporate Affairs (MCA), New Delhi, vide its Circular No.51/12/2007-CL-III, dated February 8, 2011 and Circular No.5/12/2007-CL-III, dated February 21, 2011 has granted general exemption from attaching the annual accounts of the Subsidiary Companies to the Annual Report of the Holding Company under Section 212(8) of the Companies Act, 1956.

Based on the circular, the Board of Directors at its meeting held on February 26, 2014 gave their consent for not attaching the Subsidiary Companies' Financial Statements, Auditors Report and Directors Report to the Annual Report of the Company for the Financial Year ended December 31, 2013.

Your Company will provide copies of the Annual Accounts of the Subsidiary Companies and other related information upon request by any member. The Annual Accounts of the Subsidiary Companies are also kept at the registered office of the Company for inspection by any member.

The information of Subsidiary Companies as required to be disclosed as per the directions given by MCA is enclosed and forms part of the Annual Report.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statement prepared and annexed in accordance with the Accounting Standards 21 & 23 as prescribed in the Companies (Accounting Standard) Rules, 2006 and Guidelines issued by Securities and Exchange Board of India ("SEBI") also forms part of this Annual Report.

FIXED DEPOSITS

The Company has not accepted any deposits from the public in terms of Section 58A of the Companies Act, 1956.

DIRECTORS

Mr. Dipankar Basu and Mr. H.L. Zutshi, Directors of the Company retire by rotation and being eligible offer themselves for reappointment.

AUDITORS

M/s. B S R & Associates LLP, Chartered Accountants, Auditors of the Company retires at the ensuing Annual General Meeting.

It is proposed to re-appoint them as Statutory Auditors of the Company. The members are requested to consider their appointment and authorize the Board of Directors to fix their remuneration.

M/s. B S R & Associates LLP, Chartered Accountants (ICAI Regn. No.116231W) have confirmed that their appointment, if made, shall be in accordance with the provisions of Section 224(1B) of the Companies Act, 1956.

DIRECTORS RESPONSIBILITY STATEMENT AS REQUIRED UNDER SECTION 217(2AA) OF THE COMPANIES ACT, 1956

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, 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 for the Financial year ended December 31, 2013, 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 were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at December 31, 2013 and of statement of Profit and Loss of the Company for the period ended December 31, 2013;

(iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

(iv) That the Directors have prepared the Annual Accounts for the Financial Year ended December 31, 2013 on a going concern basis.

AUDITORS' REPORT

There are no qualifications in Auditors' Report.

AUDIT COMMITTEE

Audit Committee consists of the following Directors namely Mr. S. L. Rao, Chairman, Mr. Dipankar Basu, Member, Mr. H. L. Zutshi, Member, Mr. Yogesh Rastogi, Member, Mr. V. Narayanamurthy, Member and Mr. G. Krishna Prasad, Member.

All the members of the Audit Committee are independent Directors.

CORPORATE GOVERNANCE

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

INFORMATION RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO AND PARTICULARS OF EMPLOYEES.

Information with respect to conservation of energy, technology absorption, foreign exchange earnings and outgo pursuant to Section 217(1)(e) of the Act read with Rule 2 of the Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988 and information on particulars of employees under Section 217(2A) of the Act read with the Companies (Particulars of Employees) Rules, 1975 (as amended) form part of this Report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Corporate Social Responsibility is 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 such a way that it leads to overall development of all stake holders and Society.

Education

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

Rain CII Carbon (Vizag) Limited, a wholly owned subsidiary has provided financial assistance to the students by contributing amount to Vikas Educational Trust to provide Scholarships to the students pursuing various courses.

Medical facilities

In order to provide good medical facilities, Rain Cements Limited is maintaining hospital at Plant locations. The hospitals provide medical treatment to the workers and their families and also people living in surrounding villages near the plant location.

Rain Cements Limited has ambulance service facilities at its plant locations and also conducts medical camps regularly.

General Welfare activities

Rain Cements Limited has undertaken following welfare activities for the benefit of the people living in villages surrounding the plant:

i) Supplied drinking water to Ramapuram village during the summer season;

ii) Construction of Police Outpost at Ramanapuram X Roads;

iii) Donated cement for construction of additional room for School and Veterinary Hospital at Ramapuram.

Rain CII Carbon (Vizag) Limited has supplied Fly Ash at free of cost to small brick manufacturing units in rural areas of Visakhapatnam which provides employment to the rural women.

Environment

Rain CII Carbon (Vizag) Limited planted 15,000 saplings as part of Green Visakha during the financial year ended December 31, 2013 and maintenance is being carried out for 26,000 saplings planted during the financial year ended December 31, 2012.

Pragnya Priya Foundation

Pragnya Priya Foundation is established under section 25 of the Companies Act, 1956 as a Non-Profit Organisation to grant donations to poor and the needy for meeting expenditure on education, medical treatment and any other charitable purpose; to establish, run, support and grant aid or other financial assistance to schools, colleges, libraries, reading rooms, universities, laboratories, research and other institutions of the like nature in India.

The Company through its subsidiary Rain CII Carbon (Vizag) Limited contributed donation to the foundation for providing Scholarships to Economically Backward students as part of Corporate Social Responsibility for the financial year ended December 31, 2013.

The Pragnya Priya Foundation has disbursed Scholarships to 819 students during the financial year ended December 31, 2013.

ACKNOWLEDGEMENTS

The Directors take this opportunity to place on record their sincere thanks to the Banks and Financial Institutions, Insurance Companies, Central and State Government Departments and the shareholders for their support and co-operation extended to the Company from time to time. Directors are pleased to record their appreciation of the sincere and dedicated services of the employees and workmen at all levels.

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

N. Jagan Mohan Reddy	**N. Sujith Kumar Reddy**
Managing Director	Director

Place: Hyderabad
Date : February 26, 2014

ANNEXURE TO DIRECTORS' REPORT

Information under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of Directors Report for the financial year ended December 31, 2013.

A. CONSERVATION OF ENERGY.

(a) Energy conservation measures taken:

-NIL-

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of Energy

-NIL-

(c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

- N.A.-

(d) Total energy consumption is as per Form A below:

FORM - A

Disclosure of particulars with respect to conservation of Energy

	Particulars	**January 1, 2013 to December 31, 2013**	January 1, 2012 to December 31, 2012
A.	**Power and Fuel Consumption**		
	1. ELECTRICITY		
	a) Purchased		
	➢ Unit (Kwh)	**N.A.**	N.A.
	➢ Total Cost (Rs.)	**N.A.**	N.A.
	➢ Rate/Unit (Rs.)	**N.A.**	N.A.
	b) Own Generation		
	i) Through diesel Generator		
	➢ Units (Kwh)	**N.A.**	N.A.
	➢ Units per Litre of Furnace Oil /HSD (No)	**N.A.**	N.A.
	➢ Cost/Unit (Rs.)	**N.A.**	N.A.
	ii) Through Steam turbine/Generator		
	➢ Units (Kwh)	**N.A.**	N.A.
	➢ Units per litre of fuel Oil/Gas	**N.A.**	N.A.
	➢ Cost/Units (Rs.)	**N.A.**	N.A.
	2. COAL		
	➢ Quantity (Tonnes)	**N.A.**	N.A.
	➢ Total Cost (Rs.)	**N.A.**	N.A.
	➢ Average Rate (Rs.)	**N.A.**	N.A.
	3. FURNACE OIL		
	➢ Quantity (Liters)	**N.A.**	N.A.
	➢ Total Cost (Rs.)	**N.A.**	N.A.
	➢ Average Rate (Rs.)	**N.A.**	N.A.
	4. OTHER FUELS (HSD OIL & LUB OIL)		
	➢ Quantity (Liters)	**N.A.**	N.A.
	➢ Total Cost (Rs.)	**N.A.**	N.A.
	➢ Average Rate (Rs.)	**N.A.**	N.A.

B. Consumption per unit of Production

	➢ Production	**N.A.**	N.A.
	➢ Electricity	**N.A.**	N.A.
	➢ Furnace Oil	**N.A.**	N.A.
	➢ Coal	**N.A.**	N.A.

FORM - B

Form for disclosure of particulars with respect to absorption

RESEARCH AND DEVELOPMENT (R&D):

1.	Specific areas in which R & D carried out by the Company	:	N.A.
2.	Benefits derived as a result of the above R & D.	:	N.A.
3.	Future plan of action	:	N.A.
4.	Expenditure on R&D	:	N.A.

TECHNOLOGY ABSORPTION, ADOPTATION AND INNOVATION

1.	Efforts, in brief, made towards technology absorption, adaptation and innovation	:	N.A.
2.	Benefits derived as a result of the above efforts, e.g. Product development, import substitution, etc.	:	N.A.
3.	In case of imported technology (imported during the last 5 years reckoned from the beginning of the Financial year), following information may be furnished	:	N.A.
	a) Technology imported	:	N.A.
	b) Year of Import	:	N.A.
	c) Has Technology been fully absorbed	:	N.A.
	d) If not fully absorbed, area where this has not taken place reasons there for and future plans of action	:	N.A.

C FOREIGN EXCHANGE EARNINGS AND OUTGO:

a) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services and export plans : The Company is engaged in the business of trading in Carbon Products.

b) Total foreign exchange used and earned :

(Rs. In thousands)

	January 1, 2013 to December 31, 2013	January 1, 2012 to December 31, 2012
(i) Foreign Exchange earned	**1,480,926**	**338,365**
(ii) Foreign Exchange Used	**2,551,908**	**1,667,400**

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

Place: Hyderabad	**N. Jagan Mohan Reddy**	**N. Sujith Kumar Reddy**
Date : February 26, 2014	Managing Director	Director

Annexure to the Directors Report

Statement of particulars of employees pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 (as amended) and forming part of the Directors' Report for the Financial year ended December 31, 2013

Sl. No	Name of the Employee & (Age)	Designation/ Nature of Duty	Gross Remuneration (Rupees)	Qualification	Experience in years	Date of commencement of employment	Particulars of last employment
1.	Mr. N. Jagan Mohan Reddy (46 years)	Managing Director	13,624,670	B.S.I.E. (U.S.A)	21 Years	August 10, 1994	Managing Director Rain Calcining Ltd.
2.	Mr. T. Srinivasa Rao (47 years)	Chief Financial Officer	8,601,573	B.Com, FCA	23 Years	April 1, 2012	Vice President (Finance) Rain CII Carbon (Vizag) Ltd

Notes:

1. Gross Remuneration includes salary, taxable allowances, commission, value of perquisites as per the Income-tax Rules, 1962.
2. The nature of employment is contractual.
3. None of the above are related to each other.

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

Place: Hyderabad
Date : February 26, 2014

N. Jagan Mohan Reddy
Managing Director

N. Sujith Kumar Reddy
Director

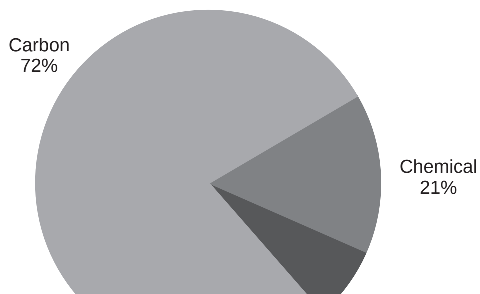
MANAGEMENT DISCUSSION AND ANALYSIS

Year 2013 turned out to be a challenging one due to various macro-economic factors including prolonged weakness in primary Aluminum metal prices, mounting metal inventory and adverse currency movement. Regionally, new environmental regulations in the United States forced the closing of one of our calcining facilities in the US and we endure continued excess Cement capacity in the southern part of India. Despite these cyclical head winds, your Company performed reasonably well in 2013 with a top line of Rs. 117.4 billion, operating profit of Rs. 14.9 billion and net profit of Rs. 3.8 billion.

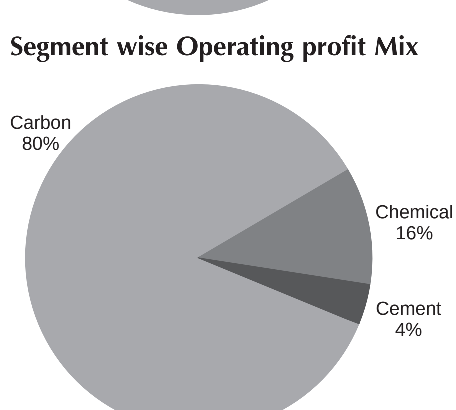
The acquisition of RÜTGERS has greatly helped the Rain group to withstand these tough market conditions and we were able to achieve improved stability in our operating performance. Your management is pleased to say RÜTGERS is EPS accretive in the very first year since its acquisition, though this favorable result was overshadowed by impairment costs associated with the aforementioned shutdown of calcining facility in the United States and general weakness in the legacy CPC and Cement businesses.

With this backdrop, the Company's various businesses present their operations review as follows:

Segment wise Revenue Mix



Segment wise Operating profit Mix



A) CARBON PRODUCTS

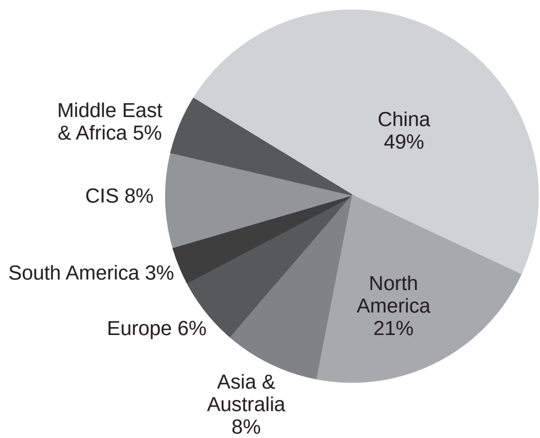
Carbon Products of Rain Group comprises of Calcined Petroleum Coke ("CPC"), Coal Tar Pitch ("CTP"), Trading in Green Petroleum Coke ("GPC"), Co-generated Energy and other derivatives of Coal Tar distillation.

CPC INDUSTRY STRUCTURE AND DEVELOPMENT

CPC is produced from GPC, a by-product of the Crude Oil Refining process, through a process known as "Calcining" that removes moisture and volatile matter from the GPC at high temperature. CPC is produced in two primary forms, Anode Grade CPC for use in the Aluminum Smelting process (representing approximately 76% of Global CPC production) and Industrial Grade CPC for use in the manufacturing of Titanium Dioxide and other industrial applications (representing approximately 24% of Global CPC production). For every ton of Aluminum, approximately 0.4 tons of CPC is consumed in the Aluminum production process.

The World CPC production for 2013 is estimated to be about 24 million tons, China and North America together contributes about 70% of the World's CPC production. China continues to play a key role in the CPC industry and by 2017 China's share of the World's CPC production is estimated to increase to 54%.

World CPC Production -2013 Estimated:



Source: Industry and Management Estimate

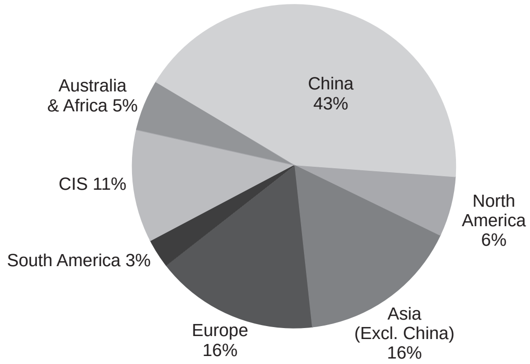
We estimate that over 130 Oil Refineries world-wide produce and sell GPC in varying forms and qualities. Sale of GPC generally does not constitute a material portion of Refiners' revenues. The price of GPC depends on the quality and the market in which it will be used, and is largely driven by market supply and demand. A refiner typically realizes higher prices for GPC used in the production of Anode Grade CPC than that used in the production of Industrial Grade CPC. However, the quality of GPC (whether anode-grade or industrial grade) cannot be modified by Refinery and the same largely depends on the type of crude being refined.

In general CPC and GPC prices move in parallel, as a result, CPC producers typically pass through GPC cost increases and decreases to their end customers. However, there could be a time lag for CPC prices to adjust to changes in GPC prices, as the frequency of CPC pricing changes is determined by individual customer contracts and typically ranges between three to six months.

CTP INDUSTRY STRUCTURE AND DEVELOPMENT

Coal tar is a liquid by-product produced in the coking process of converting coal into metallurgical coke, during this process approximately 80% of the coal volume is processed into metallurgical coke. Metallurgical coke is used as an important reducing agent and energy source in blast furnaces for the production of pig iron. Thus, the supply of Coal Tar is correlated to pig iron production, which in turn is driven by steel production. Coal Tar is considered as a by-product of the metallurgical coke and is sold to coal tar distillers.

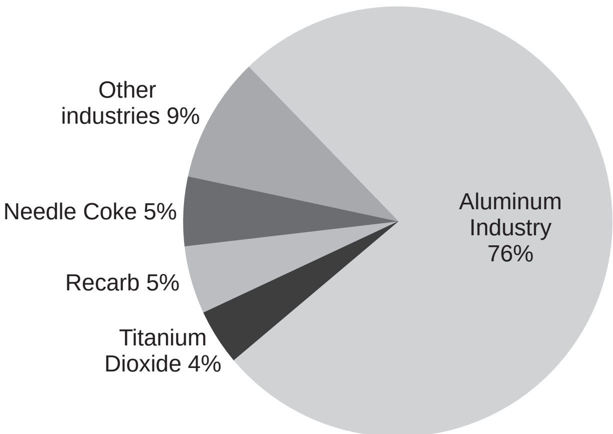
The Coal Tar distillation business can be grouped into two categories, the primary coal tar distillation business ("primary distillation") and the follow-on processing of selected products of primary distillation into refined products ("downstream"). Primary distillation products include CTP, which represents approximately half of the distillation yield, naphthalene oil and aromatic oils. While the graphite and chemical industries are among the end users of CTP, approximately 79% of the world production of CTP is consumed in the aluminum smelting process. For every ton of Aluminum, approximately 0.1 ton of CTP is consumed in the Aluminum production process. The World CTP production for 2013 is estimated to be about 6 million tons, China accounts for approximately 43% of total World production while Europe together with the CIS countries account for approximately 27% of total World production. Driven by growth in these two markets, the CTP demand is estimated to grow at a compounded annual growth rate ("CAGR") of 5.5% till 2017.



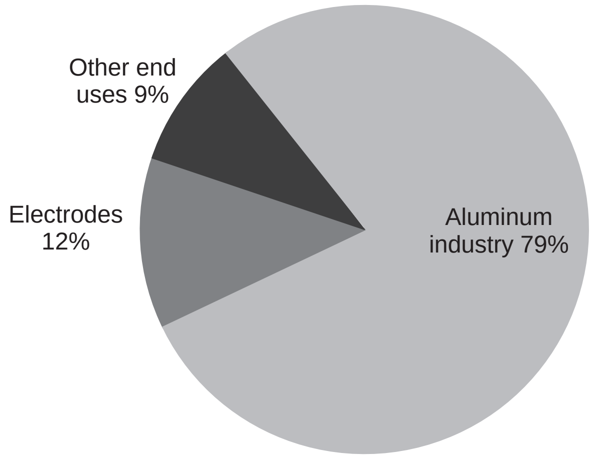
Source: Industry and Management Estimate

The growth in demand for both CPC and CTP is primarily dependent on the growth in production and demand for Aluminum, as about 76% of Global CPC production and 79% of Global CTP production is consumed by the Aluminum industry for the production of Carbon Anodes in the Aluminum smelting process.

World CPC demand by end use



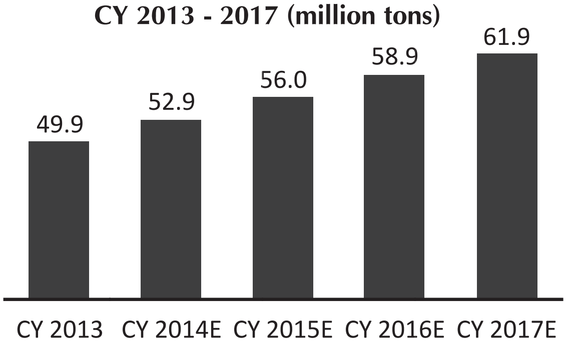
World CTP demand by end use



Source: Industry and Management Estimate

Demand for Aluminum is one of the most important determinants of CPC and CTP demand. According to the recent industry estimates, world demand for primary Aluminum totaled approximately 49.9 million metric tons in 2013 and is expected to grow to approximately 61.9 million metric tons by 2017, representing a CAGR of 5.5%. The growth in the demand for Aluminum is expected to be driven by increasing use of lightweight materials in many key industries such as transportation (including aerospace), construction, packaging and consumer electronics. In line with the growing demand, the Global primary Aluminum production is also expected to grow at an average CAGR of 5.5% between 2013 and 2017, this production growth is expected to be met through the addition of new Aluminum smelters, largely in Asia and the Middle East due to a lower cost structure in these regions.

World Aluminum Consumption Growth
CY 2013 - 2017 (million tons)



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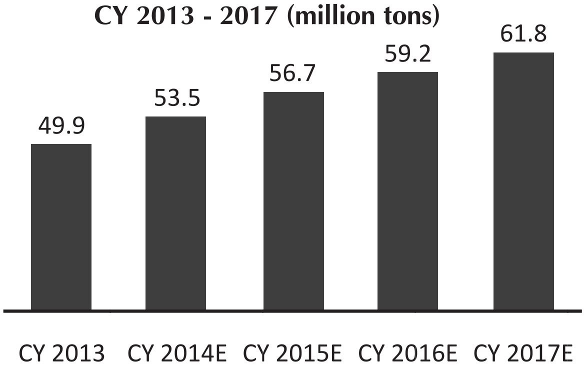


Source: Industry and Management Estimate

THREATS AND CHALLENGES

The key limitations to increasing the supply of CPC include the location of suitable new sites to facilitate production in close proximity to refiners and the quantity of available suitable quality GPC. GPC is a by-product of the oil refining process and is not produced with a view toward meeting the supply needs of the World's CPC or Aluminum producers. Changes in the economics of oil refiners over the past 15 to 20 years have resulted in a trend toward refining heavier and more Sour Crude oils. While refiners continue to build refining capacity (and therefore indirectly GPC production capacity), the worldwide supply of traditional Anode Grade GPC is expected to grow at a slower pace as refineries processing more Sour Crude oil, which results in lower quality, or fuel grade, GPC. As a result, global CPC producers have experienced and may continue to experience a reduction in the availability of the quality raw materials they require. To economically and efficiently support growth in the Aluminum industry, Rain Group believes that smelters and Calciners will need to continue to work together to expand the existing quality specifications for CPC, and allow for more non-traditional alternative coke blends in the Anode Grade CPC production process. Rain's patented ICE technology is one method of utilizing lower cost coke inputs in CPC blends without compromising the product quality.

Similarly, the key limitations for increasing the supply of CTP include the location of suitable new sites to facilitate production in close proximity to Cokeries and the quantity of available suitable quality Coal Tar. Coal tar is a liquid by-product produced by the Cokeries in the conversion process of coal into metallurgical coke and is not produced with a view toward meeting the supply needs of the World's CTP or Aluminum producers. The World Coal Tar production for 2013 is estimated to be about 22.2 million tons. Asia and the CIS-countries account for approximately 85% of the total World Coal Tar production, therefore it has become essential to get better access to both the Asian and the CIS Coal Tar market for an assured supply of Coal Tar, which Rain achieved through its Russian JV.

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

B) CHEMICALS

CHEMICALS INDUSTRY STRUCTURE AND DEVELOPMENT

The Chemical products of Rain Group are derived from the downstream refining of primary coal tar distillates and petro derivatives into chemical products such as aromatic chemicals, superplasticizers and resins & modifiers. These chemical products are used in a broad variety of end-markets including paints, coatings, construction, plastics, paper, tires, rail ties, insulation and foam.

The Coal Tar distillation business of Rain can be grouped into two categories, the primary coal tar distillation business ("primary distillation") and the follow-on processing of selected products of primary distillation into chemicals ("downstream"). Therefore the supply of Chemicals depends significantly on CTP production. Primarily the Chemicals business can be categorized into four sub product categories:

Superplasticizers: Superplasticizer business comprises polymer-based products that are used especially as additives for concrete, gypsum and for other applications.

Resins & Modifiers: Resins business delivers specialty resins under the brand name "NOVARES" to niche markets with applications in the adhesives, coatings, rubber and printing ink industries as well as modifiers for high-performance coating systems, alternative environmentally friendly substitutes for coatings applications and paper production applications.

Aromatic Chemicals: Aromatic Chemicals comprises aromatic hydrocarbons including anthracene, carbazole and other specialty chemicals that are used in a wide range of industries, such as paper, pharmaceutical, pigments and fragrance industries. They are also used in applications for growing high-tech industries including magnet wire for electrical motors.

Chemical Trading: ChemTrade business comprises trading of crude benzene between coke operators and crude benzene processors as well as the trading of diverse chemical raw materials and products.

The growth in demand for Chemicals primarily depends on the manufacturing sector, which represents the primary customer base for Chemical Industry. After a Global annual growth of 2.1% in 2013 the global industrial cycle is starting to turn upwards with estimated world annual growth of 4.1% in 2014 and 4.4% in 2015, in particular led by Europe, USA and Asia. In the last year the global chemical industry output volumes were affected by the recession in Europe, with an annual decrease of -1.4% in Western Europe and -3.4% in Central/ Eastern Europe and the slowdown in China and other East Asian nations since 2011. In 2013 the European market recovered from recession with an annual decrease of -0.1% in Western Europe and an annual increase of 1.6% in Central/Eastern Europe. With 2.4% global annual growth in 2013 chemical production hit the relative bottom since 2010. With improving economic prospects, in particular through the development of the manufacturing sector, growth in Chemicals is projected to be 3.8% in 2014 and 4.1% in 2015. The strongest effects will be originated by the developing nations of Asia-Pacific, Africa, the Middle East and Latin America. Due to competitive advantages from shale oil North America is also expected to generate strong growth, whereas Western Europe and Japan are expected to lag. In general the global Chemical industry expects an improvement for the years to come through strengthening production volumes and Global capacity utilization.

THREATS AND CHALLENGES

The key limitations to increasing the raw material supply of Chemicals include the location of suitable new sites to facilitate production in close proximity to coking plants / steel plants and the quantity of available suitable quality Coal Tar.

Another important aspect to face is commodity risk. Commodity risk results from changes in the market prices for the purchase of raw materials, mainly C9 Oil fractions. In particular, Rain's raw material prices depend on exchange rates and the price of Petroleum Oil and Fuel Oil. Pricing and procurement risks are reduced through worldwide procurement, optimized processes and long term agreements to ensure immediate sourcing of additional raw material requirements.

Rain also witnessed some seasonality in Chemical business mainly due to wet and/or cold weather conditions in geographies where its plants and/or end customers are located, and due to general de-stocking and slower production at the end of the year.

Rain, however, is better placed, with its logistically well positioned plants linked by waterways, to react to market changes, the Russian JV with captive Coal Tar supply and long term agreements to cover supply volume of other raw materials also provide additional support.

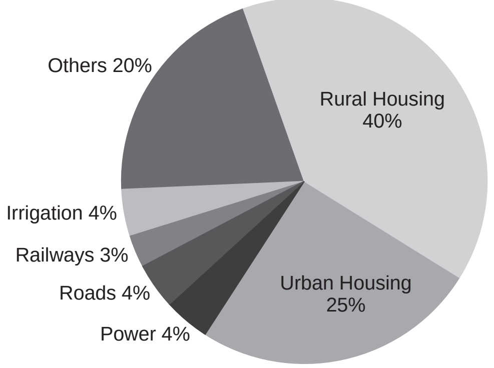
C) CEMENT

CEMENT INDUSTRY STRUCTURE AND DEVELOPMENT

The Indian Cement industry with more than 350 million tons of capacity is the World's second largest

Cement producer. The demand for Cement, being a derived demand, depends primarily on the general industrial activity, real estate activity and investment in the infrastructure sector. During last couple of years, low capacity utilization coupled with weak prices and increasing input costs are causing performance pressure even on the most efficient Cement plants in India. Due to these subdued operating profits and high debt service obligations some of the companies have even deferred their expansion plans. With the expected improvement in demand from Infrastructure and Housing sectors coupled with limited capacity additions, the Cement capacity utilization on Pan India basis is expected to bottom out in FY 2014 and is forecasted to slowly improve post 2015.

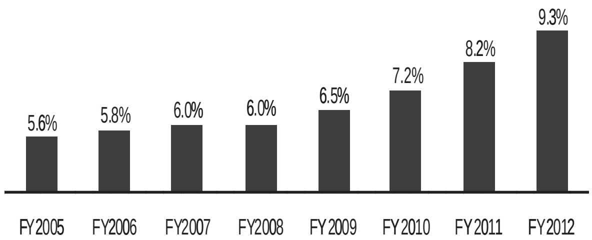
Cement Consumption by sector



Source: Management Estimate and Industry

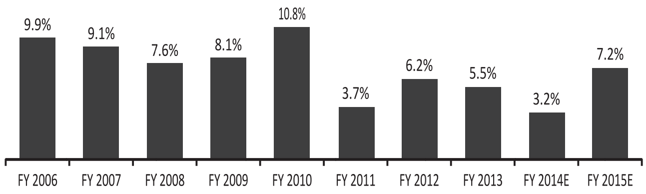
Despite apprehensions about the impact of inflation and slowdown in Industrial production and overall economic scenario, the demand prospect for the Cement sector remains positive with the increased thrust on infrastructure development by Government of India, projected growth in the housing sector and increasing per capita income. The Government's thrust towards Infrastructure development, which accounts for about 20% of total Indian Cement consumption, is expected to lead the infrastructure spending of more than 10% of Indian GDP by 2017.

Infrastructure spending as a % of GDP



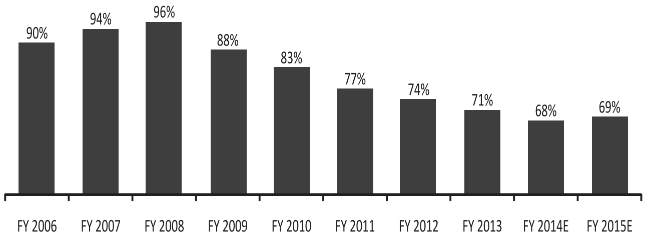
Source: Planning Commission and Management Estimate

Cement Demand YOY Growth rate %



Source: Management Estimate and Industry

Cement Industry Utilization Rates %



Source: Management Estimate and Industry

THREATS AND CHALLENGES

The Indian Cement industry has witnessed massive capacity addition of over 125 million tons during last five years with the growth in capacity addition is disproportionately high in South India. During the same period, South Indian Cement Capacity has increased by approximately 55 million tons. This has resulted in significant pressure on capacity utilization and price realization as well. While the capacity utilizations on Pan India basis is still around 71% for FY 2013 the capacity utilization in South India is only about 55% for FY 2013.

Energy and freight are two large cost contributors for the Cement industry, on an average, these two components constitute about 60% of the total operating costs. Increase in electricity tariff, domestic coal prices coupled with rise in diesel prices continue to put pressure on the overall margins.

Further the increased dependence on imported coal and pet coke as an alternative to the domestic coal is exposing the Indian Cement industry to price fluctuations in international markets while the depreciation of Rupee is also resulting in higher costs thus adding further pressure on profitability.

Considering these market conditions and continued excess capacity in South India, the management is focusing on deleveraging balance sheet, controlling costs by improving the Cement to Clinker blend ratio and trying to improve the capacity utilization and blended realization by entering into new market regions in Karnataka, Maharashtra, Orissa and Kerala.

BUSINESS AND GROWTH STRATEGIES

Rain believes the scale of our vertically integrated company will provide a platform to continue to develop higher-margin downstream products.The size and the excellent logistic network of Rain's plants allow the company to realize economies of scale. Rain has integrated its Coal Tar distillation operations with its downstream operations that efficiently use the products derived from its primary distillation process and allow it to generate incremental margins in excess of the margins that it generates through the sale of its primary distillation products. Rain believes it is one of the few Global operators to have implemented a fully integrated downstream production process in the Coal Tar distillation. In addition to providing a long-term and reliable source of Coal Tar supply, the Russian JV offers the flexibility to increase the volume of co-products resulting from primary coal tar distillation, which Rain plans to use to increase the production of downstream products.

Our company wide strategy is to support process improvement and the development of new, higher margin products and technologies through research and development initiatives, with a focus on performance, sustainability and utilization of alternative raw materials. Rain intends to maximize efficiencies and minimize costs across the company by combining the purchasing, trading and R&D functions along all business segments and executing cost reduction initiatives.

Effective January 1, 2014, the Company closed one of its Calcining facility located in Moundsville, West Virginia, USA. This closure is brought on by the impact of new National Ambient Air Quality Standards by the Environmental Protection Agency, USA, and the declaration of Marshall County, West Virginia, where the facility resides, as "Non-Attainment". This designation would require additional investment to upgrade the facility to meet compliance, which the Company believes is economically unviable for the facility whose less favorable logistics has limited its operation to less than 50% capacity since 2008. This closure is not expected to have any significant impact on the total sales volume of the Company in the immediate term, as production has been shifted to other operating facilities.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has adequate internal control systems and procedures with regard to purchase of stores, raw materials including components, plant and machinery equipment, sale of goods and other assets.

The Company has clearly defined roles and responsibilities for all managerial positions and all operating parameters are monitored and controlled.

DISCUSSION ON FINANCIAL PERFORMANCE

During the period under review, the Company has achieved revenue from operations of Rs. 707,241 (in thousands) and net profit of Rs. 152,975 (in thousands) on a Standalone basis. During the same period, the Company has achieved net revenue from operations of Rs. 117,443,369 (in thousands) and net profit of Rs. 3,845,255 (in thousands) on a Consolidated basis.

The Basic and Diluted Earnings Per Share of the Company as on December 31, 2013 is Rs. 0.45 on Standalone basis and Rs. 11.41 on Consolidated basis.

The Paid up Share Capital of the Company as on December 31, 2013 is Rs. 672,691,358 comprising of 336,345,679 Equity Shares of Rs. 2/- each fully paid-up.

HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATIONS

The Company believes that the quality of its employees is the key to its success in the long run and is committed to provide necessary human resource development and training opportunities to equip them with skill, enabling 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.

The Company employs approximately 2,500 employees directly and indirectly through its Subsidiaries across the World.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be forward-looking statements. Actual results may differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws, statutes and other incidental factors.

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

N. Jagan Mohan Reddy
Managing Director

N. Sujith Kumar Reddy
Director

Place: Hyderabad
Date : February 26, 2014

REPORT ON CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges in India, compliance with the requirements of Corporate Governance is set out below:

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

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

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

2. BOARD OF DIRECTORS :

The Board of Directors along with its Committees provides leadership and guidance to the Company's management and supervises the Company's performance. As at December 31, 2013, the Board of Directors ("Board") comprises of Nine Directors, of which eight are Non-Executive Directors. The Company has a non-executive chairman and six independent directors comprise more than half the total strength of the Board.

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

Sl. No.	Name of the Director	Designation	Category
1	Mr. N. Radhakrishna Reddy	Chairman	Non - Executive Director (Promoter)
2	Mr. N. Jagan Mohan Reddy	Managing Director	Executive Director (Promoter)
3	Mr. N. Sujith Kumar Reddy	Director	Non - Executive Director (Promoter)
4	Mr. S. L. Rao	Director	Independent Director
5	Mr. Dipankar Basu	Director	Independent Director
6	Mr. H. L. Zutshi	Director	Independent Director
7	Mr. G. Krishna Prasad	Director	Independent Director
8	Mr. V. Narayanamurthy[1]	Nominee Director	Independent Director - Nominee of IDBI Bank Limited
9	Mr. Yogesh Rastogi	Nominee Director	Independent Director - Nominee of ICICI Bank Limited

[1]Mr. V. Narayanamurthy was appointed as Nominee Director of IDBI Bank Limited in place of Mr. E.S. Ravisekar with effect from May 6, 2013.

Other Directorships:

The number of directorships and memberships in the committees of Other Companies held by the Directors as on December 31, 2013 are as under:

Name of the Director	No. of Other Directorships*	In Other Companies**	
		Membership	Chairmanship
Mr. N. Radhakrishna Reddy	10	-	-
Mr. N. Jagan Mohan Reddy	8	1	-
Mr.N. Sujith Kumar Reddy	10	-	-
Mr. S. L. Rao	5	-	2
Mr. Dipankar Basu	7	1	2
Mr. H. L. Zutshi	2	2	-
Mr. G. Krishna Prasad	4	-	1
Mr. V. Narayanamurthy	-	-	-
Mr. Yogesh Rastogi	1	-	-

* Includes directorships in the companies incorporated under the Companies Act, 1956

** Includes only Audit and Investor Grievances Committee

None of the Directors hold Directorships in more than 15 Companies.

Board Meetings:

During the year ended December 31, 2013, Six Board Meetings were held as against the minimum requirement of Four meetings. The maximum time gap between any of two consecutive meetings did not exceed four months.

The dates on which the Board meetings were held are February 20, 2013, March 21, 2013, April 27, 2013, May 13, 2013, August 13, 2013 and November 14, 2013.

Attendance of Directors at the meetings:

The details of the attendance of the Directors at the Board meetings held during the year ended December 31, 2013 and at the last Annual General Meeting (AGM) are given below:

Name of the Director	Number of Board Meetings		Attendance at AGM Held on April 27, 2013
	Held	Attended	
Mr. N. Radhakrishna Reddy	6	5	Yes
Mr. N. Jagan Mohan Reddy	6	6	Yes
Mr. N. Sujith Kumar Reddy	6	6	Yes
Mr. G. Krishna Prasad	6	6	Yes
Mr. Yogesh Rastogi	6	4	No
Mr. E. S. Ravisekhar[1]	6	2	Yes
Mr. V. Narayanamurthy[1]	6	1	No
Mr. S. L. Rao	6	5	Yes
Mr. Dipankar Basu	6	5	Yes
Mr. H. L. Zutshi	6	5	Yes

[1]Mr. V. Narayanamurthy was appointed as Nominee Director of IDBI Bank Limited in place of Mr. E.S. Ravisekar with effect from May 6, 2013.

Profile of Board of Directors

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

- **Mr. N. Radhakrishna Reddy**

  Mr. N. Radhakrishna Reddy (71 years) is the Chairman of Rain Industries Limited. He has more than 44 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, Rain Coke Limited, PCL Financial Services Limited, Arunachala Holdings Private Limited, PR Cement Holdings Limited, Apeetha Enterprises Private Limited, Lakshmi Sea Foods Limited, Rain Entertainments Private Limited and Pragnya Priya Foundation. He is the member of Remuneration Committee of Rain Cements Limited.

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

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

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

  Mr. N. Jagan Mohan Reddy (47 years) has a Bachelor of Science degree in Industrial Engineering from Purdue University, U.S.A. He is the founder of Rain CII Carbon (Vizag) Limited (successor of Rain Calcining Limited) that has started operations in 1998. He was instrumental in the acquisition of (i) Rain CII Carbon LLC (formerly CII Carbon LLC), a US based company, engaged in the business of manufacture and sale of Calcined Petroleum Coke (CPC) and generation of energy and (ii) RÜTGERS N.V., a Belgium-headquartered Coal Tar Pitch ("CTP") and Chemicals manufacturer. He provides strategy and guidance to the Senior Management of Rain Group.

  He is presently the Managing Director of Rain Industries Limited and Director in Rain CII Carbon (Vizag) Limited, Rain Cements Limited, Rain Coke Limited, Renuka Cement Limited, Sujala Investments Private Limited, Focus India Brands Private Limited, Rain Entertainments Private Limited, Moonglow Company Business Inc, Rain Commodities (USA) Inc, Rain CII Carbon LLC, USA, Rain Carbon Inc., Rain Global Services LLC, USA, Rain Carbon Holdings, LLC, USA, Rain Global Holdings, LLC, USA, Rain CII Carbon Mauritius Limited and Pragnya Priya Foundation. He is the member of Audit Committee of Rain Cements Limited.

  Mr. N. Jagan Mohan Reddy holds 8,586,740 equity Shares in the Company.

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

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

  Mr. N. Sujith Kumar Reddy, aged about 42 Years, holds a Bachelor's degree in Commerce. He has more than 19 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, Rain Coke Limited, PCL Financial Services Limited, Arunachala Holdings Limited, Apeetha Enterprises Private Limited, Nivee Holdings Private Limited, Nivee Property Developers Private Limited, Rain Entertainments Private Limited and Pragnya Priya Foundation.

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

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

- **Mr. Dipankar Basu**

  Mr. Dipankar Basu (78 Years) was previously the Chairman of State Bank of India until his retirement in August 1995. While serving as Chairman of State Bank of India, he served concurrently on the Boards of a number of SBI subsidiaries including those engaged in investment banking and fund management. Between

1996 and 1999, Mr. Basu served as a member of the Disinvestment Commission set up to advise the Government of India on public sector disinvestments. During 1997-98, Mr. Basu was a member of the Narasimham Committee on Banking Sector Reforms. Later, during 2004-06, he was a member of the Appointments Board constituted by Government of India for selection of Chairman and Executive Directors of Public Sector Banks. Mr. Basu brings with him long experience and wide knowledge of financial markets in India. He has several years of Board level experience in companies engaged in a wide spectrum of businesses - both financial and non-financial. He is currently on the Boards of Chambal Fertilizers & Chemicals Ltd, The Peerless General Finance & Inv. Co. Ltd, SBI Cards and Payment Services Pvt Ltd, Asian Paints Ltd, Deepak Fertilizers & Petrochemicals Corp. Ltd, Peerless Securities Limited and Rain CII Carbon (Vizag) Limited. He is at present a member of the Investment Advisory Committee of Army Group Insurance Fund and of the Empowered Committee on External Commercial Borrowings of Reserve Bank of India. He is the Chairman of Shareholders' Grievance Committee of Deepak Fertilisers & Petrochemicals Corp. Ltd., Chairman of Audit Committee and Member of Remuneration Committee of Asian Paints Limited and Member of Audit Committee and Remuneration Committee of Rain CII Carbon (Vizag) Limited. Mr. Basu received his Master of Arts (Economics) degree from Delhi University.

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

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

Mr. S. L. Rao (78 Years) is an economist, Distinguished Fellow, Emeritus at The Energy & Resources Institute (TERI), New Delhi, Board Member, Institute for Social and Economic Change, Bangalore, IIM Kozikode, CIRC-CUTS Institute of Regulation and Competition and Trustee, Bangalore International Centre and Aga Khan Foundation, India. He is Member of Advisory Committees including the Competition Commission of India, the Indian Energy Exchange. He has served for many years on other corporate and institutional Boards.

He was Director-General, National Council of Applied Economic Research, Delhi from 1990 to 1996 and was the first Chairman of the Central Electricity Regulatory Commission. He had earlier spent 28 years in management positions in Unilever, Warner Hindustan and Beardsell, five years as management consultant and designed and ran the National Management Programme (1987 to 1990). He is a columnist in the "Telegraph", Kolkata, "Financial Express" and "Deccan Herald". He is a widely read commentator on policy issues in many national and international publications. He has authored or edited 15 books; the last 3 were "Powering India" (Academic Foundation, 2011), "From Servants or Masters? Evolution of Professional Management in India", (Global Business Press, 2007), and "Governing Power", (TERI Press, 2004).

He is on the Boards of Honeywell Automation India Limited, Kanoria Chemicals and Industries Ltd, Global Trust Capital Finance Pvt Ltd, Insight Alpha Pvt Ltd and Rain CII Carbon (Vizag) Ltd. He is Chairman of Audit Committee and Member of Remuneration Committee of Honeywell Automation India Limited, Chairman of Remuneration Committee of Kanoria Chemicals and Industries Ltd and Chairman of Audit Committee and Member of Remuneration Committee of Rain CII Carbon (Vizag) Ltd.

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

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

Mr. H. L. Zutshi (71 Years) was the Chairman & Managing Director of Hindustan Petroleum Corporation Ltd.(HPCL). HPCL is engaged in petroleum refining, marketing and exploration activities and has an annual turnover of over USD 20 billion. He retired from HPCL in May 2002 after serving as CMD for seven years. HPCL was the successor company of ExxonMobil in India, after the latter's activities was taken over by the Government of India in 1974.

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

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

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

Mr. Zutshi is presently the Managing Trustee of the Energy Research and Social Advancement Foundation, New Delhi and also an Independent Director on the Boards of Jaguar Overseas Limited and Rain CII Carbon (Vizag) Limited. He is a member of India International Centre, New Delhi. He is the Member of Audit Committee and Remuneration Committee of Jaguar Overseas Limited and Member of Audit Committee and Chairman of Remuneration Committee of Rain CII Carbon (Vizag) Limited.

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

- **Mr. G. Krishna Prasad**

Mr. G. Krishna Prasad (44 Years) holds a Bachelor's degree in Electronics Engineering from India and a Masters degree in Computer Science from Wayne State University, Detroit. He worked earlier with Ford Motor Company in Detroit prior to starting his companies in India. Mr. G. Krishna Prasad is at present Managing Director in Tecra Systems Private Limited and Emergency Dictation Software Services Private Limited and Director in Srinija Infrastructure Private Limited and Rain Cements Limited. He is the Chairman of Audit Committee and Remuneration Committee of Rain Cements Limited.

Mr. G. Krishna Prasad does not hold any equity shares of the Company and he is not related to any Director of the Company.

- **Mr. Yogesh Rastogi**

Mr. Yogesh Rastogi (44 years) holds Bachelor's degree in Electrical Engineering from IIT Delhi and PGDM from IIM, Ahmedabad. He is the Nominee Director of ICICI Bank Limited. He is working with ICICI Bank Limited as General Manager, Zonal Head-South, Corporate Banking, ICICI Bank Limited, Hyderabad. He is presently Nominee Director in Nagarjuna Fertilizers & Chemicals Limited. He does not hold membership in Committees of other Companies.

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

- **Mr. V. Narayanamurthy**

Mr. V. Narayanamurthy (50 years) holds Master's Degrees in Business Economics and Financial Management and is a Certified Associate of the Indian Institute of Banking & Finance. He is the Nominee Director of IDBI Bank Limited. He is working with IDBI Bank Limited as General Manager and Executive Assistant to the Chairman & Managing Director. In a career spanning 25 years in IDBI Bank, he has gained experience in a wide range of functions including corporate banking, project appraisal, corporate planning & policy, corporate strategy & research, strategic investments and corporate communications.

He does not hold Directorships in other Companies.

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

3. **BOARD COMMITTEES:**

The Company currently has the following Committees of the Board:

a) Audit Committee;

b) Remuneration Committee; and

c) Shareholders'/Investors' Grievance Committee.

a) Audit Committee

Composition:

- The Audit Committee was constituted by the Board with six Non-Executive Independent Directors, with Mr. S.L Rao as its Chairman.
- The Head of Finance and Accounts, Statutory Auditors and Internal Auditors attend the Audit Committee meetings on invitation and the Company Secretary acts as the Secretary of the Committee.
- The minutes of the meetings of the Audit Committee are circulated to all the members of the Board.

Audit Committee meetings :

- Six Audit Committee Meetings were held during the year ended December 31, 2013. The maximum time gap between any of the two meetings was not more than four months.
- The Audit Committee meetings were held on February 20, 2013, March 21, 2013, April 27, 2013, May 13, 2013, August 13, 2013 and November 14, 2013.

Composition of the Audit Committee and the details of meetings held and attended by its members are given below:

Name of the Director	Designation	Number of Meetings	
		Held	Attended
Mr. S. L. Rao	Chairman	6	5
Mr. Dipankar Basu	Member	6	5
Mr. H. L. Zutshi	Member	6	5
Mr. G. Krishna Prasad	Member	6	6
Mr. Yogesh Rastogi	Member	6	4
Mr. E. S. Ravisekhar[1]	Member	6	2
Mr. V. Narayanamurthy[1]	Member	6	1

[1] Mr. V. Narayanamurthy was appointed as Nominee Director of IDBI Bank Limited in place of Mr. E.S. Ravisekar with effect from May 6, 2013.

Terms of Reference:

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

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending to the Board, the appointment, reappointment and if required the replacement of the statutory auditor and fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - ✓ Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956;

- ✓ Changes, if any, in accounting policies and practices and reasons for the same;
- ✓ Major accounting entries involving estimates based on the exercise of judgment by management;
- ✓ Significant adjustments made in the financial statements arising out of audit findings;
- ✓ Compliance with listing and other legal requirements relating to financial statements;
- ✓ Disclosure of any related party transactions; and
- ✓ Qualifications in the draft audit report.

- Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing with the management, performance of statutory and internal auditors and adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, reporting structure, coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow-up thereon.
- 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 system of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors prior to the commencement of audit, the nature and scope of audit and subsequent to audit to ascertain any areas of concern.
- To look into the reasons for substantial defaults in the payment to debenture holders, shareholders (in case of non-payment of declared dividend) and creditors.
- To review the functioning of the Whistle Blower mechanism.

b) Remuneration Committee:

Composition

- The Remuneration Committee has been constituted to formulate and recommend to the Board, the remuneration of the Managing Director, Whole-time Directors including performance bonus and perquisites.
- All the members of the Remuneration Committee are independent and Non-Executive Directors.

Remuneration Committee meetings

- During the period from January 1, 2013 to December 31, 2013, Remuneration Committee Meeting was held on February 20, 2013.

Composition of the Remuneration Committee and the details of meetings held and attended by its members are given below:

Name of the Director	Designation	Number of Meetings	
		Held	Attended
Mr. S. L. Rao	Chairman	1	1
Mr. Dipankar Basu	Member	1	1
Mr. H. L. Zutshi	Member	1	1
Mr. G. Krishna Prasad	Member	1	1
Mr. Yogesh Rastogi	Member	1	1
Mr. E. S. Ravisekhar[1]	Member	1	1
Mr. V. Narayanamurthy[1]	Member	-	-

[1] Mr. V. Narayanamurthy was appointed as Nominee Director of IDBI Bank Limited in place of Mr. E.S. Ravisekar with effect from May 6, 2013.

Composition of the Committee is given below:

Name of the Director	Designation
Mr. S. L. Rao	Chairman
Mr. Dipankar Basu	Member
Mr. H. L. Zutshi	Member
Mr. G. Krishna Prasad	Member
Mr. Yogesh Rastogi	Member
Mr. E. S. Ravisekhar[1]	Member
Mr. V. Narayanamurthy[1]	Member

[1] Mr. V. Narayanamurthy was appointed as Nominee Director of IDBI Bank Limited in place of Mr. E.S. Ravisekar with effect from May 6, 2013.

Remuneration policy

- The compensation of the executive directors comprises of 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 executive directors are not paid sitting fees for attending any meetings of Board/Committee.

Details of remuneration to all the Directors

Following are the details of sitting fees paid to the Directors for attending Board and Committee Meetings for the year ended December 31, 2013:

Name of the Director	Amount Rs.
Mr. N. Radhakrishna Reddy	100,000
Mr. G. Krishna Prasad	260,000
Mr. Yogesh Rastogi[1]	180,000
Mr. E. S. Ravisekar[2 & 3]	100,000
Mr. V. Narayanamurthy[2 & 3]	40,000
Mr. S. L. Rao	220,000
Mr. Dipankar Basu	220,000
Mr. H. L. Zutshi	220,000

[1] Paid to ICICI Bank Limited

[2] Paid to IDBI Bank Limited

[3] Mr. V. Narayanamurthy was appointed as Nominee Director of IDBI Bank Limited in place of Mr. E. S. Ravisekar with effect from May 6, 2013.

The Remuneration paid to the Whole-time Directors during the year is as follows:

Name of the Director and Designation	Salary, Perquisites and Commission (Rs.)
Mr. N. Jagan Mohan Reddy, Managing Director	1,36,24,670
Total	**1,36,24,670**

The Company does not have any stock option plan or performance linked incentive for the Executive Directors. The appointments are made for a period of five years on the terms and conditions contained in the respective resolutions passed by the Members in the General Meetings.

Shares held by Non-Executive Directors

The number of equity shares of the Company held by Non-Executive Directors, as on December 31, 2013 is as follows:

Name of the Director	No. of Equity Shares (face value of Rs. 2 each) held in the Company
Mr. N. Radhakrishna Reddy	10,383,730
Mr. N. Sujith Kumar Reddy	10,028,770
Mr. G. Krishna Prasad	-NIL -
Mr. Yogesh Rastogi	-NIL -
Mr. V. Narayanamurthy	-NIL -
Mr. S. L. Rao	-NIL -
Mr. Dipankar Basu	140
Mr. H. L. Zutshi	-NIL -

c) **Shareholders/Investors' Grievance Committee:**

Composition

The Committee consists of the following Directors:

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

Terms of Reference

- The Shareholders/Investors Grievance Committee oversees and reviews all matters connected with the securities transfers and also looks into redressing of shareholders complaints like transfer of shares, non-receipt of annual reports/dividends etc.
- The Committee oversees the performance of the Registrar and Transfer agents and recommends measures for overall improvement in the quality of investor services.

Name and designation of Compliance Officer:

Mr. S. Venkat Ramana Reddy, Company Secretary

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

Number of Shareholders complaints received so far.

- During the year ended December 31, 2013, the Company has received and resolved 278 complaints and there were no pending complaints as at the year end.
- Number of complaints not resolved to the satisfaction of shareholders is Nil.

4. GENERAL BODY MEETINGS:

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

Financial year ended December, 31	Date	Time	Venue
2012	April 27, 2013	11.00 AM	KLN Prasad Auditorium, FAPCCI, Red Hills, Hyderabad, Andhra Pradesh.
2011	April 25, 2012	11.00 AM	
2010	May 12, 2011	11.00 AM	

Special Resolutions passed during the previous three Annual General Meetings:

(i) 38th Annual General Meeting - April 27, 2013

Appointment of Mr. Jagan Mohan Reddy Nellore (Managing Director of the Company) as Chief Executive Officer of CPC Holdings USA LLC (CPCUSA), a step down wholly owned subsidiary company.

(ii) 37th Annual General Meeting - April 25, 2012 - No special resolutions were passed.

(iii) 36th Annual General Meeting - May 12, 2011

i) Appointment of Mr. N. Jagan Mohan Reddy as Managing Director for a period of 5 years w.e.f. February 10, 2011 (i.e., from February 10, 2011 to February 9, 2016).

ii) Commission payable to the Non-Executive Directors per annum shall not exceed 1% of the net profits of the Company.

iii) To Sub-divide the Equity Shares of the Company of the face value of Rs. 10 each into Five Equity Shares of the face value of Rs.2 each.

iv) To Substitute the existing Clause V of the Memorandum of Association of the Company consequent to sub-division of Equity Shares of Rs.10 each into Five Equity Shares of Rs. 2 each.

v) To Substitute the existing Article No.6 of the Articles of Association of the Company consequent to sub-division of Equity Shares of Rs.10 each into Five Equity Shares of Rs. 2 each.

iv) Special resolution passed last year through postal ballot

Special Resolution was passed on July 2, 2013 through postal ballot to seek approval of Members for changing the name of the Company from Rain Commodities Limited to Rain Industries Limited.

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

The procedure for Postal Ballot is as per section 192A of the Companies Act, 1956 and Rules made there under Companies (Passing of the Resolution by Postal Ballot) Rules, 2011.

The scrutiniser submitted a report to the Chairman stating that the resolution has been duly passed by the members.

v) Postal ballot:

No Special resolution requiring a postal ballot is being proposed for the ensuing Annual General Meeting.

5. DISCLOSURES:

a) Related party transactions:

During the year ended December 31, 2013, 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 33 to the Annual Accounts.

b) Details of non-compliance etc.:

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

There were no instances of non-compliance, penalty or strictures on any matter related to the capital markets, during the last three years.

c) Disclosure of Accounting Treatment:

The financial statements have been prepared under the historical cost convention on an accrual basis, to comply with the generally accepted accounting principles in India ("Indian GAAP"), the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 (as amended), the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Securities and Exchange Board of India ('SEBI'). The financial statements are presented in Indian rupees rounded off to the nearest thousand.

d) Whistle Blower policy:

The Board of Directors of the Company at its meeting held on July 29, 2009 had adopted the Whistle Blower Policy and appointed an ombudsman. Employees can report to the Management concerned unethical behavior, act or suspected fraud or violation of the Company's Code of Conduct policy.

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

No employee has been denied access to the Audit Committee. A copy of the Whistle Blower Policy is also hosted on the website of the Company: www.rain-industries.com.

e) Board Disclosures - Risk Management

The Company has a Risk Management Policy which has been adopted by the Board of Directors. Currently, the Company's risk management approach comprises of the following:

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

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

The Company has appointed a Risk Officer and also put in place the 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 Risk 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 review the risk management policy periodically.

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

f) **Subsidiary Companies**

The Company has two material unlisted subsidiaries in India. An independent director of the Company is a director on the Board of these subsidiaries. The Audit Committee of the Company reviews the financial statements of the subsidiaries and the minutes of the Board meetings of these subsidiaries are also periodically placed at the Board meeting of the Company.

g) **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 Senior Management Personnel of the Company. An affirmation of compliance with the code is received from them on an annual basis.

h) **CEO and CFO Certification**

The Managing Director and the CFO have given a Certificate to the Board as contemplated in Clause 49 of the Listing Agreement and is separately annexed.

i) **Proceeds from public issues, rights issues, preferential issues etc.**

During the year ended December 31, 2013, there were no proceeds from public issues, rights issues, preferential issues etc.

j) **Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause**

The Company has complied with all the mandatory requirements of the Clause 49 of the Listing Agreement. Whistle Blower policy and Remuneration Committee requirements have been adopted from non-mandatory requirements.

6. MEANS OF COMMUNICATION

a) **Quarterly results**

The quarterly results of the Company are published in accordance with the requirements of the listing agreement, in widely circulated newspapers like Business Standard (English daily) and Andhra Prabha (Telugu daily).

b) **News releases, presentations, etc.**

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

During the year ended December 31, 2013, the Company has not made any presentations to the investors/ analysts.

c) **Management Discussion and Analysis (MDA) Report**

The report on MDA is annexed to the Directors' Report and forms part of this Annual Report.

7. GENERAL SHAREHOLDER INFORMATION

a) Annual General Meeting : 39th Annual General Meeting

Date : May 8, 2014

Time : 11:00 a.m.

Venue : KLN Prasad Auditorium, Federation of Andhra Pradesh Chambers of Commerce & Industry (FAPCCI), Red Hills, Hyderabad-500 004, Andhra Pradesh

b) Financial Calendar : January 1, 2014 to December 31, 2014.

Tentative Schedule for considering Financial Results

For the Quarter ending March 31, 2014 : April/May, 2014

For the Quarter ending June 30, 2014 : July/August, 2014

For the Quarter ending September 30, 2014 : October /November, 2014

For the Quarter/Year ending December 31, 2014 : January/February, 2015

c) Dates of Book Closures : April 30, 2014 to May 8, 2014 (both days inclusive)

d) Dividend Payment Date : - NIL -

e) Listing on Stock Exchanges: Company's equity shares are listed at:

Name and Address of the Stock Exchange	Scrip Code
BSE Limited, Phiroze JeeJeebhoy Towers, Dalal street, Mumbai-400 001.	500339
National Stock Exchange of India Limited, Exchange Plaza, Floor 5, Plot # C/1, Bandra-Kurla Complex, Bandra (East), Mumbai - 400051	RAIN
The Delhi Stock Exchange Limited, DSE House, 3/1 Asaf Ali Road, New Delhi - 110002*	5019

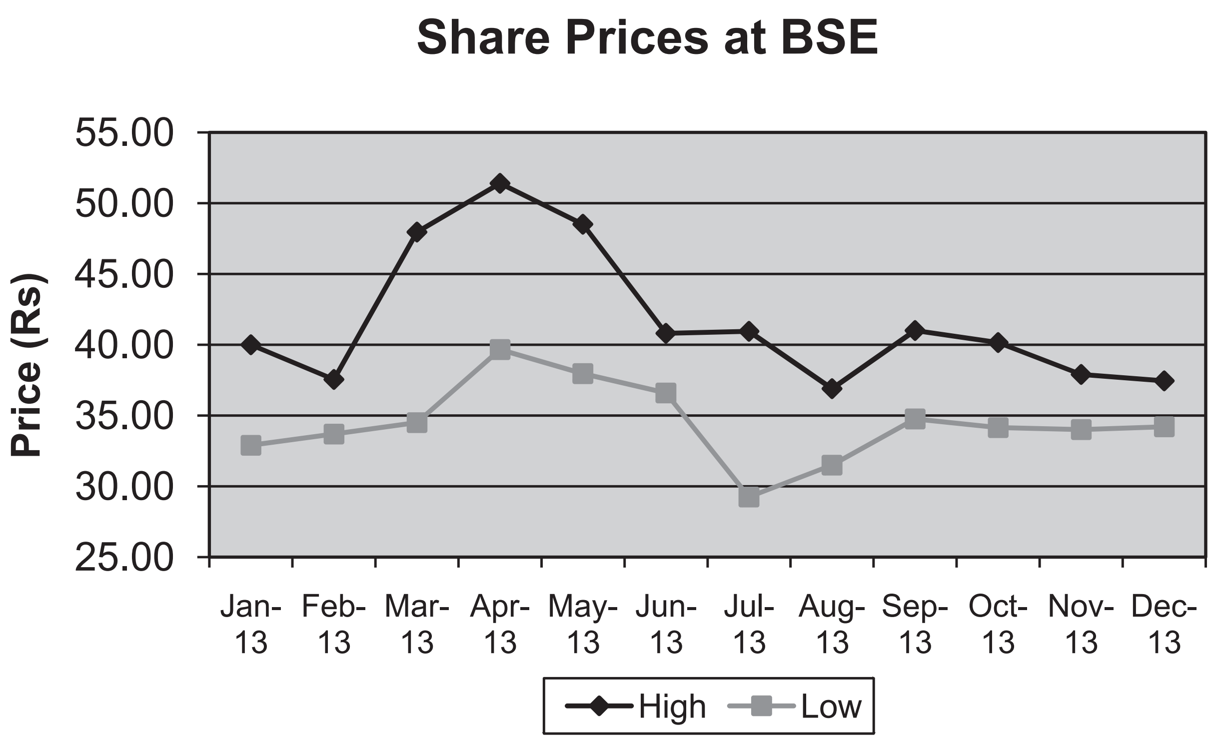
* The Company has applied to the Delhi Stock Exchange for voluntary delisting of its shares.

The listing fees for the year 2013-14 have been paid to the above stock exchanges.

f) Market Price Data: High and low during each month from January 1, 2013 to December 31, 2013

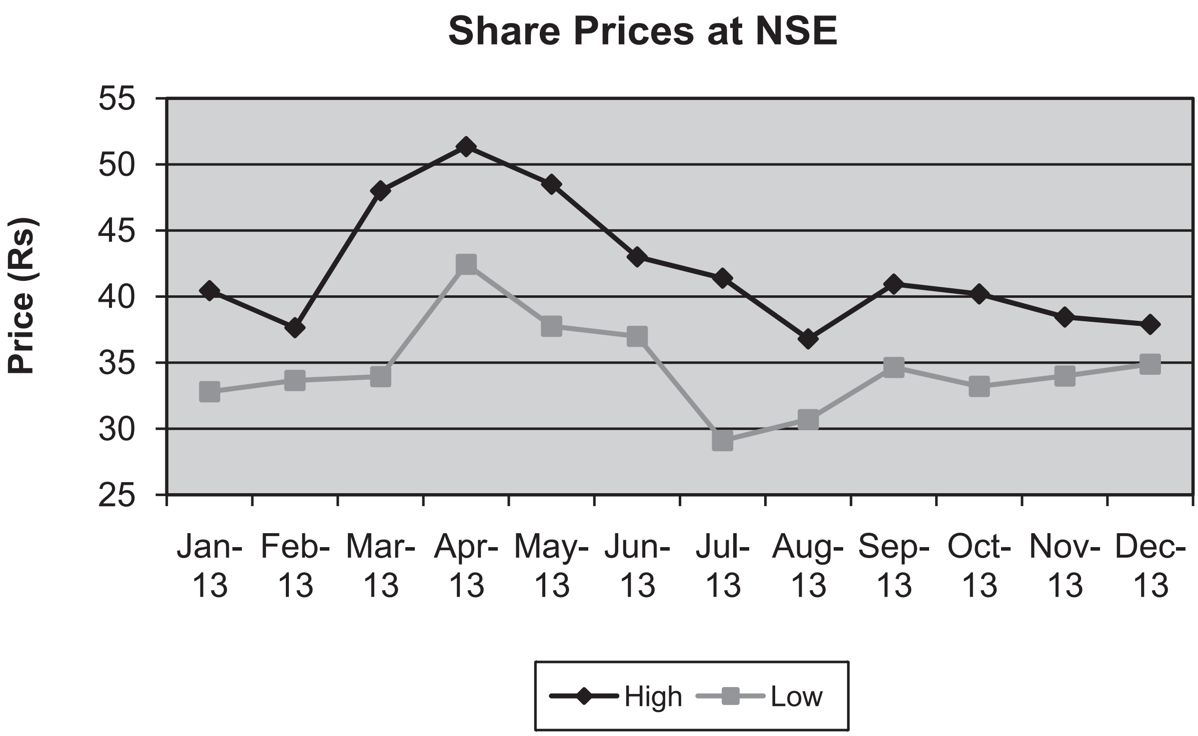
BSE LIMITED (BSE)

Month	High (Rs.)	Low (Rs.)	No. of Shares traded
January, 2013	40.00	32.90	6,32,765
February, 2013	37.55	33.70	21,32,810
March, 2013	47.95	34.50	21,68,141
April, 2013	51.40	39.65	22,80,457
May, 2013	48.50	37.95	24,34,458
June, 2013	40.80	36.60	1,79,737
July, 2013	40.95	29.25	1,85,284
August, 2013	36.90	31.50	1,51,622
September, 2013	41.00	34.75	3,24,380
October, 2013	40.15	34.15	2,06,768
November, 2013	37.90	34.00	3,31,557
December, 2013	37.45	34.20	1,53,463

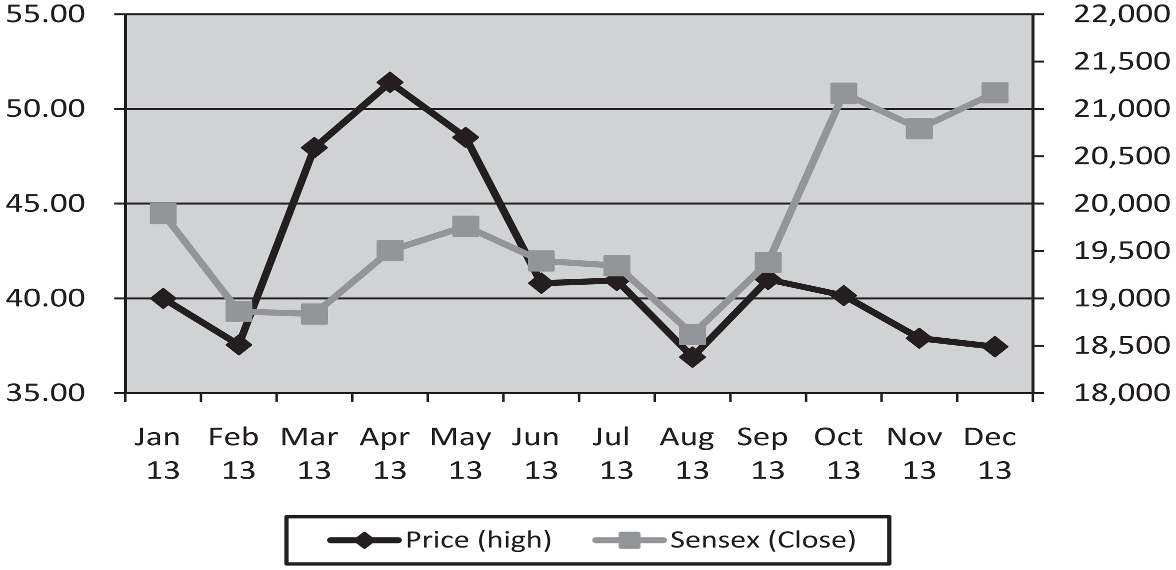


NATIONAL STOCK EXCHANGE OF INDIA LIMITED (NSE)

Month	High (Rs.)	Low (Rs.)	No. of Shares traded
January, 2013	40.45	32.80	53,20,325
February, 2013	37.65	33.65	49,44,228
March, 2013	48.00	33.95	98,44,249
April, 2013	51.35	42.45	56,61,651
May, 2013	48.50	37.75	32,59,738
June, 2013	43.00	37.00	7,91,526
July, 2013	41.40	29.10	14,17,141
August, 2013	36.80	30.70	6,97,099
September, 2013	40.95	34.65	20,67,431
October, 2013	40.20	33.20	25,66,919
November, 2013	38.45	34.00	13,93,521
December, 2013	37.90	34.90	5,64,959

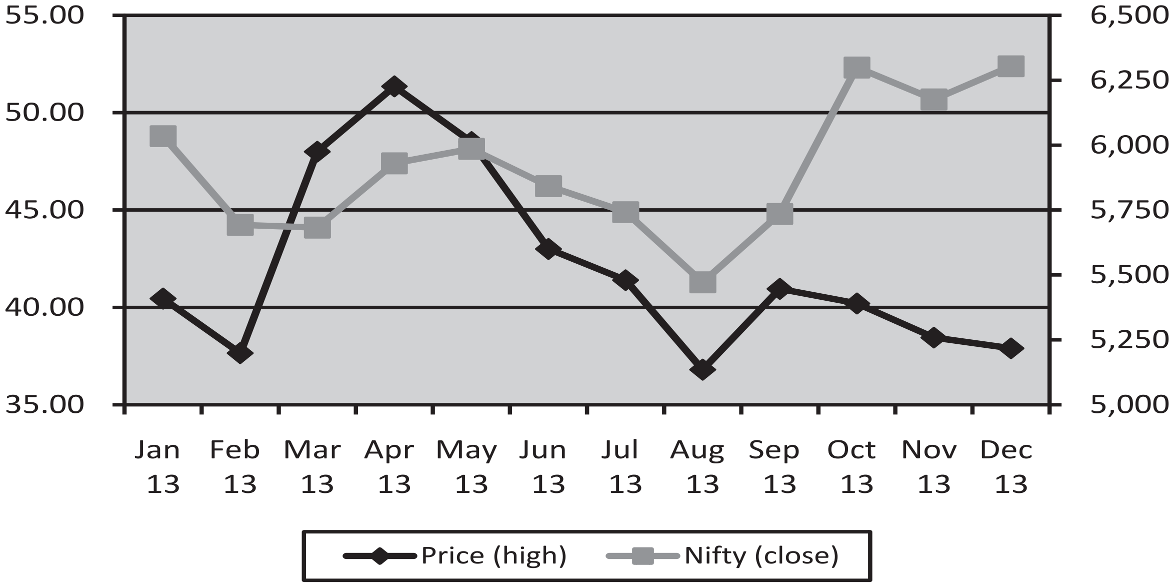


g) Performance in comparison to broad based indices such as BSE Sensex:



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

Performance in comparison to broad based indices such as Nifty:



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

h) Registrar & Share Transfer Agents:
(for Shares held in both Physical and Demat mode)

Karvy Computershare Private Limited
(Unit: Rain Industries Limited)
Plot No.17 to 24, Vittal Rao Nagar,
Madhapur, Hyderabad - 500 081, Andhra Pradesh.
Phone # 91-40-44655189; Fax # 91-40-23420814 / 23420857
Email id: psrchmurthy@karvy.com

i) Share transfer System and Dematerilisation of Shares:

SEBI vide its Circular No. CIR/MIRSD/8 /2012, dated July 5, 2012 has reduced the time-line for registering the transfer of shares to 15 days, the Physical share transfers are processed and the share certificates are returned to the shareholders within a maximum period of 15 days from the date of receipt, subject to the documents being valid and complete in all respects.

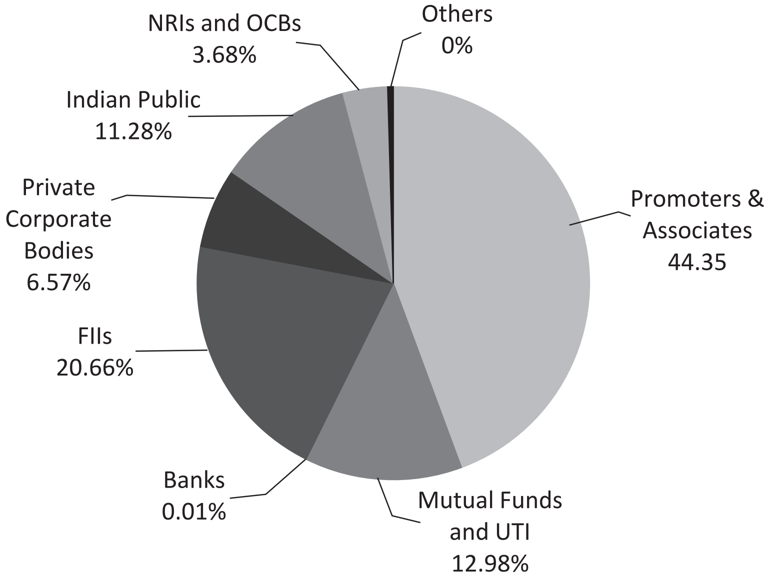
Any transferee who wishes to demat the shares may approach a Depository participant along with a duly filled Demat Request Form, who shall, on the basis of the Share Certificate, generate a demat request and send the same to the Registrar and Share transfer Agents (RTA). On receipt, the Depository Registrar confirms the request.

All requests for Dematerialisation of shares are processed and the confirmation is given to the respective Depositories, i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), within 21 days of receipt.

j) Distribution of Shareholding:

Shareholding pattern as on December 31, 2013:

Sl.No.	Category	No. of Equity Shares of face value of Rs. 2 each held	Percentage of shareholding
1.	Promoters / Directors / Associates	149,181,563	44.35
2.	Mutual Funds and UTI	43,650,448	12.98
3.	Banks, Financial Institutions, Insurance Companies (Central / State Government Institutions / Non-Government Institutions)	48,285	0.01
4.	FIIs	69,505,777	20.66
5.	Private Corporate Bodies	22,105,306	6.57
6.	Indian Public	37,943,011	11.28
7.	NRIs / OCBs	12,365,310	3.68
8.	Others (Clearing Members)	1,545,979	0.46
	TOTAL	**336,345,679**	**100.00**



Distribution of Shareholding as on December 31, 2013:

No. of shares slab	Holders		Amount	
	Number of shareholders	% to Total No. of Shareholders	Rs.	% to Total paid up capital
1 - 5,000	38,668	94.10	21,351,657	42,703,314
5,001 - 10,000	1,354	3.29	5,168,351	10,336,702
10,001 - 20,000	528	1.28	3,833,938	7,667,876
20,001 - 30,000	161	0.39	2,076,212	4,152,424
30,001 - 40,000	72	0.18	1,285,694	2,571,388
40,001 - 50,000	79	0.19	1,804,002	3,608,004
50,001 - 1,00,000	86	0.21	3,095,560	6,191,120
1,00,001 and above	146	0.36	297,730,265	595,460,530
TOTAL	**41,094**	**100.00**	**336,345,679**	**672,691,358**

k) **Dematerialisation of Shares & 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).

As on December 31, 2013, 322,576,704 equity shares were dematerialised representing 96.37% of the total paid up equity share capital of the Company.

ISIN: INE855B01025

l) **Plant Locations:**

None

m) **Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity.**

The Company has not issued any GDRs/ADRs and there are no outstanding warrants or any Convertible instruments.

n) **Address for Correspondence:**

Company Secretary
Rain Industries Limited
Regd. Off: "Rain Center", 34, Srinagar Colony,
Hyderabad - 500 073, Andhra Pradesh, India.
Phone No.040-40401234, 040-40401259
Fax No. 040-40401214.

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

Website: www.rain-industries.com

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

Place : Hyderabad
Date : February 26, 2014

N. Jagan Mohan Reddy
Managing Director

N. Sujith Kumar Reddy
Director

DECLARATION

As provided under Clause-49 of the Listing Agreement with the Stock Exchanges, 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, 2013.

for **Rain Industries Limited**

Place: Hyderabad
Date : February 26, 2014

N. Jagan Mohan Reddy
Managing Director

Auditors' certificate on compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreements

To,
The Members of Rain Industries Limited (Formerly Rain Commodities Limited)

We have examined the compliance of conditions of Corporate Governance by Rain Industries Limited (Formerly Rain Commodities Limited) ('the Company') for the year ended December 31, 2013, as stipulated in clause 49 of the Listing Agreement(s) of the company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. 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.

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 Agreement(s).

We further 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.

for **B S R & Associates LLP**
Chartered Accountants
Firm Registration Number: 116231W

Sriram Mahalingam
Partner
Membership Number: 049642

Place: Hyderabad
Date : February 26, 2014

CEO AND CFO CERTIFICATE

We hereby certify that :

a) we have reviewed financial statements and the cash flow statement for the **Financial Year ended 31st December, 2013** and that to the best of our knowledge and belief:

   i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) There are, to the best of our knowledge and belief no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d) We have indicated to the Auditors and the Audit Committee that there are no:

   i) significant changes in internal control over financial reporting during the year;

   ii) significant changes in accounting policies during the year requiring disclosure in the notes to the financial statements; and

   iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the company's internal control system over financial reporting.

For **Rain Industries Limited**

Place: Hyderabad	**N. Jagan Mohan Reddy**	**T. Srinivasa Rao**
Date : February 26, 2014	Managing Director	Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To the Members of
Rain Industries Limited
(formerly Rain Commodities Limited)

Report on the Financial Statements

We have audited the accompanying financial statements of Rain Industries Limited (Formerly Rain Commodities Limited), ("the Company"), which comprises the Balance Sheet as at December 31, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information (collectively referred to as "financial statements").

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2013;

(b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by Section 227 (3) of the Act, we report that:

   (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   (b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   (d) in our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;

   (e) on the basis of written representations received from the directors as on December 31, 2013, and taken on record by the Board of Directors, none of the director is disqualified as on December 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

for **B S R & Associates LLP**
Chartered Accountants
Firm registration Number: 116231W

Sriram Mahalingam
Partner
Membership Number: 049642

Hyderabad
February 26, 2014

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

The annexure referred to in our report of even date to the members of Rain Industries Limited (formerly Rain Commodities Limited) ("the Company") on the financial statements for the year ended December 31, 2013. 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 programme of physical verification of its fixed assets by which all fixed assets are verified once in a period of two years. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with the policy, all fixed assets were verified during the year and no material discrepancies were observed on such verification.

(c) Fixed assets disposed of during the year were not substantial, and therefore, do not affect the going concern assumption.

(ii) (a) As explained to us, during the year the Company primarily dealt with trading activities. The inventory purchased was sold to its customers on a high sea sale basis and no inventory was held by the Company during the year. Thus, paragraph 4(ii) of the Order is not applicable.

(iii) (a) The Company has granted loans to three companies covered in the register maintained under Section 301 of the Companies Act, 1956 ("the Act"). The maximum amount outstanding during the year was Rs. 3,039,411 thousands and the year-end balance of such loans was Rs. 1,836,928 thousands. The Company has not granted any loan to firms and other parties covered in the register maintained under Section 301 of the Act.

(b) In our opinion, the rate of interest and other terms and conditions on which loans have been granted to the three Companies listed in the register maintained under Section 301 of the Act are not, prima facie, prejudicial to the interest of the Company

(c) In the case of loans granted to the three companies listed in the register maintained under Section 301 of the Act, the borrowers have been generally regular in repaying the principal amounts as stipulated and in the payment of interest.

(d) There are no overdue amounts of more than Rupees one lakh in respect of loans granted to the three companies listed in the register maintained under Section 301 of the Act.

(e) The Company has not taken any loans from companies, firms or other parties listed in the register maintained under Section 301 of the Act and accordingly clause 4(iii)(f) and clause 4(iii)(g) of the Order is not applicable.

(iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories and fixed assets are for the Company's specialised requirement and that goods sold and services rendered are for the specialised requirement of the buyers and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system with regard to purchase of inventories and fixed assets and with regard to sale of goods and services. We have not observed any major weaknesses in the internal control system during the course of the audit.

(v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts and arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of Rs.5 lakhs with any party during the year have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time except for purchase of inventories and fixed assets which are for the specialised requirements of the Company and similarly for sale of goods and certain services rendered that are for the specialised requirements of the buyers for which suitable alternative sources are not readily available to obtain comparable quotations. However, on the basis of information and explanations provided, the same appears reasonable.

(vi) The Company has not accepted any deposits from the public.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) The Central Government of India has not prescribed the maintenance of cost records under Section 209(1)(d) of the Act for any of the goods sold/ services rendered by the Company.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Income-tax, Sales-tax, Wealth Tax, Customs Duty, 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 Investor Education and Protection Fund, Employees' State Insurance and Excise duty.

According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Income-tax, Sales-tax, Wealth Tax, Customs Duty, Service Tax and other material statutory dues that were in arrears as at December 31, 2013 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 Sales tax, Wealth tax, Service tax and Customs duty which have not been deposited with appropriate authorities on account of any disputes. However, the Company disputes the following Income tax dues:

Name of the Statute	*Nature of the Dues*	*Amount in thousands (Rs.)*	*Period to which the amount relates*	*Forum where dispute is pending*
Income Tax Act, 1961	*Income Tax and interest*	*91,243 (91,243)**	*AY 2004-05*	*Honorable High Court of Andhra Pradesh*
Income Tax Act, 1961	*Income Tax and interest*	*167,759*	*AY 2009-10*	*Income Tax Appellate Tribunal*

*Amount in parenthesis represents amount paid under protest.

(x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers. The Company did not have any outstanding dues to any financial institution or debenture holders during the year.

(xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund/ society.

(xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.

(xv) In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantees for loans taken by its subsidiaries from banks are not prejudicial to the interest of the Company.

(xvi) In our opinion and according to the information and explanation given to us and on the basis of our examination of the books of account, the term loans obtained by the Company were applied for the purpose for which such loans were obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to companies/firms/ parties covered in the register maintained under Section 301 of the Act.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised any money by public issues during the year.

(xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

for **B S R & Associates LLP**
Chartered Accountants
Firm registration Number: 116231W

Sriram Mahalingam
Partner
Membership Number: 049642

Hyderabad
February 26, 2014

BALANCE SHEET AS AT DECEMBER 31, 2013

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

	Note	As at December 31, 2013		As at December 31, 2012	
A. EQUITY AND LIABILITIES					
1. Shareholders' funds					
(a) Share capital	3	**672,691**		683,403	
(b) Reserves and surplus	4	**2,612,773**		2,984,890	
			3,285,464		3,668,293
2. Non-current liabilities					
(a) Long-term borrowings	5	**1,683,680**		2,191,092	
(b) Deferred tax liabilities (net)	6	**-**		8,778	
(c) Long-term provisions	7	**2,031**		1,946	
			1,685,711		2,201,816
3. Current liabilities					
(a) Short-term borrowings	8	**-**		332,279	
(b) Trade payables	9	**2,013**		15,331	
(c) Other current liabilities	10	**635,845**		1,124,574	
(d) Short-term provisions	11	**112,359**		472,581	
			750,217		1,944,765
TOTAL			**5,721,392**		7,814,874
B. ASSETS					
1. Non-current assets					
(a) Fixed assets	12		**106,495**		111,558
(b) Non-current investments	13	**3,035,949**		3,035,949	
(c) Long-term loans and advances	14	**1,030,233**	**4,066,182**	2,385,226	5,421,175
2. Current assets					
(a) Trade receivables	15	**58,254**		344,500	
(b) Cash and bank balances	16	**493,526**		1,100,185	
(c) Short-term loans and advances	17	**983,187**		801,877	
(d) Other current assets	18	**13,748**		35,579	
			1,548,715		2,282,141
TOTAL			**5,721,392**		7,814,874
Corporate Information	1				
Significant Accounting Policies	2				

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

For and on behalf of the Board of Directors

As per our report of even date attached
for **B S R & Associates LLP**
Chartered Accountants
Firm registration number: 116231W

N. Jagan Mohan Reddy
Managing Director

N. Sujith Kumar Reddy
Director

Sriram Mahalingam
Partner
Membership number: 049642

T. Srinivasa Rao
Chief Financial Officer

S. Venkat Ramana Reddy
Company Secretary

Place: Hyderabad
Date : February 26, 2014

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 2013

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

		Note	**For the year ended December 31, 2013**	For the year ended December 31, 2012
1.	**Revenue**			
	Revenue from operations	19	**707,241**	690,888
	Other Income	20	**584,426**	946,101
	Total revenue		**1,291,667**	1,636,989
2.	**Expenses**			
	Purchases of stock-in-trade		**704,389**	680,612
	Changes in inventories of stock-in-trade	21	**-**	-
	Employee benefits expense	22	**17,928**	41,258
	Finance costs	23	**256,687**	236,755
	Depreciation expense	12	**5,034**	5,015
	Other expenses	24	**27,121**	30,920
	Total expenses		**1,011,159**	994,560
3.	**Profit before tax (1-2)**		**280,508**	642,429
4.	**Tax expense**	25	**127,533**	78,689
5.	**Profit for the year (3-4)**		**152,975**	563,740
	Earnings per share of Rs. 2/- each	29		
	Basic and diluted (Rs.)		0.45	1.65
Corporate Information		1		
Significant Accounting Policies		2		

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

For and on behalf of the Board of Directors

As per our report of even date attached
for **B S R & Associates LLP**
Chartered Accountants
Firm registration number: 116231W

N. Jagan Mohan Reddy
Managing Director

N. Sujith Kumar Reddy
Director

Sriram Mahalingam
Partner
Membership number: 049642

T. Srinivasa Rao
Chief Financial Officer

S. Venkat Ramana Reddy
Company Secretary

Place: Hyderabad
Date : February 26, 2014

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2013

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

			For the year ended December 31, 2013		For the year ended December 31, 2012
A.	**Cash flow from operating activities**				
	Profit before taxation		**280,508**		642,429
	Adjustments for:				
	Depreciation expense	**5,034**		5,015	
	Interest income	**(198,515)**		(279,538)	
	Interest and other borrowing costs	**113,360**		146,077	
	Rental income	**-**		(228)	
	Dividend income	**(376,835)**		(597,924)	
	Loss on retirement of fixed assets	**464**		1,558	
	Unrealised exchange loss (net)	**119,665**		39,193	
			(336,827)		(685,847)
	Operating loss before working capital changes		**(56,319)**		(43,418)
	Adjustments for :				
	Trade receivables	**286,246**		696,881	
	Loans and advances	**(52)**		(49)	
	Trade payables, other current liabilities and provisions	**1,126**		(563)	
			287,320		696,269
	Cash generated from operations		**231,001**		652,851
	Income tax paid (net)		**(77,035)**		(96,472)
	Net cash flow from operating activities		**153,966**		556,379
B.	**Cash flow from investing activities**				
	Purchase of fixed assets		**(444)**		(54)
	Proceeds from sale of fixed assets		**4**		-
	(Increase) /decrease other bank balances		**(6,476)**		(6,383)
	Purchase of long term investments		**-**		(600)
	Loan given to subsidiary companies		**(865,107)**		(1,787,723)
	Loan repaid by subsidiary companies		**2,195,555**		969,520
	Consideration received on transfer of Cement business (Refer Note (c) below)		**-**		298,075
	Loans repaid		**-**		600,000
	Refund of share application money		**-**		315,000
	Rent received		**-**		228
	Interest received		**220,347**		267,363
	Dividends received		**376,835**		597,924
	Net cash flow from investing activities		**1,920,714**		1,253,350

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2013 (Contd.)

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

	For the year ended December 31, 2013	For the year ended December 31, 2012
C. Cash flow from financing activities		
Repayment of borrowings	**(1,270,833)**	-
Repayment of short term borrowings (net)	**(332,279)**	(776,858)
Finance cost paid	**(115,580)**	(151,308)
Dividend paid	**(766,350)**	(378,605)
Buy-back of equity shares (Refer note 26)	**(202,773)**	(275,932)
Net cash flow used in financing activities	**(2,687,815)**	(1,582,703)
Net (decrease)/increase in cash and cash equivalents (A+B+C)	**(613,135)**	227,026
Cash and cash equivalents - Opening balance	**1,069,043**	842,017
Cash and Cash equivalents - Closing Balance	**455,908**	1,069,043

Notes:

	As at December 31, 2013	As at December 31, 2012
a) **Cash and Cash equivalents - Closing Balance**	**455,908**	1,069,043
Add: Other bank balances	**37,618**	31,142
Cash and bank balances - Closing Balance	**493,526**	1,100,185

b) The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on Cash Flow Statements.

c) Pursuant to the Scheme of Arrangement in the financial year 2010 the Cement business was transferred by the Company for a consideration of Rs. 850,000. The consideration receivable was converted into an unsecured loan. During the current year, the Company has received Rs. Nil (December 31, 2012: Rs. 298,075) in accordance with the terms of agreement.

Corporate Information 1

Significant Accounting Policies 2

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

For and on behalf of the Board of Directors

As per our report of even date attached
for **B S R & Associates LLP**
Chartered Accountants
Firm registration number: 116231W

N. Jagan Mohan Reddy
Managing Director

N. Sujith Kumar Reddy
Director

Sriram Mahalingam
Partner
Membership number: 049642

T. Srinivasa Rao
Chief Financial Officer

S. Venkat Ramana Reddy
Company Secretary

Place: Hyderabad
Date : February 26, 2014

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 1: Corporate Information

Rain Industries Limited ('the Company') was incorporated on March 15, 1974 under the Companies Act, 1956. The Company is currently engaged in the business of trading in Carbon Products. The Company's equity shares are Listed at BSE Limited, National Stock Exchange of India Limited and The Delhi Stock Exchange Limited in India.

The name of the Company has been changed to Rain Industries Limited from Rain Commodities Limited, pursuant to the approval received from the Registrar of Companies, Hyderabad on July 8, 2013.

Note 2: Significant Accounting Policies

(a) Basis of accounting and preparation of financial statements

The financial statements have been prepared under the historical cost convention on an accrual basis, to comply with the generally accepted accounting principles in India ("Indian GAAP"), the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 (as amended), the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Securities and Exchange Board of India ('SEBI'). The financial statements are presented in Indian rupees rounded off to the nearest thousand.

(b) Use of estimates

The preparation of the financial statements in conformity with the Indian GAAP requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made.

(c) Current and non-current classification

All assets and liabilities are classified into current and non-current.

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 operating cycle is within a period of 12 months.

(d) Inventories

Traded goods are valued at lower of weighted

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

average cost and net realizable value. Goods in transit are valued at cost or below.

(e) Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit/ (loss) before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the company are segregated.

Cash and cash equivalents for the purpose of cash flow comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

(f) Revenue Recognition

Sales are recognised on dispatch of goods and upon transfer of property in the goods to customers. Sales are inclusive of excise duty, as applicable.

(g) Other Income

Interest income is recognised using the time proportion method, based on the transactional interest rates.

Dividend income is recognised when the Company's right to receive dividend is established.

Income from shared services (services provided to Group companies) is recognized net of the cost incurred by the Company on accrual basis. Income in excess of billings have been disclosed under Other current assets as unbilled revenues.

(h) Fixed Assets, Depreciation, Impairment

Fixed Assets are stated at cost/professional valuation less accumulated depreciation. Cost includes freight, installation cost, duties and taxes, interest on specific borrowings utilised for financing the qualifying fixed assets and other incidental expenses.

Depreciation is provided on straight-line method at the rates specified in the Schedule XIV to the Companies Act, 1956 or based on the estimated economic useful lives whichever is higher.

Individual assets costing rupees five thousand or below are fully depreciated in the year of acquisition and put to use.

All fixed assets are assessed for any indication of impairment at the end of each financial year. On such indication, the impairment loss being the excess of carrying value over the recoverable value of the assets is charged to the statement of profit and loss in the respective financial years. The impairment loss recognised in prior years is reversed in cases where the recoverable value exceeds the carrying value, upon reassessment in the subsequent years.

(i) Foreign Currency Transactions

Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currency are restated at the prevailing year end rates. The resultant gain/ loss upon such restatement along with the gain/ loss on account of foreign currency transactions are accounted in the Statement of Profit and Loss. In respect of items covered by forward exchange contracts, the premium or discount arising at the inception of such a forward exchange contract is amortised as expense or income over the life of the contract. Any profit or loss arising on cancellation or renewal of such a forward contract is recognised in the statement of profit and loss.

(j) Investment

Long term investments are carried at cost less provision for diminution, other than temporary, if any, in the value of such investments. Current investments are carried at the lower of cost and fair value.

(k) Employee Benefits

Defined Contribution Plans

Contributions paid/payable under defined contribution plans are recognised in the Statement of Profit and Loss each year. Contribution plans comprises Superannuation covered under a scheme administered and managed by ICICI Prudential Life Insurance Company Limited, and Provident Fund is administered and managed by the Government of India. The Company makes monthly contributions and has no further obligations under the plan beyond its contributions.

Defined Benefit Plans

The Company has a defined benefit Gratuity plan covering all its employees. Gratuity is covered under a scheme administered by Life Insurance Corporation of India (LIC). The liability as at the balance sheet date is provided based on an actuarial valuation carried out by an independent actuary, in accordance with Accounting Standard 15 on 'Employee Benefits' (AS 15).

All actuarial gains and losses arising during the year are recognised in the statement of profit and loss of the year.

Other Long Term Employee Benefits

Other long term employee benefits comprise compensated absences which is provided based on an actuarial valuation carried out in accordance with AS-15 at the end of the year.

Short-term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

(l) Borrowing Costs

Borrowing costs include interest and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets.

(m) Leases

Assets taken on lease where the Company acquires substantially the entire risks and rewards incidental to ownership are classified as finance leases. The amount recorded is the lesser of the present value of minimum lease rental and other incidental expenses during the lease term or the fair value of the assets taken on lease. The rental obligations, net of interest charges are reflected as finance lease obligations.

Leases that do not transfer substantially all the risks and rewards of ownership are classified as operating leases and recorded as expense as and when the payments are made over the lease term.

(n) Earnings per share

The earnings considered in ascertaining the company's Earnings Per Share (EPS) comprise net profit after tax (and includes the post tax effect of any extra ordinary items). The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the year. Dilutive potential equity shares are deemed to be converted as of the beginning of the year, unless they have been issued at a later date. The number of shares used for computing the diluted EPS is the weighted average number of shares outstanding during the year after considering the dilutive potential equity shares.

(o) Taxes on Income

Current tax is determined based on the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised on timing differences being the difference between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods subject to consideration of prudence. Deferred tax assets on unabsorbed depreciation and carry forward of losses are not recognised unless there is a virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets and liabilities have been measured using the tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date.

(p) Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the notes to the financial statements.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

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

	As at December 31, 2013		As at December 31, 2012	
	Number of Shares	**Amount**	Number of Shares	Amount
Note 3: Share capital				
Authorized:				
Equity Shares of Rs. 2 each	**590,000,000**	**1,180,000**	590,000,000	1,180,000
Redeemable preference shares of Rs. 100 each	**4,900,000**	**490,000**	4,900,000	490,000
TOTAL	**594,900,000**	**1,670,000**	594,900,000	1,670,000
Issued, subscribed and paid up				
Equity Shares of Rs. 2 each	**336,345,679**	**672,691**	341,701,602	683,403
TOTAL	**336,345,679**	**672,691**	341,701,602	683,403

Notes:

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

Particulars	**For the year ended December 31, 2013**		For the year ended December 31, 2012	
	Number of Shares	**Amount**	Number of Shares	Amount
As at beginning of the year	**341,701,602**	**683,403**	349,482,981	698,967
Less: Equity Shares bought back and extinguished during the year (Refer note 26)	**5,355,923**	**10,712**	7,644,271	15,290
	336,345,679	**672,691**	341,838,710	683,677
Less: Equity Shares bought back and pending to be extinguished (Refer note 26)	**-**	**-**	137,108	274
As at end of the year	**336,345,679**	**672,691**	341,701,602	683,403

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

The Company has only one class of equity shares having a par value of Rs. 2 each per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to number of equity shares held by the shareholders.

During the year ended December 31, 2013, the amount of per share dividend recognised as distribution to equity shareholders was Rs. 1.00 (year ended December 31, 2012: Rs. 1.10)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

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

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

Name of the Shareholder	As at December 31, 2013		As at December 31, 2012	
	Number of Shares	%	Number of Shares	%
Sujala Investments Pvt. Limited	**37,766,675**	**11.23**	37,766,675	11.05
Reliance Capital Trustee Co. Ltd And Associate Companies	**30,454,542**	**9.05**	31,634,505	9.25
Merrill Lynch Capital Markets Espana S A S.V	**29,250,260**	**8.70**	19,935,591	5.83
Focus India Brands Pvt Ltd	**25,316,465**	**7.53**	25,316,465	7.41
HSBC Bank (Mauritius) Limited A/c CIR International	**18,150,000**	**5.40**	18,150,000	5.31
Anantha A L Reddy	**17,673,225**	**5.25**	17,673,225	5.17
Meghamala Enterprises Private Limited	**17,404,110**	**5.17**	17,404,110	5.09

(iv) Aggregate number of shares issued as fully paid up pursuant to contract without payment being received in cash during the year of five years immediately preceding the reporting date

	As at December 31, 2013	As at December 31, 2012
	Number of Shares	Number of Shares
Equity shares of Rs. 2 each (represents the face value per share after sub-division of 34,861,286 Equity Shares of Rs. 10 each) allotted to the shareholders of erstwhile Rain Calcining Limited pursuant to the Scheme of Arrangement between the Company and erstwhile Rain Calcining Limited in November, 2007.	**174,306,430**	174,306,430

(v) Equity shares bought back (including pending extinguishment) during the last five years:

	As at December 31, 2013	As at December 31, 2012
	Number of Shares	Number of Shares
Aggregate number of shares [Refer Notes (a) to (d) below]	**23,827,216**	18,471,293

Note:

(a) 6,000,000 equity shares of Rs. 2 each fully paid-up (represents after sub-division of 1,200,000 equity shares of Rs. 10 each) were bought back from the shareholders pursuant to buyback of equity shares made during the year ended December 31, 2008.

(b) 10,000,000 equity shares of Rs. 2 each fully paid-up were bought back from the shareholders pursuant to buyback of equity shares during the period from November 14, 2011 to March 29, 2012. (Refer note 26 a.)

(c) 2,471,293 equity shares of Rs. 2 each fully paid-up were bought back from the shareholders pursuant to buyback of equity shares during the period from October 22, 2012 to December 31, 2012. (Refer note 26 b.)

(d) 5,355,923 equity shares of Rs. 2 each fully paid-up were bought back from the shareholders pursuant to buyback of equity shares during the period from January 1, 2013 to March 31, 2013. (Refer note 26 b.)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

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

	As at December 31, 2013	As at December 31, 2012
Note 4: Reserves and surplus		
(a) Capital reserve	**417,725**	417,725
(b) Capital redemption reserve		
Opening balance	**36,943**	21,379
Add: Transferred from surplus in Statement of Profit and Loss (Refer note 26 b.)	**10,712**	15,564
Closing balance	**47,655**	36,943
(c) Securities premium account		
Opening balance	**708,730**	969,098
Less: Utilised towards buy back of equity shares (Refer note 26 b.)	**192,061**	260,368
Closing balance	**516,669**	708,730
(d) General reserve		
Opening balance	**616,175**	559,801
Add: Transferred from surplus in Statement of Profit and Loss	**-**	56,374
Closing balance	**616,175**	616,175
(e) Surplus in Statement of Profit and Loss		
Opening balance	**1,205,317**	1,082,044
Add: Profit for the year	**152,975**	563,740
Less: Interim dividend (Refer note 3(ii))	**336,345**	-
Proposed final dividend (net of dividend on shares bought back) (Refer note 3(ii))*	**(2,851)**	371,189
Tax on dividend (net of eligible credit)*	**(463)**	(2,660)
Transfer to general reserve	**-**	56,374
Transfer to capital redemption reserve	**10,712**	15,564
Closing balance	**1,014,549**	1,205,317
TOTAL	**2,612,773**	2,984,890

* The amount in current year represents the reversal of proposed final dividend and tax on such dividend for the financial year ended December 31, 2012 on account of buy back of 5,355,923 equity shares during the period from January 1, 2013 to March 25, 2013. The shareholders approved the dividend in Annual General Meeting held on April 27, 2013 with the record date of April 18, 2013. Accordingly, the shares bought back were not entitled for dividend and hence proposed dividend on such shares have been reversed as at December 31, 2013.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

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

	As at December 31, 2013	As at December 31, 2012
Note 5: Long-term borrowings		
Term Loans		
From Banks		
- Secured (Refer Note (i) below)	**2,277,920**	3,286,638
Less: Current portion of Long-term borrowings (disclosed under note 10 - Other current liabilities)	**594,240**	1,095,546
TOTAL	**1,683,680**	2,191,092

Notes:

(i) Term loans are secured by a pari passu:

(a) First charge on all immovable and movable properties present and future of the Company and its wholly owned subsidiary, Rain Cements Limited; and

(b) Second charge on all current assets of the Company and its wholly owned subsidiary, Rain Cements Limited.

(ii) The term loan of US$ 36.8 Million from IDBI Bank Limited carries interest of 3 month Libor plus 400 basis points.

(iii) The term loans availed by the Company have been utilized for the purpose of investment in its wholly owned subsidiary company which is engaged in the business of Calcined Petroleum Coke, in accordance with the sanctioned terms.

(iv) The scheduled maturity of Long-term borrowings and total number of installments are summarised as below:

Borrowings Repayable	Number of instalments remaining*	As at December 31, 2013
Outstanding Term Loan from Banks		
IDBI Bank Limited - US$ 36.8 Million	9	**2,277,920**
TOTAL		**2,277,920**

* Of the original amount of US$ 40 Million borrowed, 7 equal quarterly installments of 8% each from April 1, 2014 to October 1, 2015, 12% of original amount on January 1, 2016 and 24% of original amount on April 1, 2016.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

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

	As at December 31, 2013	As at December 31, 2012
Note 6: Deferred tax liabilities (net)		
A. Deferred tax liabilities		
- on account of depreciation	**10,881**	9,742
	10,881	9,742
B. Deferred tax assets		
- on account of employee benefits	**890**	964
- on account of carry forward losses	**9,991**	-
	10,881	964
Deferred tax liabilities [A-B]	**-**	8,778
Note 7: Long-term provisions		
Provision for employee benefits		
- Compensated absences (Refer note 31(c))	**2,010**	1,566
- Gratuity (Refer note 31(b))	**21**	380
TOTAL	**2,031**	1,946
Note 8: Short-term borrowings		
Loans repayable on demand from banks		
- Secured [Refer notes (i) to (iii) below]	**-**	332,279
TOTAL	**-**	332,279

Notes:

(i) Loans repayable on demand from banks comprise buyer's credit denominated in foreign currency.

(ii) Secured by a charge on the inventory being imported by the Company.

(iii) Secured by personnel guarantee of Mr. N. Jagan Mohan Reddy, Managing Director.

	As at December 31, 2013	As at December 31, 2012
Note 9: Trade payables		
Trade payables - other than Micro and Small enterprises	**2,013**	15,331
TOTAL	**2,013**	15,331

Disclosures under the Micro, Small and Medium Enterprises Act, 2006 (the Act):

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at December 31, 2013 has been made in the financial statements based on information received and available with the Company. Further in 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

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

	As at December 31, 2013	As at December 31, 2012
Note 10: Other current liabilities		
Current maturities of long-term debt (Refer note 5 (ii) and (iv))	**594,240**	1,095,546
Interest accrued but not due on borrowings	**-**	2,220
Unclaimed dividends	**37,194**	25,646
Other payables		
- Statutory remittances	**2,048**	1,128
- Others	**2,363**	34
TOTAL	**635,845**	1,124,574

	As at December 31, 2013	As at December 31, 2012
Note 11: Short Term Provisions		
Provision for employee benefits		
- Compensated absences (Refer note 31(c))	**587**	1,025
Provision - others		
- Provision for tax [net of advance tax Rs. 286,647 (December 31, 2012 Rs. 286,647)]	**111,772**	38,237
- Provision for dividend	**-**	372,836
- Provision for tax on dividend	**-**	60,483
TOTAL	**112,359**	472,581

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

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

Note 12: Fixed Assets

Description	Gross Block (At Cost/ Professional Valuation)				Depreciation				Net Block	
	As at January 1, 2013	Additions during the year	Deletions during the year	**As at December 31, 2013**	As at January 1, 2013	For the year	On Deletions	**As at December 31, 2013**	**As at December 31, 2013**	As at December 31, 2012
Buildings	82,771	-	-	**82,771**	9,837	1,349	-	**11,186**	**71,585**	72,934
Furniture and fixtures	45,234	-	44	**45,190**	18,386	2,856	44	**21,198**	**23,992**	26,848
Office equipments	16,443	439	955	**15,927**	4,667	829	487	**5,009**	**10,918**	11,776
TOTAL	144,448	439	999	**143,888**	32,890	5,034	531	**37,393**	**106,495**	111,558
Year ended December 31, 2012	147,588	54	3,194	**144,448**	29,511	5,015	1,636	**32,890**	**-**	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

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

	As at December 31, 2013	As at December 31, 2012
Note 13: Non-current investments		
Trade investments: unquoted		
Investment in subsidiaries		
(a) Rain Cements Limited	**2,128,104**	2,128,104
29,805,000 (December 31, 2012: 29,805,000) Equity Shares of Rs. 10 each fully paid up		
(b) Rain Commodities (USA) Inc.		
20 (December 31, 2012: 20) Common Stock at par value of US$ 0.01 per share fully paid up	**4,445**	4,445
20,000,000 (December 31, 2012: 20,000,000) Class B Redeemable Common Stock at par value of US$ 1 per share fully paid up	**902,800**	902,800
(c) Rain Coke Limited	**600**	600
60,000 (December 31, 2012: 60,000) Equity Shares of Rs. 10 each fully paid up		
TOTAL	**3,035,949**	3,035,949
Note 14: Long-term loans and advances		
(a) Loans and advances to related parties		
Unsecured, considered good		
- Subsidiary Companies		
- Rain Commodities (USA) Inc. (refer note below)	**1,238,000**	2,191,092
- Rain Cements Limited	**586,831**	561,733
- Rain CII Carbon (Vizag) Limited	**-**	260,000
	1,824,831	3,012,825
Less: Current portion of long term loans and advances	**982,991**	801,733
	841,840	2,211,092
(b) Advance income tax [net of provision for tax Rs. 781,681 (December 31, 2012 Rs. 722,691)]	**188,344**	174,085
(c) Security deposit	**49**	49
TOTAL	**1,030,233**	2,385,226

Note:

The term loan of US$ 20 Million carries interest of 3 month Libor plus 425 basis points and is repayable by Rain Commodities (USA) Inc. as below:

(a) 64% in 8 equal quarterly installments from January 1, 2014 to October 1, 2015

(b) 12% on January 1, 2016 and

(c) 24% on April 1, 2016

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

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

	As at December 31, 2013	As at December 31, 2012
Note 15: Trade receivables		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
- Unsecured, considered good	**41,403**	-
Other Trade receivables		
- Unsecured, considered good	**16,851**	344,500
TOTAL	**58,254**	344,500
Note 16: Cash and Bank balances		
Cash and cash equivalents		
Balances with banks		
- in current accounts	**65,908**	220,689
- in deposit accounts (with original maturity of 3 months or less)	**390,000**	848,354
Other bank balances:		
- Balances held as margin money against guarantees and other commitments	**424**	5,496
- Unclaimed dividend accounts	**37,194**	25,646
TOTAL	**493,526**	1,100,185
Details of bank balances/deposits		
Balances with bank available in term deposits with original maturity of 3 months or less included under 'Cash and cash equivalents'	**390,000**	848,354
Note 17: Short-term loans and advances		
(Unsecured, considered good)		
Current portion of long term loans and advances to related parties		
Subsidiary Companies		
- Rain Cements Limited	**586,831**	561,733
- Rain CII Carbon (Vizag) Limited	**-**	240,000
- Rain Commodities (USA) Inc. (Refer note 14)	**396,160**	-
Prepaid expenses	**191**	144
Advance to employees	**5**	-
TOTAL	**983,187**	801,877
Note 18: Other current assets		
Accruals		
- Interest accrued on deposits	**1,651**	8,993
- Interest accrued on loans	**12,097**	26,586
TOTAL	**13,748**	35,579

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

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

	For the year ended December 31, 2013	For the year ended December 31, 2012
Note 19: Revenue from operations		
Sale of carbon products (traded)		
- Petroleum coke	**706,200**	690,888
- Coal tar pitch	**1,041**	-
TOTAL	**707,241**	690,888
Note 20: Other income		
Interest income		
- Interest from banks on deposits	**61,863**	88,072
- Interest on loans	**136,652**	191,466
Dividend income		
- from long-term investments (subsidiaries)	**376,835**	597,924
Income from shared services (net)	**3,143**	-
Gain on foreign currency transactions and translations	**5,933**	68,411
Rental income from operating leases	**-**	228
TOTAL	**584,426**	946,101
Note 21: Changes in inventories of stock-in-trade		
Opening Stock		
Stock-in-trade	**-**	-
	-	-
Closing Stock		
Stock-in-trade	**-**	-
	-	-
Net (Increase)/Decrease	**-**	-
Note 22: Employee benefits expense		
Salaries, wages and bonus (Refer note 31(c))	**16,238**	35,920
Contributions to provident and other funds (Refer note 31(a) and (b))	**1,615**	5,330
Staff welfare expenses	**75**	8
TOTAL	**17,928**	41,258
Note 23: Finance costs		
Interest expense on borrowings	**111,773**	137,654
Other borrowing costs	**1,587**	8,423
Net loss on foreign currency transactions and translations	**143,327**	90,678
TOTAL	**256,687**	236,755

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

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

	For the year ended December 31, 2013	For the year ended December 31, 2012
Note 24: Other expenses		
Repairs and maintenance - Others	**448**	320
Insurance	**183**	156
Rent	**588**	300
Rates and taxes	**1,542**	3,311
Communication expenses	**2,458**	1,405
Travelling and conveyance	**388**	288
Printing and Stationery	**1,046**	1,107
Selling and distribution expenses	**9,427**	-
Advertisement	**1,576**	2,273
Legal and professional charges	**2,696**	3,870
Payments to auditors [Refer Note below]	**3,254**	1,635
Directors sitting fee	**1,340**	920
Commission to directors	**-**	12,500
Loss on retirement of fixed assets	**464**	1,558
Miscellaneous expenses	**1,711**	1,277
TOTAL	**27,121**	30,920
Note:		
Payment to Auditors comprises (excluding Service Tax):		
As auditors - Statutory Audit	**1,900**	900
Limited Review Fee	**900**	450
Other Services	**150**	275
Reimbursement of Expenses	**304**	10
TOTAL	**3,254**	1,635
Note 25: Tax expenses		
Current Tax		
(i) Current tax for current year	**62,775**	87,118
(ii) Current tax relating to earlier years	**73,536**	(7,898)
Net current tax	**136,311**	79,220
Deferred Tax	**(8,778)**	(531)
TOTAL	**127,533**	78,689

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

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

26. Buy-back of Equity Shares

a. The Board of Directors of the Company, during their meeting held on October 25, 2011, approved the buyback of 10,000,000 equity shares of Rs.2/- each at maximum price of Rs.41/- per share for an amount not exceeding Rs. 350,000. The board decided to implement the buyback offer through the open market purchases in the stock exchanges.

Pursuant to the offer, the Company commenced the buyback on November 14, 2011. During the year ended December 31, 2011, the Company had bought back 4,689,914 equity shares of Rs.2/- each aggregating Rs. 137,653 and extinguished 3,723,675 equity shares upto December 31, 2011 and the balance 966,239 equity shares were extinguished subsequent to the year end. The Company bought back and extinguished the balance 5,310,086 equity shares of Rs.2/- each aggregating Rs. 182,255 during the financial year ended December 31, 2012.

b. Further to the completion of the scheme of buyback approved by the board of directors on October 25, 2011, the Shareholders of the Company have accorded their approval to another scheme for buyback of equity shares of Rs.2/- each vide postal ballot on October 1, 2012. The approval was granted for buy back of a maximum of 12,700,000 equity shares through open market transactions at a price not exceeding Rs.46/- per share for an amount not exceeding Rs. 460,000. The Company commenced the buyback of equity shares on October 22, 2012 and bought back 2,471,293 equity shares of Rs.2/- each aggregating Rs. 93,677 and extinguished 2,334,185 equity shares up to December 31, 2012. The balance 137,108 equity shares were extinguished during the current financial year.

Further during the current financial year, the Company bought back and extinguished 5,355,923 equity shares of Rs.2/- each for an aggregate consideration of Rs. 202,773.

Accordingly, Rs. 10,712 (December 31, 2012: 15,564) has been reduced from paid-up equity share capital and in accordance with the provisions of Section 77A of the Companies Act, 1956, of the aggregate buyback consideration paid of Rs. 202,773 (December 31, 2012: Rs. 275,932) Rs. 192,061 (December 31, 2012: Rs. 260,368) has been utilised from securities premium account and Rs. 10,712 (December 31, 2012: Rs. 15,564) transferred to the capital redemption reserve from surplus in Statement of Profit and Loss.

27. Contingent liabilities not provided for in respect of:

	As at December 31, 2013	As at December 31, 2012
Matters under dispute - Income Tax	**127,205**	25,615
Corporate Guarantee issued on behalf of wholly owned subsidiaries: - Rain Commodities USA Inc. US$ Nil (December 31, 2012: US$ 100 million) equivalent to	**-**	5,477,730

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

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

28. Unhedged foreign currency exposure:

(a) There are no outstanding forward exchange contracts as at the year end.

(b) The year end receivable and payables in foreign currency, which are not covered by forward contracts/ derivative contracts are as follows:

	Particulars	Currency	**As at December 31, 2013**		As at December 31, 2012	
			Foreign Currency (In Millions)	**Amount**	Foreign Currency (In Millions)	Amount
(i)	Short-term borrowing (including interest thereon)	US$	**-**	**-**	6.11	334,499
(ii)	Trade receivables	US$	**-**	**-**	0.04	1,942
(iii)	Term loans	US$	**18.40**	**1,138,960**	20.00	1,095,546
(iv)	Loans and advances to subsidiary	US$	**1.60**	**99,040**	-	-

Note: Term loans are net off loans and advances to subsidiary

29. Earnings Per Share (EPS)

	Year ended December 31, 2013	Year ended December 31, 2012
a. Profit after tax	**152,975**	563,740
b. Weighted average number of equity shares of Rs.2/- each outstanding during the year (Nos.)	**337,074,474**	345,528,163
Earnings per share		
c. Basic and Diluted - [a/b] - (Rs.)	**0.45**	1.65

30. The Company has entered into operating lease agreements for vehicles. The lease rentals of Rs. 588 (December 31, 2012 - Rs. 300) were charged off in the Statement of Profit and Loss. These agreements are cancellable in nature.

31. Employee Benefits

a) Defined Contribution Plans

The Company has recognized the following amounts in Note 22 of the Statement of Profit and Loss:

Particulars	**Year ended December 31, 2013 Amount**	Year ended December 31, 2012 Amount
Provident fund	**1,432**	2,098
Superannuation fund	**100**	67
TOTAL	**1,532**	2,165

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

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

b) Defined Benefit Plans - Gratuity

The following table sets forth the status of the Gratuity plan of the Company and the amounts recognized in the balance sheet and statement of profit and loss:

	Year ended December 31, 2013 Amount	Year ended December 31, 2012 Amount
Present value of funded obligation	**3,563**	3,221
Less: Fair Value of Plan Assets	**(3,542)**	(2,841)
Net Liability		
- Current	**-**	-
- Non current	**21**	380

Amounts recognized in Note 22 of Statement of Profit and Loss is as follows:

	Year ended December 31, 2013 Amount	Year ended December 31, 2012 Amount
Current service cost	**269**	219
Past service cost (Due to transfer of employees from subsidiaries)	**-**	2,738
Interest cost	**281**	190
Expected return on plan assets	**(242)**	-
Net actuarial loss	**(226)**	18
TOTAL	**82**	3,165

Reconciliation of opening and closing balances of the present value of obligations:

	Year ended December 31, 2013 Amount	Year ended December 31, 2012 Amount
Opening defined benefit obligation	**3,221**	-
Current service cost	**269**	219
Past service cost (Due to transfer of employees from subsidiaries)	**-**	2,738
Interest cost	**281**	190
Actuarial loss	**(208)**	74
Benefits paid	**-**	-
Closing defined benefit obligation	**3,563**	3,221

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

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

Reconciliation of opening and closing balances of the fair value of plan assets:

	Year ended December 31, 2013 Amount	Year ended December 31, 2012 Amount
Opening fair value of plan assets	**2,841**	-
Expected return on plan assets	**242**	-
Actuarial gain	**18**	56
Contribution by employer	**441**	2,785
Benefits paid	**-**	-
Closing fair value of plan assets	**3,542**	2,841
Actual return on plan assets	**259**	56

Major category of plan assets as a percentage to fair value of plan assets:

	Year ended December 31, 2013	Year ended December 31, 2012
Insurer Managed Funds	**100%**	100%

Experience adjustments

	Year ended				
	December 31, 2009	December 31, 2010	December 31, 2011	December 31, 2012	**December 31, 2013**
Defined benefit obligations	-	-	-	3,221	**3,563**
Plan assets	-	-	-	2,841	**3,542**
Deficit	-	-	-	(380)	**(21)**
Experience adjustment on plan liabilities	-	-	-	(15)	**56**
Experience adjustment on plan assets	-	-	-	56	**18**

Principal actuarial assumptions used:

	Year ended December 31, 2013	Year ended December 31, 2012
Discount rates	**9.00%**	8.20%
Expected rate of return on plan assets	**8.00%**	8.00%
Expected salary increase rates	**6.00%**	6.00%

The estimates of future salary increase considered in the actuarial valuation take into account factors like inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. The expected return on plan assets is based on actuarial expectation of the average long term rate of return expected on investments of the funds during the estimated term of the obligations.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

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

c) **Defined Benefit Plans - Compensated absences**

The following table sets forth the status of the compensated absences:

	Year ended December 31, 2013 Amount	Year ended December 31, 2012 Amount
Net Liability		
- Current	**587**	1,025
- Non current	**2,010**	1,566
TOTAL	**2,597**	2,591
Amounts recognized in Note 22 of Statement of Profit and Loss	**600**	2,640

The principal actuarial assumptions used for the computation of defined plan equally apply to the computation of long term compensated absences and are accordingly considered in the estimation of the long term benefit.

32. Additional information to the financial statements:

(a) Particulars of revenue

	Year ended December 31, 2013 Amount	Year ended December 31, 2012 Amount
Carbon products	**707,241**	690,888
TOTAL	**707,241**	690,888

(b) Details of purchases of stock-in-trade

	Year ended December 31, 2013 Amount	Year ended December 31, 2012 Amount
Carbon products	**704,389**	680,612
TOTAL	**704,389**	680,612

(c) CIF value of imports

	Year ended December 31, 2013 Amount	Year ended December 31, 2012 Amount
Carbon products	**704,389**	680,612
TOTAL	**704,389**	680,612

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

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

(d) Expenditure in foreign currency

	Year ended December 31, 2013 Amount	Year ended December 31, 2012 Amount
Interest expense on borrowings*	**115,444**	137,491
Demurrage Charges	**3,847**	-
Others	**359**	-

*Gross of the interest cost reimbursed by subsidiary companies amounting to Rs. 3,671

(e) Earnings in foreign currency

	Year ended December 31, 2013 Amount	Year ended December 31, 2012 Amount
Interest on loans	**65,618**	103,980
Income from shared services (Gross)*	**9,664**	-
Dividend income from subsidiary	**317,225**	219,400

*Include other expenses reimbursed by subsidiary companies (at cost) amounting to Rs. 9,389

(f) Dividends remitted in foreign currency to non-resident shareholders

	Year ended December 31, 2013 Amount		Year ended December 31, 2012 Amount
	Interim Dividend	**Final Dividend**	Final Dividend
Number of shareholders	**373**	**381**	399
Number of shares held (face value of Rs.2/- each)	**2,313,375**	**2,514,510**	2,970,055
Year to which dividend relates	**2013**	**2012**	2011
Amount of dividend remitted	**2,313**	**2,766**	3,267

33. Related Party Disclosures

a) Names of related parties and description of relationship:

Sl.No.	**Relationship**	**Name**
(i)	Subsidiaries	1. Rain Coke Limited [Rain Coke] 2. Rain Cements Limited [RenCL] 3. Renuka Cements Limited [RCL] 4. Moonglow Company Business Inc [Moonglow] 5. Rain Commodities (USA) Inc. [RCUSA] 6. Rain Global Services LLC [RGS] 7. RGS Egypt Limited [RGS Egypt] 8. Rain Carbon Inc. [RCI] 9. Rain Global Holdings, LLC [RGH] 10. Rain Carbon Holdings, LLC [RCH] 11. Rain CII Carbon (Vizag) Limited [RCCVL] 12. Rain CII Carbon LLC [RCC] 13. Rain CII Carbon Mauritius Limited [RCCM] 14. CII Carbon Corp [CII] 15. Zhenjiang Xin Tian Tansu Co Limited [Zhenjiang]

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

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

a) Names of related parties and description of relationship (Contd.)

Sl.No.	Relationship	Name
		16. Rain CTP Inc [Rain CTP] 17. RUETGERS Canada Inc. [RCI] 18. RUETGERS Polymers Limited [RPL] 19. Handy Chemicals (USA) Ltd [HUSA] 20. RUETGERS NV [RNV] 21. RUETGERS Holdings Belgium BVBA [RHBVBA] 22. RUETGERS Belgium NV [RBNV] 23. VFT Trading NV [VNV] 24. VFT France SA [VFSA] 25. RUETGERS Holdings Germany GmbH [RHGmbH] 26. RUETGERS Germany GmbH [RGmbH] 27. RUETGERS Aromatic Chemicals GmbH [RACGmbH] 28. RUETGERS ChemTrade GmbH [RCTGmbH] 29. RUETGERS Basic Aromatics GmbH [RBAGmbH] 30. RUETGERS Poland SP Zoo [RPZ] 31. RUETGERS InfraTec GmbH [RIGmbH] 32. RUETGERS Novares GmbH [RNGmbH] 33. RUETGERS Resins GmbH [RRGmbH] 34. RUETGERS Resins BV [RRBV] 35. OOO RUETGERS Severtar [OOOSevertar] 36. Severtar Holding Ltd [Severtar] 37. Rumba Invest BVBA & Co. KG [Rumba] 38. Rain Escrow Corp (from December 3, 2012) [dissolved on January 4, 2013] 39. 9274 5520 Quebec Inc (from December 14, 2012) [amalgamated with RPL on January 30, 2013] 40. Rain (0952853) Holdings Ltd (from December 28, 2012) [amalgamated with RCI on January 30, 2013]
(ii)	Associates of subsidiaries	1. Tarlog GmbH [Tarlog] 2. InfraTec Duisburg GmbH [IDGmbH]
(iii)	Enterprise where key managerial personnel along with their relatives exercise significant influence	1. Sujala Investments Private Limited 2. Focus India Brands Private Limited 3. Nivee Holdings Private Limited 4. Arunachala Holdings Private Limited 5. PCL Financial Services Limited 6. Rain Entertainments Private Limited 7. Nivee Property Developers Private Limited 8. Pragnya Priya Foundation
(iv)	Key managerial personnel	1. Mr. N. Radha Krishna Reddy Chairman 2. Mr. N. Jagan Mohan Reddy Managing Director 3. Mr. N. Sujith Kumar Reddy Director

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

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

b) Transactions with related parties:
Year Ended December 31, 2013

Nature of Transactions	Subsidiary Companies	Enterprises where Key Managerial Personnel along with their relatives exercise significant influence	Key Managerial Personnel	Balance outstanding To/(From)
Sales / Receivables				
- RCL - (GPC)	-	-	-	(23,558)
- RCCVL - (GPC)	706,200	-	-	-
Income from Shared Services				
- RCCVL	1,086	-	-	-
- RCC	275	-	-	-
- RCL	1,783	-	-	(1,783)
Purchases/Payables				
- RGS (GPC)	703,352	-	-	-
Loan given				
- RCUSA	-	-	-	(1,238,000)
- RCL	305,000	-	-	(586,831)
- RCCVL	560,107	-	-	-
Loan repaid				
- RCUSA	1,095,546	-	-	-
- RCL	279,902	-	-	-
- RCCVL	820,107	-	-	-
Interest Income				
- RCUSA	65,618	-	-	(12,097)
- RCL	66,856	-	-	-
- RCCVL	4,178	-	-	-
Managerial Remuneration				
- N. Jagan Mohan Reddy	-	-	13,625	-
Dividend paid	-	168,587	60,898	-
Dividend Income received				
- RCUSA	317,225	-	-	-
- RCL	59,610	-	-	-
Selling and Distribution Expenses				
- RCL	9,000	-	-	-
Freight and Other Expenses reimbursed				
- RGS	350	-	-	-
- RCCVL	3,728	-	-	-
Finance Costs				
- RCCVL	119,595	-	-	-
Reimbursement of Payment made on behalf of				
- RCCVL	14,919	-	-	-
- RCC	9,389	-	-	-
- RCL	32,132	-	-	(32,914)
Corporate Guarantee released on behalf of				
- RCUSA	(5,477,730)	-	-	-
Corporate Guarantee (released)/ given on behalf of the Company by				
- RCL	(1,095,550)	-	-	2,476,000

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

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

c) **Transactions with related parties:**
Year Ended December 31, 2012

Nature of Transactions	Subsidiary Companies	Enterprises where Key Managerial Personnel along with their relatives exercise significant influence	Key Managerial Personnel	Balance outstanding To/(From)
Sales / Receivables				
- RCL - (GPC)	344,500	-	-	(344,500)
- RCCVL - (GPC)	346,388	-	-	-
Purchases / Payables				
- RGS (GPC)	680,612	-	-	-
Loan given				
- RCUSA	51,060	-	-	(2,191,092)
- RCL	1,305,445	-	-	(561,733)
- RCCVL	431,218	-	-	(260,000)
Loan repaid				
- RCL	1,041,787	-	-	-
- RCUSA	54,590	-	-	-
- RCCVL	171,218	-	-	-
Rent received				
- RCCVL	228	-	-	-
Interest Income				
- RCUSA	103,980	-	-	(21,943)
- RCL	76,377	-	-	-
- RCCVL	5,262	-	-	(4,643)
Managerial Remuneration				
- N. Jagan Mohan Reddy	-	-	26,829	12,500
Dividend Paid	-	89,742	31,899	
Dividend Income received				
- RCUSA	219,400	-	-	-
- RCL	378,524	-	-	-
Freight and Other Expenses reimbursed				
- RGS	55,640	-	-	-
- RCCVL	1,725	-	-	-
Finance Cost				
- RCCVL	52,410	-	-	-
Reimbursement of Payment made on behalf of				
- RCCVL	8,672	-	-	-
Investment in Subsidiary				
- Rain Coke	600	-	-	600
Corporate Guarantee (released) / given on behalf of				
- RCUSA	(1,369,433)	-	-	5,477,730
Corporate Guarantee (released) / given on behalf of the Company by				
- RCL	(991,000)	-	-	3,286,638

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

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

34. Segment Reporting

The segment results are included and presented on consolidated basis in accordance with the requirements of Accounting Standard - 17 "Segment Reporting".

35. Certain promoters of the Company have given undertaking to ICICI Bank Limited and its affiliates not to dispose of Nil (December 31, 2012 - 29,274,850) equity shares of Rs. 2/- each held by them in Rain Industries Limited, pursuant to facilities agreements with such banks.

36. Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/ disclosure.

37. Previous year audit was carried out by a firm other than B S R & Associates LLP

For and on behalf of the Board of Directors

As per our report of even date attached
for **B S R & Associates LLP**
Chartered Accountants
Firm registration number: 116231W

N. Jagan Mohan Reddy
Managing Director

N. Sujith Kumar Reddy
Director

Sriram Mahalingam
Partner
Membership number: 049642

T. Srinivasa Rao
Chief Financial Officer

S. Venkat Ramana Reddy
Company Secretary

Place: Hyderabad
Date : February 26, 2014

Operational Performance of Subsidiary Companies

The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 and 3 dated February 8, 2011 and February 21, 2011 respectively has granted a general exemption from compliance with section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the Consolidated Financial Statements.

Rs. in thousands

S. No.	Name of the Subsidiary Company	Reporting Currency	Capital	Reserves	Total Assets	Total Liabilities	Investments (Refer Note 4 below)	Turnover	Profit/ (Loss) before Tax	Tax Expense/ (Benefit)	Profit/ (Loss) After Tax	Proposed Dividend
1	Rain Cements Limited	INR	298,050	6,703,172	11,061,668	11,061,668	81,110	8,474,289	175,045	(17,968)	193,013	69,741
2	Rain Commodities (USA) Inc.	US$	6,961,727	3,271,919	13,918,903	13,918,903	-	-	1,746,380	(30,569)	1,776,949	310,150
3	Rain Coke Limited	INR	600	(210)	400	400	-	-	(12)	-	(12)	-
4	Moonglow Company Business Inc.	US$	3,902,180	2,151,704	6,053,909	6,053,909	-	-	(12)	-	(12)	-
5	Renuka Cement Limited	INR	5,007	(4,702)	395	395	-	-	(967)	-	(967)	-
6	Rain Carbon Inc. (Formerly Rain Carbon USA, LLC)	US$	10,275,398	3,138,572	13,421,347	13,421,347	-	-	1,834,383	-	1,834,383	1,841,780
7	Rain Global Holdings, LLC (Formerly Carbon Holdings USA, LLC)	US$	10,275,402	3,145,904	13,421,306	13,421,306	-	-	1,841,769	-	1,841,769	1,841,780
8	Rain Carbon Holdings, LLC (Formerly CPC Holdings USA, LLC)	US$	10,275,333	3,143,396	13,421,267	13,421,267	-	-	1,841,769	-	1,841,769	1,841,780
9	Rain Global Services LLC	US$	248	52,523	1,152,149	1,152,149	-	3,415,653	(5,351)	-	(5,351)	-
10	RGS Egypt Limited Company L.L.C	US$	54,780	290,843	640,158	640,158	-	1,517,608	124,732	-	124,732	-
11	Rain CII Carbon (Vizag) Limited	INR	81,800	3,886,934	8,318,311	8,318,311	-	11,403,732	1,537,710	241,910	1,295,800	-
12	Rain CII Carbon LLC	US$	9,086,952	15,102,291	100,406,029	100,406,029	-	27,339,449	(986,961)	(618,885)	(368,076)	1,841,780
13	CII Carbon Corp.	US$	-	-	-	-	-	-	-	-	-	-
14	Rain CII Carbon Mauritius Limited	US$	23,340	746	167,781	167,781	-	-	(1,347)	-	(1,347)	-
15	Zhenjiang Xin Tian Tansu Co. Ltd	RMB Yuan	140,525	839	147,667	147,667	-	11,281	(13,566)	-	(13,566)	-
16	Rain CTP Inc.	EURO	26,130,417	4,372,491	50,729,855	50,729,855	-	203,022	(774,119)	(499,264)	(274,855)	-
17	Rain Escrow Corp*	US$	-	-	-	-	-	-	-	-	-	-
18	Rain (0952853) Holdings Ltd@	US$	-	-	-	-	-	-	-	-	-	-
19	9274 5520 Quebec Inc.#	US$	-	-	-	-	-	-	-	-	-	-
20	RÜTGERS N.V.	EURO	4,086,707	(321,118)	4,832,987	4,832,987	-	76,683	(131,519)	-	(131,519)	-
21	RÜTGERS Polymers Ltd.	CAD	1,111,329	166,321	2,770,761	2,770,761	-	2,677,038	189,948	72,281	117,667	-
22	RÜTGERS Canada Inc.	CAD	2,426,578	485,607	7,167,767	7,167,767	-	9,201,899	544,701	165,902	378,799	-
23	Handy Chemicals (U.S.A.) Ltd.	US$	5	(43,452)	261,087	261,087	-	1,515,766	30,439	3,739	26,700	-
24	RÜTGERS Holding Belgium BVBA	EURO	7,007,613	5,551,701	12,559,500	12,559,500	-	-	81,297	-	81,297	-
25	RÜTGERS Belgium N.V.	EURO	2,174,400	15,842,007	26,499,697	26,499,697	-	21,957,949	1,963,617	656,246	1,307,371	-
26	VFT France S.A	EURO	797,280	263,318	1,138,717	1,138,717	-	503,031	34,744	14,918	19,826	-
27	VFT Trading N.V.	EURO	761,040	286,597	1,047,973	1,047,973	-	-	20,177	-	20,177	-

Operational Performance of Subsidiary Companies (Contd.)

Rs. in thousands

S. No.	Name of the Subsidiary Company	Reporting Currency	Capital	Reserves	Total Assets	Total Liabilities	Investments (Refer Note 4 below)	Turnover	Profit/ (Loss) before Tax	Tax Expense/ (Benefit)	Profit/ (Loss) After Tax	Proposed Dividend
28	Rumba Invest BVBA & Co. KG	EURO	-	(2,065)	1,378,993	1,378,993	-	8,170	105	1	104	-
29	RÜTGERS Holding Germany GmbH[5]	EURO	2,174	11,143,477	21,871,358	21,871,358	-	1,750,071	1,744,077	337,108	1,406,969	-
30	RÜTGERS Germany GmbH[5]	EURO	2,226,586	7,753,213	16,901,552	16,901,552	59,411	453,170	391,492	395,946	(4,454)	-
31	RÜTGERS Aromatic Chemicals GmbH[5]	EURO	7,320	830,700	2,514,850	2,514,850	-	5,532,016	(113,308)	(26,589)	(86,719)	-
32	RÜTGERS InfraTec GmbH[5]	EURO	1,884	375,952	3,868,319	3,868,319	-	5,514,570	1,911	(6,534)	8,445	-
33	RÜTGERS ChemTrade GmbH[5]	EURO	37,110	(7,996)	1,240,916	1,240,916	-	4,770,138	4,126	1,293	2,833	-
34	RÜTGERS Basic Aromatics GmbH[5]	EURO	1,884	1,160,888	9,026,297	9,026,297	-	20,308,449	(31,228)	(25,427)	(5,801)	-
35	RÜTGERS Novares GmbH[5]	EURO	166,849	254,226	5,237,047	5,237,047	-	10,957,376	(21,101)	(13,318)	(7,783)	-
36	RÜTGERS Resins GmbH[5]	EURO	1,812	336,419	2,496,183	2,496,183	-	4,460,562	(3,831)	(992)	(2,839)	-
37	RÜTGERS Resins BV	EURO	74,201	(473,092)	1,608,799	1,608,799	-	3,258,199	(327,113)	228	(327,341)	-
38	Severtar Holding Ltd.	EURO	10,235	952,714	936,136	936,136	-	21	(1,909)	-	(1,909)	-
39	OOO RÜTGERS Severtar	RUB	286,648	243,895	2,225,536	2,225,536	-	8,282	(192,835)	(36,387)	(156,448)	-
40	RÜTGERS Poland Sp. z o.o	PLN	195,700	81,905	333,973	333,973	-	848,103	23,757	4,593	19,164	154,358

* Rain Escrow Corp was incorporated on December 3, 2012 and dissolved on January 4, 2013.

@ Rain (0952853) Holdings Ltd was incorporated on December 14, 2012 and was merged with RÜTGERS Canada Inc. on January 30, 2013.

9274 5520 Quebec Inc. was incorporated on December 28, 2012 and was merged with RÜTGERS Polymers Ltd. on January 30, 2013.

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, 2013.
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.
4. Investments except in case of investments in subsidiaries.
5. Controlled companies in German fiscal unity, income according to local GAAP transferred to RÜTGERS Holding Germany GmbH and taxed on consolidated basis.
6. Companies listed from S.No. 20 to 40 in the above table are part of the RÜTGERS group which was acquired on January 4, 2013.

For and on behalf of the Board of Directors

Place : Hyderabad
Date : February 26, 2014

N. Jagan Mohan Reddy
Managing Director

N. Sujith Kumar Reddy
Director

T. Srinivasa Rao
Chief Financial Officer

S. Venkat Ramana Reddy
Company Secretary

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Rain Industries Limited (Formerly Rain Commodities Limited)

We have audited the accompanying Consolidated Financial Statements of Rain Industries Limited (formerly Rain Commodities Limited) ("the Company") its subsidiaries and associates (collectively referred to as the "Rain Group"), which comprise the Consolidated Balance Sheet as at December 31, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the applicable financial reporting framework. This responsibility includes the design, implementation and maintenance of internal control 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation and presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Rain Group as at December 31, 2013;

(ii) in the case of Consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and

(iii) in the case of Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matters

a) We did not audit the financial statements and other financial information of certain subsidiaries and associates which have been audited by other auditors whose reports have been furnished to us, and our opinion is based on the report of other auditors. The attached consolidated financial statements include total assets of Rs. 176,859,300 thousands as at December 31, 2013, total revenues of Rs. 92,709,969 thousands and net cash out flows amounting to Rs. 2,946,823 thousands in respect of the aforementioned subsidiaries and share of loss from associates of Rs. 12,143 thousands for the year then ended.

for **B S R & Associates LLP**
Chartered Accountants
Firm registration Number: 116231W

Sriram Mahalingam
Partner
Membership Number: 049642

Hyderabad
February 26, 2014

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2013

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

	Note No.		**As at December 31, 2013**		As at December 31, 2012
A. EQUITY AND LIABILITIES					
1. Shareholders' funds					
(a) Share capital	3	**672,691**		683,403	
(b) Reserves and surplus	4	**31,560,367**		24,833,260	
			32,233,058		25,516,663
2. Minority interest			**416,189**		120,522
3. Non current liabilities					
(a) Long-term borrowings	5	**74,508,296**		61,756,126	
(b) Deferred tax liability, net	6	**4,720,640**		4,118,247	
(c) Other long-term liabilities	7	**1,269,447**		560,065	
(d) Long-term provisions	8	**6,878,485**		237,733	
			87,376,868		66,672,171
4. Current liabilities					
(a) Short-term borrowings	9	**5,867,440**		882,105	
(b) Trade payables	10	**12,574,856**		6,021,109	
(c) Other current liabilities	11	**6,790,514**		7,864,254	
(d) Short-term provisions	12	**1,005,312**		474,719	
			26,238,122		15,242,187
TOTAL			**146,264,237**		107,551,543
B. ASSETS					
1. Non-current assets					
(a) Fixed assets					
(i) Tangible assets	13		**29,916,006**		13,767,569
(ii) Intangible assets	13		**62,706,524**		23,426,317
(iii) Capital work-in-progress			**2,721,355**		5,865,782
(b) Non-current investments	14	**75,521**		16,130	
(c) Deferred tax asset, net	6	**1,659,569**		-	
(d) Long-term loans and advances	15	**1,142,850**		1,216,322	
(e) Other non-current assets	16	**16,463**		7,396	
			2,894,403		1,239,848
2. Current assets					
(a) Current investments	17	**65,000**		-	
(b) Inventories	18	**20,001,846**		9,849,554	
(c) Trade receivables	19	**15,370,564**		5,649,162	
(d) Cash and bank balances	20	**8,446,888**		46,657,104	
(e) Short-term loans and advances	21	**2,427,442**		960,874	
(f) Other current assets	22	**1,714,209**		135,333	
			48,025,949		63,252,027
TOTAL			**146,264,237**		107,551,543
Corporate information	1				
Significant accounting policies	2				

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

For and on behalf of the Board of Directors

As per our report of even date attached
for **B S R & Associates LLP**
Chartered Accountants
Firm registration number: 116231W

N. Jagan Mohan Reddy
Managing Director

N. Sujith Kumar Reddy
Director

Sriram Mahalingam
Partner
Membership number: 049642

T. Srinivasa Rao
Chief Financial Officer

S. Venkat Ramana Reddy
Company Secretary

Place: Hyderabad
Date : February 26, 2014

STATEMENT OF CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 2013

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

		Note No.	**For the year ended December 31, 2013**	For the year ended December 31, 2012
1.	**Revenue**			
	Revenue from operations (gross)	23	**119,189,143**	55,722,858
	Less: Excise duty		**1,745,774**	2,108,373
	Revenue from operations (net)		**117,443,369**	53,614,485
	Other income	24	**566,301**	665,393
	Total revenue		**118,009,670**	54,279,878
2.	**Expenses**			
	Cost of materials consumed		**50,962,505**	23,083,413
	Purchases of stock-in-trade		**16,790,089**	4,325,620
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	25	**(673,173)**	933,199
	Employee benefits expense	26	**8,855,948**	2,397,688
	Finance costs	27	**5,933,911**	3,727,632
	Depreciation and amortisation expense	13	**3,568,226**	1,199,682
	Impairment loss	30.3	**1,303,560**	-
	Other expenses	28	**27,033,765**	11,784,289
	Total expenses		**113,774,831**	47,451,523
3.	**Profit before tax, share of profit of associates and minority interest (1-2)**		**4,234,839**	6,828,355
4.	**Tax expense**	29	**367,236**	2,180,220
5.	**Profit after tax and before share of loss of associates and minority interest (3-4)**		**3,867,603**	4,648,135
6.	**Share of loss of associates**		**12,143**	-
7.	**Minority interest**		**10,205**	70,647
8.	**Profit for the year (5-6-7)**		**3,845,255**	4,577,488
	Earnings per share of Rs. 2/- each	30.9		
	Basic and Diluted (Rs.)		**11.41**	13.25
Corporate information		1		
Significant accounting policies		2		

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

For and on behalf of the Board of Directors

As per our report of even date attached
for **B S R & Associates LLP**
Chartered Accountants
Firm registration number: 116231W

N. Jagan Mohan Reddy
Managing Director

N. Sujith Kumar Reddy
Director

Sriram Mahalingam
Partner
Membership number: 049642

T. Srinivasa Rao
Chief Financial Officer

S. Venkat Ramana Reddy
Company Secretary

Place: Hyderabad
Date : February 26, 2014

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2013

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

		For the year ended December 31, 2013		For the year ended December 31, 2012
A. Cash flow from operating activities				
Profit before taxation		**4,234,839**		6,828,355
Adjustments for :				
Depreciation and amortisation expense	**3,568,226**		1,199,682	
(Profit)/Loss on sale of fixed assets (net)	**(321)**		5,158	
Interest and other borrowing costs	**5,933,145**		3,665,572	
Interest income	**(129,290)**		(388,661)	
Dividend income from current investments	**-**		(54)	
Impairment loss (Refer note 30.3)	**1,303,560**		-	
Liabilities/provisions no longer required written back	**(149,580)**		(165,628)	
Bad debts written off	**30,319**		-	
Provision for doubtful debts and advances	**(12,810)**		23,991	
Unrealised foreign exchange (gain)/loss (net)	**195,015**		19,441	
		10,738,264		4,359,501
Operating profit before working capital changes		**14,973,103**		11,187,856
Adjustments for :				
Adjustments for (increase)/decrease in operating assets:				
Inventories	**(1,123,933)**		1,120,383	
Trade receivables	**(135,367)**		1,249,022	
Loans and advances and other assets	**(1,422,427)**		198,855	
Trade payables, other liabilities and provisions	**(5,272,632)**		1,082,975	
		(7,954,359)		3,651,235
Cash generated from operations		**7,018,744**		14,839,091
Income tax paid		**(927,308)**		(819,410)
Net cash from operating activities		**6,091,436**		14,019,681
B. Cash flow from investing activities				
Purchase of fixed assets, including capital advances		**(3,653,581)**		(5,284,141)
Proceeds from sale of fixed assets		**64,307**		13,953
Cash paid for acquisition, net of cash acquired		**(37,509,764)**		-
Purchase of other long-term investments		**-**		(5)
Purchase of current investments		**(65,000)**		-
Proceeds from sale of investments		**20**		-
Loans repaid		**-**		600,000
Refund of share application money		**-**		315,000
(Increase)/decrease other bank balances		**38,293,806**		(38,073,746)
Interest received		**183,140**		408,975
Dividends received on current investments		**-**		54
Net cash used in investing activities		**(2,687,072)**		(42,019,910)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2013 (Contd.)

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

	For the year ended December 31, 2013	For the year ended December 31, 2012
C. Cash flow from financing activities		
Proceeds from long-term borrowings	**2,462,704**	37,101,618
Repayment of long-term borrowings	**(6,913,515)**	(2,311,806)
Net increase/(decrease) in working capital borrowings	**4,704,623**	(3,784,502)
Sales tax deferment paid	**(41,661)**	(12,695)
Interest and other borrowing costs paid	**(4,298,585)**	(2,478,597)
Dividend paid (including tax on dividend)	**(776,481)**	(440,010)
Buy-back of equity shares	**(202,773)**	(275,932)
Net cash from/(used in) financing activities	**(5,065,688)**	27,798,076
Net decrease in cash and cash equivalents (A+B+C)	**(1,661,324)**	(202,153)
Cash and cash equivalents - opening balance	**8,065,407**	7,774,321
Effect of exchange differences on restatement of foreign currency cash and cash equivalents	**1,734,628**	493,239
Cash and Cash equivalents - Closing Balance (Refer Note (ii) below)	**8,138,711**	8,065,407

Notes:

(i) The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on Cash Flow Statements.

(ii) Reconciliation of Cash and cash equivalents with the Balance Sheet:

	As at December 31, 2013	As at December 31, 2012
Cash and Cash equivalents - Closing Balance	**8,138,711**	8,065,407
Add: Other bank balances	**308,177**	38,591,697
Cash and Bank balances - Closing Balance	**8,446,888**	46,657,104

(iii) Comparative figures of the previous year, where necessary, have been regrouped to conform to those of the current year.

For and on behalf of the Board of Directors

As per our report of even date attached
for **B S R & Associates LLP**
Chartered Accountants
Firm registration number: 116231W

N. Jagan Mohan Reddy
Managing Director

N. Sujith Kumar Reddy
Director

Sriram Mahalingam
Partner
Membership number: 049642

T. Srinivasa Rao
Chief Financial Officer

S. Venkat Ramana Reddy
Company Secretary

Place: Hyderabad
Date : February 26, 2014

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Corporate Information

Rain Industries Limited (“RIL” or "the Company" or the “Parent Company”) was incorporated on March 15, 1974 under the Companies Act, 1956. The Company along with its subsidiaries ("the Group" or "Rain Group") is engaged in the business of manufacture and sale of Carbon Products, Chemicals and Cement.

Carbon Products comprises of Calcined Petroleum Coke (“CPC”), Green Petroleum Coke (“GPC”), Coal Tar Pitch (“CTP”), Co-generated Energy and other derivatives of Coal Tar distillation. Chemicals include the downstream operations of Coal Tar distillation and are comprised of Resins, Modifiers, Super Plasticizers and other specialty products. The manufacture and sale of Cement has been classified as Cement.

The name of the Company has been changed to Rain Industries Limited from Rain Commodities Limited, pursuant to the approval received from the Registrar of Companies, Hyderabad on July 8, 2013.

Note 2: Significant Accounting Policies

(a) Basis of preparation of Consolidated Financial Statements

The consolidated financial statements have been prepared under the historical cost convention on an accrual basis, to comply with the generally accepted accounting principles in India ("Indian GAAP"), the Accounting Standards prescribed in the Companies (Accounting Standard) Rules, 2006 (as amended) issued by Central Government of India and the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Securities and Exchange Board of India (‘SEBI’). The consolidated financial statements are presented in Indian rupees rounded off to the nearest thousand.

(b) Use of estimates

The preparation of the consolidated financial statements in conformity with the Indian GAAP requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made.

(c) Current and non current classification

All assets and liabilities are classified into current and non-current.

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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

i. It is expected to be settled in the Group's normal operating cycle;

ii. It is held primarily for the purpose of being traded;

iii. It is due to be settled within 12 months after the reporting date; or

iv. The Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Group's operating cycle is within a period of 12 months.

(d) Principles of consolidation

The Consolidated Financial Statements of the Group have been prepared in accordance with Accounting Standard 21 (AS-21) - "Consolidated Financial Statements", Accounting Standard 23 (AS-23) - "Accounting for Investments in Associates in Consolidated Financial Statements".

The Financial Statements of the subsidiaries and associates used in consolidation are drawn upto the same reporting date as that of the Parent Company i.e. year ended December 31, 2013 and are audited.

The consolidated financial statements have been prepared on the following basis:

i) The Financial Statements of the Parent Company and its Subsidiary Companies have been consolidated on a line-by-line basis by adding together book value of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealised profits or losses unless cost cannot be recovered.

ii) The Consolidated Financial Statements include the share of profit/loss of the associate companies which have been accounted for using equity method as per AS-23 Accounting for Investments in Associates in Consolidated Financial Statements. Accordingly, the share of profit/loss of each of the associate companies (the loss being restricted to the cost of investment) has been added to/deducted from the cost of investments.

iii) The excess of cost to the Group of its investments in the subsidiary companies, over its share of equity of the subsidiary companies, at the date on which the investments are made, is recognised as 'Goodwill' being an asset in the Consolidated Financial Statements and included under the head 'Fixed Assets'. Such Goodwill is not amortised and is tested for impairment at the end of each financial year. Alternatively, where the share of equity in the subsidiary, as on the date of investment is in excess of cost of investment of the Group, it is recognised as 'Capital Reserve' and included under the head 'Reserves and Surplus', in the Consolidated Financial Statements.

iv) Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments in the subsidiary companies were made and further movements in their share in the profit/loss, subsequent to the dates of Investments.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Companies considered in the consolidated financial statements which along with Rain Industries Limited are:

Sl. No.	Name of the Company	Relationship	Country of Incorporation	Group's proportion of Ownership Interest (%)	
				December 31, 2013	December 31, 2012
1.	Rain Cements Limited (RCL)	Subsidiary	India	100	100
2.	Rain Commodities (USA) Inc. (RCUSA)	Subsidiary	United States of America	100	100
3.	Rain Coke Limited (RCOKE)	Subsidiary	India	100	100
4.	Moonglow Company Business Inc. (Moonglow)	Subsidiary of RCL	British Virgin Island	100	100
5.	Renuka Cement Limited (RenCL)	Subsidiary of RCL	India	100	100
6.	Rain Carbon Inc. (RCI) (Formerly Rain Carbon USA, LLC)	Subsidiary of RCUSA	United States of America	100	100
7.	Rain Global Holdings, LLC (RGH) (Formerly Carbon Holdings USA, LLC)	Subsidiary of RCI	United States of America	100	100
8.	Rain Carbon Holdings, LLC (RCH) (Formerly CPC Holdings USA, LLC)	Subsidiary of RGH	United States of America	100	100
9.	Rain Global Services LLC (RGS)	Subsidiary of RCH	United States of America	80.5	80.5
10.	RGS Egypt Limited Company L.L.C (RGS Egypt)	Subsidiary of RGS	Egypt	51	51
11.	Rain CII Carbon (Vizag) Limited (RCCVL)	Subsidiary of RCH	India	100	100
12.	Rain CII Carbon LLC (RCC)	Subsidiary of RCH	United States of America	100	100
13.	CII Carbon Corp. (CIICC)	Subsidiary of RCC	United States of America	100	100
14.	Rain CII Carbon Mauritius Limited (RCCML)	Subsidiary of RCC	Mauritius	100	100
15.	Zhenjiang Xin Tian Tansu Co. Ltd (ZXTTCL)	Subsidiary of RCCML	China	100	100
16.	Rain CTP Inc. (Rain CTP)	Subsidiary of RCC	United States of America	100	100
17.	Rain Escrow Corp (Escrow Corp)*	Subsidiary of RCC	United States of America	-	100
18.	9274 5520 Quebec Inc. (CANSPV1)**	Subsidiary of Rain CTP	Canada	-	100
19.	Rain (0952853) Holdings Ltd (CANSPV2) ***	Subsidiary of Rain CTP	Canada	-	100

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

20.	RÜTGERS N.V. (RNV)	Subsidiary of Rain CTP	Belgium	100	Not applicable****
21.	Handy Chemicals (U.S.A.) Ltd. (HUSA)	Subsidiary of Rain CTP	United States of America	100	
22.	RÜTGERS Canada Inc. (RCan)	Subsidiary of Rain CTP	Canada	100	
23.	RÜTGERS Polymers Ltd. (RPL)	Subsidiary of Rain CTP	Canada	100	
24.	RÜTGERS Holding Belgium BVBA (RHBVBA)	Subsidiary of Rain CTP & RNV	Belgium	100	
25.	RÜTGERS Belgium N.V. (RBNV)	Subsidiary of RHBVBA	Belgium	100	
26.	RÜTGERS Holding Germany GmbH (RHGmbH)	Subsidiary of RBNV	Germany	100	
27.	VFT Trading N.V. (VNV)	Subsidiary of RBNV	Belgium	100	
28.	VFT France S.A (VFSA)	Subsidiary of RBNV	France	100	
29.	Rumba Invest BVBA & Co. KG (Rumba)	Subsidiary of RHGmbH	Germany	94.9	
30.	RÜTGERS Germany GmbH (RGmbH)	Subsidiary of RHGmbH	Germany	99.7	
31.	RÜTGERS Aromatic Chemicals GmbH (RACGmbH)	Subsidiary of RGmbH	Germany	100	
32.	RÜTGERS InfraTec GmbH (RIGmbH)	Subsidiary of RGmbH	Germany	100	
33.	RÜTGERS ChemTrade GmbH (RCTGmbH)	Subsidiary of RGmbH	Germany	100	
34.	RÜTGERS Basic Aromatics GmbH (RBAGmbH)	Subsidiary of RGmbH	Germany	100	
35.	RÜTGERS Novares GmbH (RNGmbH)	Subsidiary of RGmbH	Germany	100	
36.	RÜTGERS Poland Sp. z o.o (RPZ)	Subsidiary of RBAGmbH	Poland	100	
37.	RÜTGERS Resins GmbH (RRGmbH)	Subsidiary of RNGmbH	Germany	100	
38.	Severtar Holding Ltd. (Severtar)	Subsidiary of RHGmbH	Cyprus	65.3	
39.	RÜTGERS Resins BV (RRBV)	Subsidiary of RRGmbH	The Netherlands	100	
40.	OOO RÜTGERS Severtar (OOOSevertar)	Subsidiary of Severtar	Russia	100	
41.	InfraTec Duisburg GmbH (IDGmbH)	Investment in Associates by RGmbH	Germany	30	
42.	Tarlog GmbH (Tarlog)	Investment in Associates by RIGmbH	Germany	50	

* Rain Escrow Corp was incorporated on December 3, 2012 and dissolved on January 4, 2013

** CANSPV1 was incorporated on December 14, 2012 and was merged with RPL on January 30, 2013

*** CANSPV2 was incorporated on December 28, 2012 and was merged with RCan on January 30, 2013

**** Companies listed from S.No. 20 to 42 in the above table are part of the RÜTGERS group which was acquired on January 4, 2013

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(e) Revenue Recognition

Revenue on sale of products is recognised on dispatch of goods and upon transfer of property in the goods to customers. Sales are inclusive of excise duty, but excludes sales tax and trade discounts as applicable.

Revenue from sale of carbon products include sale of co-generated energy which is recorded exclusive of electricity duty payable to Government authorities and recognised in accordance with contract terms.

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

Revenues which arise from the Company'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.

(f) Other Income

Interest income is recognised using the time proportion method, based on the underlying interest rates.

Dividend income is recognised when the Company's right to receive dividend is established.

(g) Tangible Assets and Depreciation

Fixed Assets are stated at cost/professional valuation less accumulated depreciation. Cost includes freight, installation cost, duties and taxes, interest on specific borrowings utilised for financing the qualifying fixed assets and other incidental expenses. Subsequent expenditure related to an item of tangible fixed asset is capitalised only if it increases the future benefits from the existing assets beyond its previously assessed standards of performance.

Advances paid towards acquisition of tangible fixed assets outstanding at each balance sheet date are shown under long-term loans and advances as capital advances. Cost of assets not ready for intended use, as on the balance sheet date, is shown as capital work-in-progress.

Depreciation is provided on straight-line method at the rates specified in the Schedule XIV to the Companies Act, 1956 or based on the estimated economic useful lives whichever is higher.

The cost of land used for mining is amortised over the estimated period of mining rights granted and leasehold land is amortised over the lease period.

Individual assets costing rupees five thousand or below are fully depreciated in the year of acquisition and put to use.

Gains and losses on disposal of tangible assets are determined as the difference between net sales proceeds and the carrying amount, and are presented in the Statement of Consolidated Profit and Loss.

(h) Intangible Assets (other than goodwill on consolidation) and Amortisation

Intangible assets are recorded at the consideration paid for acquisition including any import duties and other applicable taxes (other than those subsequently recoverable by the enterprise from the taxing authorities), and any directly attributable expenditure in making the asset ready for its intended use.

Intangible assets are amortised on a systematic basis over the best estimate of their useful lives, commencing from the date the asset is available to the Company for its use.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use and disposal. Gains or losses arising from the disposal of intangible assets are recognised in the statement of Consolidated Profit and Loss.

(i) Impairment of assets

All fixed assets including Goodwill and other intangible assets are assessed for any indication of impairment at the end of each financial year. For assets in respect of which any such indication exists the assets recoverable amount is estimated.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the purpose of impairment testing, assets are grouped together into the smallest group of assets (Cash Generating Unit or CGU) that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. The recoverable amount of an asset or CGU is the greater of its value in use and its net selling price. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

An impairment loss is recognized in the Statement of Consolidated 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 amortized historical cost.

(j) Inventories

Inventories are valued at lower of cost and net realisable value. Raw material cost is computed on the basis of weighted average cost per unit of measurement after providing for obsolescence, if any. Finished goods and work in progress are valued at lower of cost and net realisable value. Cost is determined on a weighted average basis and comprises material, labour and applicable overhead expenses. Stores and spares are valued at cost determined on weighted average basis, or below.

Traded goods are valued at lower of weighted average cost and net realisable value.

Goods in transit are valued at cost or below.

(k) Foreign Currency Transactions

Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currency are restated at the rate prevailing on the balance sheet date. The resultant gain/loss upon such restatement along with the gain/loss on account of foreign currency transactions are accounted in the Statement of Consolidated 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 Consolidated Profit and Loss.

All subsidiaries of the Group are in the nature of non-integral operations in terms of Accounting Standard 11, “The effects of changes in foreign exchange rates”. All monetary and non monetary assets and liabilities are translated at the rate prevailing on the balance sheet date. All revenue and expense transactions during the year are reported at an average rates. The resultant translation adjustment is reflected as ‘Foreign Currency Translation Reserve’ and included under Reserves and Surplus.

(l) Investments

Non current investments are carried at cost less provision for diminution, other than temporary, if any, in the value of such investments. Current investments are carried at the lower of cost and fair value.

(m) Employee Benefits

Defined contribution plans

Contributions paid/payable under defined contribution plans are recognised in the Statement of Consolidated Profit and Loss each year. The Company makes the contributions and has no further obligations under the plan beyond its contributions.

Defined benefit plans

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Consolidated Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes. All actuarial gains and losses arising during the year are recognised in the statement of Consolidated Profit and Loss. of the year.

Other long-term employee benefits

Other long term employee benefits comprise compensated absences which is provided based on an actuarial valuation carried out in accordance with AS-15 at the end of the year.

Short-term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

(n) Segment Reporting

The Group has considered business segment as the primary segment for reporting. The products considered as business segment are:

- Carbon Products
- Chemicals
- Cement

The above business segments have been identified based on the nature of products, risks and return, organization structure and internal financial reporting.

The geographical segments considered for disclosures are:

- Sales within India – represents sales made to customers located within India.
- Sales outside India – represents sales made to customers located outside India.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the respective segment.

(o) Leases

Assets leased by the Company in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Consolidated Profit and Loss on accrual basis.

Profit or loss on sale and lease back arrangements resulting in operating leases are recognised, in case the transaction is established at fair value, else the excess over the fair value is deferred and amortised over the period for which the asset is expected to be used.

(p) Derivative Instruments and Hedge Accounting

The Company uses foreign exchange forward contracts, option contracts and swap contracts (derivatives) to mitigate its risk of changes in foreign currency exchange rates and does not use them for trading or speculative purposes.

The premium or discount on foreign exchange forward contracts is amortised as income or expense over the life of the contract. The exchange difference is calculated and recorded in accordance with AS-11 (revised)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

in the statement of Consolidated Profit and Loss. The changes in the fair value of foreign currency option and swap contracts are recognised in the statement of Consolidated Profit and Loss as they arise. Fair value of such option and swap contracts is determined based on the appropriate valuation techniques considering the terms of the contract.

The Group has designated foreign currency loans availed as a hedging instrument to hedge its net investment in non-integral foreign operations, with effect from January 1, 2009. Accordingly, the translation gain/(loss) on such foreign currency loans, determined as an effective net investment hedge is recognised in Foreign Currency Translation Reserve (FCTR) included under Reserves and Surplus and would be transferred to the Statement of Consolidated Profit and Loss upon sale or disposal of the investment in the non-integral foreign operations.

(q) Earnings Per Share

The earnings considered in ascertaining the 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.

(r) Income Tax Expense

Current tax is determined based on the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised on timing differences being the difference between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods subject to consideration of prudence. Deferred tax assets on unabsorbed depreciation and carry forward of losses are not recognised unless there is a virtual certainty that there will be sufficient future taxable income available to realize such assets. Deferred tax assets and liabilities have been measured using the tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date.

(s) Borrowing Costs

Borrowing costs include interest and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction/ development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets.

(t) Cash Flow Statements

Cash flows are reported using the indirect method, whereby net profit/ (loss) before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the company are segregated.

Cash and cash equivalents for the purpose of cash flow comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

(u) Provisions and Contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the notes to the consolidated financial statements.

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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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

	As at December 31, 2013		As at December 31, 2012	
	Number of Shares	**Amount**	Number of Shares	Amount
Note 3: Share capital				
Authorized:				
Equity Shares of Rs. 2 each	**590,000,000**	**1,180,000**	590,000,000	1,180,000
Redeemable preference shares of Rs. 100 each	**4,900,000**	**490,000**	4,900,000	490,000
TOTAL	**594,900,000**	**1,670,000**	594,900,000	1,670,000
Issued, subscribed and paid up				
Equity Shares of Rs. 2 each	**336,345,679**	**672,691**	341,701,602	683,403
TOTAL	**336,345,679**	**672,691**	341,701,602	683,403

Notes:

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

Particulars	For the year ended December 31, 2013		For the year ended December 31, 2012	
	Number of Shares	**Amount**	Number of Shares	Amount
As at beginning of the year	**341,701,602**	**683,403**	349,482,981	698,967
Less: Equity Shares bought back and extinguished during the year (Refer note 30.1)	**5,355,923**	**10,712**	7,644,271	15,290
	336,345,679	**672,691**	341,838,710	683,677
Less: Equity Shares bought back and pending to be extinguished (Refer note 30.1)	**-**	**-**	137,108	274
As at end of the year	**336,345,679**	**672,691**	341,701,602	683,403

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

The Company has only one class of equity shares having a par value of Rs. 2 each per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to number of equity shares held by the shareholders

During the year ended December 31, 2013, the amount of per share dividend recognized as distribution to equity shareholders was Rs. 1.00 (year ended December 31, 2012: Rs. 1.10)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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

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

Name of the Shareholder	**As at December 31, 2013**		As at December 31, 2012	
	Number of Shares	**%**	Number of Shares	%
Sujala Investments Pvt. Limited	**37,766,675**	**11.23**	37,766,675	11.05
Reliance Capital Trustee Co. Ltd And Associate Companies	**30,454,542**	**9.05**	31,634,505	9.25
Merrill Lynch Capital Markets Espana S A S.V	**29,250,260**	**8.70**	19,935,591	5.83
Focus India Brands Pvt Ltd	**25,316,465**	**7.53**	25,316,465	7.41
HSBC Bank (Mauritius) Limited A/c CIR International	**18,150,000**	**5.40**	18,150,000	5.31
Anantha A L Reddy	**17,673,225**	**5.25**	17,673,225	5.17
Meghamala Enterprises Private Limited	**17,404,110**	**5.17**	17,404,110	5.09

(iv) Aggregate number of shares issued as fully paid up pursuant to contract without payment being received in cash during the period of five years immediately preceding the reporting date

	As at December 31, 2013	As at December 31, 2012
	Number of Shares	Number of Shares
Equity shares of Rs. 2 each (represents the face value per share after subdivision of 34,861,286 Equity Shares of Rs. 10 each) allotted to the shareholders of erstwhile Rain Calcining Limited pursuant to the Scheme of Arrangement between the Company and erstwhile Rain Calcining Limited in November, 2007.	**174,306,430**	174,306,430

(v) Equity shares bought back (including pending extinguishment) during the last five years:

	As at December 31, 2013	As at December 31, 2012
	Number of Shares	Number of Shares
Aggregate no. of shares [Refer Notes (a) to (d) below]	23,827,216	18,471,293

Note:

(a) 6,000,000 equity shares of Rs. 2 each fully paid-up (represents after sub-division of 1,200,000 equity shares of Rs. 10 each) were bought back from the shareholders pursuant to buyback of equity shares made during the year ended December 31, 2008.

(b) 10,000,000 equity shares of Rs. 2 each fully paid-up were bought back from the shareholders pursuant to buyback of equity shares during the period from November 14, 2011 to March 29, 2012 [Refer note 30.1(i)].

(c) 2,471,293 equity shares of Rs. 2 each fully paid-up were bought back from the shareholders pursuant to buyback of equity shares during the period from October 22, 2012 to December 31, 2012 [Refer note 30.1(ii)].

(d) 5,355,923 equity shares of Rs. 2 each fully paid-up were bought back from the shareholders pursuant to buyback of equity shares during the period from January 1, 2013 to March 31, 2013 [Refer note 30.1(ii)].

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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

	As at December 31, 2013	As at December 31, 2012
Note 4: Reserves and surplus		
(a) **Capital Reserve**	**37,468**	37,468
(b) **Capital redemption reserve**		
Opening balance	**36,943**	21,379
Add: Transferred from surplus in Statement of Consolidated Profit and Loss (Refer note 30.1)	**10,712**	15,564
Closing balance	**47,655**	36,943
(c) **Securities premium account**		
Opening balance	**708,730**	969,098
Less: Utilised towards buy back of equity shares (Refer note 30.1)	**192,061**	260,368
Closing balance	**516,669**	708,730
(d) **General reserve**		
Opening balance	**976,218**	880,235
Add: Transferred from surplus in Statement of Consolidated Profit and Loss	**14,476**	95,983
Closing balance	**990,694**	976,218
(e) **Foreign currency translation reserve**		
Opening balance	**2,027,653**	1,591,567
Add: Effect of foreign exchange rate variations	**3,417,075**	436,086
Closing balance	**5,444,728**	2,027,653
(f) **Surplus in statement of consolidated profit and loss**		
Opening balance	**21,046,248**	17,010,242
Add: Profit for the year	**3,845,255**	4,577,488
Less: Interim dividend (Refer note 3(ii))	**336,345**	-
Proposed final dividend (net of dividend on shares bought back) (Refer Note 3(ii))*	**(2,851)**	371,189
Tax on dividend (net of eligible credit)*	**9,668**	58,746
Transfer to General Reserve	**14,476**	95,983
Transfer to Capital Redemption Reserve	**10,712**	15,564
Closing balance	**24,523,153**	21,046,248
TOTAL	**31,560,367**	24,833,260

* The amount in current year is net of reversal of proposed final dividend and tax on such dividend for the financial year ended December 31, 2012 on account of buy back of 5,355,923 equity shares during the period from January 1, 2013 to March 25, 2013. The shareholders approved the dividend in Annual General Meeting held on April 27, 2013 with the record date of April 18, 2013. Accordingly, the shares bought back were not entitled for dividend and hence proposed dividend on such shares have been reversed as at December 31, 2013.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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

	As at December 31, 2013	As at December 31, 2012
Note 5: Long-term borrowings		
A. Term loans		
From banks		
- Secured	**5,539,830**	8,735,306
From other parties		
- Secured	**-**	33,333
- Unsecured	**1,008,411**	23,396
Less: Current portion of Long-term borrowings disclosed under Note 11 - Other current liabilities	**1,341,077**	6,588,583
	5,207,164	2,203,452
B. Senior secured notes		
8.00% Senior secured notes (due for repayment in December 2018)	**23,522,000**	20,816,400
8.25% Senior secured notes (due for repayment in January 2021)	**24,760,000**	21,912,000
8.50% Senior secured notes (due for repayment in January 2021)	**17,925,621**	15,189,618
	66,207,621	57,918,018
C. Deferred payment liabilities		
- Unsecured	**2,477,409**	939,482
Less: Current portion of Long-term borrowings disclosed under Note 11 - Other current liabilities	**1,069,111**	41,661
	1,408,298	897,821
D. Long-term maturities of finance lease obligations		
- Secured	**994,273**	-
Less: Current Portion of Long-term borrowings disclosed under Note 11 - Other current liabilities	**119,504**	-
	874,769	-
E. Other loans and advances (Unsecured)	**810,444**	736,835
TOTAL [A+B+C+D+E]	**74,508,296**	61,756,126

Notes:

(i) Term loan availed from IDBI Bank Limited, Dubai Branch by the Company is secured by a pari passu:

(a) First charge on all immovable and movable properties present and future of the Company and its wholly owned subsidiary, Rain Cements Limited; and

(b) Second charge on all current assets of the Company and its wholly owned subsidiary, Rain Cements Limited.

Of the original loan amount of US$ 40 Million borrowed, 7 equal quarterly installments of 8% each is repayable from April 1, 2014 to October 1, 2015, 12% is repayable on January 1, 2016 and 24% is repayable on April 1, 2016. This loan carries interest of 3 month Libor plus 400 basis points.

(ii) **Term loan A** of US$ 20 Million availed from ICICI Bank Limited, New York Branch by Rain Commodities (USA) Inc. ("RCUSA") is secured by:

(a) Pari passu first charge on all movable fixed assets of RCUSA and first charge on the Debt Service Reserve Account balance of RCUSA; and

(b) Guarantee from Rain Cements Limited.

This loan is repayable in four equal annual installments starting from March 2014. This loan carries interest of 3 month Libor plus 500 basis points.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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

Term loan B of US$ 20 Million availed from ICICI Bank Limited, New York Branch by RCUSA is secured by:

(a) Pari passu first charge on all movable fixed assets of RCUSA and first charge on the Debt Service Reserve Account balance of RCUSA;

(b) Guarantee from Rain Carbon Holdings, LLC; and

(c) Pledge of 14.6% of membership interest in Rain CII Carbon LLC ("RCC") by Rain Carbon Holdings, LLC.

This loan is repayable in four equal annual installments starting from March 2014. This loan carries interest of 3 month Libor plus 600 basis points.

(iii) Term loan availed from European Bank for Reconstruction and Development by OOO RÜTGERS Severtar ("OOOSevertar") is secured by:

(a) Senior charge on all assets of the OOOSevertar, and

(b) Guarantee from certain group companies, until completion of the project in Russia.

The loan is repayable in 16 equal quarterly instalments starting from July 2014. This loan carries interest of 3 months LIBOR plus 400 basis points.

(iv) Term loan from others includes loan taken by OOOSevertar from OAO Severstal at fixed interest rate of 8.00% with bullet repayment in December 2018.

(v) The Senior secured notes of RCC are secured by substantially all of the RCC's assets in the USA and are guaranteed by RCC's subsidiaries in the USA on a joint and several basis.

(vi) Deferred payment liabilities includes

a) Interest free sales tax deferment liability of Rs. 897,822 repayable in 138 monthly installments based on deferment schedule

b) Contingent consideration payable to prior owner of RÜTGERS (Refer note 30.2).

(vii) Finance leases are secured by assets financed under the leasing agreement.

(viii) Other loans and advances include Junior Subordinated Notes carrying fixed interest rate of 10.00%, interest compounds annually, with a bullet repayment in January 2018.

	As at December 31, 2013	As at December 31, 2012
Note 6: Deferred taxes		
Deferred tax liability/(asset)		
- on account of depreciation and amortisation	**4,701,616**	4,220,400
- on account of employee benefits	**(994,635)**	(28,377)
- on account of deferred payment liabilities	**(41,250)**	(45,921)
- others	**(604,660)**	(27,855)
Net deferred tax liability	**3,061,071**	4,118,247

The net deferred tax liability of Rs. 3,061,071 (December 31, 2012: Rs. 4,118,247) has the following breakdown:

Deferred tax asset	**(1,659,569)**	-
Deferred tax liability	**4,720,640**	4,118,247
Net deferred tax liability	**3,061,071**	4,118,247

Note 7: Other long-term liabilities		
Trade payables		
- Other than acceptances	**-**	77,727
Others		
Interest accrued but not due on borrowings	**747,385**	482,338
Advances from customers	**143,917**	-
Others	**378,145**	-
TOTAL	**1,269,447**	560,065

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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

	As at December 31, 2013	As at December 31, 2012
Note 8: Long-term provisions		
Provision for employee benefits:		
- Compensated absences	**31,078**	28,409
- Gratuity	**56,841**	52,270
- Other defined benefit plans (net)	**4,932,364**	157,054
Provision - Others		
- Provision for environment liabilities	**1,821,668**	-
- Provision - others	**36,534**	-
TOTAL	**6,878,485**	237,733
Note 9: Short-term borrowings		
From banks - Secured		
- Buyer's credit	**1,610,389**	332,279
- Foreign currency non residential loan	**974,925**	-
- Working capital loans	**3,232,126**	352,026
- External packing credit loan	**50,000**	-
From other parties - Unsecured	**-**	197,800
TOTAL	**5,867,440**	882,105

Notes:

(i) **Secured borrowings:**

Borrowings from banks availed by the Company are secured by charge on the inventory being imported by the Company and personnel guarantee of Mr. N. Jagan Mohan Reddy, Managing Director.

Working capital loan and buyer's credit availed by Rain Cements Limited ("RCL") are secured by pari passu first charge on the whole of the present and future stocks of raw materials, goods in process, manufactured goods, stores and spares, book debts, outstanding monies receivables and claims belonging to RCL.

Borrowings availed by Rain CII Carbon (Vizag) Limited ("RCCVL")

a) Foreign currency non residential loans are secured by pari-passu first charge on the movable fixed assets (present and future) of RCCVL.

b) Buyers credit, cash credit and external packing credit loan are repayable on demand and are secured by pari-passu first charge over current assets comprising of all inventories and book debts (present and future) of RCCVL.

Borrowing from banks by Rain CII Carbon LLC ("RCC") are secured by substantially all of the RCC's assets in the U.S.A. and are guaranteed by RCC's subsidiaries in the U.S.A. on a joint and several basis.

Borrowings from banks availed by Rain Global Services LLC ("RGS") are secured by pledge of all assets of RGS, excluding equity interests in its subsidiary, RGS Egypt Limited, and corporate guarantee given by Rain Carbon Holdings, LLC.

Certain RÜTGERS group companies sold receivables to TWC Finance Inc ("TWC") of the Cayman Islands in Asset Backed Commercial Paper ("ABCP") program, this program is covered through a cash credit line from Commerzbank AG. RCC has provided guarantee to this facility.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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

	As at December 31, 2013	As at December 31, 2012
Note 10: Trade payables		
Other than acceptances	**12,574,856**	6,021,109
TOTAL	**12,574,856**	6,021,109
Note 11: Other current liabilities		
Current maturities of long-term borrowings (Refer note 5)	**2,529,692**	6,630,244
Interest accrued but not due on borrowings	**1,817,320**	168,352
Unclaimed dividend	**37,194**	25,646
Other payables		
- Statutory remittances	**539,688**	365,276
- Trade/security deposits received	**249,933**	348,947
- Advances from customers	**86,808**	48,733
- Payables on purchase of fixed assets	**501,003**	41,997
- Provision for discounts	**316,613**	156,988
- Others	**712,263**	78,071
TOTAL	**6,790,514**	7,864,254
Note 12: Short-term provisions		
Provision for employee benefits:		
- Compensated absences	**42,281**	41,400
Provision - Others:		
- Provision for proposed dividend	**-**	372,836
- Provision for tax on proposed dividend	**-**	60,483
- Provision for environment liabilities	**942,545**	-
- Other provisions	**20,486**	-
TOTAL	**1,005,312**	474,719

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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

Note 13: Fixed Assets

Description	Gross Block (At Cost/ Professional Valuation)						Depreciation/Amortisation						Net Block	
	As at January 1, 2013	Additions on account of acquisitions	Additions	Deletions/ Adjustments [Refer Note (iii) below]	Currency realingment	**As at December 31, 2013**	As at January 1, 2013	Additions on account of acquisitions	For the year	Deletions/ Adjustments [Refer Note (iii) below]	Currency realingment	**As at December 31, 2013**	**As at December 31, 2013**	As at December 31, 2012
Tangible assets														
Land - freehold	343,301	560,843	38,188	-	125,379	**1,067,711**	-	270,465	-	-	48,063	**318,528**	**749,183**	343,301
Land - leasehold														
(Refer note (i) below)	100,479	-	14,642	18,796	-	**96,325**	14,804	-	5,649	3,759	-	**16,694**	**79,631**	85,675
Buildings														
Owned														
(Refer note (ii) below)	3,819,861	4,490,936	72,688	580,876	940,483	**8,743,092**	894,323	3,298,877	300,455	146,794	618,043	**4,964,904**	**3,778,188**	2,925,538
Taken under finance lease	-	53,076	-	-	5,127	**58,203**	-	32,762	3,463	-	3,011	**39,236**	**18,967**	-
Plant and equipment														
Owned	16,274,829	38,600,457	9,524,050	2,787,042	7,898,231	**69,510,525**	6,061,749	32,930,899	2,644,068	1,869,325	5,950,042	**45,717,433**	**23,793,092**	10,213,080
Taken under finance lease	-	1,994,787	22,515	-	356,296	**2,373,598**	-	1,700,262	46,012	-	306,347	**2,052,621**	**320,977**	-
Furniture and fixtures	131,051	1,913,104	229,809	9,178	359,399	**2,624,185**	39,565	1,428,931	170,160	8,737	267,580	**1,897,499**	**726,686**	91,486
Office equipments														
Owned	109,834	1,523,186	123,739	14,963	253,860	**1,995,656**	60,191	1,345,333	71,112	14,026	216,793	**1,679,403**	**316,253**	49,643
Taken under finance lease	-	50,736	-	-	9,015	**59,751**	-	46,371	2,078	-	8,440	**56,889**	**2,862**	-
Vehicles	84,072	323,960	39,045	31,489	51,982	**467,570**	25,226	279,846	14,615	27,415	45,131	**337,403**	**130,167**	58,846
	20,863,427	49,511,085	10,064,676	3,442,344	9,999,772	**86,996,616**	7,095,858	41,333,746	3,257,612	2,070,056	7,463,450	**57,080,610**	**29,916,006**	13,767,569
Intangible assets														
Goodwill	23,426,139	30,690,540	-	-	7,999,264	**62,115,943**	-	-	-	-	-	**-**	**62,115,943**	23,426,139
Licenses and franchise	-	1,276,928	91,749	7,482	234,087	**1,595,282**	-	568,891	306,277	14	129,881	**1,005,035**	**590,247**	-
Other intangible assets	240	6,593	1,723	-	1,133	**9,689**	62	4,016	4,337	-	940	**9,355**	**334**	178
	23,426,379	31,974,061	93,472	7,482	8,234,484	**63,720,914**	62	572,907	310,614	14	130,821	**1,014,390**	**62,706,524**	23,426,317
TOTAL	44,289,806	81,485,146	10,158,148	3,449,826	18,234,256	**150,717,530**	7,095,920	41,906,653	3,568,226	2,070,070	7,594,271	**58,095,000**	**92,622,530**	
Year ended December 31, 2012	42,783,247	-	669,133	80,649	918,075	**44,289,806**	5,842,709	-	1,199,682	37,263	90,792	**7,095,920**		37,193,886

Notes:

(i) Include land measuring 11 acres 82 cents taken on lease from Visakhapatnam Port Trust till October 27, 2022, in respect of which the lease deed is in the process of being executed.

(ii) Include Buildings constructed on leasehold land and depreciated over the lease period.

(iii) Deletions during the period include gross value of Rs. 3,051,752 and accumulated depreciation of Rs. 1,752,348 relates to Moundsville plant impairment (Refer note 30.3).

(iv) Borrowing costs of Rs. 81,605 for the year ended December 31, 2013 (December 31, 2012: Rs. 228,992) is capitalised.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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

	As at December 31, 2013	As at December 31, 2012
Note 14: Non-current investments		
A. Trade investments (unquoted)		
Investment in equity instruments		
(i) of associates		
- InfraTec Duisburg GmbH - 7,500 ordinary shares with no par value	**30,303**	-
- Tarlog GmbH - 50,000 ordinary shares with no par value*	**-**	-
(ii) in other entities		
- Arsol Aromatics GmbH & Co. - 1,365,860 ordinary shares with no par value	**29,108**	-
- Andhra Pradesh Gas Power Corporation Limited 134,000 (December 31, 2012: 134,000) equity shares of Rs. 10 each fully paid up	**16,000**	16,000
Investment in Government securities		
- National Savings Certificates	**110**	130
TOTAL	**75,521**	16,130

*Considering the losses, the investment value is written down to zero

	As at December 31, 2013	As at December 31, 2012
Note 15: Long-term loans and advances		
(Unsecured, considered good)		
Capital advances	**464,431**	166,742
Security deposits	**240,461**	225,423
Loans and advances		
- to others	**21,340**	-
- to employees	**7,085**	-
Prepaid expenses	**3,055**	-
Balances with Government authorities	**31,672**	39,364
Advance income tax (net of provision for tax)	**374,806**	784,793
TOTAL	**1,142,850**	1,216,322

	As at December 31, 2013	As at December 31, 2012
Note 16: Other non-current assets		
Interest accrued on deposits	**408**	870
Non-current portion of Bank balances (Refer note 20)	**16,055**	6,526
TOTAL	**16,463**	7,396

	As at December 31, 2013	As at December 31, 2012
Note 17: Current investments		
Investment in mutual funds of (unquoted):		
a) LIC Nomura MF Liquid Fund D.D.R	**40,000**	-
b) ICICI Prudential Liquid - Direct Plan - Daily Dividend	**25,000**	-
	65,000	-

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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

		As at December 31, 2013	As at December 31, 2012
Note 18: Inventories			
(At lower of cost and net realisable value)			
a)	Raw materials	**9,187,464**	5,336,935
	Goods-in-transit	**350,053**	267,135
		9,537,517	5,604,070
b)	Work-in-progress	**1,984,034**	565,590
c)	Finished goods (other than those acquired for trading)	**5,551,786**	2,017,540
	Goods-in-transit	**25,352**	-
		5,577,138	2,017,540
d)	Stock-in-trade (acquired for trading)	**843,138**	476,718
	Goods-in-transit	**190,864**	252,212
		1,034,002	728,930
e)	Stores and spares	**1,155,702**	492,165
	Goods-in-transit	**3,359**	14,386
		1,159,061	506,551
f)	Packing materials	**73,985**	35,722
	Goods-in-transit	**5,366**	-
		79,351	35,722
g)	Fuel	**477,351**	322,438
	Goods-in-transit	**153,392**	68,713
		630,743	391,151
TOTAL		**20,001,846**	9,849,554

	As at December 31, 2013	As at December 31, 2012
Note 19: Trade receivables		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
- Secured	**-**	16,445
- Unsecured, considered good	**207,415**	225
- Doubtful	**55,508**	41,297
	262,923	57,967
Less: Provision for doubtful trade receivables	**55,508**	41,297
	207,415	16,670
Other trade receivables		
- Secured	**124,468**	172,556
- Unsecured, considered good	**15,038,681**	5,459,936
- Doubtful	**1,110**	-
	15,164,259	5,632,492
Less: Provision for doubtful trade receivables	**1,110**	-
	15,163,149	5,632,492
TOTAL	**15,370,564**	5,649,162

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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

	As at December 31, 2013	As at December 31, 2012
Note 20: Cash and bank balances		
A. Cash and cash equivalents		
Cash on hand	**2,132**	672
Cheques/drafts on hand	**23,969**	28,170
Balances with banks:		
- in current accounts	**2,176,228**	2,747,302
- in Exchange earners foreign currency (EEFC) accounts	**12,286**	7,845
- in deposit accounts (with original maturity of 3 month or less)	**5,924,096**	5,281,418
	8,138,711	8,065,407
B. Other bank balances		
Balances held as margin money against guarantees and other commitments	**287,038**	73,931
Unclaimed dividend accounts	**37,194**	25,646
In escrow account	**-**	38,498,646
Less: Non-current portion of bank balances (Refer note 16)	**16,055**	6,526
	308,177	38,591,697
TOTAL [A+B]	**8,446,888**	46,657,104
Note 21: Short-term loans and advances		
(Unsecured, considered good)		
Advances to related parties		
- Rain Entertainments Private Limited	**199,237**	100,594
Security deposits	**12,920**	10,132
Loans and advances to employees	**19,305**	9,950
Prepaid expenses	**317,867**	171,206
Balances with Government authorities	**681,672**	116,710
Advance to supplier and service providers	**624,068**	383,420
Derivative financial asset, net	**6,573**	-
Others	**565,800**	168,862
TOTAL	**2,427,442**	960,874
Note 22: Other current assets		
Unbilled revenue	**37,502**	26,778
Accruals		
- Interest accrued on deposits	**8,763**	21,578
Others		
- Contractually reimbursable expenses	**1,567,898**	-
- Deferred consideration	**-**	53,649
- Government subsidies receivable	**97,401**	33,328
- Others	**2,645**	-
TOTAL	**1,714,209**	135,333

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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

	For the year ended December 31, 2013	For the year ended December 31, 2012
Note 23: Revenue from operations		
Sale of products	**116,684,787**	55,552,205
Revenue from services	**99,613**	-
Other operating revenues [Refer Note (i) below]	**2,404,743**	170,653
Revenue from operations (gross)	**119,189,143**	55,722,858
Less: Excise duty	**1,745,774**	2,108,373
Revenue from operations (net)	**117,443,369**	53,614,485
Notes:		
(i) Other operating revenues comprises:		
Scrap sales	**36,048**	20,975
Income from sale of Certified Emission Reductions	**27,879**	89,724
Rental income	**115,298**	-
Insurance claims	**384,136**	-
Indemnification for environmental costs [refer note 30.2 (iii)]	**1,006,616**	-
Rebates and incentives	**68,325**	-
Dock revenue	**65,014**	59,954
Other operating revenues	**701,427**	-
TOTAL	**2,404,743**	170,653
Note 24: Other income		
Interest income		
Interest from banks on deposits	**124,177**	212,891
Interest on loans and advances	**194**	5,617
Interest on income tax refund	**4,562**	22,122
Other Interest	**357**	148,031
	129,290	388,661
Dividend income from current investments	**-**	54
Gain on foreign currency transactions and translations (net)	**-**	88,363
Other non-operating income		
Gain on derivatives (net)	**-**	6,223
Liabilities/provisions no longer required written back	**149,580**	165,628
Provision for doubtful debts and advances	**12,810**	-
Profit on sale of fixed assets (net)	**321**	-
Miscellaneous income	**274,300**	16,464
	437,011	188,315
TOTAL	**566,301**	665,393

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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

	For the year ended December 31, 2013	For the year ended December 31, 2012
Note 25: Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Opening Stock*		
Finished goods	**4,356,035**	2,599,918
Work-in-progress	**1,694,394**	214,402
Stock-in-trade	**991,815**	1,430,939
	7,042,244	4,245,259
Closing Stock		
Finished goods	**5,577,138**	2,017,540
Work-in-progress	**1,984,034**	565,590
Stock-in-trade	**1,034,002**	728,930
	8,595,174	3,312,060
(Increase)/decrease in stock	**(1,552,930)**	933,199
Foreign currency translation adjustment	**879,757**	-
Net (increase)/decrease	**(673,173)**	933,199

* includes stock received on acquisition of RÜTGERS of Rs. 2,338,495 of Finished goods, Rs. 1,128,804 of Work-in-progress and Rs. 262,885 of Stock-in-trade

	For the year ended December 31, 2013	For the year ended December 31, 2012
Note 26: Employee benefits expense		
Salaries, wages and bonus	**8,132,632**	1,854,951
Contributions to provident and other funds	**204,904**	165,003
Staff welfare expenses	**518,412**	377,734
TOTAL	**8,855,948**	2,397,688
Note 27: Finance cost		
Interest expense on borrowings	**5,691,602**	2,014,115
Other borrowing costs	**241,543**	1,651,457
Loss on foreign currency transactions and translation (net)	**766**	62,060
TOTAL	**5,933,911**	3,727,632

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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

	For the year ended December 31, 2013	For the year ended December 31, 2012
Note 28: Other expenses		
Consumption of stores and spares	**1,495,236**	907,902
Consumption of packing materials	**735,453**	426,768
Change in excise duty on finished goods	**18,139**	(29,585)
Power and fuel	**6,036,928**	3,331,064
Water	**258,164**	57,624
Repairs and maintenance		
- Plant and machinery	**3,194,619**	1,108,722
- Buildings	**163,701**	6,878
- Others	**275,475**	83,165
Insurance	**615,317**	262,269
Rent	**766,276**	220,191
Rates and taxes	**337,825**	167,439
Communication expenses	**128,677**	63,610
Travelling and conveyance	**300,834**	133,953
Printing and stationery	**31,907**	6,093
Selling and distribution expenses	**7,548,735**	3,641,772
Advertisement	**17,271**	2,273
Cash discounts	**162,512**	95,013
Donations and contributions	**66,891**	21,616
Legal and professional charges	**2,008,498**	387,423
Payment to auditors [Refer Note below]	**123,253**	51,656
Directors' sitting fees	**2,110**	1,520
Commission to directors	**14,400**	34,900
Provision for doubtful trade receivables	**-**	23,991
Bad debts written off	**30,319**	-
Loss on derivatives (net)	**66,384**	-
Loss on sale of fixed assets (net)	**-**	5,158
Loss on foreign currency transactions and translation (net)	**504,383**	-
Miscellaneous expenses	**2,206,825**	772,874
	27,110,132	11,784,289
Less: Expenses capitalised	**76,367**	-
TOTAL	**27,033,765**	11,784,289
Note:		
Payment to auditors comprises (excluding service tax):		
Statutory audit fees	**61,406**	16,874
Limited review fees	**8,500**	4,293
Other services	**52,252**	29,792
Reimbursement of expenses	**1,095**	697
TOTAL	**123,253**	51,656
Note 29: Tax expense		
Current tax		
(i) Current tax for current year	**1,955,176**	1,012,354
(ii) Tax relating to earlier years	**(109,589)**	(179,404)
(iii) Minimum alternate tax credit entitlement	**(420,018)**	-
Net current tax	**1,425,569**	832,950
Deferred tax	**(1,058,333)**	1,347,270
TOTAL	**367,236**	2,180,220

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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

Note 30.1: Buy-back of Equity Shares

(i) The Board of Directors of the Company, during their meeting held on October 25, 2011, approved the buyback of 10,000,000 equity shares of Rs.2/- each at maximum price of Rs.41/- per share for an amount not exceeding Rs. 350,000. The board decided to implement the buyback offer through the open market purchases in the stock exchanges.

Pursuant to the offer, the Company commenced the buyback on November 14, 2011. During the year ended December 31, 2011, the Company had bought back 4,689,914 equity shares of Rs.2/- each aggregating Rs. 137,653 and extinguished 3,723,675 equity shares upto December 31, 2011 and the balance 966,239 equity shares were extinguished subsequent to the year end. The Company bought back and extinguished the balance 5,310,086 equity shares of Rs.2/- each aggregating Rs. 182,255 during the financial year ended December 31, 2012.

(ii) Further to the completion of the scheme of buyback approved by the board of directors on October 25, 2011, the Shareholders of the Company have accorded their approval to another scheme for buyback of equity shares of Rs.2/- each vide postal ballot on October 1, 2012. The approval was granted for buy back of a maximum of 12,700,000 equity shares through open market transactions at a price not exceeding Rs.46/- per share for an amount not exceeding Rs. 460,000. The Company commenced the buyback of equity shares on October 22, 2012 and bought back 2,471,293 equity shares of Rs.2/- each aggregating Rs. 93,677 and extinguished 2,334,185 equity shares up to December 31, 2012. The balance 137,108 equity shares were extinguished during the current financial year.

Further during the current financial year, the Company bought back and extinguished 5,355,923 equity shares of Rs.2/- each for an aggregate consideration of Rs. 202,773.

Accordingly, Rs. 10,712 (December 31, 2012: 15,564) has been reduced from paid-up equity share capital and in accordance with the provisions of Section 77A of the Companies Act, 1956, of the aggregate buyback consideration paid of Rs. 202,773 (December 31, 2012: Rs. 275,932) Rs. 192,061 (December 31, 2012: Rs. 260,368) has been utilised from securities premium account and Rs. 10,712 (December 31, 2012: Rs. 15,564) transferred to the capital redemption reserve from surplus in Statement of Profit and Loss.

Note 30.2: Acquisition of RUETGERS

(i) On January 4, 2013 Rain CII Carbon LLC, USA (RCC), a wholly owned step-down subsidiary of the Company, completed the acquisition of RÜTGERS N.V. (RÜTGERS), a Belgium headquartered Coal Tar Pitch (CTP) and chemical manufacturer, from funds managed by Triton, after receiving the necessary regulatory approvals. RCC acquired 100% of the shares of RÜTGERS pursuant to an agreement with Triton for a gross enterprise value of € 702.0 million plus certain contingent payments not exceeding € 27.0 million over the next three years. RCC funded the transaction through a combination of internal cash accruals and proceeds from the issuance of senior secured notes. RCC issued two tranches of senior secured notes with an 8 year tenure consisting of US$ 400.0 million of US dollar denominated notes and € 210.0 million of Euro denominated notes. Management based on its best estimate as on the date of the acquisition has determined the contingent consideration payable.

In view of the acquisition of RÜTGERS effective January 4, 2013, the figures of the current year are not comparable with figures of the previous year.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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

The following table summarises the consideration paid and the book values of assets and liabilities acquired at the acquisition date:

Particulars	Year ended December 31, 2013
Consideration	
Cash	41,341,565
Contingent consideration payable	1,522,080
Total consideration	**42,863,645**
Assets and liabilities acquired	
Fixed assets, net of accumulated depreciation (includes Capital Work-in-Progress of Rs. 2,639,929)	11,527,882
Investments	36,090
Current assets (including cash and bank balances of Rs. 3,831,801)	20,894,911
Other assets	251,271
Goodwill	30,690,540
Deferred tax asset	97,333
Total assets	**63,498,027**
Less: Current liabilities	12,255,835
Less: Other liabilities	8,155,488
Less: Minority interest	223,059
Purchase consideration	**42,863,645**

(ii) Expenses incurred in relation to the acquisition of RÜTGERS included in the Statement of Consolidated Profit and Loss are as follows:

Particulars	Year ended December 31, 2013	Year ended December 31, 2012
Expenses incurred in connection with the issue of senior secured notes by RCC (included in Note 27-Finance costs)	-	1,475,810
Professional charges and other expenses incurred by RCC in connection with the acquisition (included in Note 28 - Other expenses)	-	313,381
Exchange loss incurred on forward contracts executed in relation to the investment by RCC (included in Note 28 - Other expenses)	142,250	-
TOTAL	**142,250**	1,789,191

(iii) The Company has been indemnified in relation to certain environmental expenditure, as per the terms of a prior acquisition made by the Company. Based on completion of due process as per the terms of the agreement, the Company has recognized an amount of Rs. 1,006,616, recoverable upto the end of the current year as Other Operating Revenue. Any future amount recoverable under the said indemnity will be recognized on completion of due process under the agreement, net of expenses, if any.

Note 30.3: Impairment loss on closure of Moundsville Plant

The Board of Directors of the Company have approved the closure of RCC's Calcining facility in Moundsville - West Virginia, USA. effective January 1, 2014. The site has been slated for closure brought on by the impact of new and more stringent regulations by the Environmental Protection Agency, USA. These regulatory challenges would require a level of investment exceeding US$ 50 million on a plant that has been operating at less than 50% capacity since 2008, which is not economically feasible. The Company plans to continue to serve customers in the region using the site as a terminal facility for a one year period following the shutdown of the production assets.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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

The Company has carried out impairment analysis based on the fair valuation report of the external valuer. The impairment loss recognised in the Statement of Consolidated Profit and Loss is as follows:

Particulars	Year ended December 31, 2013	
Impairment of Tangible Assets		
Buildings	**421,183**	
Plant and equipment	**878,097**	
Office equipments	**124**	**1,299,404**
Impairment accounted in Capital Work-in-Progress		**4,156**
Total		**1,303,560**

The above impairment loss relates to the Carbon segment of the Group.

Note 30.4: Contingent liabilities and commitments (to the extent not provided for)

Particulars	As at December 31, 2013	As at December 31, 2012
(I) Contingent liabilities		
(a) In respect of demands/claims arising on account of:		
- Income tax	**127,205**	25,615
- Wheeling charges [Refer note (i)]	**366,782**	392,656
- Operating charges of state load dispatch center and minimum energy/demand	**5,777**	5,777
- Electricity duty	**15,724**	15,724
- Customs Duty, Sales Tax, Service Tax and Excise Duty related matters under dispute	**497,601**	476,511
- Fuel Surcharge Adjustment levied by Electricity Distributing Companies	**34,570**	34,570
(b) Bank guarantees outstanding	**495,191**	274,105
(c) Corporate Guarantee issued on behalf of wholly owned subsidiaries -US$ 25 million (December 31, 2012: US$ 25 million)	**1,547,500**	1,369,433
(II) Commitments Estimated amounts of contracts remaining to be executed on capital account [net of Capital advance Rs. 464,431 (December 31, 2012: Rs. 166,742)]	**933,708**	155,339

(III) On February 4, 2013, holders of Junior Subordinated Notes requested an accelerated loan repayment and additional default interest of 5% per annum from the assumed date of default. Based on legal advice received, management strongly believes no default has occurred and accordingly have not recognized any liability in the books.

(IV) Liabilities pursuant to the German Mergers and Acquisitions Act (Umwandlungsgesetz - UmwG), which are largely the result of the spin-off of retirement pension obligations in the past to RÜTGERS Altersversorgungs-GmbH, Germany and RÜTGERS Dienstleistungs-GmbH, Germany. After the sale of shares to RÜTGERS Germany GmbH, Germany these two companies continued to be with the prior owners of RÜTGERS. Management do not expect any claims from this obligation and hence, not recorded any liabilities in the books. The amount of this obligation as at December 31, 2013 is Rs. 3,477,058.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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

Note: (i) 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 final verdict of the Honorable Supreme Court of India is awaited. The contingent liability has been computed on the basis of imputed cost till December 31, 2013 per the terms of the said APERC order. In the event of liability being paid by the Company, corresponding interest will also be paid by the Company.

Note 30.5: Segmental Reporting

a) Business Segment

Particulars	Year ended December 31, 2013				Year ended December 31, 2012		
	Carbon Products	**Chemical Products**	**Cement**	**Total**	Carbon Products	Cement	Total
Revenue							
External Sales (net of excise duty and taxes on sales)	**82,707,319**	**23,935,723**	**8,395,584**	**115,038,626**	44,356,811	9,087,021	53,443,832
Inter- Segment Sales	**3,363,829**	**5,283,597**	**1,945**	**8,649,371**	795,103	8,307	803,410
Total	**86,071,148**	**29,219,320**	**8,397,529**	**123,687,997**	45,151,914	9,095,328	54,247,242
Less: Eliminations	**(3,363,829)**	**(5,283,597)**	**(1,945)**	**(8,649,371)**	(795,103)	(8,307)	(803,410)
Total Revenue from sale of products and from services provided	**82,707,319**	**23,935,723**	**8,395,584**	**115,038,626**	44,356,811	9,087,021	53,443,832
Other operating income	**1,410,276**	**917,707**	**76,760**	**2,404,743**	159,433	11,220	170,653
Total Revenue	**84,117,595**	**24,853,430**	**8,472,344**	**117,443,369**	44,516,244	9,098,241	53,614,485
Result							
Segment Result	**8,472,584**	**1,397,276**	**236,972**	**10,106,832**	8,975,381	915,213	9,890,594
Operating Profit				**10,106,832**			9,890,594
Finance costs				**5,933,911**			3,727,632
Unallocated income				**(566,301)**			(665,393)
Forex loss in other expenses				**504,383**			-
Profit Before Taxation				**4,234,839**			6,828,355
Provision for Taxation				**367,236**			2,180,220
Profit After Tax and before share of loss of associates and Minority Interest				**3,867,603**			4,648,135
Segment Assets	**105,874,506**	**31,284,781**	**7,033,381**	**144,192,668**	99,579,433	7,161,671	106,741,104
Unallocated Corporate Assets				**2,071,569**			810,439
Total Assets	**105,874,506**	**31,284,781**	**7,033,381**	**146,264,237**	99,579,433	7,161,671	107,551,543
Segment Liabilities [Refer note (i)]	**20,119,526**	**9,710,724**	**1,988,918**	**31,819,168**	6,874,293	2,076,483	8,950,776
Unallocated Corporate Liabilities				**4,757,834**			4,577,212
Total Liabilities	**20,119,526**	**9,710,724**	**1,988,918**	**36,577,002**	6,874,293	2,076,483	13,527,988
Capital Expenditure	**2,642,770**	**771,852**	**238,959**	**3,653,581**	4,991,296	292,845	5,284,141
Depreciation	**2,177,140**	**1,036,931**	**354,155**	**3,568,226**	851,356	348,326	1,199,682

Note: (i) Segment Liabilities does not include borrowings of Rs. 77,037,988 (December 31, 2012 : Rs. 68,386,370).

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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

b) Geographical Segment

	December 31, 2013		December 31, 2012	
	Revenue from sale of products/services rendered to external customers	**Segment Assets**	Revenue from sale of products/services rendered to external customers	Segment Assets
India	**12,672,107**	**15,743,001**	14,532,285	15,589,443
Outside India	**102,366,519**	**128,449,667**	38,911,547	91,151,661
Total	**115,038,626**	**144,192,668**	53,443,832	106,741,104

Note 30.6: Employee Benefits

The Group has various employee benefit schemes covering different categories of employees based on their location of employment.

a) Contribution plans:

Amounts towards defined contribution plans have been recognised under "Contributions to provident and other funds" in Note 26: Rs. 154,728 (December 31, 2012 - Rs. 90,581).

b) Benefit plans:

The Group operates the following defined benefit plans:

(i) Gratuity

(ii) Pension

(iii) Post retirement medical benefits

The actuarial valuation of the present value of the defined benefit obligation has been carried out as at December 31, 2013. The following table sets forth the status of the various defined benefit plans of the Group and the amounts recognized in the Balance Sheet and Statement of Consolidated Profit and Loss.

Amounts recognized in the Balance Sheet are as follows:

	As at December 31, 2013	As at December 31, 2012
Present value of funded obligation	**7,303,566**	509,864
Less: Fair value of plan assets	**2,314,361**	300,540
Net liability	**4,989,205**	209,324

The Net liability in respect of unfunded obligation is Rs. 4,383,020 (December 31, 2012: Rs. Nil)

Net employee benefits expense (recognised in employee cost)

	Year ended December 31, 2013	Year ended December 31, 2012
Current service cost	**272,562**	17,038
Past service cost	**-**	14,889
Interest cost	**211,760**	35,242
Expected return on plan assets	**(84,294)**	(18,904)
Administrative expenses	**2,629**	-
Net actuarial loss/(gain) recognized during the year	**(352,481)**	26,157
TOTAL	**50,176**	74,422

Periodic costs in respect of unfunded obligation is Rs. 219,035 (December 31, 2012: Rs. Nil)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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

On June 29, 2009, the Memorandum of Understanding between the United Steelworkers and RCC, which stated RCC would pay the full cost of post-retirement medical benefits for the United Steelworkers employees who were hired prior to April 27, 1994, expired without renewal. Effective January 1, 2013, RCC decided to continue sponsoring such post-retirement medical plans, but the affected retirees would have to pay the full cost of such benefits. Therefore, the post retirement obligation was reduced to Rs. Nil as of December 31, 2012.

Reconciliation of opening and closing balances of the present value of the obligations:

	Year ended December 31, 2013	Year ended December 31, 2012
Opening defined benefit obligation	**509,864**	769,258
On acquisition of subsidiaries	**5,571,683**	-
Current service cost	**272,562**	17,038
Past service cost	**-**	14,889
Interest Cost	**211,760**	35,242
Actuarial loss/(gain)	**(128,901)**	39,126
Curtailments on closure of the aforesaid scheme	**-**	(345,521)
Administrative expenses, taxes and insurance premiums	**(13,889)**	-
Other significant events	**(3,728)**	-
Plan participant contributions	**63,815**	108
Amount paid to employees	**(96,969)**	(36,953)
Exchange differences	**917,369**	16,677
Closing defined benefit obligation	**7,303,566**	509,864

Reconciliation of opening and closing balances of the fair value of plan assets:

	Year ended December 31, 2013	Year ended December 31, 2012
Opening fair value of plan Assets	**300,540**	239,125
On acquisition of subsidiaries	**1,389,297**	-
Expected Return on Plan Assets	**84,294**	18,904
Actuarial (loss)/gain	**223,580**	12,969
Contribution by employer	**184,748**	59,533
Plan participant contributions	**63,815**	108
Administrative expenses, taxes and insurance premiums	**(16,518)**	-
Amount paid to Employees	**(96,969)**	(36,953)
Exchange differences	**181,574**	6,854
Closing fair value of plan assets	**2,314,361**	300,540
Actual return on plan assets	**307,874**	31,873

Major Category of plan assets as a percentage to fair value of plan assets:

	As at December 31, 2013	As at December 31, 2012
Equity securities	**48.00%**	56.00%
Debt securities	**50.00%**	37.00%
Insurer managed funds	**1.00%**	7.00%
Others	**1.00%**	0.00%

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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

Principal Actuarial assumptions used:

	Year ended December 31, 2013	Year ended December 31, 2012
Discount rates on benefit obligations	**3.10% to 9.00%**	3.67% to 8.20%
Expected rate of return on plan assets	**3.20% to 8.00%**	7.50% to 8.00%
Expected salary increase rates	**2.25% to 6.00%**	6.00%
Annual increase in health cost		
Initial trend rate	**6.77%**	10.00%
Ultimate trend rate	**4.50%**	4.00%
Year ultimate trend rate is reached	**2031**	2018

The expected contribution to be made by the Group during the financial year ending December 31, 2014 is Rs. 182,899.

The estimates of future salary increase considered in the actuarial valuation takes into account factors like inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. The expected return on plan assets is based on actuarial expectation of the average long term rate of return expected on investments of the Funds during the estimated term of the obligations.

c) Compensated leave of absence

The Group provides for accumulation of compensated absences by certain categories of its employees. These employees can carry forward a portion of the unutilised compensated absences and utilise it in future periods or receive cash in lieu thereof as per 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 by the Company towards this benefit as at December 31, 2013 is Rs.73,359 (December 31, 2012 Rs.69,809).

d) Others

According to the Egyptian Companies Law, RGS Egypt pays 10% of its cash dividends as profit sharing to its employees. Profit sharing is recognised as a dividend distribution through equity and as a liability when approved by the subsidiaries shareholders. No liability is recognised for profit sharing relating to undistributed profits.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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

Note 30.7: Related Party Disclosures

a) Names of related parties and description of relationship

Key Managerial Personnel	a) Mr. N. Radha Krishna Reddy Chairman b) Mr. N. Jagan Mohan Reddy Managing Director c) Mr. N. Sujith Kumar Reddy Executive Director upto February 10, 2011
Enterprise where key managerial personnel along with their relatives exercise significant influence	a) Sujala Investments Private Limited b) Focus India Brands Private Limited c) Nivee Holdings Private Limited d) Arunachala Holdings Private Limited e) PCL Financial Services Limited f) Rain Entertainments Private Limited (REPL) g) Nivee Property Developers Private Limited (NPDPL) h) Pragnya Priya Foundation (PPF)
Associates and joint ventures of the reporting enterprises and the investing party or venturer in respect of which the reporting enterprise is an associate of joint venture	a) Tarlog GmbH (Tarlog) (Investment by RÜTGERS InfraTec GmbH) b) InfraTec Duisburg GmbH (IDGmbH) (Investment by RÜTGERS Germany GmbH)

b) Transactions with related parties:

Particulars	**Year ended December 31, 2013**	Year ended December 31, 2012
Sales		
a) REPL	**-**	26
b) NPDPL	**-**	436
Purchases		
a) Tarlog	**662**	-
b) IDGmbH	**869,373**	-
Other operating income		
a) Tarlog	**14,518**	-
b) IDGmbH	**14,492**	-
Other expense		
a) Tarlog	**199,189**	-
b) IDGmbH	**5,223**	-
Reimbursement of energy costs received		
a) IDGmbH	**346,467**	-
Managerial remuneration	**13,625**	50,297
Dividend paid		
a) Enterprise where key managerial personnel along with their relatives exercise significant influence	**168,587**	89,742
b) Key Managerial Personnel	**60,898**	31,899
Donations given, net		
a) PPF	**6,000**	10,000

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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

The Company has the following dues from /to related parties:

Particulars	As at December 31, 2013	As at December 31, 2012
Accounts receivable from		
a) Tarlog	**911**	-
b) IDGmbH	**76,446**	-
c) REPL	**268,735**	263,625
Accounts payable to		
a) Tarlog	**15,405**	-
b) IDGmbH	**105,987**	-
Advance given towards purchase of raw material to		
a) REPL	**199,237**	100,594
Managerial remuneration	**-**	22,500

Note 30.8: Leases

The Group has entered into various operating lease agreements for assets comprising of storage and other facilities and amounts aggregating Rs. 766,276. (December 31, 2012 - Rs. 220,191) paid under such agreements have been charged off in the Statement of Consolidated Profit and Loss.

The Company has taken buildings, plant and equipment and other assets under finance leases. The future minimum lease payments and their present values as at December 31, 2013 are as follows:

	Present value of minimum lease payments	Future interest	Minimum lease payments
Not later than 1 year	119,504	47,546	167,050
Later than 1 year and not later than 5 years	512,331	126,589	638,920
Beyond 5 years	362,438	26,633	389,071

Note 30.9: Earnings per Share (EPS)

	As at December 31, 2013	As at December 31, 2012
a. Profit for the year	**3,845,255**	4,577,488
b. Weighted average number of equity shares of Rs. 2/- each outstanding during the year (Nos.)	**337,074,474**	345,528,163
Earnings per Share		
c. Basic and Diluted - [a]/[b] - (Rs.)	**11.41**	13.25

Note 30.10: Net Investment Hedge

The Group has designated the 'foreign currency loan' as a hedging instrument to hedge its net investment in a non-integral foreign operation, with effect from January 1, 2009. The translation loss for the year ended December 31, 2013 on such foreign currency loan, determined as an effective net investment hedge, recognized in the Foreign Currency Translation Reserve included in Note 4 - Reserves and surplus is Rs. 419,569 (December 31, 2012: Rs. 122,429).

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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

Note 30.11: Unhedged foreign currency exposure

The year end receivable and payables in foreign currency (not covered by forward covers/ derivatives contracts) are as follows:

Particulars	Currency	**As at December 31, 2013**		As at December 31, 2012	
		Foreign Currency (In Millions)	**Amount**	Foreign Currency (In Millions)	Amount
(i) Short-term borrowing (including interest thereon)	US$	**41.86**	**2,589,988**	6.42	351,228
(ii) Trade payables	US$	**9.02**	**558,323**	4.62	252,763
(iii) Trade payables	Euro	-	-	0.002	149
(iv) Trade receivables	US$	**14.44**	**893,445**	5.89	322,389
(v) EEFC Balance	US$	**0.20**	**12,286**	0.14	7,845
(vi) Loans and advances given	US$	**1.60**	**99,040**	-	-

Note 30.12:

The Company has entered into the following derivative contracts:

During the current year the Company has entered into certain foreign exchange forward contracts to hedge the foreign currency exposure. As at December 31, 2013 the outstanding contracts are 14 US$-Euro forwards contracts to buy US$ for a value of Rs. 3,260,752, 13 US$-Euro forwards contracts to sell US$ for a value of Rs. 2,987,600 and 1 JPY-Euro forwards contracts to buy JPY for a value of Rs. 2,704.

Further, as at December 31, 2013 the Company had 2 costless collar derivative instruments each consisting of 1 natural gas call and 1 natural gas put covering 130,000 MMBTU for the period of January 1, 2014 to December 31, 2014. The natural gas put sets the price on natural gas purchase at US$3.50/MMBTU. The natural gas call sets the price on natural gas purchases between US$4.24 and US$5.11/MMBTU. At December 31, 2013, the fair value of the derivative instruments recorded within other current liabilities aggregated to Rs. 10,275.

As at December 31, 2012 the Company entered into 11 Euro-US$ forwards contracts to buy Euros for a value of Rs. 10,920,305. The forward contracts have been entered into, to hedge the foreign exchange exposure for completion of RÜTGERS acquisition.

Further as at December 31, 2012 the Company had 2 costless collar derivative instruments each consisting of 1 natural gas call and 1 natural gas put covering 150,000 MMBTU for the period of January 1, 2013 to December 31, 2013. The natural gas put sets the price on natural gas purchases between US$2.78 and US$3.31/MMBTU. The natural gas call sets the price on natural gas purchases between US$3.78 and US$4.31/MMBTU. At December 31, 2012, the fair value of the derivative instruments recorded within other current liabilities aggregated to Rs. 8,820.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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

Note 30.13:

Certain promoters of the Company have given undertaking to ICICI Bank Limited and its affiliates not to dispose of Nil (December 31, 2012 - 29,274,850) equity shares of Rs. 2/- each held by them in Rain Industries Limited, pursuant to facilities agreements with such banks.

Note 30.14:

During the year, the Company has given donations to the political parties Rs. 100 [December 31, 2012: Rs. 180]

Note 30.15:

Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

Note 30.16:

Previous year audit was carried out by a firm other than B S R & Associates LLP

For and on behalf of the Board of Directors

As per our report of even date attached
for **B S R & Associates LLP**
Chartered Accountants
Firm registration number: 116231W

Sriram Mahalingam
Partner
Membership number: 049642

Place: Hyderabad
Date : February 26, 2014

N. Jagan Mohan Reddy
Managing Director

N. Sujith Kumar Reddy
Director

T. Srinivasa Rao
Chief Financial Officer

S. Venkat Ramana Reddy
Company Secretary

ELECTRONIC CLEARING SERVICE (CREDIT CLEARING) MANDATE FORM FOR PAYMENT OF DIVIDEND

To,
Karvy Computershare Private Limited
(Unit: Rain Industries Limited)
Plot No.17 to 24, Vittal Rao Nagar,
Madhapur, Hyderabad - 500 081.

Shareholder's authorisation to receive dividends through Electronic Credit Clearing Mechanism.

Registered Folio No. :	ECS Ref. No. : (for Office use only)
Name of the first/sole shareholder	
Bank Name	
Branch Address & Telephone No. of Branch	
Bank Account Number (As appearing on the Cheque Books)	
9 digit code number of the Bank and Branch appearing on the MICR cheque issued by the Bank. (Please attach a blank cancelled cheque, or a photocopy (xerox copy) of a cheque issued to you by your Bank, for verification of the above particulars)	
Account Type (Please tick the option)	❑ Savings ❑ Current ❑ Cash Credit
Bank Account Ledger Folio No. (If any)	
Effective date of this mandate	

I hereby, declare that the particulars given above are correct and complete. If the payment transaction is delayed or not effected at all for any reasons, including but not limited to incomplete or incorrect information, I will not hold M/s. Rain Industries Limited responsible. I agree to discharge the responsibility expected of me as a participant under the scheme.

I, further undertake to inform the Company of any subsequent change(s) in the above particulars.

Place : Name of First Holder :______________________________

Date : Signature of First Holder :__________________________

Note:

1. **Please fill in the information in CAPITAL LETTERS in ENGLISH ONLY.**
2. **In case of shareholders holding the equity shares in demat form, the shareholders are requested to provide details to their respective Depository participants. Shareholders are also requested to note that changes, if any, intimated by the Demat Account holders directly to the Company will not be considered.**

RIL RAIN INDUSTRIES LIMITED

Regd.Office: Rain Center, 34, Srinagar Colony, Hyderabad-500 073, Andhra Pradesh

PROXY FORM

Regd. Folio No.		* DP ID:	
No. of Equity Shares held		* Client ID:	

I/We ....
of... being a member/members of **RAIN INDUSTRIES LIMITED** hereby appoint...of ....or failing him ....
of...as my/our proxy to attend and vote for me/us and on my/our behalf at the 39th Annual General Meeting of the Members of the Company to be held on Thursday, the 8th day of May, 2014 at 11:00 A.M. at KLN Prasad Auditorium, Federation of Andhra Pradesh Chambers of Commerce & Industry (FAPCCI), Red Hills, Hyderabad-500 004, Andhra Pradesh.

Signed this .... day of .... 2014.

Please Affix Re.1/- Revenue Stamp and sign across

Note: (1) The Proxy need not be a member of the company.

(2) The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

* Applicable for investors holding shares in Electronic Form.

RIL RAIN INDUSTRIES LIMITED

Regd.Office: Rain Center, 34, Srinagar Colony, Hyderabad-500 073, Andhra Pradesh

ATTENDANCE SLIP

39th Annual General Meeting, 8th May, 2014 at 11:00 A.M.

Regd. Folio No.		* DP ID:	
No. of Equity Shares held		* Client ID:	

Name of the Shareholder	
Name of Proxy	

I/We hereby record my / our presence at the 39th Annual General Meeting of the members of the Company held on Thursday, the 8th day of May, 2014 at 11:00 A.M. at KLN Prasad Auditorium, Federation of Andhra Pradesh Chambers of Commerce & Industry (FAPCCI), Red Hills, Hyderabad-500 004, Andhra Pradesh.

SIGNATURE OF THE MEMBER OR THE PROXY ATTENDING THE MEETING

If Member, Please sign here **If Proxy, Please sign here**

Note: This form should be signed and handed over at the Meeting Venue.

* Applicable for investors holding shares in electronic form.

RAIN INDUSTRIES LIMITED

(Formerly Rain Commodities Limited)

Regd. Office: Rain Center, 34, Srinagar Colony,
Hyderabad - 500 073, Andhra Pradesh, India.