Independent Auditors' Report

To the Members of Rain Industries Limited

Report on the Audit of the Standalone Financial Statements

OPINION

We have audited the standalone financial statements of Rain Industries Limited ("the Company"), which comprise the standalone balance sheet as at 31 December 2021 and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 December 2021, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

KEY AUDIT MATTERS

We have determined that there are no key audit matters to communicate in our report.

OTHER INFORMATION

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under applicable laws and regulations.

MANAGEMENT'S AND BOARD OF DIRECTORS' RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Management and Board of Directors are responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company’s financial reporting process.

AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors’ report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. (A) As required by Section 143(3) of the Act, we report that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.

    d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

    e) On the basis of the written representations received from the directors as on 4 January 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 December 2021 from being appointed as a director in terms of Section 164(2) of the Act.

    f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

    i. The Company has disclosed the impact of pending litigations as at 31 December 2021 on its financial position in its standalone financial statements - Refer Note 31 to the standalone financial statements;

    ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

    iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

    iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 December 2021.

   (C) With respect to the matter to be included in the Auditors' Report under Section 197(16):

   In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

for **B S R & Associates LLP**
Chartered Accountants
Firm's Registration Number: 116231W/ W-100024

Vikash Somani
Partner
Membership Number: 061272
UDIN: 22061272ADPNHI1879

Place: Hyderabad
Date: 25 February 2022

Annexure A

to the Independent Auditors' Report on the standalone financial statements of Rain Industries Limited for the year ended 31 December 2021

With reference to Annexure A referred to in our Report of even date to the Members of Rain Industries Limited ("the Company") on the standalone financial statements for the year ended 31 December 2021, we report that:

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular program of physical verification of its fixed assets by which all fixed assets are verified once in two years. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and nature of its assets. In accordance with the program, fixed assets have been physically verified during the year and no material discrepancies were noticed on such physical verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties as disclosed in Note 3 to these standalone financial statements, are held in the name of the Company.

ii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.

iii. The Company has granted unsecured loans to one subsidiary covered in the Register maintained under Section 189 of the Companies Act, 2013 ("Act"). The Company has not granted any other loans, secured or unsecured to firms, limited liability partnerships or other parties covered in the Register maintained under Section 189 of the Act.

a) In respect of the aforesaid loans, the terms and conditions under which such loans were granted are not prejudicial to the Company's interest.

b) In respect of the aforesaid loans, the schedule of repayment of principal and payment of interest has been stipulated, and the party is repaying the principal amounts, as stipulated and are also regular in payment of interest as applicable.

c) In respect of the aforesaid loans, there are no amounts which are overdue for more than ninety days.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans given and investments. The Company has not provided any guarantees or security to the parties covered under Section 185 and 186 of the Act.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

vi. The Central Government of India has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, for the products sold and services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Goods and Service tax and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.

As explained to us, the Company did not have any dues on account of Sales tax, Service Tax, duty of customs, Duty of excise, Goods and service tax and Cess.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Sales-tax, Income Tax, Service Tax, duty of customs, duty of excise, goods and service tax, cess and other material statutory dues were in arrears as at 31 December 2021 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of goods and service tax, Sales tax, Service Tax, duty of customs, Duty of excise, Value added tax and Cess and other material statutory dues, which have not been deposited with appropriate authorities on account of any dispute. However, the Company has the following disputed dues with respect to Income tax:

Name of the Statute	Nature of Dues	Amount in millions (₹)	Period to which the amount relates	Forum where the dispute is pending
Income-tax Act, 1961	Income-tax	19.48	AY 2008-09	Honorable High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh
Income-tax Act, 1961	Income-tax	16.76	AY 2009-10	
Income-tax Act, 1961	Income-tax	2.60	AY 2010-11	
Income-tax Act, 1961	Income-tax	31.71	AY 2011-12	
Income-tax Act, 1961	Income-tax	32.56	AY 2012-13	

viii. According to the information and explanations given to us and the records of the Company examined by us, the Company has not defaulted in repayment of loans and borrowings to Banks. The Company did not have any dues to Financial Institution or Government, nor has it issued any debentures as at the balance sheet date.

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments). In our opinion and according to the information and explanations given to us, the moneys raised by way of term loan have been applied on an overall basis for the purpose for which they were obtained.

x. According to the information and explanations given to us, no material fraud on the Company by its officers and employees or fraud by the Company has been noticed or reported during the course of our audit.

xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Act.

xii. The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, the provisions of Clause (xii) of the Order are not applicable to the Company.

xiii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has entered into transactions with related parties in compliance with the provisions of Section 177 and Section 188 of the Act. The details of such related party transactions have been disclosed in Note 30 to the standalone financial statements as required under Indian Accounting Standard 24, Related Party Disclosures specified under Section 133 of the Act, read with Rule 3 of the Companies (Indian Accounting Standard) Rules, 2015.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions of Clause (xiv) of the Order are not applicable to the Company.

xv. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause (xv) of the Order are not applicable to the Company.

xvi. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause (xvi) of the Order are not applicable to the Company.

for **B S R & Associates LLP**
Chartered Accountants
Firm's Registration Number: 116231W/ W-100024

Vikash Somani
Partner
Membership Number: 061272
UDIN: 22061272ADPNHI1879

Place: Hyderabad
Date: 25 February 2022

Annexure B

to the Independent Auditors' Report on the standalone financial statements of Rain Industries Limited for the year ended 31 December 2021

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our Report of even date)

OPINION

We have audited the internal financial controls with reference to financial statements of Rain Industries Limited ("the Company") as of 31 December 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 December 2021, based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

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

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS

A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that:

1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

for **B S R & Associates LLP**
Chartered Accountants
Firm's Registration Number: 116231W/ W-100024

Vikash Somani
Partner
Membership Number: 061272
UDIN: 22061272ADPNHI1879

Place: Hyderabad
Date: 25 February 2022

Standalone Balance Sheet

as at December 31, 2021

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

	Note	As at December 31, 2021	As at December 31, 2020
ASSETS			
1. Non-current assets			
(a) Property, plant and equipment	3	72.77	69.40
(b) Other Intangible assets	4	0.92	1.07
(c) Financial assets			
(i) Investments	5	9,170.65	9,169.65
(ii) Loans	6	1,041.30	88.72
(d) Deferred tax asset, net	26 (iv)	-	1.54
(e) Non-current tax assets, net	26 (vii)	104.42	119.83
(f) Other non-current assets	7	0.36	0.43
2. Current assets			
(a) Financial assets			
(i) Trade receivables	8	167.53	47.45
(ii) Cash and cash equivalents	9	185.23	207.78
(iii) Bank balances other than cash and cash equivalents	9	32.15	35.54
(iv) Loans	10	536.26	2,252.06
(v) Other financial assets	11	11.21	4.83
(b) Other current assets	12	5.55	2.03
TOTAL		**11,328.35**	**12,000.33**
EQUITY AND LIABILITIES			
1. Equity			
(a) Equity share capital	13	672.69	672.69
(b) Other equity	14	8,419.49	8,442.40
		9,092.18	**9,115.09**
2. Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	15	1,486.05	521.09
(b) Provisions	16	6.85	6.36
(c) Deferred tax liability, net	26 (iv)	5.39	-
Current liabilities			
(a) Financial liabilities			
(i) Trade payables	17		
(A) total outstanding dues of micro enterprises and small enterprises		-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		107.03	5.91
(ii) Other financial liabilities	18	577.27	2,295.66
(b) Other current liabilities	19	21.05	37.14
(c) Provisions	20	3.07	2.32
(d) Current tax liabilities, net	26 (vii)	29.46	16.76
TOTAL		**11,328.35**	**12,000.33**
Corporate information	1		
Significant accounting policies	2		
The notes referred to above form an integral part of the financial statements			

As per our report of even date attached
for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 116231W/ W-100024

Vikash Somani
Partner
Membership number: 061272

Place: Hyderabad
Date: February 25, 2022

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

N Radha Krishna Reddy
Managing Director
DIN: 00021052

Jagan Mohan Reddy Nellore
Director
DIN: 00017633

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

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

Place: Hyderabad
Date: February 25, 2022

Standalone Statement of Profit and Loss

for the year ended December 31, 2021

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

	Note	For the year ended December 31, 2021	For the year ended December 31, 2020
1 INCOME			
Revenue from operations	21	535.47	476.25
Other income	22	501.42	499.88
Total income		**1,036.89**	**976.13**
2 EXPENSES			
Purchases of stock-in-trade		193.35	150.88
Employee benefits expense	23	214.38	183.05
Finance costs	24	80.95	121.39
Depreciation and amortisation expense	3 & 4	6.23	6.43
Loss on foreign currency transactions and translations (net)		8.37	10.76
Other expenses	25	142.79	157.19
Total expenses		**646.07**	**629.70**
3 PROFIT BEFORE TAX (1-2)		**390.82**	**346.43**
4 TAX EXPENSE	26 (i)		
1. Current tax		73.12	70.24
2. Deferred tax		6.06	3.17
5 PROFIT FOR THE YEAR (3-4)		**311.64**	**273.02**
6 OTHER COMPREHENSIVE INCOME:			
A. (i) Items that will not be reclassified subsequently to profit or loss			
- Remeasurements of the defined benefit plans	29 (b)	2.67	1.68
(ii) Income tax relating to items that will not be reclassified to profit or loss	26 (ii)	(0.87)	-
B. (i) Items that will be reclassified subsequently to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
Total Other Comprehensive Income for the year		**1.80**	**1.68**
7 TOTAL COMPREHENSIVE INCOME FOR THE YEAR (5+6)		**313.44**	**274.70**
8 EARNINGS PER SHARE (FACE VALUE OF ₹ 2/- EACH)	32		
Basic and Diluted (₹)		0.93	0.81
Corporate information	1		
Significant accounting policies	2		
The notes referred to above form an integral part of the financial statements			

As per our report of even date attached
for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 116231W/ W-100024

Vikash Somani
Partner
Membership number: 061272

Place: Hyderabad
Date: February 25, 2022

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

N Radha Krishna Reddy
Managing Director
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Jagan Mohan Reddy Nellore
Director
DIN: 00017633

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

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

Place: Hyderabad
Date: February 25, 2022

Standalone Statement of changes in Equity

for the year ended December 31, 2021

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

(I)

Particulars	Equity Share Capital	Other equity							Total
		Reserves and Surplus					Other Comprehensive Income		
		Capital Reserve	Capital Redemption Reserve	Securities Premium	General Reserve	Retained Earnings	Foreign Currency Translation Reserve	Remeasurements of Defined Benefit Plans	
Balance as on January 1, 2021	672.69	4,319.91	47.66	516.67	828.92	509.12	2,219.36	0.76	9,115.09
Profit for the year (A)	-	-	-	-	-	311.64	-	-	311.64
Other comprehensive income (B)									
- Remeasurements of defined benefit plans (net of tax)	-	-	-	-	-	-	-	1.80	1.80
Total Comprehensive Income for the year (A+B)	**-**	**-**	**-**	**-**	**-**	**311.64**	**-**	**1.80**	**313.44**
Dividends (Refer note 13(ii))	-	-	-	-	-	(336.35)	-	-	(336.35)
Transfer from retained earnings	-	-	-	-	31.16	(31.16)	-	-	-
Balance as on December 31, 2021	**672.69**	**4,319.91**	**47.66**	**516.67**	**860.08**	**453.25**	**2,219.36**	**2.56**	**9,092.18**

Particulars	Equity Share Capital	Other equity							Total
		Reserves and Surplus					Other Comprehensive Income		
		Capital Reserve	Capital Redemption Reserve	Securities Premium	General Reserve	Retained Earnings	Foreign Currency Translation Reserve	Remeasurements of Defined Benefit Plans	
Balance as on January 1, 2020	672.69	4,319.91	47.66	516.67	801.62	599.75	2,219.36	(0.92)	9,176.74
Profit for the year (A)	-	-	-	-	-	273.02	-	-	273.02
Other comprehensive income (B)									
- Remeasurements of defined benefit plans (net of tax)	-	-	-	-	-	-	-	1.68	1.68
Total Comprehensive Income for the year (A+B)	**-**	**-**	**-**	**-**	**-**	**273.02**	**-**	**1.68**	**274.70**
Dividends (Refer note 13(ii))	-	-	-	-	-	(336.35)	-	-	(336.35)
Transfer from retained earnings	-	-	-	-	27.30	(27.30)	-	-	-
Balance as on December 31, 2020	**672.69**	**4,319.91**	**47.66**	**516.67**	**828.92**	**509.12**	**2,219.36**	**0.76**	**9,115.09**

Standalone Statement of changes in Equity (continued)

for the year ended December 31, 2021

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

(II) DESCRIPTION OF THE PURPOSES OF EACH RESERVE WITHIN EQUITY:

Reserves and Surplus:

(a) **Capital reserve:** It consists of pre-acquisition profits. During amalgamation, the excess of net assets taken, over the consideration paid were treated as capital reserve in accordance with previous GAAP.

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

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

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

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

Items of Other Comprehensive Income:

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

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

As per our report of even date attached
for B S R & Associates LLP
Chartered Accountants
ICAI Firm registration number: 116231W/ W-100024

Vikash Somani
Partner
Membership number: 061272

Place: Hyderabad
Date: February 25, 2022

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

N Radha Krishna Reddy
Managing Director
DIN: 00021052

Jagan Mohan Reddy Nellore
Director
DIN: 00017633

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

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

Place: Hyderabad
Date: February 25, 2022

Standalone Statement of Cash Flow

for the year ended December 31, 2021

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

	For the year ended December 31, 2021	For the year ended December 31, 2020
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	390.82	346.43
Adjustments for:		
Depreciation and amortisation expense	6.23	6.43
Interest and other borrowing costs	80.95	121.39
Interest income	(75.76)	(117.05)
Dividend income from non-current investments	(410.74)	(369.41)
Liabilities / provisions no longer required written back	-	(0.57)
Loss on foreign currency transactions and translations, net	9.52	10.62
Operating profit before working capital changes	**1.02**	**(2.16)**
Adjustments for changes in working capital:		
(Increase) / decrease in operating assets:		
Trade receivables	(121.12)	3.22
Loans and other assets	(53.77)	(3.82)
Increase / (decrease) in operating liabilities:		
Trade payables	101.13	2.44
Other current liabilities	(16.10)	22.47
Other financial liabilities	(4.91)	(7.69)
Provisions	3.91	2.49
Cash (used in) / generated from operations	**(89.84)**	**16.95**
Income taxes paid, net	(44.42)	(40.50)
Net cash used in operating activities	**(134.26)**	**(23.55)**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets	(9.45)	(5.63)
Loans given to subsidiaries	(1,486.05)	-
Loans repaid by subsidiaries	2,293.09	710.76
Investment in Subsidiary	(1.00)	-
Fixed/restricted deposits with banks refunded	3.39	7.25
Interest received	72.85	115.02
Dividend income from non-current investments	410.74	369.41
Net cash from investing activities	**1,283.57**	**1,196.81**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from non-current borrowings	1,498.00	-
Repayment of non-current borrowings	(2,257.64)	(711.70)
Interest and other borrowing costs paid	(75.87)	(120.02)
Dividend paid	(336.35)	(336.35)
Net cash used in financing activities	**(1,171.86)**	**(1,168.07)**
Net (decrease)/ increase in cash and cash equivalents (A+B+C)	**(22.55)**	**5.19**
Cash and cash equivalents - opening balance	207.78	202.67
Effect of exchange differences on restatement of foreign currency cash and cash equivalents	-	(0.08)
Cash and cash equivalents - closing balance (Refer note 9)	**185.23**	**207.78**

Standalone Statement of Cash Flow (continued)

for the year ended December 31, 2021

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

Notes:

(i) The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard - 7 on Statement on Cash Flows.

(ii) Components of Cash and cash equivalents

	For the year ended December 31, 2021	For the year ended December 31, 2020
Cash and cash equivalents		
Balances with banks:		
- in current accounts	54.83	58.38
- in deposit accounts (with original maturity of 3 month or less)	130.40	149.40
	185.23	**207.78**

(iii) Refer note.15 for reconciliation of liabilities arising from financing activities

As per our report of even date attached
for B S R & Associates LLP
Chartered Accountants
ICAI Firm registration number: 116231W/ W-100024

Vikash Somani
Partner
Membership number: 061272

Place: Hyderabad
Date: February 25, 2022

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

N Radha Krishna Reddy
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Chief Financial Officer
M. No.: F29080

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

Place: Hyderabad
Date: February 25, 2022

NOTE 1: CORPORATE OVERVIEW

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

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation of standalone financial statements

(i) Statement of Compliance

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

The standalone financial statements have been prepared on a going concern basis. Relevant Ind AS effective as on the Company's annual reporting date December 31, 2021 have been applied. The accounting policies are applied consistently to all the periods presented in the standalone financial statements.

The standalone financial statements were authorised for issue by the Company's Board of Directors on February 25, 2022.

(ii) Functional and presentation currency

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

(iii) Basis of measurement

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

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

(iv) Use of estimates

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

Assumptions and estimation uncertainties

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

- Measurement of defined benefit obligations: key actuarial assumptions used in measurement (refer note 29)
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources (refer note 31)
- Recognition and recoverability of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used & utilisation of Minimum Alternate Tax (refer note 26);
- Useful life of property, plant and equipment (refer note 2 (f))
- Impairment of non-financial assets (refer note 27 and 2 (g))

Notes (continued)

Forming part of Financial Statements for the year ended December 31, 2021

- Expected Credit loss–provision for doubtful debts (refer note 27.3)
- Measurement of borrowings at amortised cost (refer note 15)
- Assessment of functional currency (refer note 2(a)(ii))

Current and Non-current classification

All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle.

Assets

An asset is classified as current when it satisfies any of the following criteria:

i) It is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle

ii) It is held primarily for the purpose of being traded

iii) It is expected to be realised within 12 months after the reporting date or

iv) It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

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

Liabilities

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

i) It is expected to be settled in the Company's normal operating cycle

ii) It is held primarily for the purpose of being traded

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

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

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

Operating cycle

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

(v) Measurement of fair value

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

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

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

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

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

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

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

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

b) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Company elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs related to acquisition are expensed as incurred. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable.

However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:-

Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12–"Income Tax" and Ind AS 19 –"Employee Benefits" respectively.–Assets that are classified as held for sale in accordance with Ind AS 105–"Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard. Reacquired rights are measured at a value determined based on the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

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

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

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

Business combinations arising from transfers of interest in entities that are under the control of the shareholder that controls the Company are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognised at their carrying amounts. The identity of the reserves is preserved and they appear in the standalone financial statements of the Company in the same form in which they appeared in the standalone financial statements of the acquired entity.

Notes (continued)

Forming part of Financial Statements for the year ended December 31, 2021

The difference, if any, between the value of net assets and the consequent reduction in value of investment held by the Company is transferred to the capital reserve or to the accumulated balance of profit and loss.

c) Financial instruments

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

Financial Assets

Recognition and initial measurement

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

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

Financial assets

Business model assessment

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

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

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

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

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

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

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

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

Financial assets: Subsequent measurement and gains and losses

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

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

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

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

Derecognition

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

i) The rights to receive cash flows from the asset have expired, or

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

Financial liabilities:

Initial recognition and measurement

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

Subsequent measurement

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

Derecognition

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

Offsetting:

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally

Notes (continued)

Forming part of Financial Statements for the year ended December 31, 2021

enforceable right to set off the amounts and it intends either to settle them on a net basis or realise the asset and settle the liability simultaneously.

d) Revenue recognition

Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Revenue from sale of goods and sale of duty scripts are recognised at the point in time when control of the goods is transferred to the customer. The revenue is measured on the basis of the consideration defined in the contract with a customer, including variable consideration, such as discounts, volume rebates, or other contractual reductions.

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

e) Other income

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

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

f) Property, plant and equipment

Property, plant and equipment are stated at cost/ professional valuation less accumulated depreciation. Cost includes directly attributable to the acquisition of the items including its purchase price, import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located. Subsequent expenditure related to an item of tangible fixed asset is capitalised only if it increases the future benefits from the existing assets beyond its previously assessed standards of performance.

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

Advances paid towards acquisition of tangible fixed assets outstanding at each balance sheet date are shown under other non-current assets as capital advances.

Depreciation on all the tangible fixed assets is provided using the straight-line method based on the useful life of the assets as prescribed by Schedule II to the Companies Act, 2013.

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

Gains and losses on disposal of tangible assets are determined as the difference between net sales proceeds and the carrying amount, and are presented in the statement of profit and loss.

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

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

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

g) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets (Cash Generating Unit or CGU) that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the higher of its value in use and its fair value less costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. An impairment loss is recognised in the statement of profit and loss in the respective financial years, if the carrying amount of the assets or CGU exceeds its recoverable amount. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of amortised historical cost as per requirement of Ind AS 36–"Impairment of Assets".

h) Foreign Currency Transactions and Balances

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

i) Equity investments in subsidiaries

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

j) Retirement and other employee benefits

Defined contribution plans

The Company makes specified monthly contribution towards employee provident fund to Government administered provident fund scheme, which is a defined contribution scheme. The Company's contribution is recognised as an expense in the statement of profit and loss during the period in which the employee renders the related service. The Company has no further obligations beyond its monthly contributions.

Defined benefit plans

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to statement of profit and loss in subsequent periods.

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

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

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

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

Notes (continued)

Forming part of Financial Statements for the year ended December 31, 2021

When the benefits of a plan are changed or curtailed, the resulting change in the benefit that relates to the past service ('past service cost') or the gain or loss on curtailment is recognised immediately in the statement of profit and loss. The Company recognises the gains and losses on the settlement of a defined benefit plan when settlement occurs.

Compensated Absence Policy:

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

Other long-term employee benefits

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

Short-term employee benefits

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

k) Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component and the aggregate standalone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right of- use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short term leases of all assets that have a lease term of 12 months or less. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

In pursuance of the notification issued by the Ministry of corporate affairs dated July 24, 2020, the company has elected to apply the practical expedient arising on account of Covid-19 not to account for the changes in the lease payments as a lease modification as it satisfies the conditions mentioned in the paragraph 46B of Ind AS 116.

Company as a lessor

At the inception of the lease the Group classifies each of its leases as either an operating lease or a finance lease. The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

If an arrangement contains lease and non-lease components, the Group applies Ind AS 115 Revenue from contracts with customers to allocate the consideration in the contract.

l) Borrowing Costs

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

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

m) Earnings Per Share

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

n) Tax expense

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

Notes (continued)

Forming part of Financial Statements for the year ended December 31, 2021

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

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

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

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

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised in statement of profit and loss.

o) Statement of Cash Flow and Cash and cash equivalents

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

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

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

p) Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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

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

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

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

q) Dividend declared

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

Interim dividend is recorded as a liability on the date of declaration by the Board of Directors.

r) Standards issued but not yet effective

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The Amendments revised Division-II of Schedule III and are applicable from financial year beginning April 1, 2021. Accordingly, the amendments will be applicable to the Company for the year ended December 31, 2022.

Notes (continued)

Forming part of Financial Statements for the year ended December 31, 2021

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

NOTE 3: PROPERTY, PLANT AND EQUIPMENT

	Land - freehold	Buildings	Furniture and fixtures	Office equipments	Vehicles	Total
Gross carrying amount						
As at December 31, 2019	2.21	66.67	4.87	21.84	1.06	96.65
Additions	-	-	-	5.63	-	5.63
Deletions	-	-	-	-	-	-
As at December 31, 2020	**2.21**	**66.67**	**4.87**	**27.47**	**1.06**	**102.28**
Additions	-	-	-	9.45	-	9.45
Deletions	-	-	-	0.11	-	0.11
As at December 31, 2021	**2.21**	**66.67**	**4.87**	**36.81**	**1.06**	**111.62**
Accumulated depreciation						
As at December 31, 2019	-	5.39	4.87	15.86	0.48	26.60
Depreciation for the year	-	1.35	-	4.81	0.12	6.28
Deletions	-	-	-	-	-	-
As at December 31, 2020	**-**	**6.74**	**4.87**	**20.67**	**0.60**	**32.88**
Depreciation for the year	-	1.35	-	4.61	0.12	6.08
Deletions	-	-	-	0.11	-	0.11
As at December 31, 2021	**-**	**8.09**	**4.87**	**25.17**	**0.72**	**38.85**
Net carrying amount						
As at December 31, 2020	**2.21**	**59.93**	**-**	**6.80**	**0.46**	**69.40**
As at December 31, 2021	**2.21**	**58.58**	**-**	**11.64**	**0.34**	**72.77**

Note:

- Movable assets are pledged against borrowings availed from bank. Refer note 15 for details.

NOTE 4: OTHER INTANGIBLE ASSETS

	Software	Total
Gross carrying amount		
As at December 31, 2019	**1.47**	**1.47**
Additions	-	-
Deletions	-	-
As at December 31, 2020	**1.47**	**1.47**
Additions	-	-
Deletions	-	-
As at December 31, 2021	**1.47**	**1.47**
Accumulated Amortisation		
As at December 31, 2019	**0.25**	**0.25**
Amortisation for the year	0.15	0.15
Deletions	-	-
As at December 31, 2020	**0.40**	**0.40**
Amortisation for the year	0.15	0.15
Deletions	-	-
As at December 31, 2021	**0.55**	**0.55**
Net carrying amount		
As at December 31, 2020	**1.07**	**1.07**
As at December 31, 2021	**0.92**	**0.92**

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

NOTE 5: NON-CURRENT INVESTMENTS

	As at December 31, 2021	As at December 31, 2020
Investment (unquoted, at cost)		
A. EQUITY SHARES		
(i) of subsidiaries		
Rain Cements Limited, India		
29,805,000 (December 31, 2020: 29,805,000) Equity Shares of ₹ 10 each fully paid up representing 100% of share capital	2,128.10	2,128.10
Rain Commodities (USA) Inc, United States of America (U.S.A.)		
20 (December 31, 2020: 20) Common Stock at par value of US$ 0.01 per share fully paid up representing 100% of share capital	4.45	4.45
200,000 (December 31, 2020: 200,000) Class B Redeemable Common Stock at par value of US$ 100 per share fully paid up representing 100% of share capital	902.80	902.80
Rain CII Carbon (Vizag) Limited, India (refer note c below)		
1,000,000 (December 31, 2020: 1,000,000) Equity Shares of ₹ 10 each fully paid up representing 12.22% of share capital	13.00	13.00
Rain Verticals Limited, India		
100,000 (December 31, 2020: Nil) Equity Shares of ₹ 10 each fully paid up representing 100% of share capital	1.00	-
B. PREFERENCE SHARES		
(i) of subsidiaries		
Rain Commodities (USA) Inc, United States of America (U.S.A.)	6,121.30	6,121.30
97,800 (December 31, 2020: 97,800) Convertible Redeemable Preferred Series - B at par value US$ 1,000 per share fully paid up		
Total	**9,170.65**	**9,169.65**
(a) aggregate value of unquoted investments	9,170.65	9,169.65
(b) aggregate value of quoted investments	-	-
(c) Investments are pledged with banks against borrowings availed from banks. Refer note 15 for details.		

NOTE 6: NON-CURRENT LOANS

	As at December 31, 2021	As at December 31, 2020
(Unsecured, considered good, unless otherwise stated)		
Loans and advances		
- to related parties (Refer notes below and note 30)	1,040.24	87.66
Electricity deposits	0.16	0.16
Security deposits	0.90	0.90
Total	**1,041.30**	**88.72**

Notes:

A) The loan of US$ 20 million, provided during the financial year ended December 31, 2021, carries interest of SOFR plus 335 basis points payable on quarterly basis at the end of each quarter. This loan is repayable in two installments by Rain Commodities (USA) Inc: US$ 6 million on March 04, 2022 and balance US$ 14 million on November 29, 2023. Balance as at December 31, 2021 is ₹ 1,486.06 including current portion of ₹ 445.82 (December 31, 2020: NIL including current portion of NIL).

Notes (continued)

Forming part of Financial Statements for the year ended December 31, 2021

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

NOTE 6: NON-CURRENT LOANS (CONTINUED)

B) The term loan of US$ 30 million, provided during the year 2016 with repayable terms of 10 quarterly installments starting from November 2019, carries interest of 3 months Libor plus 325 basis points. The outstanding loan as at December 31, 2021 is repayable by Rain Commodities (USA) Inc. in one quarterly instalment. Balance as at December 31, 2021 is ₹ 89.16 including current portion of ₹ 89.16 (December 31, 2020: ₹ 876.64 including current portion of ₹ 788.98).

C) The loan of US$ 20 million, provided during the financial year ended December 31, 2018, carries interest of 3 months Libor plus 240 basis points for year one and two and interest of 3 months Libor plus 315 basis points for year three. This loan has been repaid by Rain Commodities (USA) Inc. as a bullet repayment on October 29, 2021. Balance as at December 31, 2021 is NIL (December 31, 2020: ₹ 1,461.07 including current portion of ₹ 1,461.07).

D) These loans were given for the purpose of making investment in subsidiaries outside India.

NOTE 7: OTHER NON-CURRENT ASSETS

	As at December 31, 2021	As at December 31, 2020
Excess contribution to Plan assets for Defined benefit plan (Refer note 29 (b))	0.36	0.43
Total	**0.36**	**0.43**

NOTE 8: TRADE RECEIVABLES

	As at December 31, 2021	As at December 31, 2020
Trade receivables considered good - secured	-	-
Trade receivables considered good - unsecured	167.53	47.45
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	-	-
	167.53	**47.45**
Less: Allowance for doubtful trade receivables	-	-
Total	**167.53**	**47.45**

(i) Trade receivables amounting to ₹ 66.32 (December 31, 2020: ₹ 47.45) are due from related parties. Refer note 30

(ii) The company's exposure to credit and currency risk details are disclosed in note 27.3 and 27.7.

(iii) Receivables are pledged with banks against borrowings availed from banks. Refer note 15 for details.

NOTE 9: CASH AND BANK BALANCES

	As at December 31, 2021	As at December 31, 2020
A. Cash and cash equivalents		
Balances with banks:		
- in current accounts	54.83	58.38
- in deposit accounts (with original maturity of 3 months or less)	130.40	149.40
	185.23	**207.78**
B. Bank balances other than cash and cash equivalents		
Unpaid dividend accounts	32.15	35.54
	32.15	**35.54**
Total [A+B]	**217.38**	**243.32**

Cash and bank balances are pledged to fulfill collateral requirements against borrowings availed from banks. Refer note 15 for the details.

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

NOTE 10: CURRENT LOANS

	As at December 31, 2021	As at December 31, 2020
(Unsecured, considered good, unless otherwise stated)		
Loans to related parties* (Refer note 30)	534.98	2,250.05
Loan to employees	1.28	2.01
Total	**536.26**	**2,252.06**

* For details of loans to related parties refer note 6

NOTE 11: OTHER CURRENT FINANCIAL ASSETS

	As at December 31, 2021	As at December 31, 2020
(Unsecured, considered good, unless otherwise stated)		
Interest accrued on deposits	0.30	0.33
Interest accrued on loans (Refer note 30)	3.64	-
Unbilled revenue	7.27	4.50
Total	**11.21**	**4.83**

NOTE 12: OTHER CURRENT ASSETS

	As at December 31, 2021	As at December 31, 2020
(Unsecured, considered good, unless otherwise stated)		
Balances with Government authorities	5.48	1.88
Advance to suppliers and service providers	0.07	0.15
Total	**5.55**	**2.03**

NOTE 13: SHARE CAPITAL

	As at December 31, 2021		As at December 31, 2020	
	Number of Shares	Amount	Number of Shares	Amount
Authorised share capital:				
Equity shares of ₹ 2 each	590,000,000	1,180.00	590,000,000	1,180.00
Redeemable preference shares of ₹ 100 each	4,900,000	490.00	4,900,000	490.00
Total	**594,900,000**	**1,670.00**	**594,900,000**	**1,670.00**
Issued, subscribed and fully paid up share capital				
Equity shares of ₹ 2 each	336,345,679	672.69	336,345,679	672.69
Total	**336,345,679**	**672.69**	**336,345,679**	**672.69**

Notes (continued)

Forming part of Financial Statements for the year ended December 31, 2021

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

NOTE 13: SHARE CAPITAL (CONTINUED)

Notes:

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

Particulars	As at December 31, 2021		As at December 31, 2020	
	Number of Shares	Amount	Number of Shares	Amount
As at beginning of the year	336,345,679	672.69	336,345,679	672.69
Add/(Less): Changes in equity shares during the year	-	-	-	-
As at end of the year	**336,345,679**	**672.69**	**336,345,679**	**672.69**

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

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

The Board of Directors at its meeting held on October 30, 2021 has declared an interim dividend of 50% (₹ 1 per equity share of par value of ₹ 2 each amounting to ₹ 336.35) for the financial year ended December 31, 2021 and no further dividend is recommended during the year.

The Board of Directors at its meeting held on October 30, 2020 has declared an interim dividend of 50% (₹ 1 per equity share of par value of ₹ 2 each amounting to ₹ 336.35) for the financial year ended December 31, 2020 and no further dividend is recommended during the year.

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

Name of the Shareholder	As at December 31, 2021		As at December 31, 2020	
	Number of Shares	%	Number of Shares	%
Sujala Investments Private Limited	37,766,675	11.23	37,766,675	11.23
Rain Enterprises Private Limited	25,316,465	7.53	25,316,465	7.53
N. Anupama Reddy	27,300,669	8.12	27,300,669	8.12

(iv) There are no shares issued pursuant to contract without payment being received in cash during the period of five years immediately preceding the reporting date.

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

NOTE 14: OTHER EQUITY

	As at December 31, 2021	As at December 31, 2020
Reserves and Surplus:		
(a) Capital reserve (Balance at the beginning and end of the year)	**4,319.91**	**4,319.91**
(b) Securities premium (Balance at the beginning and end of the year)	**516.67**	**516.67**
(c) Capital redemption reserve (Balance at the beginning and end of the year)	**47.66**	**47.66**
(d) General reserve		
Opening balance	828.92	801.62
Add: Transferred from Retained earnings	31.16	27.30
Closing balance	**860.08**	**828.92**
(e) Retained earnings		
Opening balance	509.12	599.75
Add: Profit for the year	311.64	273.02
Less: Dividend	(336.35)	(336.35)
Transfer to General Reserve	(31.16)	(27.30)
Closing balance	**453.25**	**509.12**
Items of Other Comprehensive Income:		
(a) Foreign currency translation reserve (Balance at the beginning and end of the year)	**2,219.36**	**2,219.36**
(b) Remeasurements of defined benefit plans		
Opening balance	0.76	(0.92)
Add: Actuarial gain on remeasurements of defined benefit plans	1.80	1.68
Closing balance	**2.56**	**0.76**
Total	**8,419.49**	**8,442.40**

NOTE 15: NON-CURRENT BORROWINGS

	As at December 31, 2021	As at December 31, 2020
A. Term loans		
From banks		
- Secured banks	2,020.33	2,771.14
Less: Current portion of Non-current borrowings disclosed under note 18 - Other current financial liabilities	534.28	2,250.05
Total [A+B+C+D+E]	**1,486.05**	**521.09**

Notes:

(i) During the financial year ended December 31, 2016, the Company had borrowed Term loan of US$ 30 million from a bank which was secured by a pari passu first charge on all immovable and movable properties of Rain Cements Limited (RCL), a wholly owned subsidiary Company, except for current assets of RCL (present and future) and assets charged with Axis Bank Limited for another loan availed by RCL. Further a Corporate Guarantee has been issued by RCL in favour of the bank. The loan was sanctioned vide credit facilities agreement dated February 20, 2016 between the Company, RCL and the bank. No guarantee commission has been charged by RCL based on the requirements of the bank. It carries interest of 3 months Libor plus 300 basis points. Balance (gross of transaction costs) as at December 31, 2021 is ₹ 534.98 (December 31, 2020: ₹ 1,314.97).

Notes (continued)

Forming part of Financial Statements for the year ended December 31, 2021

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

NOTE 15: NON-CURRENT BORROWINGS (CONTINUED)

(ii) During the financial year ended December 31, 2021, the Company has borrowed Term loan of US$ 20 million from a bank and is secured by:

a) Pari passu first charge by way of hypothecation on all movable assets both present and future of the Company

b) Corporate guarantee of Rain CII Carbon (Vizag) Limited (RCCVL) in favour of the bank

c) Pledge over 1,000,000 equity shares of ₹ 10 each held by the Company in RCCVL, a wholly owned step-down subsidiary

No guarantee commission has been charged by RCCVL based on the requirements of the bank. It carries interest of SOFR + margin of 310 basis points payable monthly. The loan is repayable on November 30, 2023. Balance (gross of transaction costs) as at December 31, 2021 is ₹ 1,486.05 (December 31, 2020: ₹ Nil)

(iii) During the financial year ended December 31, 2018, the Company had borrowed Term loan of US$ 20 million from a bank and was secured by:

a) Pari passu first charge by way of hypothecation on all movable assets both present and future of the Company

b) Corporate guarantee of RCCVL in favour of the bank

c) Pledge over 1,000,000 equity shares of ₹ 10 each held by the Company in RCCVL, a wholly owned step-down subsidiary

No guarantee commission has been charged by RCCVL based on the requirements of the bank. It carries interest of 3 months US$ Libor plus 215 basis points for year 1 & 2, 3 months US$ LIBOR plus 290 basis points for year 3 payable monthly. The loan has been repaid on October 29, 2021. Balance (gross of transaction costs) as at December 31, 2021 is ₹ Nil (December 31, 2020: ₹ 1,461.07)

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

(v) The scheduled maturity of non-current borrowings (gross of deferred finance cost) and total number of installments are summarised as below:

Borrowings Repayable	As at December 31, 2021	As at December 31, 2020
Outstanding Term Loans from Banks:		
IDBI Bank Limited - US$ 7.2 million* (December 31, 2020: US$ 18.0 million)	534.98	1,314.97
Citibank - US$ 20.0 million** (December 31, 2020: US$ 20.0 million)	1,486.05	1,461.07
Total	**2,021.03**	**2,776.04**

* US$ 30 million is repayable in 10 quarterly installments starting from December 2019.

** US$ 20 million is a bullet repayment on November 30, 2023.

(vi) The aggregate amount of loans outstanding (including current maturities of non-current borrowings) guaranteed by subsidiaries is ₹ 2,021.03 (December 31, 2020: ₹ 2,776.04). (Refer note 30)

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

NOTE 15: NON-CURRENT BORROWINGS (CONTINUED)

(vii) Reconciliation of liabilities arising from financing activities*

Particulars	As at December 31, 2021	As at December 31, 2020
Opening balance at the beginning of the year	2,771.14	3,383.35
Borrowings made during the year	1,498.00	-
Borrowings repaid during the year	(2,257.64)	(711.70)
Exchange loss on monetary items	4.63	95.29
Others - Amortisation of deferred finance cost	4.20	4.20
Closing balance at the end of the year	**2,020.33**	**2,771.14**

*Aforesaid reconciliation includes current maturities of non-current borrowings

(viii) The Company's exposure to liquidity, interest rate and foreign currency risk is included in note 27.4, 27.6 and 27.7.

NOTE 16: NON-CURRENT PROVISIONS

	As at December 31, 2021	As at December 31, 2020
Provision for employee benefits:		
- Compensated absences (Refer note 29 (c))	6.85	6.36
Total	**6.85**	**6.36**

NOTE 17: TRADE PAYABLES

	As at December 31, 2021	As at December 31, 2020
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	107.03	5.91
Total	**107.03**	**5.91**
Disclosures of dues to Micro Enterprises and Small Enterprises as per Micro, Small and Medium Enterprises Development (MSMED) Act, 2006:		
(a) the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year.	-	-
(b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
(c) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
(d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
(e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

The Company's exposure to liquidity risk related to trade payables is disclosed in note 27.4

Notes (continued)

Forming part of Financial Statements for the year ended December 31, 2021

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

NOTE 17: TRADE PAYABLES (CONTINUED)

The Management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at December 31, 2021 has been made in the financial statements based on information received and available with the Company. Further in the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier under the said Act.

The above information has been determined to the extent such parties have been identified on the basis of information available with the Company. Auditors have placed reliance on such information provided by the management.

NOTE 18: OTHER CURRENT FINANCIAL LIABILITIES

	As at December 31, 2021	As at December 31, 2020
Current maturities of non-current borrowings (Refer note 15)	534.28	2,250.05
Interest accrued but not due on borrowings	4.03	2.97
Employee payables	4.06	3.95
Payables to auditors	2.75	3.15
Unpaid dividends*	32.15	35.54
Total	**577.27**	**2,295.66**

*There is no amount due and outstanding to be credited to Investor Education and Protection fund as at December 31, 2021 and December 31, 2020.

The Company's exposure to liquidity, interest rate and foreign currency risk is included in note 27.4, 27.6 and 27.7

NOTE 19: OTHER CURRENT LIABILITIES

	As at December 31, 2021	As at December 31, 2020
Provision for expenses	16.69	33.67
Other payables		
- Statutory liabilities	4.36	3.47
Total	**21.05**	**37.14**

NOTE 20: CURRENT PROVISIONS

	As at December 31, 2021	As at December 31, 2020
Provision for employee benefits:		
- Compensated absences (Refer note 29(c))	3.07	2.32
Total	**3.07**	**2.32**

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

NOTE 21: REVENUE FROM OPERATIONS

	For the year ended December 31, 2021	For the year ended December 31, 2020
Sale of products and duty scripts (Refer note 30)	195.02	152.68
Sale of services (Refer note 30)	340.45	323.57
Revenue from operations (net)	**535.47**	**476.25**

(i) Break up of revenue from operations based on timing of transfer of goods or services:

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Revenue from operations recognised at a point in time	195.02	152.68
Revenue from operations recognised over a period of time	340.45	323.57

(ii) Contract assets:

Particulars	As at December 31, 2021	As at December 31, 2020
Contract assets recorded in balance sheet	7.27	4.50

(iii) Reconciliation of Revenue from sale of products and duty scripts with contract price:

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Revenue as per contracted price (A)	195.02	152.68
Less - Reductions towards variable consideration components (B)	-	-
Revenue recognised (A-B)	**195.02**	**152.68**

NOTE 22: OTHER INCOME

	For the year ended December 31, 2021	For the year ended December 31, 2020
Interest income		
Interest from banks on deposits	5.57	8.02
Interest on loans and advances (Refer note 30)	69.60	105.91
Interest on income tax refund	0.59	3.12
Dividend income from non-current investments (Refer note 30)	410.74	369.41
Other non-operating income		
Rental income from operating leases (Refer note 30)	14.06	12.78
Liabilities / provisions no longer required written back	-	0.57
Miscellaneous income	0.86	0.07
Total	**501.42**	**499.88**

Notes (continued)

Forming part of Financial Statements for the year ended December 31, 2021

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

NOTE 23: EMPLOYEE BENEFITS EXPENSE

	For the year ended December 31, 2021	For the year ended December 31, 2020
Salaries, wages and bonus	200.59	169.45
Contributions to provident and other funds (Refer note 29)	13.72	13.48
Staff welfare expenses	0.07	0.12
Total	**214.38**	**183.05**

NOTE 24: FINANCE COSTS

	For the year ended December 31, 2021	For the year ended December 31, 2020
Interest expense on borrowings	76.50	117.01
Other borrowing costs	4.45	4.38
Total	**80.95**	**121.39**

NOTE 25: OTHER EXPENSES

	For the year ended December 31, 2021	For the year ended December 31, 2020
Repairs and maintenance	6.27	6.03
Insurance	0.95	0.98
Rent	5.67	4.26
Rates and taxes	4.57	5.77
Communication expenses	14.61	12.24
Travelling and conveyance	4.04	4.69
Printing and stationery	0.66	0.26
Advertisement expense	0.92	0.74
Corporate Social Responsibility (Refer note 33)	1.00	1.00
Consultancy charges	13.01	7.55
Payment to auditors (Refer note below)	4.16	4.13
Directors' sitting fees (Refer note 30)	3.22	3.62
Commission to directors (Refer note 30)	3.60	3.25
IT infrastructure expenses and licenses	75.56	98.66
Miscellaneous expenses	4.55	4.01
Total	**142.79**	**157.19**

Note:

Payment to auditors comprises (excluding GST):

	For the year ended December 31, 2021	For the year ended December 31, 2020
Statutory audit	2.60	2.60
Limited review	1.20	1.20
Other services	0.32	0.29
Reimbursement of expenses	0.04	0.04
Total	**4.16**	**4.13**

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

NOTE 26: INCOME TAXES

(i) Income tax expense / (benefit) recognised in statement of profit and loss:

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Current tax		
(i) Tax for current year	70.33	9.61
(ii) Tax relating to earlier years	2.79	60.63
	73.12	**70.24**
Deferred tax		
(i) Attributable to the origination and reversal of temporary differences	6.06	(0.09)
(ii) Minimum alternate tax credit write-off *	-	3.26
	6.06	**3.17**
Total	**79.18**	**73.41**

* On September 20, 2019 vide the Taxation Laws (Amendment) Ordinance 2019, the Government of India inserted Section 115BAA in the Income Tax Act 1961 which provides domestic companies a non-reversible option to pay corporate tax at reduced rates effective April 01, 2019, subject to certain conditions. During the year ended December 31, 2020, the Company has evaluated and adopted the new tax rate of 25.168%. Accordingly, the Company remeasured its current tax expense and Deferred tax asset/liability basis the rate prescribed in the said section. The change in tax rate resulted in write off of Minimum Alternate Tax Credit by ₹ 3.26 for the year ended December 31, 2020.

(ii) Income tax expense / (benefit) recognised in other comprehensive income:

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
a. Remeasurements of the defined benefit plans	0.87	-
Total	**0.87**	**-**

(iii) Reconciliation of Effective tax rate:

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Income tax expense for the year to be reconciled to the accounting profit:		
Profit before taxes	**390.82**	**346.43**
Enacted income tax rate in India	25.17%	25.17%
Computed expected tax expense	98.36	87.19
Effect off:		
Effects of tax-exempt income and other deductions, net	4.86	(70.43)
Effect of income charged at special rate	(32.89)	(7.15)
Tax related to prior years	2.79	60.63
Others, net	6.06	3.17
Total income taxes expenses	**79.18**	**73.41**
Effective tax rate	**20.3%**	**21.2%**

Notes (continued)

Forming part of Financial Statements for the year ended December 31, 2021

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

NOTE 26: INCOME TAXES (CONTINUED)

(iv) Recognised deferred tax assets and liabilities:

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Deferred tax assets		
Employee benefits	1.54	2.08
Land indexation	1.66	1.54
Total deferred tax assets	**3.20**	**3.62**
Deferred tax liabilities		
Basis difference of property, plant, and equipment	(8.59)	(2.08)
Total deferred tax liabilities	**(8.59)**	**(2.08)**
Net deferred tax (liability)/asset	**(5.39)**	**1.54**

(v) Movement in temporary differences:

Particulars	Balance as at January 1, 2020	Recognised in profit or loss during the year	Recognised in OCI during the year	Balance as at December 31, 2020	Recognised in profit or loss during the year	Recognised in OCI during the year	Balance as at December 31, 2021
On account of depreciation and amortization	(9.04)	6.96	-	(2.08)	(6.51)	-	(8.59)
On account of employee benefits	2.30	(0.22)	-	2.08	0.33	(0.87)	1.54
On account of land indexation	1.45	0.09	-	1.54	0.12	-	1.66
Tax on losses carried forward	6.74	(6.74)	-	-	-	-	-
Total	**1.45**	**0.09**	**-**	**1.54**	**(6.06)**	**(0.87)**	**(5.39)**

(vi) Unrecognised Deferred tax assets:

There are no unrecognised deferred tax assets for the year ended December 31, 2021 and 2020 respectively.

(vii) Non-current tax assets and current tax liabilities

Particulars	As at December 31, 2021	As at December 31, 2020
Non-current tax assets (net of provision for tax ₹ 1,322.85 (December 31, 2020: ₹ 1,276.17)	104.42	119.83
Current tax liabilities (net of advance tax ₹ 260.95 (December 31, 2020: ₹ 249.99)	29.46	16.76

(viii) The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing regulations under Sections 92-92F of the Income-Tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company continuously updates its documents for the international transactions entered into with the associated enterprises during the financial year. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense for the year and that of provision for taxation.

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

NOTE 27: FINANCIAL INSTRUMENTS DISCLOSURE

Note 27.1: Fair Valuation Measurement Hierarchy

The following table shows the carrying amounts and fair values of financial assets and liabilities including their levels of fair value hierarchy:

Sl. No.	Particulars	As at December 31, 2021				As at December 31, 2020			
		Carrying value	Level of inputs used in			Carrying value	Level of inputs used in		
			Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
I	**Financial Assets at amortised cost**								
	Loans	1,577.56	-	-	-	2,340.78	-	-	-
	Trade receivables	167.53	-	-	-	47.45	-	-	-
	Cash and cash equivalents	185.23	-	-	-	207.78	-	-	-
	Bank balances other than cash and cash equivalents	32.15	-	-	-	35.54	-	-	-
	Other current financial assets	11.21	-	-	-	4.83	-	-	-
		1,973.68	**-**	**-**	**-**	**2,636.38**	**-**	**-**	**-**
II	**Financial Liabilities at amortised cost**								
	Borrowings (including current maturities of non-current borrowings included in other current financial liabilities)	2,020.33	-	-	-	2,771.14	-	-	-
	Trade payables	107.03	-	-	-	5.91	-	-	-
	Other current financial liabilities	42.99	-	-	-	45.61	-	-	-
		2,170.35	**-**	**-**	**-**	**2,822.66**	**-**	**-**	**-**

Valuation Techniques:

(a) **Borrowings (at amortised cost):** The valuation model considers the present value of expected receipt/payment discounted using appropriate discounting rates.

(b) The fair value of trade receivables, loans, other financial assets, cash and cash equivalents, other bank balances, trade payables and other financial liabilities approximate their carrying amount largely due to short-term nature of these instruments.

Note 27.2: Financial risk management

The Company has put in place risk management systems as applicable to the respective operations. The following explains the objective and processes of the Company: The Company has a system based approach to risk management, anchored to policies and procedures and internal financial controls aimed at ensuring early identification, evaluation and management of key financial risks (such as market risk, credit risk and liquidity risk) that may arise as a consequence of its business operations as well as its investing and financing activities. Accordingly, the Company's risk management framework has the objective of ensuring that such risks are managed within acceptable and approved risk parameters in a disciplined and consistent manner and in compliance with applicable regulation. It also seeks to drive accountability in this regard.

Notes (continued)

Forming part of Financial Statements for the year ended December 31, 2021

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

NOTE 27: FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

Note 27.3: Credit risk:

Credit risk is the risk of financial loss arising from counter-party failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses both the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks. The Company has a policy of dealing only with credit worthy counter parties and obtaining sufficient collateral, where appropriate as a means of mitigating the risk of financial loss from defaults. Financial instruments that are subject to credit risk and concentration thereof principally consist of trade receivables, loans receivables, investments, cash and cash equivalents. None of the financial instruments of the Company result in material concentration of credit risk.

Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Company and changes in the operating results of the borrower

Based on the above analysis, the Company does not expect any credit risk from its trade receivables for any of the years reported in this financial statements.

The age wise break up of receivables, net of allowances is given below:

Particulars	As at December 31, 2021	As at December 31, 2020
Financial assets that are neither past due not impaired	167.53	47.45
Total	**167.53**	**47.45**

The Company's exposure to credit risk for trade receivables by geographic region is as follows:

Particulars	Carrying amount as at	
	December 31, 2021	December 31, 2020
United States	60.40	-
Europe	-	43.00
Asia	107.13	4.45
Total	**167.53**	**47.45**

At December 31, 2021, the carrying amount of the Company's most significant customer is ₹ 101.21 (December 31, 2020: ₹ 4.45).

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

NOTE 27: FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

The Company's exposure to credit risk for loans (both current and non-current) (excluding loan to employees) by geographic region is as follows:

Particulars	Carrying amount as at	
	December 31, 2021	December 31, 2020
United States	1,575.22	2,337.71
Asia	1.06	1.06
Total	**1,576.28**	**2,338.77**

Investments

The Company has investments in wholly-owned and step down subsidiaries, thereby limiting the exposure to credit risk. All the counterparties have sound financial position with positive net worth. The Company does not expect any losses from non-performance by these counter parties.

Cash and cash equivalents (including bank balances, fixed deposits and margin money with banks):

Credit risk on cash and cash equivalent is limited as the Company generally transacts with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

Other financial assets:

There is no significant loss allowance for other financial assets.

Note 27.4: Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation. The Company's corporate treasury department is responsible for liquidity and funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows. As of December 31, 2021, cash and cash equivalents are held with major banks.

Maturity of financial liabilities

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payment and excludes impact of netting arrangements (if any):

As at December 31, 2021

Contractual cash flows	Carrying value*	Less than 1 year	1-2 years	2-5 years	5-10 years	Later	Total
Non-derivative financial liabilities							
Borrowings (including current maturities of non-current borrowings included in other current financial liabilities)	2,020.33	534.98	1,486.05	-	-	-	2,021.03
Trade payables	107.03	107.03	-	-	-	-	107.03
Other current financial liabilities	42.99	42.99	-	-	-	-	42.99

Notes (continued)

Forming part of Financial Statements for the year ended December 31, 2021

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

NOTE 27: FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

As at December 31, 2020

Contractual cash flows	Carrying value*	Less than 1 year	1-2 years	2-5 years	5-10 years	Later	Total
Non-derivative financial liabilities							
Borrowings (including current maturities of non-current borrowings included in other current financial liabilities)	2,771.14	2,250.05	525.99	-	-	-	2,776.04
Trade payables	5.91	5.91	-	-	-	-	5.91
Other current financial liabilities	45.61	45.61	-	-	-	-	45.61

* Carrying value of borrowings is shown as net of deferred finance cost

Note 27.5: Market risk:

Market risk is the risk of loss of future earnings, fair value or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates and other market changes that effect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including deposits, foreign currency receivables, payables and borrowings.

Note 27.6: Interest rate risk:

Interest rate risk is measured by using the cashflow sensitivity for change in variable interest rates. Any movement in the market interest rates could have an impact on the Company's cash flows as well as costs. In order to manage the Company's position with regard to interest rate risk, it adopts a policy of ensuring an optimal mix of its interest rate risk exposure. The Company's exposure to the risk of changes in market interest rates related primarily to the Company's borrowing with variable interest rates.

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments as reported to management is as follows.

Particulars	Interest rate exposure as at	
	December 31, 2021	December 31, 2020
Variable rate instruments		
Financial assets	1,575.22	2,337.71
Financial liabilities	(2,021.03)	(2,776.04)

Cash flow Sensitivity for variable rate instruments:

Impact on Profit and loss due to 1% change in interest rate

Particulars	For the year ended December 31, 2021		For the year ended December 31, 2020	
	Increase in rate	Decrease in rate	Increase in rate	Decrease in rate
Impact on Profit and loss (before tax)				
Variable-rate instruments	(4.46)	4.46	(4.38)	4.38

Note 27.7 Foreign Currency risk:

Foreign currency risk is the risk impact related to fair value or future cash flows of an exposure in foreign currency, which fluctuate due to changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the foreign currency borrowings, shared service arrangements with group entities, and advance to group entity. The currency in which these transactions are denominated are USD and EUR. There are no outstanding balances in any other currency apart from USD and EUR. The Company evaluates exchange rate exposure arising from foreign currency transactions.

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

NOTE 27: FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

The following table analyzes foreign currency risk from non derivative financial instruments as at December 31, 2021:

Foreign currency involved:	Amounts in ₹ millions		Total
	USD	EUR	
Assets:			-
Trade receivables (Refer note 30)	60.40	-	60.40
Interest accrued on loans to subsidiary (Refer note 30)	3.64	-	3.64
Loans to subsidiary (Refer note 30)	1,575.22	-	1,575.22
	1,639.26	**-**	**1,639.26**
Liabilities:			
Interest accrued but not due on borrowings	4.03	-	4.03
Borrowings	2,021.03	-	2,021.03
	2,025.06	**-**	**2,025.06**

The following table analyzes foreign currency risk from non derivative financial instruments as at December 31, 2020:

Foreign currency involved:	Amounts in ₹ millions		Total
	USD	EUR	
Assets:			-
Trade receivables (Refer note 30)	-	43.00	43.00
Loans to subsidiary (Refer note 30)	2,337.71	-	2,337.71
	2,337.71	**43.00**	**2,380.71**
Liabilities:			
Interest accrued but not due on borrowings	2.97	-	2.97
Borrowings	2,776.04	-	2,776.04
	2,779.01	**-**	**2,779.01**

Sensitivity Analysis:

A reasonably possible strengthening/weakening of the US dollar, Euro against all other currencies as at December 31 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Impact of profit and loss due to 1% change in foreign currency rates

Particulars	December 31, 2021		December 31, 2020	
	Strengthening	Weakening	Strengthening	Weakening
Impact on Profit and loss (before tax)				
EUR	-	-	0.43	(0.43)
USD	(3.86)	3.86	(4.41)	4.41

Notes (continued)

Forming part of Financial Statements for the year ended December 31, 2021

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

NOTE 28: CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximize the shareholder value.

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to equity shareholders. The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position. The Company monitors capital using a ratio of 'Net debt' to 'equity'. For this purpose, net debt is defined as total interest-bearing loans and borrowings less cash and cash equivalents. The Company's Net debt to equity ratio is as follows.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

The Company monitors capital on the basis of the following gearing ratio:

Particulars	As at December 31, 2021	As at December 31, 2020
Total borrowings, net of cash and cash equivalents	1,835.10	2,563.36
Equity	9,092.18	9,115.09
Net debt to equity ratio	**0.20**	**0.28**

NOTE 29: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS

a) Contribution plans:

Amounts towards defined contribution plans have been recognised under "Contributions to provident and other funds" in Note 23: ₹ 10.80 (December 31, 2020 - ₹ 10.40).

b) Defined Benefit plans:

The Company has a defined benefit gratuity plan in India, governed by the Payment of Gratuity Act, 1972. It entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen days wages for every completed year of service or part thereof in excess of six months, based on the rate of wages last drawn by the employee concerned.

Inherent risk:

The plan is defined benefit in nature which is sponsored by the Company and hence it underwrites all the risk pertaining to the plan. In particular, this exposes the Company, to actuarial risk such as adverse salary growth, change in demographic experience, inadequate return on underlying plan assets. This may result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature, the plan is not subject to longevity risk.

The actuarial valuation of the present value of the defined benefit obligation has been carried out as at December 31, 2021. The following table sets forth the status of the various defined benefit plans of the Company and the amounts recognised in the balance Sheet and statement of profit and loss.

(i) Amounts recognized in the Balance Sheet are as follows:

Particulars	As at December 31, 2021	As at December 31, 2020
Present value of funded obligation	16.56	15.56
Less: Fair value of plan assets	16.92	15.99
Net liability/(excess contribution to plan assets)	**(0.36)**	**(0.43)**

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

NOTE 29: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

(ii) Amounts recognized in the Statement of Profit and Loss are as follows:

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Current service cost	2.80	2.90
Interest on net defined benefit liability/(asset)	(0.06)	0.05
Total	**2.74**	**2.95**

Amount recognised in other comprehensive income for the year ended December 31, 2021 is ₹ 2.67 (December 31, 2020 - ₹ 1.68).

(iii) Reconciliation of opening and closing balances of the present value of the obligations:

Particulars	As at December 31, 2021	As at December 31, 2020
Opening defined benefit obligation	15.56	13.72
Current service cost	2.80	2.90
Interest cost	0.85	0.83
Remeasurements due to:		
Changes in financial assumptions	(0.48)	0.60
Changes in demographic assumptions	-	(0.45)
Experience adjustments	(2.03)	(1.81)
Benefits paid	(0.14)	(0.23)
Closing defined benefit obligation	**16.56**	**15.56**

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

Particulars	As at December 31, 2021	As at December 31, 2020
Opening fair value of plan assets	15.99	12.51
Employer contributions	-	2.91
Interest on plan assets	0.91	0.78
Remeasurements due to:		
Actual return on plan assets less interest on plan assets	0.16	0.02
Benefits paid	(0.14)	(0.23)
Closing fair value of plan assets	**16.92**	**15.99**
Actual return on plan assets	**1.07**	**0.80**

(v) Major Category of plan assets as a percentage to fair value of plan assets:

Particulars	As at December 31, 2021	As at December 31, 2020
Insurer managed funds	100%	100%

Notes (continued)

Forming part of Financial Statements for the year ended December 31, 2021

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

NOTE 29: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

(vi) Principal Actuarial assumptions used:

Particulars	As at December 31, 2021	As at December 31, 2020
Discount rates on benefit obligations	6.60%	6.10%
Expected salary increase rates	7.00%	7.00%
Retirement Age	58 Years	58 Years

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

Assumptions regarding future mortality and experience are set in accordance with published rates under Indian assured lives mortality 2012-2014. The discount rate is based on the prevailing market yield in Indian government securities as at balance sheet date for estimated term of obligation.

(vii) Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts for the year ended December 31, 2021 shown below:

Particulars	Increase	Decrease
Discount rate (0.5% movement)	(0.45)	0.48
Future salary growth (0.5% movement)	0.48	(0.40)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts for the year ended December 31, 2020 shown below:

Particulars	Increase	Decrease
Discount rate (0.5% movement)	(0.46)	0.49
Future salary growth (0.5% movement)	0.43	(0.40)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

(viii) The Company expects to contribute a sum of ₹ 1.00 to the plan for the next annual reporting period (December 31, 2020: ₹ 1.00)

(ix) As at December 31, 2021 the weighted average duration of the defined benefit obligation is 5.59 years (December 31, 2020: 6.13 years)

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

NOTE 29: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

(x) Maturity profile of the defined benefit obligation:

Particulars	As at December 31, 2021	As at December 31, 2020
Year 1	4.39	3.30
Year 2	3.87	1.54
Year 3	0.66	3.71
Year 4	1.53	0.65
Year 5	0.66	1.32
Thereafter	15.76	14.56

c) Compensated absences

The Company provides for accumulation of compensated absences to its employees. These employees can carry forward a portion of the unutilised compensated absences and utilise it in future periods or receive cash in lieu thereof as per Company policy. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The total liability recorded towards this benefit as at December 31, 2021 is ₹ 9.92 (December 31, 2020 - ₹ 8.68).

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

Particulars	As at December 31, 2021	As at December 31, 2020
Net Liability		
- Current	3.07	2.32
- Non-current	6.85	6.36
Total	**9.92**	**8.68**

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

NOTE 30: RELATED PARTY DISCLOSURES

a) Names of related parties and description of relationship

Sl. No	Relationship	Name	
(a)	**List of related parties where control exists**		
(i)	Subsidiaries	1	Rain Cements Limited [RCL]
		2	Renuka Cement Limited [RenCL]
		3	Rain Verticals Limited [RVL]*
		4	Rain Commodities (USA) Inc. [RCUSA]
		5	Rain Global Services LLC [RGS]
		6	Rain Carbon Inc. [RCI]
		7	Rain Carbon Holdings, LLC [RCH]
		8	Rain CII Carbon (Vizag) Limited [RCCVL]
		9	Rain CII Carbon LLC [RCC]
		10	CII Carbon Corp [CIICC]
		11	Rain Carbon GmbH (RCG)
		12	Rain Carbon Canada Inc.

Notes (continued)

Forming part of Financial Statements for the year ended December 31, 2021

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

NOTE 30: RELATED PARTY DISCLOSURES (CONTINUED)

Sl. No	Relationship		Name
		13	RÜTGERS Polymers Ltd. (RPL)**
		14	Handy Chemicals (USA) Ltd [HUSA]**
		15	Rain Carbon BV (RCBV)
		16	VFT France SA [VFSA]
		17	Rain Carbon Wohnimmobilien GmbH & Co. KG
		18	Rain Carbon Gewerbeimmobilien GmbH & Co. KG
		19	Rain Carbon Germany GmbH
		20	OOO Rain Carbon LLC
		21	Rain Carbon Poland Sp. z. o. o
		22	RÜTGERS Resins BV [RRBV]
		23	OOO RÜTGERS Severtar [OOOSevertar]
		24	Severtar Holding Ltd [Severtar]
		25	Rumba Invest BVBA & Co. KG [Rumba]
		26	Rain Carbon (Shanghai) Trading Co. Ltd. (formerly known as RÜTGERS (Shanghai) Trading Co. Ltd.)
(b)	**Other related parties where transactions have taken place during the year/balances exists at year end**		
(i)	Associate of subsidiary	1	InfraTec Duisburg GmbH (IDGmbH) (Investment by Rain Carbon Germany GmbH)
(ii)	Enterprise where key managerial personnel along with their relatives exercise significant influence	1	Pragnya Priya Foundation (PPF)
		2	Sujala Investments Private Limited
		3	Rain Enterprises Pvt Ltd
		4	Nivee Holdings Pvt Limited
		5	Arunachala Holdings Private Limited
		6	PCL Financial Services Pvt Limited
		7	Arunachala Logistics (P) Limited
(iii)	Key Managerial Personnel (KMP)	1	Mr. N. Radha Krishna Reddy Managing Director
		2	Mr. T. Srinivasa Rao Chief Financial Officer
		3	Mr. S. Venkat Ramana Reddy Company Secretary
(iv)	Non-executive directors	1	Mr. Brian Jude Mc Namara - Chairman (Independent Director)
		2	Mr. Jagan Mohan Reddy Nellore - Vice Chairman (Non-Executive Director)
		3	Mr. N. Sujith Kumar Reddy - Non-Executive Director
		4	Mr. Varun Batra - Independent Director
		5	Ms. Radhika Vijay Haribhakti - Independent Director
		6	Ms. Nirmala Reddy - Independent Director
		7	Mr. Robert Tonti Thomas - Independent Director (since October 31, 2021)
		8	Mr. H.L. Zutshi - Independent Director (till September 30, 2021)

* Incorporated on April 6, 2021

**Entities sold on December 31, 2020

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

NOTE 30: RELATED PARTY DISCLOSURES (CONTINUED)

b) Transactions with related parties for the year ended December 31, 2021

Nature of Transaction	Subsidiary Companies	Enterprise where key managerial personnel along with their relatives exercise significant control	Key Management Personnel	Non-executive directors	Balance Outstanding To/ (From)
Sales					
- RCCVL	73.81	-	-	-	(5.92)
Revenue from Services*					
- RCCVL	59.35	-	-	-	-
- RCL	52.41	-	-	-	-
- RCI	225.92	-	-	-	(60.40)
Loans Given					
- RCUSA	1,486.05	-	-	-	(1,575.22)
Loans Repaid					
- RCUSA	2,293.09	-	-	-	-
Interest Income					
- RCUSA	69.60	-	-	-	(3.64)
Rental Income					
- RCCVL	7.03	-	-	-	-
- RCL	7.03	-	-	-	-
Remuneration (Refer note (a) below) (Short term employee benefits)					
- T Srinivasa Rao	-	-	18.21	-	-
- S Venkat Ramana Reddy	-	-	5.11	-	-
Dividend Paid					-
- Sujala Investments Private Limited	-	37.77	-	-	-
- Rain Enterprises Pvt Ltd	-	25.32	-	-	-
- Nivee Holdings Pvt Limited	-	8.14	-	-	-
- Arunachala Holdings Private Limited	-	5.27	-	-	-
- PCL Financial Services Pvt Limited	-	3.78	-	-	-
- Arunachala Logistics (P) Limited	-	0.99	-	-	-
- Mr. N. Radha Krishna Reddy	-	-	10.38	-	-
- Mr. T. Srinivasa Rao	-	-	0.09	-	-
- Mr. N. Sujit Kumar Reddy	-	-	-	10.03	-
Corporate Social Responsibility expenditure					
- PPF	-	1.00	-	-	-
Dividend Income Received from					
- RCUSA	410.74	-	-	-	-
Sitting Fee	-	-	-	3.22	-
Commission	-	-	-	3.60	3.60
Reimbursement of payments made to Subsidiary					
- RCCVL	0.62	-	-	-	-

Notes (continued)

Forming part of Financial Statements for the year ended December 31, 2021

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

NOTE 30: RELATED PARTY DISCLOSURES (CONTINUED)

Nature of Transaction	Subsidiary Companies	Enterprise where key managerial personnel along with their relatives exercise significant control	Key Management Personnel	Non-executive directors	Balance Outstanding To/ (From)
Investment in equity shares of Subsidiary					
- RVL	1.00	-	-	-	-
Corporate Guarantee given on behalf of the company by**					
- RCL	-	-	-	-	534.98
- RCCVL	-	-	-	-	1,486.05

* Unbilled revenue amounting to ₹ 7.27 (December 31, 2020: ₹ 4.50) represents transactions with related parties. However, these amounts have not been disclosed above as the Company has not allocated and billed to the respective related parties as at the reporting date.

** (i) The corporate guarantee given amounted to ₹ 2,229.08 (US$ 30 million). However considering the borrowing outstanding as on December 31, 2021 is ₹ 534.98 (US$ 7.2 million), accordingly the corporate guarantee amount received from RCL has been restricted to the borrowing outstanding.

(ii) During the year ended December 31, 2021, on account of repayment of the borrowing, corporate guarantee given by RCCVL was released. Further, for the borrowing availed during the year ended December 31, 2021, a new corporate guarantee of ₹ 1,486.05 (US$ 20 million) was given.

c) Transactions with related parties for the year ended December 31, 2020

Nature of Transaction	Subsidiary Companies	Enterprise where key managerial personnel along with their relatives exercise significant control	Key Management Personnel	Non-executive directors	Balance Outstanding To/(From)
Sales					
- RCCVL	113.06	-	-	-	(4.45)
Revenue from Services*					
- RCCVL	55.00	-	-	-	-
- RCL	46.13	-	-	-	-
- RCC	79.56	-	-	-	-
- RCG	138.38	-	-	-	(43.00)
Loans Given					
- RCUSA	-	-	-	-	(2,337.71)
Loans Repaid					
- RCUSA	710.76	-	-	-	-
Interest Income					
- RCUSA	105.91	-	-	-	-
Rental Income					
- RCCVL	6.39	-	-	-	-
- RCL	6.39	-	-	-	-
Remuneration (Refer note (a) below) (Short term employee benefits)					
- T Srinivasa Rao	-	-	16.11	-	-
- S Venkat Ramana Reddy	-	-	4.80	-	-

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

NOTE 30: RELATED PARTY DISCLOSURES (CONTINUED)

Nature of Transaction	Subsidiary Companies	Enterprise where key managerial personnel along with their relatives exercise significant control	Key Management Personnel	Non-executive directors	Balance Outstanding To/(From)
Dividend Paid					-
- Sujala Investments Private Limited	-	37.77	-	-	-
- Rain Enterprises Pvt Ltd	-	25.32	-	-	-
- Nivee Holdings Pvt Limited	-	8.14	-	-	-
- Arunachala Holdings Private Limited	-	5.27	-	-	-
- PCL Financial Services Pvt Limited	-	3.78	-	-	-
- Arunachala Logistics (P) Limited	-	0.99	-	-	-
- Mr. N. Radha Krishna Reddy	-	-	10.38	-	-
- Mr. T. Srinivasa Rao	-	-	0.09	-	-
- Mr. N. Sujit Kumar Reddy	-	-	-	10.03	-
Corporate Social Responsibility expenditure					
- PPF	-	1.00	-	-	-
Dividend Income Received from					
- RCL	280.17	-	-	-	-
- RCUSA	89.24	-	-	-	-
Sitting Fee	-	-	-	3.62	-
Commission	-	-	-	3.25	3.25
Reimbursement of payments made to Subsidiary					
- RCCVL	0.55	-	-	-	-
Customer Advances					
- RCCVL	15.00	-	-	-	-
Reimbursements of payments made on behalf of					
- RCCVL	0.03	-	-	-	-
Corporate Guarantee given on behalf of the company by					
- RCL**	-	-	-	-	1,314.97
- RCCVL	-	-	-	-	1,461.07

* Unbilled revenue amounting to ₹ 4.50 (December 31, 2019: Nil) represents transactions with related parties. However, these amounts have not been disclosed above as the Company has not allocated and billed to the respective related parties as at the reporting date.

** The Corporate Guarantee given amounted to ₹ 2,191.61 (US$ 30 million). However considering the borrowing outstanding as on December 31, 2020 is ₹ 1,314.97 (US$ 18.0 million), accordingly the corporate guarantee amount received from RCL has been restricted to the borrowing outstanding.

Notes (continued)

Forming part of Financial Statements for the year ended December 31, 2021

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

NOTE 30: RELATED PARTY DISCLOSURES (CONTINUED)

Long term employee benefits paid to Key managerial personnel:

(a) The managerial personnel are covered by the Company's gratuity policy, personal accident insurance policy, mediclaim insurance policy taken and are eligible for leave encashment along with other employees of the Company. The proportionate premium paid towards these policies and provision made for leave encashment pertaining to the managerial personnel has not been included in the aforementioned disclosures as these are not determined on an individual basis

Terms and conditions of transactions with related parties: All transactions with these related parties are priced on an arm's length basis and resulting outstanding balances are to be settled within 60 days of the reporting date. None of the balance is secured.

No trade or other receivables are due by directors or other officers of the Company or any of them either severally or jointly with any other persons or amounts due by firms or private limited companies respectively in which any director is a partner or a director or a member.

Reconciliation of opening and closing balances of loans to related parties as per the requirement of section 186(4) of Companies Act 2013:

a) **Loans to Rain Commodities (USA) Inc.**

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
As at the beginning of the year	2,337.71	2,964.83
Given during the year	1,486.05	-
Repaid during the year	(2,293.09)	(710.76)
Exchange gain / (loss)	44.55	83.64
As at the end of the year	**1,575.22**	**2,337.71**

Information pursuant to Regulation 34 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Particulars	As at December 31, 2021	As at December 31, 2020
Loans to subsidiaries		
Loan to Rain Commodities (USA) Inc.:		
Amount outstanding as at the year ended	1,575.22	2,337.71
Maximum amount outstanding	2,337.71	2,964.83

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

NOTE 31: CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR)

Particulars	As at December 31, 2021	As at December 31, 2020
(I) Contingent liabilities		
(a) In respect of demands/ claims arising on account of:		
- Income tax	170.74	170.74

The Company has a process whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that there are no material foreseeable losses on such long term contracts which needs to be provided for in the books of account.

The Company has reviewed all its pending litigations including legal proceedings initiated in the ordinary course of business except as disclosed above. The Company does not expect the outcome of these proceedings to have a material and adverse effect on its financial position and accordingly no adjustment in respect thereof is expected.

NOTE 32: EARNINGS PER SHARE (EPS)

Particulars	As at December 31, 2021	As at December 31, 2020
a. Profit for the year	311.64	273.02
b. Weighted average number of equity shares of ₹ 2/- each outstanding during the year (Nos.)	336,345,679	336,345,679
Earnings per Share		
c. Basic and Diluted - [a]/[b] - (₹)	0.93	0.81

NOTE 33: CORPORATE SOCIAL RESPONSIBILITY

As per Section 135 of the Companies Act, 2013, a Corporate Social responsibility (CSR) Committee has been formed by the Company. The proposed areas for CSR activities, as per the CSR policy of the Company are promotion of education, rural development activities, medical facilities, employment and ensuring environmental sustainability which are specified in Schedule VII of the Companies Act, 2013. Expenditure incurred under Section 135 of the Companies Act, 2013 on CSR activities are as below:

Gross amount required to be spent by the Company during the year ended December 31, 2021 is Nil (December 31, 2020: Nil)

Particulars	For the year ended December 31, 2021		
	In cash	Yet to be paid in cash	Total
Construction/acquisition of any asset	-	-	-
On purposes other than construction / acquisition of any asset – as promotion of Health and Education	1.00	-	1.00
Total	**1.00**	**-**	**1.00**

Particulars	For the year ended December 31, 2020		
	In cash	Yet to be paid in cash	Total
Construction/acquisition of any asset	-	-	-
On purposes other than construction / acquisition of any asset – as promotion of Health and Education	1.00	-	1.00
Total	**1.00**	**-**	**1.00**

Notes (continued)

Forming part of Financial Statements for the year ended December 31, 2021

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

NOTE 34: The Company has leased its assets to its wholly owned subsidiaries in India. The leases are operating and cancellable in nature. There are no finance leases.

NOTE 35: SEGMENT REPORTING

In accordance with Indian Accounting Standard (Ind AS) 108 on Operating segments, segment information has been given in the consolidated financial statements of the Company, and therefore no separate disclosure on segment information is given in these financial statements.

NOTE 36: There is no impact on the standalone financial statements of the Company due to the nationwide lockdown announced by the Government of India in the month of March 2020. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and accordingly the impact may be different from that estimated as at the date of approval of these financial statements. The Company will continue to monitor any material changes to future economic conditions.

NOTE 37:

Previous year's figures have been regrouped/ reclassified wherever necessary, to confirm to current year's classification/ disclosure.

As per our report of even date attached
for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 116231W/ W-100024

Vikash Somani
Partner
Membership number: 061272

Place: Hyderabad
Date: February 25, 2022

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

N Radha Krishna Reddy
Managing Director
DIN: 00021052

Jagan Mohan Reddy Nellore
Director
DIN: 00017633

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

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

Place: Hyderabad
Date: February 25, 2022

Independent Auditors' Report

To the Members of Rain Industries Limited

Report on the Audit of Consolidated Financial Statements

OPINION

We have audited the consolidated financial statements of Rain Industries Limited (hereinafter referred to as the 'Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") and its associate, which comprise the consolidated balance sheet as at December 31, 2021, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries, as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at December 31, 2021, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements Section of our report. We are independent of the Group and its associates in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub paragraph (a) of the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in our audit
Revenue recognition The Group derives its revenue from Carbon and Carbon-based chemicals including advanced materials and Cement. Sales are made both to domestic and international customers. The Group recognises revenues when control of the product is transferred to the customer in accordance with the underlying terms of arrangements. The terms of sales arrangements, customer acceptance terms including the timing of transfer of control, are varied and could affect the timing of recognition of the sales. We identified the timing of recognition of revenue as a key audit matter as revenue is one of the key performance indicators of the Company. Further, given the transfer of control is contract specific, revenue is subject to an inherent risk of misstatement during the year. Refer note 2(b) of the summary of significant accounting policies and Note 28 to the Consolidated financial statements.	Our audit procedures in testing this area included the following: 1. Evaluating the design and implementation of key internal financial controls with respect to revenue recognition and testing operating effectiveness of such controls on selected transactions. 2. Selecting samples of revenue transactions recorded during the year using statistical sampling and testing the underlying documents to assess satisfaction of recognition criteria. 3. Assessing the appropriateness of the revenue recognition accounting policies by comparing with applicable accounting standards and contractual terms. 4. Testing the underlying documentation for samples of revenue transactions recorded around the year end date selected based on contractual terms to determine recognition of revenue in the correct financial period. 5. Carrying out analytical procedures on revenue recognised during the year to identify unusual variances. 6. Testing sample journal entries selected based on specified risk-based criteria to identify unusual items. 7. Assessing the disclosures provided by the Group in relation to revenue recognition in the notes to the consolidated financial statements.
Impairment As disclosed in Note 5, the Group has goodwill of ₹ 63,306.14 million as at December 31, 2021 which represents goodwill acquired through various business combinations and allocated to group of cash generating units (CGUs). A group of CGUs to which goodwill has been allocated to or belongs to, is tested for impairment annually. As disclosed in Note 40, impairment of goodwill is determined by assessing the recoverable amount of each group of CGUs to which these assets relate. The determination of the value in use of the group of CGUs requires the Group to make significant estimates and assumptions related to forecasts of future revenues and operating margins and discount rates. The recoverable amount of the group of CGUs as at December 31, 2021 has been determined based on Discounted Cashflow method. We identified this area as key audit matter because of the judgmental factors involved in impairment assessment and the significance of the carrying value.	Our audit procedures in testing this area included the following: 1. Evaluating the design of key controls and its operating effectiveness with respect to impairment testing and preparation of cash flow forecasts of the group of CGUs. 2. Testing the arithmetical accuracy of the computation of recoverable amounts of the group of CGUs. 3. Evaluating reasonableness of the assumptions used by the Group in the forecasted cashflows within the budgeted period. This was based on our understanding of the Group's historical financial performance, industry's external factors and performing a high-level sensitivity analysis. 4. Involving valuation experts to assist in testing the impairment valuation model, including an independent assessment of the underlying assumptions relating to discount rate, growth rate and terminal values. 5. Assessing the disclosures provided by the Group in relation to its annual impairment test in the notes to the consolidated financial statements.
Recognition of Deferred tax asset Under Ind AS, the Group is required to reassess recognition of deferred tax asset at each reporting date. The Group has deferred tax assets in respect of carried forward tax losses, foreign tax credits, interest deductions and other timing differences as set out in Note 34 to the consolidated financial statements. The Group has recognised deferred tax assets on these timing differences to the extent it is probable that the future taxable profits will be available against which such timing differences can be utilised before they expire. When such probability is absent, the Group has not recognised deferred tax asset. The recognition is based on the projected profitability. There is significant judgement and complexity involved in preparing forecasts of future taxable profits which will result in utilisation of the recognised deferred tax assets. Therefore, we have identified recognition and measurement of deferred tax assets as a key audit matter. The assessment process is based on assumptions affected by expected future market or economic conditions.	The audit procedures in testing this area at the relevant subsidiaries/ components as performed at the subsidiary/ component level included the following: 1. Assessing the projections of future taxable profits, underlying data and assumptions used such as sales growth rate and estimated increase in the operating costs to arrive at the projected profit in each year of the forecasts. 2. Assessing the Group's ability to avail deduction of the carried forward tax losses / foreign tax credits / interest deductions before its expiry, by evaluating the projected future taxable profits. 3. Assessing the disclosures provided by the Group in relation to deferred taxes.

OTHER INFORMATION

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the financial statements and our auditors' report thereon. The Holding Company's annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

MANAGEMENT'S AND BOARD OF DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of each Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associate is responsible for overseeing the financial reporting process of each Company.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group and its associate to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the Section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

(a) We did not audit the financial statements of eight subsidiaries, whose financial statements reflect total assets of ₹ 226,090.52 million as at December 31, 2021 and total revenues of ₹ 77,822.04 million and net cash inflows amounting to ₹ 379.05 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the audit reports of the other auditors.

All these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

(b) The financial statements of nine subsidiaries, whose financial statements reflect total assets of ₹ 5,321.41 million as at December 31, 2021, total revenues of ₹ 3,655.35 million and net cash inflows amounting to ₹ 62.23 million for the year ended on that date, as considered in the consolidated financial statements, have not been audited either by us or by other auditors. The consolidated financial statements also include the Group's share of net loss (and other comprehensive income) of ₹ 5.45 million for the year ended December 31, 2021, as considered in the consolidated financial statements, in respect of one associate, whose financial statements have not been audited by us or by other auditors. These unaudited financial statements have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries and associate, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements, and our Report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries, as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors of the Holding Company as on 4 January 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on December 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies, incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, as noted in the 'Other Matters' paragraph:

a. The consolidated financial statements disclose the impact of pending litigations as at December 31, 2021 on the consolidated financial position of the Group. Refer Note 44 to the consolidated financial statements.

b. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended December 31, 2021.

c. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company during the year ended December 31, 2021.

d. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended December 31, 2021.

C. With respect to the matter to be included in the Auditor's Report under Section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Holding Company and subsidiaries incorporated in India to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

for **B S R & Associates LLP**
Chartered Accountants
Firm's Registration Number: 116231W/ W-100024

Vikash Somani
Partner
Membership Number: 061272
UDIN: 22061272ADPOYH2873

Place: Hyderabad
Date: 25 February 2022

Annexure A

to the Independent Auditors' report on the consolidated financial statements of Rain Industries Limited for the year ended 31 December 2021

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph (A)(f) under 'Report on Other Legal and Regulatory Requirements' Section of our report of even date)

OPINION

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended December 31, 2021, we have audited the internal financial controls with reference to consolidated financial statements of Rain Industries Limited (hereinafter referred to as "the Holding Company") and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies, as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at December 31, 2021, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS

A Company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

for **B S R & Associates LLP**
Chartered Accountants
Firm's Registration Number: 116231W/ W-100024

Vikash Somani
Partner
Membership Number: 061272
UDIN: 22061272ADPOYH2873

Place: Hyderabad
Date: 25 February 2022

Consolidated Balance Sheet

as at December 31, 2021

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

	Note	As at December 31, 2021	As at December 31, 2020
ASSETS			
1. Non-current assets			
(a) Property, plant and equipment	3	41,852.84	41,306.06
(b) Capital work in progress	3	7,907.63	9,313.55
(c) Right of use asset	4	4,078.62	4,913.36
(d) Goodwill	5	63,306.14	64,726.35
(e) Other intangible assets	5	154.83	298.01
(f) Equity accounted investments	6	87.06	98.74
(g) Financial assets			
(i) Investments	7	44.79	46.77
(ii) Loans	8	322.73	327.43
(iii) Other financial assets	9	112.97	4.17
(h) Deferred tax asset, net	34 (iv)	2,708.66	8,545.95
(i) Non-current tax assets, net	34 (vii)	922.06	885.38
(j) Other non-current assets	10	242.87	2,528.38
2. Current assets			
(a) Inventories	11	25,118.03	15,856.70
(b) Financial assets			
(i) Trade receivables	12	16,777.80	10,914.65
(ii) Cash and cash equivalents	13	11,031.21	15,198.32
(iii) Bank balances other than cash and cash equivalents	13	2,810.30	2,800.04
(iv) Loans	14	12.74	32.18
(v) Other financial assets	15	3,621.14	2,750.98
(c) Current tax assets, net	34 (vii)	544.18	477.32
(d) Other current assets	16	4,859.01	1,747.86
(e) Assets held for sale	53	-	39.41
TOTAL		**186,515.61**	**182,811.61**
EQUITY AND LIABILITIES			
1. Equity			
(a) Equity share capital	17	672.69	672.69
(b) Other equity	18	60,419.44	54,662.27
Equity attributable to owners of the Company		**61,092.13**	**55,334.96**
(c) Non-controlling interests	40	2,561.16	1,715.02
Total equity		**63,653.29**	**57,049.98**
2. Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	77,968.16	80,011.96
(ii) Other financial liabilities	20	62.98	75.08
(b) Provisions	21	13,352.95	15,751.66
(c) Deferred tax liability, net	34 (iv)	1,889.23	4,178.58
(d) Other non-current liabilities	22	11.57	32.32
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	23	5,302.03	5,162.32
(ii) Trade payables	24		
(A) total outstanding dues of micro enterprises and small enterprises		38.82	32.27
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		13,813.82	8,203.76
(iii) Other financial liabilities	25	6,502.54	8,188.33
(b) Other current liabilities	26	1,757.77	1,327.26
(c) Provisions	27	641.98	1,511.11
(d) Current tax liabilities, net	34 (vii)	1,520.47	1,286.98
TOTAL		**186,515.61**	**182,811.61**
Corporate information	1		
Significant accounting policies	2		

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

As per our report of even date attached
for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 116231W/ W-100024

Vikash Somani
Partner
Membership number: 061272

Place: Hyderabad
Date: February 25, 2022

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

N Radha Krishna Reddy
Managing Director
DIN: 00021052

Jagan Mohan Reddy Nellore
Director
DIN: 00017633

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

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

Place: Hyderabad
Date: February 25, 2022

Consolidated Statement of Profit and Loss

for the year ended December 31, 2021

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

		Note	For the year ended December 31, 2021	For the year ended December 31, 2020
1	**INCOME**			
	Revenue from operations	28	145,267.82	104,646.93
	Other income	29	1,931.16	4,552.97
	Total income		**147,198.98**	**109,199.90**
2	**EXPENSES**			
	Cost of materials consumed		66,175.52	37,269.02
	Purchases of stock-in-trade		12,988.19	10,320.49
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	30	(5,080.55)	1,251.71
	Employee benefits expense	31	12,372.36	12,131.93
	Finance costs	32	4,789.14	4,905.43
	Depreciation and amortisation expense	3,4 & 5	7,981.53	7,917.17
	Impairment loss	3 & 54	168.07	-
	(Gain) / loss on foreign currency transactions and translations (net)		(212.25)	617.85
	Other expenses	33	35,247.32	26,281.89
	Total expenses		**134,429.33**	**100,695.49**
3	**PROFIT BEFORE SHARE OF PROFIT / (LOSS) OF ASSOCIATES AND TAX (1-2)**		**12,769.65**	**8,504.41**
4	Share of (loss) / profit of associates (net of income tax)		(5.45)	5.46
5	**PROFIT BEFORE TAX (3+4)**		**12,764.20**	**8,509.87**
6	**TAX EXPENSE / (BENEFIT)**	34 (i)		
	1. Current tax		4,191.06	2,130.12
	2. Deferred tax		1,637.73	497.44
7	**PROFIT FOR THE YEAR (5-6)**		**6,935.41**	**5,882.31**
8	**OTHER COMPREHENSIVE INCOME / (LOSS) (NET OF TAX)**			
	A. (i) Items that will not be reclassified to profit or loss			
	- Remeasurements of defined benefit plans		2,535.49	(1,397.14)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	34 (ii)	(1,655.50)	439.25
	B. (i) Items that will be reclassified to profit or loss			
	- Foreign currency translation reserve		(600.51)	1,814.70
	- Effective portion of cash flow hedge		-	(0.78)
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
	Other comprehensive income for the year		**279.48**	**856.03**
9	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR (7+8)**		**7,214.89**	**6,738.34**
	Attributable to:			
	- Owners of the Company		6,093.52	6,616.40
	- Non-controlling interests		1,121.37	121.94
10	**OF THE TOTAL COMPREHENSIVE INCOME ABOVE:**			
	Profit for the year attributable to:			
	- Owners of the Company		5,801.58	5,581.67
	- Non-controlling interests		1,133.83	300.64
	Other comprehensive income / (loss) attributable to:			
	- Owners of the Company		291.94	1,034.73
	- Non-controlling interests		(12.46)	(178.70)
11	**EARNINGS PER SHARE (FACE VALUE OF ₹ 2/- EACH)**	46		
	Basic and Diluted (₹)		17.25	16.60
Corporate information		1		
Significant accounting policies		2		

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

As per our report of even date attached
***for* B S R & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 116231W/ W-100024

Vikash Somani
Partner
Membership number: 061272

Place: Hyderabad
Date: February 25, 2022

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

N Radha Krishna Reddy
Managing Director
DIN: 00021052

Jagan Mohan Reddy Nellore
Director
DIN: 00017633

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

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

Place: Hyderabad
Date: February 25, 2022

Consolidated Statement of changes in Equity

for the year ended December 31, 2021

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

(I)

Particulars	Attributable to Owners of the Company									Attributable to Non-controlling interest	Total
	Equity share capital	Reserves and Surplus					Other Comprehensive Income / (loss)				
		Capital reserve	Securities premium	Capital redemption reserve	General reserve	Retained earnings	Effective portion of cash flow hedge	Foreign currency translation reserve	Remeasurements of defined benefit plans		
Balance as on January 1, 2021	672.69	43.98	516.67	47.66	1,573.85	51,296.55	-	3,842.26	(2,658.70)	1,715.02	57,049.98
Profit for the year	-	-	-	-	-	5,801.58	-	-	-	1,133.83	6,935.41
Other comprehensive income / (loss) for the year											
- Foreign currency translation reserve	-	-	-	-	-	-	-	(588.05)	-	(12.46)	(600.51)
- Remeasurements of defined benefit plans (net of tax)	-	-	-	-	-	-	-	-	879.99	-	879.99
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**-**	**5,801.58**	**-**	**(588.05)**	**879.99**	**1,121.37**	**7,214.89**
Dividends (Refer note 17(ii))	-	-	-	-	-	(336.35)	-	-	-	-	(336.35)
Transfer to general reserve	-	-	-	-	31.16	(31.16)	-	-	-	-	-
Payment on capital reduction	-	-	-	-	-	-	-	-	-	(275.23)	(275.23)
Balance as on December 31, 2021	**672.69**	**43.98**	**516.67**	**47.66**	**1,605.01**	**56,730.62**	**-**	**3,254.21**	**(1,778.71)**	**2,561.16**	**63,653.29**

Particulars	Attributable to Owners of the Company									Attributable to Non-controlling interest	Total
	Equity share capital	Reserves and Surplus					Other Comprehensive Income / (loss)				
		Capital reserve	Securities premium	Capital redemption reserve	General reserve	Retained earnings	Effective portion of cash flow hedge	Foreign currency translation reserve	Remeasurements of defined benefit plans		
Balance as on January 1, 2020	672.69	43.98	516.67	47.66	1,546.55	46,513.90	0.78	1,957.63	(1,700.81)	1,954.70	51,553.75
Profit for the year	-	-	-	-	-	5,581.67	-	-	-	300.64	5,882.31
Other comprehensive income / (loss) for the year											
- Effective portion of cash flow hedge	-	-	-	-	-	-	(0.78)	-	-	-	(0.78)
- Foreign currency translation reserve	-	-	-	-	-	-	-	1,993.40	-	(178.70)	1,814.70
- Remeasurements of defined benefit plans (net of tax)	-	-	-	-	-	-	-	-	(957.89)	-	(957.89)
Total comprehensive income (loss) for the year	**-**	**-**	**-**	**-**	**-**	**5,581.67**	**(0.78)**	**1,993.40**	**(957.89)**	**121.94**	**6,738.34**
Dividends (Refer note 17(ii))	-	-	-	-	-	(336.35)	-	-	-	(361.62)	(697.97)
Transfer to general reserve	-	-	-	-	27.30	(27.30)	-	-	-	-	-
Impact on account of sale of subsidiaries	-	-	-	-	-	(435.37)	-	(108.77)	-	-	(544.14)
Balance as on December 31, 2020	**672.69**	**43.98**	**516.67**	**47.66**	**1,573.85**	**51,296.55**	**-**	**3,842.26**	**(2,658.70)**	**1,715.02**	**57,049.98**

Consolidated Statement of changes in Equity (continued)

for the year ended December 31, 2021

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

(II) DESCRIPTION OF THE PURPOSES OF EACH RESERVE WITHIN EQUITY:

Reserves and Surplus

(a) **Capital reserve:** It consists of pre-acquisition profits. During amalgamation, the excess of net assets taken, over the cost of consideration paid is treated as capital reserve.

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

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

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

(e) **Retained earnings:** Retained earnings are the net profits after all distributions and transfers to other reserves.

Items of Other Comprehensive income:

(a) **Effective portion of cash flow hedges:** The effective portion of cash flow hedge represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the designated portion of the hedging instruments that are recognised and accumulated under the heading of cash flow hedges reserve will be reclassified to consolidated statement of profit and loss only when the hedged transaction affects the consolidated profit or loss, or included as a basis adjustment to the non-financial hedged item.

(b) **Foreign currency translation reserve (FCTR):** Represents the FCTR of a foreign subsidiary. For the purpose of consolidation of subsidiaries financial statements with the financial statement of the parent company, income and expenses are translated at average rates and the assets and liabilities are stated at closing rate. Use of such different rates for translation gives rise to exchange difference which is accumulated in Foreign Currency Translation Reserve. The movement in this reserve is due to fluctuation in exchange rates of currencies in the current year.

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

As per our report of even date attached
for B S R & Associates LLP
Chartered Accountants
ICAI Firm registration number: 116231W/ W-100024

Vikash Somani
Partner
Membership number: 061272

Place: Hyderabad
Date: February 25, 2022

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

N Radha Krishna Reddy
Managing Director
DIN: 00021052

Jagan Mohan Reddy Nellore
Director
DIN: 00017633

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

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

Place: Hyderabad
Date: February 25, 2022

Consolidated Statement of Cash Flow

for the year ended December 31, 2021

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

	For the year ended December 31, 2021	For the year ended December 31, 2020
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	12,764.20	8,509.87
Adjustments for:		
Depreciation and amortisation expense	7,981.53	7,917.17
Profit on sale of property, plant and equipment (net)	(349.45)	(13.87)
Loss on repurchase of Senior Secured Notes	10.83	-
Interest and other borrowing costs	4,789.14	4,905.43
Interest income	(411.92)	(320.08)
Dividend income from current investments	-	(6.01)
Gain on sale of subsidiaries	(40.10)	(3,864.20)
Advances written off	-	1.71
Assets written off	4.49	-
Provision / write down of inventories	172.95	233.68
Impairment loss	168.07	-
Government grant income	(458.33)	(26.80)
Liabilities / provisions no longer required written back	(546.07)	(124.26)
Bad debts written off	3.11	8.31
Provision for loss allowance on trade receivables	50.01	0.81
Share of loss / (profit) of associates (net of income tax)	5.45	(5.46)
Reversal of provision for plant closure costs	(102.89)	(156.12)
(Gain) / loss on foreign currency transactions and translations (net)	(249.73)	568.42
	11,027.09	**9,118.73**
Operating profit before working capital changes	**23,791.29**	**17,628.60**
Adjustments for changes in working capital:		
Inventories	(9,880.42)	1,778.04
Trade receivables	(5,789.98)	(373.32)
Financial assets and other assets	(3,448.53)	710.25
Trade payables, other liabilities and provisions	7,694.65	913.22
	(11,424.28)	**3,028.19**
Cash generated from operations	**12,367.01**	**20,656.79**
Income taxes paid, net	(4,031.13)	(2,431.34)
Net cash from operating activities	**8,335.88**	**18,225.45**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets, including capital advances	(5,477.95)	(10,805.36)
Proceeds from sale of property, plant and equipment	407.37	210.58
Inter corporate deposits placed	(3,710.05)	(2,478.21)
Inter corporate deposits released	3,073.73	403.70
Proceeds from sale of subsidiaries (Refer note 55)	40.10	6,433.48
Proceeds from sale of current investments	0.03	260.00
Fixed/restricted deposits with banks placed	(8,505.36)	(5,366.87)
Fixed/restricted deposits with banks refunded	8,480.93	3,347.20
Interest received	423.23	281.72
Dividends received on current investments	-	6.01
Net cash used in investing activities	**(5,267.97)**	**(7,707.75)**

Consolidated Statement of Cash Flow (continued)

for the year ended December 31, 2021

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

	For the year ended December 31, 2021	For the year ended December 31, 2020
C. CASH FLOW FROM FINANCING ACTIVITIES		
Payment on capital reduction	(275.23)	-
Proceeds from non-current borrowings	1,498.00	675.79
Repayment of non-current borrowings	(2,645.08)	(769.03)
Proceeds/(Repayment) of current borrowings, net	224.68	714.28
Sales tax deferment paid	(83.10)	(99.58)
Payment of lease liabilities	(1,045.86)	(1,071.94)
Payment of interest on lease liabilities	(217.52)	(218.19)
Interest and other borrowing costs paid	(4,520.07)	(4,532.40)
Dividend paid to owners of the Company	(336.35)	(336.35)
Dividend paid to non-controlling interests	-	(361.62)
Net cash used in financing activities	**(7,400.53)**	**(5,999.04)**
Net (decrease) / increase in cash and cash equivalents (A+B+C)	**(4,332.62)**	**4,518.66**
Cash and cash equivalents - opening balance	15,198.32	10,951.58
Effect of exchange differences on restatement of foreign currency cash and cash equivalents	165.51	(271.92)
Cash and cash equivalents - closing balance	**11,031.21**	**15,198.32**

Notes:

(i) The above consolidated cash flow statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard - 7 on Statement of Cash Flows.

(ii) **Components of Cash and cash equivalents**

	For the year ended December 31, 2021	For the year ended December 31, 2020
Cash on hand	0.47	0.64
Cheques/drafts on hand	-	1.32
Balances with banks:		
- in current accounts	8,218.34	7,771.14
- in exchange earners foreign currency (EEFC) accounts	1,246.75	199.53
- in deposit accounts (with original maturity of three months or less)	1,565.65	7,225.69
	11,031.21	**15,198.32**

(iii) Refer note 19 (xi) and 23(iv) for reconciliation of liabilities arising from financing activities.

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

As per our report of even date attached
for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 116231W/ W-100024

Vikash Somani
Partner
Membership number: 061272

Place: Hyderabad
Date: February 25, 2022

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

N Radha Krishna Reddy
Managing Director
DIN: 00021052

Jagan Mohan Reddy Nellore
Director
DIN: 00017633

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

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

Place: Hyderabad
Date: February 25, 2022

NOTE 1: CORPORATE INFORMATION

Rain Industries Limited ("RIL" or "the Company" or the "Parent Company" or the "Holding Company") was incorporated on March 15, 1974 under the Companies Act, 1956 ("the Act") domiciled in India and headquartered in Hyderabad. The Company along with its subsidiaries and associates ("the Group" or "Rain Group") is engaged in the business of manufacture and sale of Carbon, Advanced Materials and Cement. The Company's equity shares are listed at BSE Limited and National Stock Exchange of India Limited in India.

Carbon comprises of Calcined Petroleum Coke ("CPC"), Green Petroleum Coke ("GPC"), Coal Tar Pitch ("CTP"), Energy produced through Waste-heat recovery and other derivates of Coal Tar distillation. Advanced Materials represent the downstream operations of Coal Tar distillation and comprises of Engineered Products, Petro Chemical Intermediaries, Naphthalene Derivates and Resins. The manufacture and sale of Cement has been classified as Cement.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation of Consolidated Financial Statements

(i) Statement of Compliance

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

The consolidated financial statements have been prepared on a going concern basis. Relevant Ind AS effective as on Company's annual reporting date December 31, 2021 have been applied. The accounting policies are applied consistently to all the periods presented in the consolidated financial statements.

The consolidated financial statements were authorised for issue by the Company's Board of Directors on February 25, 2022.

(ii) Functional and presentation currency

These consolidated financial statements are presented in Indian Rupees (₹) which is the Company's functional currency. All amounts have been rounded-off to the nearest millions with 2 decimals, unless otherwise indicated.

(iii) Basis of measurement

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

Items	Measurement basis
Certain financial assets and liabilities (refer accounting policy regarding financial instruments)	Fair value
Net defined benefit asset/ liability	Fair value of plan assets less present value of defined benefit plan obligation
Inventories	Lower of cost or net realisable value
Investment in Associates / Joint Ventures	Equity method
Borrowings	Amortised cost using effective interest rate method

(iv) Use of estimates

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

Assumptions and estimation uncertainties

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

- Measurement of defined benefit obligations: key actuarial assumptions used in measurement. (Refer note 41)
- Recognition and measurement of provisions and contingencies: key assumptions about

Notes (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

the likelihood and magnitude of an outflow of resources (Refer note 44 and 51)

- Recognition and recoverability of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used & utilisation of Minimum Alternate Tax and Foreign Tax Credits (Refer note 34)
- Useful life of property, plant and equipment (Refer note 2(e))
- Determination of cost for right-of-use assets and lease term (Refer note 2(m))
- Impairment of financial & non-financial assets. (Refer note 39)
- Provision for inventories (Refer note 52)
- Provision for loss allowance on trade receivables (Refer note 35.4)
- Measurement of borrowings at amortised cost (Refer note 19)
- Assessment of functional currency (Refer note 2(a)(ii))

(v) Current and Non-current classification

All the assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle.

Assets

An asset is classified as current when it satisfies any of the following criteria:

i. It is expected to be realised in, or is intended for sale or consumption in, the Group's normal operating cycle;

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

iii. It is expected to be realised within 12 months after the reporting date; or

iv. It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

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

Liabilities

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

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

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

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

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

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

Operating cycle

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

(vi) Measurement of Fair value

Accounting policies and disclosures require measurement of fair value for both financial and non-financial assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

This note summarises accounting policy for fair value. Other fair value related disclosures are given in Note 36.

- Disclosures for valuation methods, significant estimates and assumptions
- Quantitative disclosures of fair value measurement hierarchy
- Financial instruments (including those carried at amortised cost)

(vii) Principles of Consolidation

Business Combination

In accordance with Ind AS 103- "Business Combinations", the Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred for the business combination is generally measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in Other Comprehensive Income ("OCI") and accumulated in equity as capital reserve if there exists clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase; otherwise the gain is recognised directly in equity as capital reserve. Transaction costs are expensed as incurred.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships with the acquiree. Such amounts are generally recognised in consolidated statement of profit and loss. Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured subsequently and settlement is accounted for within equity. Other contingent consideration is remeasured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognised in consolidated statement of profit and loss.

Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all the assets acquired and all the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

Notes (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in consolidated statement of profit and loss. An impairment loss recognised for goodwill is not reversed in subsequent periods. Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

A cash generating unit is defined as an operating segment or a component of an operating segment. Accordingly, the following are considered as reporting units for the above assessment:

a. Calcination business forming part of Carbon Segment

b. Carbon distillation business forming part of Carbon Segment

c. Advanced materials business

d. Cements business

Subsidiaries

Subsidiary entities are controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that gives the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related Non-controlling interest and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in consolidated statement of profit and loss.

Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Non-controlling interest (“NCI”)

NCI are measured at their proportionate share of the acquiree’s net identifiable assets at the reporting date and are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

Equity accounted investees

The Group’s interests in equity accounted investees comprise interests in associates and joint ventures.

An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

A joint venture is an arrangement in which the Group has joint control of the rights to the net assets of the arrangement along with the other joint venturer.

Interests in associates and joint ventures are accounted for using the equity method. They are initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group’s share of profit or loss and OCI of equity-accounted investees until the date on which significant influence or joint control ceases.

Unrealized gains arising from the transactions with equity accounted investees are eliminated against the investment to the extent of the Group’s interest in the investee.

Foreign Currency Transactions

For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group’s entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the group uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in consolidated statement of profit and loss with the exception of the following:

- Exchange differences arising on monetary items that forms part of a reporting entity’s net investment in a foreign operation are recognised in consolidated statement of profit and loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., consolidated financial statements when the foreign operation is a subsidiary), such exchange differences are recognised initially in OCI. These exchange differences are reclassified from equity to consolidated statement of profit and loss on disposal of the net investment or disposal of operations.
- Exchange differences arising on monetary items that are designated as part of the hedge of the Group’s net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to consolidated statement of profit and loss.
- Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Notes (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

Exchange differences are recognised in consolidated statement of profit and loss, except exchange differences arising from the translation of the following items which are recognised in OCI.

- equity investments at fair value through OCI (FVOCI);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective (see (iii)); and
- qualifying cash flow hedges to the extent that the hedges are effective.

Foreign operations

On consolidation, the assets and liabilities of foreign operations are translated into ₹ at the rate of exchange prevailing at the reporting date and their statements of profit and loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in consolidated statement of profit and loss.

Any goodwill arising in the acquisition/ business combination of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount of exchange differences related to that foreign operation recognised in OCI is reclassified to consolidated statement of profit and loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is re-allocated to NCI. When the Group disposes of only a part of its interest in an associate or a joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to consolidated statement of profit and loss.

Hedge of a net investment in a foreign operation

The Group applies hedge accounting to exchange differences arising between the functional currency of the foreign operation and the Group's functional currency (₹). To the extent that the hedge is effective, exchange differences arising on the translation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in OCI and accumulated under other equity. Any remaining differences are recognised in consolidated statement of profit and loss.

Preparation of consolidated financial statements

The Financial Statements of the subsidiaries and associates used in consolidation are drawn up to the same reporting date as that of the Parent Company i.e. year ended December 31, 2021 and are audited. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Ind AS12 – "Income Taxes" applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions. Profit or loss and each component of other comprehensive income (OCI) are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

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

S. No	Name of the Company	Relationship	Country of Incorporation	Group's proportion of Ownership Interest (%)	
				December 31, 2021	December 31, 2020
1	Rain Cements Limited (RCL)	Subsidiary of RIL	India	100	100
2	Rain Verticals Limited (RVL)*	Subsidiary of RIL	India	100	-
3	Rain Commodities (USA) Inc. (RCUSA)	Subsidiary of RIL	United States of America (U.S.A.)	100	100
4	Renuka Cement Limited (RenCL)	Subsidiary of RCL	India	100	100
5	Rain Global Services LLC (RGS)	Subsidiary of RCUSA	U.S.A.	100	100
6	Rain Carbon Inc. (RCI)	Subsidiary of RCUSA	U.S.A.	100	100
7	Rain Carbon Holdings, LLC (RCH)	Subsidiary of RCI	U.S.A.	100	100
8	Rain CII Carbon (Vizag) Limited (RCCVL)	Subsidiary of RCH	India	100	100
9	Rain CII Carbon LLC (RCC)	Subsidiary of RCH	U.S.A.	100	100
10	CII Carbon Corp. (CIICC)	Subsidiary of RCC	U.S.A.	100	100
11	Rain Carbon GmbH (RCG)	Subsidiary of RCC	Germany	100	100
12	Handy Chemicals (U.S.A.) Ltd. (HUSA)**	Subsidiary of RCC	U.S.A.	-	-
13	Rain Carbon Canada Inc.	Subsidiary of RCC	Canada	100	100
14	RÜTGERS Polymers Limited (RPL)**	Subsidiary of RCC	Canada	-	-
15	Rain Carbon BV (RCBV)	Subsidiary of RCG	Belgium	100	100
16	OOO Rain Carbon LLC	Subsidiary of RCBV	Russia	100	100
17	VFT France S.A (VFSA)	Subsidiary of RCBV	France	100	100
18	Rumba Invest BVBA & Co. KG (Rumba)	Subsidiary of RCG	Germany	94.9	94.9
19	Rain Carbon Germany GmbH	Subsidiary of RCG	Germany	99.7	99.7
20	Severtar Holding Ltd. (Severtar)	Subsidiary of RCG	Cyprus	65.3	65.3
21	OOO RÜTGERS Severtar (OOOSevertar)	Subsidiary of Severtar	Russia	65.3	65.3
22	Rain Carbon Wohnimmobilien GmbH & Co. KG	Subsidiary of RGmbH	Germany	100	100
23	Rain Carbon Gewerbeimmobilien GmbH & Co. KG	Subsidiary of RGmbH	Germany	100	100
24	Rain Carbon Poland Sp. z. o. o	Subsidiary of RGmbH	Poland	100	100
25	RÜTGERS Resins BV (RRBV)	Subsidiary of RGmbH	The Netherlands	100	100
26	Rain Carbon (Shanghai) Trading Co. Ltd. (formerly known as RÜTGERS (Shanghai) Trading Co. Ltd.)	Subsidiary of RGmbH	China	100	100
27	InfraTec Duisburg GmbH (IDGmbH)	Investment in Associates by RGmbH	Germany	30	30

*New entity floated on April 6, 2021.

** Entities sold on December 31, 2020

Notes (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

b) Revenue recognition

Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer. The revenue is measured on the basis of the consideration defined in the contract with a customer, including variable consideration, such as discounts, volume rebates, or other contractual reductions.

Revenue from sale of carbon products also include sale of co-generated energy generated in the process which is sold to industrial consumers in accordance with the underlying contract terms and is recorded exclusive of electricity duty payable to Government authorities.

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

Revenues which arise from the Group's operating activities, principal or ancillary, but which are not arising from sale of products/services rendered are included as other operating revenues.

Income from sale of Certified Emission Reduction (CER's) are recognised on conclusion of CER sale to ultimate buyers.

Rental income is recognised on a time-apportioned basis in accordance with the underlying substance of the relevant contract.

Dock revenue is accrued on completion of the service in line with terms of the contract.

c) Other income

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

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

d) Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Accordingly, government grants:

- Related to or used for assets, are deducted from the carrying amount of the asset.
- Related to incurring specific expenditures are taken to the consolidated statement of profit and loss on the same basis and in the same periods as the expenditures incurred.
- By way of financial assistance on the basis of certain qualifying criteria are recognised as they become receivable

e) Property, plant and equipment

Property, plant and equipment are stated at cost/deemed cost less accumulated depreciation. Cost includes directly attributable to the acquisition of the items including its purchase price, import duties and non-refundable purchase taxes after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located. Subsequent expenditure related to an item of tangible fixed asset is capitalised only if it increases the future benefits from the existing assets beyond its previously assessed standards of performance.

Advances paid towards acquisition of tangible fixed assets outstanding at each balance sheet date are shown under other non-current assets as capital advances.

Depreciation for companies in India are provided at the rates specified in the Schedule II to the Companies Act, 2013 for all blocks of assets except as mentioned below:

a) In respect of Rain Cements Limited, Plant and machinery is depreciated based on the technical evaluation and assessment. The Management believes that the useful lives adopted (3 - 15 years) by it best represent the period over which an asset is expected to be available for use.

b) In respect of Rain CII Carbon (Vizag) Limited, the Management is using the remaining leasehold period of land for calculating depreciation for plant and equipment and buildings, as the assets are constructed over leasehold land.

The estimated useful lives are as follows:

Items	Years
Buildings	1-77
Furniture and Fixtures	1-20
Land held under limestone mining lease	125
Office equipment	2-40
Plant and equipment	1-50
Vehicles	1-28

Freehold land is not depreciated.

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

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

Gains and losses on disposal of tangible assets are determined as the difference between net sales proceeds and the carrying amount, and are presented in the consolidated statement of profit and loss.

Cost of assets not ready for intended use, as on the balance sheet date, is shown as capital work-in-progress. The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use such as costs of site preparation and remediation, and estimated costs of dismantling and removing/disposal of the item and restoring the site on which it is located.

When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major overhaul is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in consolidated statement of profit and loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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

Provision for site restoration

In accordance with the Group's environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated site is recognised as and when as the site is used and related restoration or environmental obligations occur. The provision is measured at the present value of the best estimate of the cost of restoration or agreed redemption plan.

f) Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in consolidated statement of profit and loss in the period in which the expenditure is incurred.

The estimated useful lives are as follows:

Items	Years
Licenses and franchise	2-10
Other intangibles assets	5

Intangible assets which are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Notes (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated intangibles, research expenditure and brands, is recognised in consolidated statement of profit and loss as incurred.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit and loss when the asset is derecognised.

g) Non-current assets held for sale and discontinued operations

Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are generally measured at the lower of their carrying amount and fair value less costs of disposal. Losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in consolidated statement of profit and loss.

Once classified as held for sale, intangible assets, property, plant and equipment and investment properties are no longer amortised or depreciated.

h) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets (Cash Generating Unit or CGU) that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset). Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

The Group's corporate assets (e.g., central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss recognised in respect of Goodwill is not subsequently reversed. For other assets, at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of amortised historical cost as per requirement of Ind AS 36 - "Impairment of Assets".

i) Impairment of financial assets

The Group recognises loss allowances for expected credit losses on financial assets measured at amortised cost. At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due over a reasonable period of credit
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation;

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward looking information.

The Group assumes that the credit risk on the financial asset has increased significantly if there is an indication that the financial asset is outstanding significantly beyond the usual credit period. The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); and
- the financial asset past due over its normal credit period.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write- off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

j) Inventories

Inventories are valued at lower of cost (including prime cost, excise duty and other overheads incurred in bringing the inventories to their present location and condition) and net realisable value. The comparison of cost and net realisable value is made on an item-by-item basis. Raw materials, goods in transit, packing materials and stores and spares are valued at cost computed on moving weighted average basis, after providing for obsolescence, if any. The cost includes purchase price, inward freight and other incidental expenses net of refundable duties, levies and taxes, where applicable. Raw materials, packing materials and other supplies held for use in production of inventories are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of the finished products will exceed their net realisable value.

Finished goods and work in progress are valued at lower of cost and net realisable value. Cost is determined on a weighted average basis and comprises material, labour and applicable overhead expenses including depreciation. The net realisable value of materials in process is determined with reference to the selling prices of related finished goods. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

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

k) Retirement and other employee benefits

Defined contribution plans

Contributions paid/payable under defined contribution plans are recognised in the consolidated statement of profit and loss each year. The Group makes the contributions and has no further obligations under the plan beyond its contributions.

Defined benefit plans

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through

Notes (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

OCI in the period in which they occur. Re-measurements are not reclassified to consolidated statement of profit and loss in subsequent periods.

Past service costs are recognised in consolidated statement of profit and loss on the earlier of:

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

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

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

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in consolidated statement of profit and loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. On amendment, curtailment and settlement of a defined benefit plan, entities should use the updated assumptions to determine the current service cost and net interest for the reminder of the annual reporting period.

Other long-term employee benefits

The employees of the Group entitled to Compensated absences. The employees can carry forward the portion of unutilised accumulated compensated absences and utilise it in future periods or encash the leave balance during the period of employment or termination or retirement of the employment. The Group records an obligation for compensated absences in the period in which the employee renders services that increased this entitlement. The Group measures the expected cost of compensated absences as the additional amount that the Group expects to pay as a result of the unused entitlement that has accumulated at the end of reporting year, based on actuarial valuation using projected unit credit method carried out in accordance with Ind AS-19 "Employee Benefits" at the end of the year.

Short-term employee benefits

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

l) Segment Reporting

An operating segment is the component of the Group that engages in business activities from which it may earn revenues and incur expenses, includes revenue and expenses that relate to transactions with any of the Group's other components and for which discreet financial information is available. All operating segments' operating results are reviewed regularly by Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segments and assess the performance. The business segments have been identified based on the nature of products, risks and return, organisation structure and internal financial reporting.

The Group currently has the following reportable segments:

- Carbon
- Advanced Materials
- Cement

These have been defined as the operating segments of the Group because they are the segments that

(1) engage in business activities from which revenue is earned and expenses are incurred;

(2) whose operating results are regularly reviewed by the Group's CODM to make decisions about resources to be allocated to the segment and assess its performance; and

(3) for which discrete financial information is available.

m) Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of- use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the consolidated statement of profit and loss.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate. For leases with reasonably similar characteristics, the Group, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Group recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and consolidated statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the re-measurement in consolidated statement of profit and loss.

The Group has elected not to apply the requirements of Ind AS 116 Leases to short term leases of all assets that have a lease term of 12 months or less. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

In pursuance of the notification issued by the Ministry of corporate affairs dated July 24, 2020, the Group has elected to apply the practical expedient arising on account of Covid-19 not to account for the changes in the lease payments as a lease modification as it satisfies the conditions mentioned in the paragraph 46B of Ind AS 116.

Group as a lessor

At the inception of the lease the Group classifies each of its leases as either an operating lease or a finance lease. The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

If an arrangement contains lease and non-lease components, the Group applies Ind AS 115 Revenue from contracts with customers to allocate the consideration in the contract.

n) Financial instruments

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

Notes (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

Initial recognition and measurement

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

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

Financial assets: Business model assessment

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

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

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

Financial assets:

Assessment whether contractual cash flows are solely payments of principal and interest

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

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

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

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

Financial assets: Subsequent measurement and gains and losses

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

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

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

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

Derecognition

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

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

Financial liabilities:

Initial recognition and measurement

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

Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the Effective Interest Rate method.

Any changes in the terms of the borrowings or management estimates are considered in measurement of financial liability as on balance sheet date.

Financial liabilities carried at fair value through consolidated statement of profit and loss are measured at fair value with all changes in fair value recognised in the consolidated statement of profit and loss.

Derecognition

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

Offsetting:

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

Notes (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

o) Derivative Financial Instruments and Hedge Accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to consolidated statement of profit and loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to consolidated statement of profit and loss when the hedge item affects consolidated statement of profit and loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment;
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the group's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The Group has designated certain foreign currency loans availed as a hedging instrument to hedge its net investment in non-integral foreign operations. Accordingly, the translation gain/(loss) on such foreign currency loans, determined as an effective net investment hedge through the designated period is recognised in Foreign Currency Translation Reserve (FCTR) included under OCI and would be transferred to the consolidated statement of profit and loss either upon sale or disposal of the investment or repayment of designated loans in the non-integral foreign operations.

Cash flow hedge

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the other equity under 'effective portion of cash flow hedges'. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in consolidated statement of profit and loss.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ('forward points') is separately accounted for as a cost of hedging and recognised separately within equity.

p) Earnings Per Share

The earnings considered in ascertaining the Group's Earnings Per Share (EPS) comprise net profit after tax (and includes the post-tax effect of any extra ordinary items). The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year.

Dilutive potential equity shares are deemed to be converted as of the beginning of the year, unless they have been issued at a later date. The number of shares used for computing the diluted EPS is the weighted average number of shares outstanding during the year after considering the dilutive potential equity shares.

q) Tax Expense

Income tax expenses comprises of current tax and deferred tax. It is recognised in consolidated statement of profit and loss except to the extent that it relates to an item recognised directly in equity or other comprehensive income.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.
- taxable temporary differences arising on the initial recognition of goodwill.

The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised.

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

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

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Notes (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised in consolidated statement of profit and loss.

r) Borrowing Costs

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

Deferred finance consists of loan financing fees, which are being amortised over the estimated life of the loan. Such life of the loan is reviewed by management on an ongoing basis. The Group considers its plans to repay the borrowings in determining the life of the asset. Amortisation of deferred finance cost is included in other borrowing costs of consolidated statement of profit and loss. Other borrowings costs including redemption premium are recognised in the period in which they are incurred.

s) Statement of Cash Flows and Cash & cash equivalents

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

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consists of cash and short-term deposits, as defined below, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

Cash and cash equivalent in the consolidated balance sheet comprise cash at banks and on hand and short-term, highly liquid investments with an original maturity of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

t) Provisions and Contingencies

A provision is recognised when the Group has a present, legal and constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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

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

Contingent liabilities are disclosed in the notes to the consolidated financial statements, when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less, when appropriate, cumulative amount of income recognized in accordance with the requirements of revenue recognition.

u) Dividend declared

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

Interim dividend is recorded as a liability on the date of declaration by the Board of Directors.

v) Standards issued but not yet effective

On March 24, 2021, the Ministry of Corporate Affairs("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The Amendments revised Division-II of Schedule III and are applicable from financial year beginning April 1, 2021. Accordingly, the amendments will be applicable to the Company for the year ended December 31, 2022.

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

NOTE 3: PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK IN PROGRESS

	Land - freehold	Land - leasehold (Refer note (v) below)	Buildings		Plant and equipment		Furniture and fixtures	Office equipments	Vehicles	Total	Capital work-in-progress (Refer note (iv) below)	Total
			Owned (Refer note (ii) below)	Finance lease (Refer note (iii) below)	Owned (Refer note (ii) below)	Finance lease (Refer note (iii) below)						
GROSS CARRYING AMOUNT												
As at December 31, 2019	997.29	43.66	6,184.86	9.62	41,592.88	1,177.78	1,488.68	930.60	1,055.85	53,481.22	13,624.09	67,105.31
Effect of transition on adoption of Ind AS 116	-	-	-	(9.62)	-	(1,177.78)	-	-	-	(1,187.40)	-	(1,187.40)
Additions	0.41	0.65	1,620.47	-	13,463.35	-	244.63	202.59	45.01	15,577.11	4,717.69	20,294.80
Deletions / Adjustments (Refer note (vi) below)	0.65	-	471.38	-	3,179.22	-	115.86	55.36	51.93	3,874.40	9,606.79	13,481.19
Exchange difference	38.46	-	(211.60)	-	2,204.21	-	179.75	66.20	(56.57)	2,220.45	578.56	2,799.01
As at December 31, 2020	**1,035.51**	**44.31**	**7,122.35**	**-**	**54,081.22**	**-**	**1,797.20**	**1,144.03**	**992.36**	**66,216.98**	**9,313.55**	**75,530.53**
Additions	-	-	1,630.10	-	6,619.94	-	135.75	69.41	22.46	8,477.66	5,981.60	14,459.26
Deletions / Adjustments	14.30	-	20.40	-	342.23	-	51.55	(18.96)	30.07	439.59	7,246.59	7,686.18
Exchange difference	(8.28)	-	30.78	-	(926.52)	-	(119.61)	(29.08)	15.03	(1,037.68)	(140.93)	(1,178.61)
As at December 31, 2021	**1,012.93**	**44.31**	**8,762.83**	**-**	**59,432.41**	**-**	**1,761.79**	**1,203.32**	**999.78**	**73,217.37**	**7,907.63**	**81,125.00**
ACCUMULATED DEPRECIATION												
As at December 31, 2019	9.34	1.40	2,016.06	8.40	17,777.37	206.25	713.03	319.60	48.64	21,100.09	-	21,100.09
Effect of transition on adoption of Ind AS 116	-	-	-	(8.40)	-	(206.25)	-	-	-	(214.65)	-	(214.65)
Depreciation for the year	-	0.37	572.07	-	5,585.03	-	273.12	177.30	62.87	6,670.76	-	6,670.76
Deletions / Adjustments (Refer note (vi) below)	-	-	198.93	-	2,872.53	-	(0.25)	(2.85)	38.92	3,107.28	-	3,107.28
Exchange difference	1.16	-	(160.14)	-	507.67	-	112.42	17.01	(16.12)	462.00	-	462.00
As at December 31, 2020	**10.50**	**1.77**	**2,229.06**	**-**	**20,997.54**	**-**	**1,098.82**	**516.76**	**56.47**	**24,910.92**	**-**	**24,910.92**
Depreciation for the year	-	0.37	603.78	-	5,745.04	-	163.32	164.05	70.88	6,747.44	-	6,747.44
Deletions / Adjustments	-	-	19.96	-	330.40	-	3.95	(12.36)	29.11	371.06	-	371.06
Impairment losses (Refer note (vii) below)	-	-	-	-	168.07	-	-	-	-	168.07	-	168.07
Exchange difference	(0.68)	-	117.40	-	(120.69)	-	(82.82)	(11.30)	7.25	(90.84)	-	(90.84)
As at December 31, 2021	**9.82**	**2.14**	**2,930.28**	**-**	**26,459.56**	**-**	**1,175.37**	**681.87**	**105.49**	**31,364.53**	**-**	**31,364.53**
NET CARRYING AMOUNT												
As at December 31, 2020	**1,025.01**	**42.54**	**4,893.29**	**-**	**33,083.68**	**-**	**698.38**	**627.27**	**935.89**	**41,306.06**	**9,313.55**	**50,619.61**
As at December 31, 2021	**1,003.11**	**42.17**	**5,832.55**	**-**	**32,972.85**	**-**	**586.42**	**521.45**	**894.29**	**41,852.84**	**7,907.63**	**49,760.47**

Note:

(i) Certain movable and immovable property, plant and equipment are hypothecated against the current and non-current borrowings availed by the Group. Refer note 19 and 23.

(ii) Includes buildings constructed and plant and equipment installed on leasehold land and depreciated over lease period.

(iii) For details regarding future minimum lease payments at the end of the year, Refer note 45.

(iv) For contractual commitments relating to capital work-in-progress, Refer note 44 (II).

(v) Leasehold land pertains to limestone mining leases in Rain Cements Limited

(vi) Deletions/Adjustments include derecognition of assets on sale of subsidiaries.

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

(vii) For details regarding impairment refer note 54.

NOTE 4: RIGHT OF USE ASSET

	Land - leasehold	Buildings	Plant and equipment	Office equipments	Vehicles	Total
Gross carrying amount						
As at December 31, 2019	-	-	-	-	-	-
Effect of transition on adoption of Ind AS 116	609.34	615.11	2,885.20	22.44	1,434.05	5,566.14
Additions	-	314.14	93.36	1.58	21.51	430.59
Deletions / Adjustments (Refer note (ii) below)	0.96	1.05	185.41	2.41	8.81	198.64
Exchange difference	1.16	17.47	250.48	2.28	178.39	449.78
As at December 31, 2020	**609.54**	**945.67**	**3,043.63**	**23.89**	**1,625.14**	**6,247.87**
Additions	-	157.83	52.55	1.65	183.56	395.59
Deletions / Adjustments	13.90	0.36	3.45	0.56	3.08	21.35
Exchange difference	(1.56)	(63.89)	(181.33)	(2.30)	(113.36)	(362.44)
As at December 31, 2021	**594.08**	**1,039.25**	**2,911.40**	**22.68**	**1,692.26**	**6,259.67**
Accumulated amortisation						
As at December 31, 2019	-	-	-	-	-	-
Effect of transition on adoption of Ind AS 116	-	8.40	206.25	-	-	214.65
Amortisation for the year	61.44	192.38	553.47	7.66	292.18	1,107.13
Deletions / Adjustments (Refer note (ii) below)	-	-	40.30	0.66	4.12	45.08
Exchange difference	0.01	1.29	40.49	0.26	15.76	57.81
As at December 31, 2020	**61.45**	**202.07**	**759.91**	**7.26**	**303.82**	**1,334.51**
Amortisation for the year	50.75	211.89	493.17	7.38	323.65	1,086.84
Deletions / Adjustments	9.64	-	3.45	0.56	3.04	16.69
Exchange difference	(0.58)	(66.08)	(123.72)	(1.70)	(31.53)	(223.61)
As at December 31, 2021	**101.98**	**347.88**	**1,125.91**	**12.38**	**592.90**	**2,181.05**
Net carrying amount						
As at December 31, 2020	**548.09**	**743.60**	**2,283.72**	**16.63**	**1,321.32**	**4,913.36**
As at December 31, 2021	**492.10**	**691.37**	**1,785.49**	**10.30**	**1,099.36**	**4,078.62**

Note:

(i) For details regarding future minimum lease payments at the end of the year, Refer note 45.

(ii) Deletions/Adjustments include derecognition of assets on sale of subsidiaries.

Notes (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

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

NOTE 5: GOODWILL AND OTHER INTANGIBLE ASSETS:

	Goodwill (A)	Licenses and franchise	Other intangible assets	Total Other Intangible assets (B)	Total (A+B)
Gross carrying amount					
As at December 31, 2019	62,216.87	424.49	39.08	463.57	62,680.44
Additions	-	77.78	10.86	88.64	88.64
Deletions (Refer note (ii) below)	1,930.86	3.63	-	3.63	1,934.49
Exchange difference	4,440.34	55.23	(4.64)	50.59	4,490.93
As at December 31, 2020	**64,726.35**	**553.87**	**45.30**	**599.17**	**65,325.52**
Additions	-	6.26	9.80	16.06	16.06
Deletions	-	0.10	-	0.10	0.10
Exchange difference	(1,420.21)	(35.04)	(0.44)	(35.48)	(1,455.69)
As at December 31, 2021	**63,306.14**	**524.99**	**54.66**	**579.65**	**63,885.79**
Accumulated amortisation					
As at December 31, 2019	-	134.45	10.08	144.53	144.53
Amortisation for the year	-	132.34	6.94	139.28	139.28
Deletions (Refer note (ii) below)	-	3.51	-	3.51	3.51
Exchange difference	-	22.42	(1.56)	20.86	20.86
As at December 31, 2020	**-**	**285.70**	**15.46**	**301.16**	**301.16**
Amortisation for the year	-	138.54	8.71	147.25	147.25
Deletions	-	0.10	-	0.10	0.10
Exchange difference	-	(23.36)	(0.13)	(23.49)	(23.49)
As at December 31, 2021	**-**	**400.78**	**24.04**	**424.82**	**424.82**
Net carrying amount					
As at December 31, 2020	**64,726.35**	**268.17**	**29.84**	**298.01**	**65,024.36**
As at December 31, 2021	**63,306.14**	**124.21**	**30.62**	**154.83**	**63,460.97**

Note:

(i) For impairment analysis performed for Goodwill on consolidation, Refer Note 39.

(ii) Deletions include derecognition of assets on sale of subsidiaries.

NOTE 6: EQUITY ACCOUNTED INVESTMENTS

	As at December 31, 2021	As at December 31, 2020
Associates (unquoted):		
- InfraTec Duisburg GmbH – 7,500 (December 31, 2020: 7,500) ordinary shares with no par value (Refer note 36)	87.06	98.74
Total	**87.06**	**98.74**

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

NOTE 7: NON-CURRENT INVESTMENTS

	As at December 31, 2021	As at December 31, 2020
A. INVESTMENT IN EQUITY SHARES		
(i) in other entities		
At Fair value through Other comprehensive income (FVTOCI) (unquoted)		
- Arsol Aromatics GmbH & Co. – 1,365,860 (December 31, 2020: 1,365,860) ordinary shares with no par value	28.65	30.60
At Fair value through Profit and loss (FVTPL) (unquoted)		
- Andhra Pradesh Gas Power Corporation Limited - 134,000 (December 31, 2020: 134,000) equity shares of ₹ 10 each fully paid up	16.00	16.00
B. INVESTMENT IN GOVERNMENT SECURITIES CARRIED AT FAIR VALUE THROUGH PROFIT AND LOSS (FVTPL) (UNQUOTED)		
- National Savings Certificates	0.14	0.17
Total	**44.79**	**46.77**
(a) aggregate value of quoted investments	-	-
(b) aggregate value of unquoted investments	44.79	46.77

NOTE 8: NON-CURRENT LOANS

	As at December 31, 2021	As at December 31, 2020
(Unsecured, considered good unless otherwise stated)		
Security deposits	120.46	120.83
Loans and advances		
- to employees	6.81	10.66
Electricity deposit	195.46	195.94
Total	**322.73**	**327.43**

NOTE 9: OTHER NON-CURRENT FINANCIAL ASSETS

	As at December 31, 2021	As at December 31, 2020
(Unsecured, considered good unless otherwise stated)		
Bank deposits due to mature after 12 months of the reporting date* (Refer note 13)	2.95	4.12
Interest accrued on deposits	0.02	0.05
Inter-corporate deposits	110.00	-
Total	**112.97**	**4.17**

* Represents lien marked deposits with government authorities and customers.

Notes (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

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

NOTE 10: OTHER NON-CURRENT ASSETS

	As at December 31, 2021	As at December 31, 2020
(Unsecured, considered good unless otherwise stated)		
Capital advances	206.13	2,492.68
Advances other than capital advances:		
Balances with Statutory authorities	36.38	35.27
Excess contribution to Plan assets for Defined benefit plan (Refer note 41)	0.36	0.43
Total	**242.87**	**2,528.38**

NOTE 11: INVENTORIES

	As at December 31, 2021	As at December 31, 2020
(At lower of cost and net realisable value)		
a) Raw materials	9,965.46	5,822.85
b) Work-in-progress	1,990.44	1,410.23
c) Finished goods	8,035.70	4,450.36
d) Stock-in-trade	2,129.50	1,558.23
e) Stores and spares	2,382.72	2,147.97
f) Packing materials	162.91	142.85
g) Fuel	451.30	324.21
Total	**25,118.03**	**15,856.70**
Goods-in-transit, included above		
a) Raw materials	811.38	169.23
b) Stock-in-trade	962.96	23.85
c) Stores and spares	0.95	1.30
d) Fuel	20.96	37.13
Total	**1,796.25**	**231.51**

The above inventories are net of provision for net realisable values of ₹ 921.32 and ₹ 803.55 as at December 31, 2021 and December 31, 2020 respectively. The write-down and reversal are included in cost of materials consumed or changes in inventories of finished goods, work-in-progress and stock-in-trade. Refer note 52.

For details of inventories hypothecated against current borrowings, refer note 23.

NOTE 12: TRADE RECEIVABLES

	As at December 31, 2021	As at December 31, 2020
Trade receivables considered good - secured	1,331.46	283.82
Trade receivables considered good - unsecured	15,446.34	10,630.83
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	172.77	156.84
	16,950.57	**11,071.49**
Less: Allowance for doubtful trade receivables	172.77	156.84
Total	**16,777.80**	**10,914.65**

- For details of trade receivables hypothecated against current borrowings, refer note 23.

- The Group's exposure to credit and currency risks related to trade receivables are disclosed in note 35.4 and 35.8.

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

NOTE 13: CASH AND BANK BALANCES

	As at December 31, 2021	As at December 31, 2020
A. Cash and cash equivalents		
Cash on hand	0.47	0.64
Cheques/ drafts on hand	-	1.32
Balances with banks:		
- in current accounts	8,218.34	7,771.14
- in exchange earners foreign currency (EEFC) accounts	1,246.75	199.53
- in deposit accounts (with original maturity of three months or less)	1,565.65	7,225.69
	11,031.21	**15,198.32**
B. Bank balances other than cash and cash equivalents		
Balances held as margin money against guarantees and other commitments	263.74	181.29
Unpaid dividend accounts	32.15	35.54
Bank deposits due to mature after three months of the reporting date*	2,517.36	2,587.33
Less: Bank deposits due to mature after 12 months of the reporting date (Refer note 9)	2.95	4.12
	2,810.30	**2,800.04**
Total [A+B]	**13,841.51**	**17,998.36**

* Out of above deposits ₹ 159.43 (December 31, 2020: ₹ 152.47) are lien marked with government authorities and customers.

NOTE 14: CURRENT LOANS

	As at December 31, 2021	As at December 31, 2020
(Unsecured, considered good unless otherwise stated)		
Security deposits	4.81	6.17
Loan to employees	7.93	26.01
Total	**12.74**	**32.18**

- The Group's exposure to credit and currency risks related to current loans are disclosed in note 35.4 and 35.8.

NOTE 15: OTHER CURRENT FINANCIAL ASSETS

	As at December 31, 2021	As at December 31, 2020
(Unsecured, considered good unless otherwise stated)		
Interest accrued on deposits	128.68	92.74
Unbilled revenue (Refer note 28)	207.57	173.21
Inter-corporate deposits with financial institutions (HDFC)	3,004.52	2,478.21
Advance to employees	5.20	2.14
Other receivables	275.17	4.68
Total	**3,621.14**	**2,750.98**

Notes (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

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

NOTE 16: OTHER CURRENT ASSETS

	As at December 31, 2021	As at December 31, 2020
(Unsecured, considered good unless otherwise stated)		
Prepaid expenses	232.00	335.83
Balances with statutory authorities	1,720.72	546.52
Advance to suppliers and service providers	2,862.87	844.21
Advance to employees	3.39	7.89
Others	40.03	13.41
Total	**4,859.01**	**1,747.86**

NOTE 17: EQUITY SHARE CAPITAL

	As at December 31, 2021		As at December 31, 2020	
	Number of Shares	Amount	Number of Shares	Amount
Authorised share capital:				
Equity shares of ₹ 2 each	590,000,000	1,180.00	590,000,000	1,180.00
Redeemable preference shares of ₹ 100 each	4,900,000	490.00	4,900,000	490.00
Total	**594,900,000**	**1,670.00**	**594,900,000**	**1,670.00**
Issued, subscribed and fully paid up share capital				
Equity shares of ₹ 2 each	336,345,679	672.69	336,345,679	672.69
Total	**336,345,679**	**672.69**	**336,345,679**	**672.69**

Notes:

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

Particulars	As at December 31, 2021		As at December 31, 2020	
	Number of Shares	Amount	Number of Shares	Amount
As at beginning of the year	336,345,679	672.69	336,345,679	672.69
Add/(Less): Changes in equity shares during the year	-	-	-	-
As at end of the year	**336,345,679**	**672.69**	**336,345,679**	**672.69**

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

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

The Board of Directors at its meeting held on October 30, 2021 has declared an interim dividend of 50% (₹ 1 per equity share of par value of ₹ 2 each amounting to ₹ 336.35) for the financial year ended December 31, 2021 and no further dividend has been recommended for the said year.

The Board of Directors at its meeting held on October 30, 2020 has declared an interim dividend of 50% (₹ 1 per equity share of par value of ₹ 2 each amounting to ₹ 336.35) for the financial year ended December 31, 2020 and no further dividend has been recommended for the said year.

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

NOTE 17: EQUITY SHARE CAPITAL (CONTINUED)

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

Name of the Shareholder	As at December 31, 2021		As at December 31, 2020	
	Number of Shares	%	Number of Shares	%
Sujala Investments Private Limited	37,766,675	11.23	37,766,675	11.23
Rain Enterprises Private Limited	25,316,465	7.53	25,316,465	7.53
N. Anupama Reddy	27,300,669	8.12	27,300,669	8.12

(iv) There are no shares issued pursuant to contract without payment being received in cash or by way of bonus shares during the period of five years immediately preceding the reporting date.

NOTE 18: OTHER EQUITY

	As at December 31, 2021	As at December 31, 2020
(I) RESERVES AND SURPLUS		
(a) Capital Reserve (Balance at the beginning and end of the year)	**43.98**	**43.98**
(b) Securities premium (Balance at the beginning and end of the year)	**516.67**	**516.67**
(c) Capital redemption reserve (Balance at the beginning and end of the year)	**47.66**	**47.66**
(d) General reserve		
Opening balance	1,573.85	1,546.55
Add: Transferred from retained earnings	31.16	27.30
Closing balance	**1,605.01**	**1,573.85**
(e) Retained earnings		
Opening balance	51,296.55	46,513.90
Add: Profit for the year	5,801.58	5,581.67
Less: Dividend for the year	336.35	336.35
Less: Transfer to general reserve	31.16	27.30
Less: Impact on account of sale of subsidiaries	-	435.37
Closing balance	**56,730.62**	**51,296.55**
(II) ITEMS OF OTHER COMPREHENSIVE INCOME:		
(a) Foreign currency translation reserve		
Opening balance	3,842.26	1,957.63
Add: Translation adjustments	(588.05)	1,993.40
Less: Impact on account of sale of subsidiaries	-	108.77
Closing balance	**3,254.21**	**3,842.26**
(b) Remeasurements of defined benefit plans		
Opening balance	(2,658.70)	(1,700.81)
Add: Acturial gain/(loss) on remeasurements of defined benefit plans	879.99	(957.89)
Closing balance	**(1,778.71)**	**(2,658.70)**
(c) Effective portion of cash flow hedges		
Opening balance	-	0.78
Add: Effective portion of cash flow hedges	-	(0.78)
Closing balance	**-**	**-**
Total	**60,419.44**	**54,662.27**

Notes (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

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

NOTE 19: NON-CURRENT BORROWINGS

	As at December 31, 2021	As at December 31, 2020
A. Bonds		
From banks (Refer note (i))		
- Secured banks		
7.25% Senior secured notes (due for repayment in April 2025)	40,123.60	39,645.27
	40,123.60	**39,645.27**
B. Term loans		
From banks (Refer note (ii) to (vii))		
- Secured banks	34,632.15	37,588.08
From other parties (Refer note (viii))		
- Unsecured	0.28	441.55
Less: Current maturities of non-current borrowings disclosed under Note 25 - Other current financial liabilities	608.22	2,317.94
	34,024.21	**35,711.69**
C. Deferred payment liabilities		
- Unsecured (Refer note (ix))	427.26	510.36
Less: Current maturities of non-current borrowings disclosed under Note 25 - Other current financial liabilities	138.90	83.12
	288.36	**427.24**
D. Non-current maturities of lease liabilities		
- Secured (Refer note (x))	4,409.00	5,239.44
Less: Current maturities of non-current borrowings disclosed under Note 25 - Other current financial liabilities	877.01	1,011.68
	3,531.99	**4,227.76**
Total [A+B+C+D]	**77,968.16**	**80,011.96**

Notes:

(i) On March 31, 2017, one of the Group Companies in United States issued USD 550 million of 7.25% senior secured notes due in April 2025 (the “2025 Notes”). The net proceeds were used to redeem all of the outstanding 2018 Notes and tendered for USD 115 million of 2021 Notes. The 2025 Notes contain covenants and conditions that limit the Group Company’s ability to, among other things, pay cash dividends, incur indebtedness and make investments. The Group Company may redeem some or all of the 2025 Notes at any time on or after April 1, 2020 up to March 31, 2023 at specified redemption prices. The 2025 Notes are secured by substantially all of the assets of the Group Company and are guaranteed by the Group Company’s subsidiaries incorporated in United States on a joint and several basis. The Group Company has repurchased notes amounting to ₹ 338.47 (USD 4.5 million) during the year 2021. The 2025 Notes are having second-lien on assets after Term loan B. Balance (gross of transaction costs) as at December 31, 2021 is ₹ 40,534.07 (December 31, 2020: ₹ 40,177.50).

(ii) During the financial year ended December 31, 2016, the Company had borrowed Term loan of USD 30 million from a bank which was secured by a pari passu first charge on all immovable and movable properties of Rain Cements Limited (RCL), a wholly owned subsidiary Company, except for current assets of RCL (present and future) and assets charged with Axis Bank Limited for another loan availed by RCL. Further a Corporate Guarantee has been issued by RCL in favour of the bank. The loan was sanctioned vide credit facilities agreement dated February 20, 2016 between the Company, RCL and the bank. No guarantee commission has been charged by RCL based on the requirements of the bank. It carries interest of 3 months LIBOR plus 300 basis points. Balance (gross of transaction costs) as at December 31, 2021 is ₹ 534.98 (December 31, 2020: ₹ 1,314.97).

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

NOTE 19: NON-CURRENT BORROWINGS (CONTINUED)

(iii) During the financial year ended December 31, 2021, the Company has borrowed Term loan of USD 20 million from a bank and is secured by:

a) Pari passu first charge by way of hypothecation on all movable assets both present and future of the Company

b) Corporate guarantee of Rain CII Carbon (Vizag) Limited (RCCVL) in favour of the bank

c) Pledge over 1,000,000 equity shares of ₹ 10 each held by the Company in RCCVL, a wholly owned step-down subsidiary

No guarantee commission has been charged by RCCVL based on the requirements of the bank. It carries interest of SOFR + margin of 310 basis points payable monthly. The loan is repayable on November 30, 2023. Balance (gross of transaction costs) as at December 31, 2021 is ₹ 1,486.05 (December 31, 2020: ₹ Nil).

(iv) During the financial year ended December 31, 2018, the Company had borrowed Term loan of USD 20 million from a bank and was secured by:

a) Pari passu first charge by way of hypothecation on all movable assets both present and future of the Company

b) Corporate guarantee of RCCVL in favour of the bank

c) Pledge over 1,000,000 equity shares of ₹ 10 each held by the Company in RCCVL, a wholly owned step-down subsidiary

No guarantee commission has been charged by RCCVL based on the requirements of the bank. It carried interest of 3 months USD LIBOR plus 215 basis points for years 1 & 2 and 3 months USD LIBOR plus 290 basis points for year 3 payable monthly. The loan has been repaid on October 29, 2021. Balance (gross of transaction costs) as at December 31, 2021 is ₹ Nil (December 31, 2020: ₹ 1,461.07).

(v) The term loans availed (mentioned in points (ii) (iii) & (iv)) by the Company have been utilised for the purpose of investment / overseas direct investment in its wholly owned subsidiary company which is engaged in the business of Calcined Petroleum Coke, in accordance with the sanctioned terms.

(vi) During the year 2020, one of the Group company incorporated in India availed a loan of ₹ 199.10 from a bank towards purchase of Earth Moving Equipment such as Wheel Loaders, Tippers & Excavators. The loan is repayable in 35 equated monthly installments and is secured by First and exclusive charge on assets financed by a bank. The loan carries an interest rate of 8.50% p.a. Balance as at December 31, 2021 is ₹ 73.94 (December 31, 2020: ₹ 141.82).

(vii) On January 16, 2018, one of the Group Companies in United States repaid its erstwhile 2021 Notes financed by a new Term Loan B of EUR 390 million ("TLB") borrowed by Wholly Owned Subsidiary in Germany. Interest rate on the TLB is EURIBOR (subject to a 0.0% floor) plus 3%. The TLB is First Lien Debt having priority over 2025 Notes. The TLB contain covenants and conditions that limit the Group Company's ability to, among other things, pay cash dividends, incur indebtedness and make investments. The TLB is secured by substantially all of the assets of the Group Company and are guaranteed by the Group Company's subsidiaries except Group Company's subsidiaries incorporated in India and Russia on a joint and several basis. The TLB will mature in 7 years after the closing date i.e. in January 2025. The TLB is repayable after December 31, 2019 in the manner specified under the provisions for mandatory and voluntary prepayment in the credit agreement. The prepayment is determined at the percentage on excess cash flows at specified financial leverages in the credit agreement. Balance (gross of transaction costs) as at December 31, 2021 is ₹ 32,779.50 (December 31, 2020: ₹ 35,018.10).

(viii) On April 27, 2020, two subsidiary companies incorporated in USA received a ₹ 476.64 (USD 6.2 million) loan from the U.S. Small Business Administration through the Paycheck Protection Program (PPP). All or a portion of the loan is forgiveable if the subsidiary companies meet specified requirements regarding the use of these funds over the designated period following receipt of loan proceeds. The unforgiven portion of the loan, if any, is payable over eighteen months, after the conclusion of a six month deferral period, and the subsidiary companies are permitted to repay at any time without penalty. The PPP loan is unsecured and is evidenced by a note in favour of Bank of America.

Notes (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

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

NOTE 19: NON-CURRENT BORROWINGS (CONTINUED)

The subsidiary companies have recognized the loan at its fair value and the interest expense being recognised on the loan under the effective interest rate method as at and for the year ended December 31, 2020 and 2021. The benefit (i.e. difference between the fair value of loan on recognition and the amount received) is recognised as a government grant under the heading Other Income. During September 2021, the SBA communicated its formal forgiveness after completion of its verification of one of the subsidiary company in USA. Accordingly, the subsidiary de-recognised the liability and the forgiveness was recorded as government grant income under the heading Other Income. Balance as at December 31, 2021 is ₹ 0.28 (December 31, 2020: ₹ 441.55).

(ix) Sales tax deferment represents interest free liability in Rain Cements Limited. Balance outstanding is repayable in 42 monthly instalments based on deferment schedule.

(x) Leases are secured by assets financed under the leasing agreement. Refer note 45.

(xi) Reconciliation of liabilities arising from financing activities

(a) Non-current borrowings (including current maturities of non-current borrowings included in other current financial liabilities) excluding lease obligations:

Particulars	As at December 31, 2021	As at December 31, 2020
Opening balance at the beginning of the year	78,185.26	73,322.93
Borrowings made during the year	1,498.00	675.79
Borrowings repaid during the year	(2,645.08)	(769.03)
Interest accrued during the year	10.05	-
Loan forgiven during the year	(458.33)	-
Sales tax deferment paid	(83.10)	(99.58)
Effect of changes in foreign exchange rates	(1,545.20)	4,843.99
Amortisation of deferred finance cost	221.69	211.16
Closing balance at the end of the year	**75,183.29**	**78,185.26**

(b) Lease liabilities (including current maturities included in other current financial liabilities):

Particulars	As at December 31, 2021	As at December 31, 2020
Opening balance at the beginning of the year	5,239.44	1,152.98
Lease liabilities for operating leases recognised as at January 1, 2020 as per Ind AS 116	-	4,423.70
Additions during the year	393.98	430.59
Interest accrued during the year	221.11	251.44
Deletions during the year	(18.06)	(154.46)
Lease principal payments during the year	(1,045.86)	(1,071.94)
Lease interest payments during the year	(217.52)	(218.19)
Effect of changes in foreign exchange rates	(164.09)	425.32
Closing balance at the end of the year	**4,409.00**	**5,239.44**

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

NOTE 20: OTHER NON-CURRENT FINANCIAL LIABILITIES

	As at December 31, 2021	As at December 31, 2020
Employee payables	62.98	75.08
Total	**62.98**	**75.08**

NOTE 21: NON-CURRENT PROVISIONS

	As at December 31, 2021	As at December 31, 2020
Provision for employee benefits:		
- Compensated absences (Refer note 41)	258.14	271.94
- Defined benefit plans (net) (Refer note 41)	11,919.16	14,777.30
Provision - others		
- Provision for environment liabilities (Refer note 50)	1,125.23	651.13
- Other provisions (Refer note 51)	50.42	51.29
Total	**13,352.95**	**15,751.66**

NOTE 22: OTHER NON-CURRENT LIABILITIES

	As at December 31, 2021	As at December 31, 2020
Unearned revenue	11.54	32.28
Others	0.03	0.04
Total	**11.57**	**32.32**

NOTE 23: CURRENT BORROWINGS

	As at December 31, 2021	As at December 31, 2020
Loans repayable on demand		
From banks - Secured		
- Suppliers credit loan (Refer note (i))	780.48	262.11
- Packing credit foreign currency loan (Refer note (i) and (ii))	1,102.40	158.18
- Demand loan (Refer note (i))	-	100.00
- Revolver credit facility (Refer note (iii))	3,419.15	4,642.03
Total	**5,302.03**	**5,162.32**

Notes:

(i) During 2013, the Group Company incorporated in India, entered into agreements with two banks for an aggregated facility amount of ₹ 4,526.28 (USD 60.9 million) (December 31, 2020: ₹ 3,754.77 (USD 51.4 million)) which can be utilized for issuance of letter of credits, bank guarantees, suppliers credit facility and cash drawings. Outstanding letters of credit issued under these facilities are subject to a fee of 0.75% per annum. The Group Company is not obliged to pay commitment fee on unused portion of the working capital line of credit under this facility. Cash drawings under these facilities are subject to interest rate of LIBOR plus 120 basis points and LIBOR plus 150 basis points per annum for each bank.

These facilities are secured by pari-passu first charge over current assets comprising of all inventories and book debts both present and future of the said company.

Notes (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

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

NOTE 23: CURRENT BORROWINGS (CONTINUED)

At December 31, 2021, cash drawings outstanding under the facility aggregated to ₹ 1,352.61 (USD 18.2 million), of which ₹ 572.13 (USD 7.7 million) were towards packing credit foreign currency loan and ₹ 780.48 (USD 10.5 million) were towards Suppliers credit facility.

At December 31, 2020, cash drawings outstanding under the facility aggregated to ₹ 362.11 (USD 5.0 million), of which ₹ 100.00 (USD 1.4 million) were towards working capital demand loan and ₹ 262.11 (USD 3.6 million) were towards Suppliers credit facility.

At December 31, 2021, bank guarantees outstanding were ₹ 26.00 (USD 0.3 million) under the facility.

At December 31, 2020, letters of credit outstanding were ₹ 197.24 (USD 2.7 million) and bank guarantees outstanding was ₹ 65.75 (USD 0.9 million) under the facility.

Available limit under both facilities amounts to ₹ 3,147.67 (USD 42.4 million) and ₹ 3,129.67 (USD 42.8 million) as at December 31, 2021 and 2020 respectively.

(ii) During 2013, the Group Company incorporated in India, entered into an agreement with a bank for an aggregated cash credit facility of ₹ 810.00 (USD 10.9 million) (December 31, 2020: ₹ 810.00 (USD 11.1 million)).

Outstanding letters of credit issued under these facilities are subject to a fee of 0.75% per annum. The Group Company is not obliged to pay a commitment fee on the unused portion of the working capital line of credit under this facility. Cash drawings under the above said facility are subjected to interest rate of LIBOR plus 120 basis points per annum.

At December 31, 2021, cash drawings outstanding under the facility aggregated to ₹ 530.27 (USD 7.1 million), which is towards packing credit foreign currency loan.

At December 31, 2020, cash drawings outstanding under the facility aggregated to ₹ 158.18 (USD 2.1 million), which is towards packing credit foreign currency loan.

As of December 31, 2021 bank guarantees outstanding under the facility aggregated to ₹ 220.06 (USD 3.0 million).

As of December 31, 2020 bank guarantees outstanding under the facility aggregated to ₹ 168.02 (USD 2.3 million).

Available limits under the facility were ₹ 59.67 (USD 0.8 million) and ₹ 483.80 (USD 6.7 million) as at December 31, 2021 and 2020, respectively.

(iii) On January 16, 2018, the certain Group Companies in United States and European region entered into a Revolver Credit Facility (RCF) Agreement with three banks. The agreement provides for a ₹ 11,145.00 (USD 150.0 million) (December 31, 2020: ₹ 10,957.50 (USD 150 million)) RCF loan commitment of which ₹ 2,972.00 (USD 40.0 million) were separated in an Ancillary facility for documentary business needs for the aforesaid companies. Allocation of limit for the Ancillary facility between the aforesaid companies is flexible. The facility is available till January 2023. The interest rates are variable and depend on currency of the borrowing. At December 31, 2021 rate for USD borrowings was LIBOR plus 250 basis points and for EUR borrowings EURIBOR plus 250 basis points. The Company has re-negotiated the terms of this facility subsequent to the year-end. Refer note 57 for details.

The RCF is secured by substantially all of the assets of the Group Company and are guaranteed by the Group Company's subsidiaries except Group Company's subsidiaries incorporated in India and Russia on a joint and several basis.

At December 31, 2021 cash drawings outstanding under the RCF aggregated to ₹ 3,419.15 (USD 46.0 million) of which USD borrowings aggregated to ₹ 1,486.00 (USD 20.0 million) and EUR borrowings aggregated to ₹ 1,933.15 (EUR 23.0 million). Variable interest rate depends on the type of borrowing.

At December 31, 2020 cash drawings outstanding under the RCF aggregated to ₹ 4,642.03 (USD 63.5 million) of which USD borrowings aggregated to ₹ 1,629.02 (USD 22.3 million) and EUR borrowings aggregated to ₹ 3,013.01 (EUR 33.5 million). Variable interest rate depends on the type of borrowing.

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

NOTE 23: CURRENT BORROWINGS (CONTINUED)

At December 31, 2021, letters of credit outstanding aggregated ₹ 371.50 (USD 5.0 million) under the North-America facility and ₹ 988.19 (USD 13.3 million) under the European Ancillary facility.

At December 31, 2020, letters of credit outstanding aggregated ₹ 357.95 (USD 4.9 million) under the North-America facility and ₹ 672.06 (USD 9.2 million) under the European Ancillary facility.

Available limit under the facility amounts to ₹ 6,366.16 (USD 85.7 million) and ₹ 5,285.46 (USD 72.4 million) as at December 31, 2021 and 2020 respectively.

(iv) Reconciliation of liabilities arising from financing activities:

Particulars	As at December 31, 2021	As at December 31, 2020
Opening balance at the beginning of the year	5,162.32	3,969.95
Borrowings made during the year	7,228.31	6,639.39
Borrowings repaid during the year	(7,003.63)	(5,925.11)
Effect of changes in foreign exchange rates	(84.97)	478.09
Closing balance at the end of the year	**5,302.03**	**5,162.32**

The Group's exposure to liquidity, interest and currency risks related to borrowings is disclosed in note 35.5, 35.7 and 35.8.

NOTE 24: TRADE PAYABLES

	As at December 31, 2021	As at December 31, 2020
Total outstanding dues of micro enterprises and small enterprises	38.82	32.27
Total outstanding dues of creditors other than micro enterprise and small enterprises	13,813.82	8,203.76
Total	**13,852.64**	**8,236.03**

The Group's exposure to liquidity and currency risks related to trade payables is disclosed in note 35.5 and 35.8.

NOTE 25: OTHER CURRENT FINANCIAL LIABILITIES

	As at December 31, 2021	As at December 31, 2020
Current maturities of non-current borrowings (Refer note 19)	1,624.13	3,412.74
Interest accrued but not due on borrowings	934.64	958.07
Trade and security deposits	237.78	179.37
Employee payables	1,110.21	695.75
Deposits from contractors	710.52	627.00
Discounts payable	89.88	80.05
Unpaid dividends*	32.15	35.54
Others		
- Payables on purchase of property, plant and equipment	922.78	1,502.82
- Retention money	79.60	77.68
- Others	760.85	619.31
Total	**6,502.54**	**8,188.33**

*There is no amount due and outstanding to be credited to Investor Education and Protection fund as at December 31, 2021.

The Group's exposure to liquidity and currency risks related to other current financial liabilities is disclosed in note 35.5 and 35.8.

Notes (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

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

NOTE 26: OTHER CURRENT LIABILITIES

	As at December 31, 2021	As at December 31, 2020
Unearned revenue	6.36	19.56
Other payables		
- Statutory liabilities	1,451.53	939.03
- Advances from customers (Refer note 28)	185.79	173.80
- Others	114.09	194.87
Total	**1,757.77**	**1,327.26**

NOTE 27: CURRENT PROVISIONS

	As at December 31, 2021	As at December 31, 2020
Provision for employee benefits:		
- Compensated absences (Refer note 41)	74.98	77.07
- Defined benefit plans, net (Refer note 41)	18.36	17.58
- Other provisions (Refer note 51)	10.09	71.13
Provision - Others:		
- Provision for environment liabilities (Refer note 50)	301.00	724.64
- Other provisions (Refer note 51)	237.55	620.69
Total	**641.98**	**1,511.11**

NOTE 28: REVENUE FROM OPERATIONS

	For the year ended December 31, 2021	For the year ended December 31, 2020
Sale of products	143,669.81	103,937.08
Sale of services	27.14	25.03
Other operating revenues [Refer note below]	1,570.87	684.82
Total	**145,267.82**	**104,646.93**

Note:

(i) Other operating revenues comprises:

	For the year ended December 31, 2021	For the year ended December 31, 2020
Scrap sales	40.63	25.76
Duty drawback on exports	412.23	16.53
Income from sale of certified emission reductions	1.24	-
Rental income	220.88	200.72
Insurance claims	351.30	30.54
Dock revenue	137.53	89.94
Others	407.06	321.33
Total	**1,570.87**	**684.82**

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

NOTE 28: REVENUE FROM OPERATIONS (CONTINUED)

(ii) Break up of revenue from operations based on timing of transfer of goods or services:

	For the year ended December 31, 2021	For the year ended December 31, 2020
Revenue from operations recognised at a point in time	145,240.68	104,621.90
Revenue from operations recognised over a period of time	27.14	25.03
Total	**145,267.82**	**104,646.93**

(iii) Contract assets and contract liabilities:

	For the year ended December 31, 2021	For the year ended December 31, 2020
Contract assets recorded in balance sheet (Refer note 15)	207.57	173.21
Contract liabilities recorded in balance sheet (Refer note 26)	185.79	173.80

The Contract liabilities are primarily related to advance from customers for sale of products, for which revenue is recorded at a point in time. The amount of ₹ 173.80 included in contract liabilities as at December 31, 2020 has been recognised as revenue in the current year.

(iv) Reconciliation of revenue from operations with contract price:

	For the year ended December 31, 2021	For the year ended December 31, 2020
Contract price (A)	148,193.41	106,482.98
Less - Reductions towards variable consideration components: (B)		
Sales returns	92.22	1.71
Discounts and rebates	2,774.42	1,770.49
Other such reductions	58.95	63.85
Revenue recognised (A-B)	**145,267.82**	**104,646.93**

NOTE 29: OTHER INCOME

	For the year ended December 31, 2021	For the year ended December 31, 2020
Interest income		
Interest from banks on deposits including inter-corporate deposits	400.23	283.25
Interest on income tax refund	1.47	15.39
Other interest	10.22	21.44
Dividend income from current investments	-	6.01
Other non-operating income		
Gain on sale of subsidiaries (Refer note 55)	40.10	3,864.20
Liabilities / provisions no longer required written back	648.96	280.38
Reversal of provision for loss allowance on trade receivables	-	4.32
Profit on sale of property, plant and equipment, net (Refer note 53)	349.45	13.87
Government grant income	458.33	26.80
Miscellaneous income	22.40	37.31
Total	**1,931.16**	**4,552.97**

Notes (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

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

NOTE 30: CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

	For the year ended December 31, 2021	For the year ended December 31, 2020
Opening Stock		
Finished goods	4,450.36	5,110.23
Work-in-progress	1,410.23	1,879.73
Stock-in-trade	1,558.23	1,613.02
	7,418.82	**8,602.98**
Closing Stock		
Finished goods	8,035.70	4,450.36
Work-in-progress	1,990.44	1,410.23
Stock-in-trade	2,129.50	1,558.23
	12,155.64	**7,418.82**
(Increase)/decrease in stock	**(4,736.82)**	**1,184.16**
Foreign currency translation adjustment	(343.73)	67.55
Net (increase)/decrease	**(5,080.55)**	**1,251.71**

NOTE 31: EMPLOYEE BENEFITS EXPENSE

	For the year ended December 31, 2021	For the year ended December 31, 2020
Salaries, wages and bonus	10,864.47	10,612.73
Contributions to provident and other funds (Refer note 41)	992.94	990.51
Staff welfare expenses	514.95	528.69
Total	**12,372.36**	**12,131.93**

NOTE 32: FINANCE COSTS

	For the year ended December 31, 2021	For the year ended December 31, 2020
Interest expense on borrowings	4,300.90	4,432.01
Interest expense on lease liabilities	221.11	251.44
Interest on income tax	13.93	4.66
Other borrowing costs	253.20	217.32
Total	**4,789.14**	**4,905.43**

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

NOTE 33: OTHER EXPENSES

	For the year ended December 31, 2021	For the year ended December 31, 2020
Consumption of stores and spares	2,188.29	1,617.42
Consumption of packing materials	1,221.81	743.58
Power and fuel	9,737.75	5,184.71
Repairs and maintenance		
- Plant and machinery	2,217.93	2,098.88
- Buildings	261.65	121.73
- Others	1,339.81	980.94
Insurance	876.26	728.93
Rent	687.28	763.88
Rates and taxes	555.18	431.41
Travelling and conveyance	95.36	111.49
Selling and distribution expense	2,342.03	1,494.14
Freight expense	8,243.79	7,314.44
Corporate social responsibility and other donations (Refer note 49)	160.32	199.43
Consultancy charges	2,295.62	1,656.84
Payment to auditors [Refer note below]	78.43	69.94
Directors' sitting fees	18.25	19.97
Commission to directors	28.60	23.25
Provision for loss allowance on trade receivables (Refer note 35.4)	50.01	5.13
Loss on repurchase of Senior Secured Notes	10.83	-
Advances written off	-	1.71
Assets written off	4.49	-
Bad debts written off	3.11	8.31
Miscellaneous expenses	2,920.40	2,960.73
	35,337.20	**26,536.86**
Less: Expenses capitalised	89.88	254.97
Total	**35,247.32**	**26,281.89**

Note:

Payments to the auditors comprise (excluding taxes):

	For the year ended December 31, 2021	For the year ended December 31, 2020
Statutory audit	6.95	6.60
Limited review	9.10	9.66
Other audit fees	53.51	43.08
Other services	6.79	9.09
Reimbursement of expenses	2.08	1.51
Total	**78.43**	**69.94**

Notes (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

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

NOTE 34: INCOME TAXES

(i) Income tax expense/(benefit) recognised in consolidated statement of profit and loss:

	For the year ended December 31, 2021	For the year ended December 31, 2020
Current tax:		
Tax for current year	4,107.71	2,384.06
Tax relating to earlier years (Refer (iii) below)	83.35	(253.94)
	4,191.06	**2,130.12**
Deferred tax:		
Attributable to the origination and reversal of temporary differences	1,637.73	463.26
Tax rate change (Refer (iii) below)	-	30.92
Minimum alternate tax credit write-off (Refer (viii) below)	-	3.26
	1,637.73	**497.44**
Total	**5,828.79**	**2,627.56**

(ii) Income tax expense/(benefit) recognised in other comprehensive income:

	For the year ended December 31, 2021	For the year ended December 31, 2020
a. Remeasurements of defined benefit plans	1,655.50	(439.25)
Total	**1,655.50**	**(439.25)**

(iii) Reconciliation of Effective tax rate:

	For the year ended December 31, 2021	For the year ended December 31, 2020
Income tax expense for the year to be reconciled to the accounting profit:		
Profit before tax	12,764.20	8,509.87
Enacted income tax rate in India	25.17%	25.17%
Computed expected tax expense	3,212.49	2,141.76
Effect off:		
Foreign-Derived Intangile Income (FDII) deduction	(114.24)	(54.70)
Global Intangible Low Taxed Income (GILTI)	-	252.34
Tax-exempt income and other deductions	(276.52)	(156.42)
Tax rate changes	-	30.92
Tax related to prior years	83.35	(253.94)
Permanent differences and non-deductible expenses	849.70	(384.20)
Deferred tax asset written off	2,339.13	1,120.48
Impact of differences in tax rates between jurisdictions	(634.28)	(602.99)
Tax effects on tax base transfers	(26.07)	(132.03)
Others, net	395.23	666.34
Total income tax expense	**5,828.79**	**2,627.56**
Effective tax rate	**45.67%**	**30.88%**

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

NOTE 34: INCOME TAXES (CONTINUED)

(iv) Recognised deferred tax assets and liabilities:

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities and a description of the items that created these differences is given below:

	As at December 31, 2021	As at December 31, 2020
Property, plant and equipment and Intangible assets	(2,538.35)	(1,687.93)
Employee benefits	468.59	3,673.49
Inventories	136.05	194.85
Interest carried forward	2,324.60	2,070.47
Tax losses carry forward	(823.77)	(704.72)
Foreign tax credit	1,719.95	1,120.96
Taxes on unremitted foreign earnings	(273.64)	(192.87)
Other	(194.00)	(106.88)
Net Deferred tax asset	**819.43**	**4,367.37**
Deferred tax asset	2,708.66	8,545.95
Deferred tax liability	(1,889.23)	(4,178.58)
Net Deferred tax asset	**819.43**	**4,367.37**

(v) Movement in temporary differences:

Particulars	Balance as at January 1, 2021	Recognised in consolidated statement of profit and loss during 2021	Recognised in other comprehensive income during 2021	Impact of changes in tax rate	Exchange differences on translation/ other adjustment	Balance as at December 31, 2021
Property, plant and equipment and Intangible assets	(1,687.93)	(732.67)	-	-	(117.75)	(2,538.35)
Employee benefits	3,673.49	(1,396.51)	(1,655.50)	-	(152.89)	468.59
Inventories	194.85	(47.04)	-	-	(11.76)	136.05
Interest carried forward	2,070.47	318.68	-	-	(64.55)	2,324.60
Tax losses carry forward	(704.72)	(204.21)	-	-	85.16	(823.77)
Foreign tax credit	1,120.96	604.00	-	-	(5.01)	1,719.95
Taxes on unremitted foreign earnings	(192.87)	(90.38)	-	-	9.61	(273.64)
Others	(106.88)	(89.60)	-	-	2.48	(194.00)
Total	**4,367.37**	**(1,637.73)**	**(1,655.50)**	**-**	**(254.71)**	**819.43**

Notes (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

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

NOTE 34: INCOME TAXES (CONTINUED)

Particulars	Balance as at January 1, 2020	Recognised in consolidated statement of profit and loss during 2020	Recognised in other comprehensive income during 2020	Impact of changes in tax rate	Exchange differences on translation/ other adjustment	Balance as at December 31, 2020
Property, plant and equipment and Intangible assets	(1,919.55)	97.22	-	(10.63)	145.03	(1,687.93)
Employee benefits	2,750.10	181.36	439.25	(6.10)	308.88	3,673.49
Inventories	168.95	4.17	-	-	21.73	194.85
Interest carried forward	1,639.16	327.23	-	-	104.08	2,070.47
Tax losses carry forward	(79.54)	(602.09)	-	-	(23.09)	(704.72)
Foreign tax credit	1,608.41	(532.79)	-	-	45.34	1,120.96
Taxes on unremitted foreign earnings	(170.66)	(2.08)	-	-	(20.13)	(192.87)
Others	(151.20)	63.72	-	(14.19)	(5.21)	(106.88)
Total	**3,845.67**	**(463.26)**	**439.25**	**(30.92)**	**576.63**	**4,367.37**

(vi) Unrecognised deferred tax assets:

Particulars	As at December 31, 2021		As at December 31, 2020	
	Gross amount	Unrecognised tax effect	Gross amount	Unrecognised tax effect
Tax losses carry forward	4,685.20	592.03	2,199.12	181.11
Interest losses carry forward	4,420.72	1,284.77	3,560.68	1,034.82
Property, plant and equipment and Intangible assets	2,345.98	785.32	-	-
Employee benefits	42.11	14.09	-	-
Inventories	16.51	5.53	-	-
Foreign tax credit	-	-	901.41	901.41
Others	7,417.46	2,480.79	282.68	64.25
Total	**18,927.98**	**5,162.53**	**6,943.89**	**2,181.59**

Particulars	December 31, 2021	Expiry date	December 31, 2020	Expiry date
To expire under current tax legislation	2,817.78	2022-2030	31.21	2021-2029
Not to expire under current tax legislation	16,110.20	-	6,912.68	-

(vii) Non-current and current tax assets and liabilities

Particulars	As at December 31, 2021	As at December 31, 2020
Non-current tax assets, net	922.06	885.38
Current tax assets, net	544.18	477.32
Current tax liabilities, net	1,520.47	1,286.98

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

NOTE 34: INCOME TAXES (CONTINUED)

(viii) On September 20, 2019 vide the Taxation Laws (Amendment) Ordinance 2019, the Government of India inserted Section 115BAA in the Income Tax Act 1961 which provides domestic companies a non-reversible option to pay corporate tax at reduced rates effective April 01, 2019, subject to certain conditions. During the year ended December 31, 2020, the parent Company and one of the Indian subsidiary company evaluated and adopted the new tax rate of 25.168%. Accordingly, the Group remeasured its current tax expense and Deferred tax asset/liability basis the rate prescribed in the said section. The change in tax rate resulted in reduction in current tax expense by ₹ 124.00, write-off of Minimum Alternate Tax Credit by ₹ 3.26 and reduction in deferred tax benefit by ₹ 30.92 for the year ended December 31, 2020.

(ix) Due to significant increase in operating costs driven by higher natural gas prices and tax losses, the Group's German subsidiary has re-assessed the deferred tax assets to be recognised based on the scheduled reversal of deferred tax liabilities and projected future taxable income. Based on such assessment, the Group's German subsidiary has reversed the deferred tax assets amounting to ₹ 3,777.11 (of which ₹ 2,926.06 was recorded in consolidated statement of profit and loss and balance of ₹ 851.05 was recorded through Other Comprehensive Income) during the year ended December 31, 2021.

Further, the Group's US subsidiary had generated Foreign Tax Credits ("FTC") in 2017. However, deferred tax assets amounting to ₹ 930.03 was not recognised as at December 31, 2021 on the basis of available evidence that it was more likely than not that deferred tax assets will not be realized. During the year ended December 31, 2021, Management has reassessed the recoverability of this unrecognised deferred tax asset based on the scheduled reversal of deferred tax liabilities and projected future taxable income. Accordingly, the Group's US subsidiary has recognised the deferred tax assets during the year ended December 31, 2021, amounting to ₹ 930.03 in consolidated statement of profit and loss.

(x) Till December 2018, Company has not provided any Deferred income taxes on undistributed earnings of subsidiaries outside India where it is expected that earnings of the subsidiaries will not be distributed in the foreseeable future. Accordingly, the Group has only recorded a deferred tax liability of ₹ 62.67 towards dividend expected to be repatriated out of profits from its US subsidiaries to India.

Rain Carbon GmbH, Germany and Severtar Holding Ltd, Cyprus have planned fixed dividends from its foreign subsidiaries in future years contingent on the future earnings of its respective subsidiaries.

Based on the above, the Group has provided Deferred Tax Liability of ₹ 210.57 (EUR 2.5 million) on the estimated future dividends for the year ended December 31, 2021.

Based on the above, the Group has provided Deferred Tax Liability of ₹ 130.20 (EUR 1.5 million) on the estimated future dividends for the year ended December 31, 2020.

Subject to above, the Company intends to indefinitely reinvest other earnings, as well as future earnings from our foreign subsidiaries, to fund international operations. In addition, they expect future U.S. cash generation will be sufficient to meet future U.S. cash needs.

The Group is subject to several income tax examinations by taxing authorities in various jurisdictions within which it operates. As of December 31, 2021, management does not anticipate the outcome of these examinations to result in a material change to its financial position.

(xi) The Group has established a comprehensive system of maintenance of information and documents as required by the transfer pricing regulations under Sections 92-92F of the Income-Tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Group continuously updates its documents for the international transactions entered into with the associated enterprises during the financial year. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense for the year and that of provision for taxation.

Notes (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

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

NOTE 35: FINANCIAL INSTRUMENTS DISCLOSURE

Note 35.1: Fair Valuation measurement hierarchy

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows the carrying amounts and fair values of financial assets and liabilities including their levels of fair value hierarchy:

Particulars	As at December 31, 2021				As at December 31, 2020			
	Carrying Amount	Level of inputs used in			Carrying Amount	Level of inputs used in		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
FINANCIAL ASSETS								
At Amortised cost								
Trade receivables	16,777.80	-	-	-	10,914.65	-	-	-
Cash and cash equivalents	11,031.21	-	-	-	15,198.32	-	-	-
Bank balances other than cash and cash equivalents	2,810.30	-	-	-	2,800.04	-	-	-
Loans	335.47	-	-	-	359.61	-	-	-
Other non-current financial assets	112.97	-	-	-	4.17	-	-	-
Other current financial assets	3,621.14	-	-	-	2,750.98	-	-	-
At Fair value through Profit and Loss (FVTPL)								
Non-current investments	16.14	0.14	-	16.00	16.17	0.17	-	16.00
At Fair value through other comprehensive income (FVTOCI)								
Non-current investments	28.65	-	28.65	-	30.60	-	30.60	-
FINANCIAL LIABILITIES								
At Amortised cost								
Borrowings (including current maturities of non-current borrowings included in other current financial liabilities) excluding lease liabilities	80,485.32	-	-	-	83,347.58	-	-	-
Lease liabilities (including current maturities included in other current financial liabilities)	4,409.00	-	-	-	5,239.44	-	-	-
Other non-current financial liabilities	62.98	-	-	-	75.08	-	-	-
Trade payables	13,852.64	-	-	-	8,236.03	-	-	-
Other current financial liabilities	4,878.41	-	-	-	4,775.59	-	-	-

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

NOTE 35: FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

Note 35.2: Valuation Techniques

(a) **Investments at FVTPL/FVTOCI:** The Group measures the fair values of such investments using expected cash flow model.

(b) **Forward exchange contracts:** The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective instruments.

(c) **Borrowings including lease liabilities (at amortised cost):** The valuation model considers the present value of expected receipt/payment discounted using appropriate discounting rates.

(d) The fair value of trade receivables, loans, other financial assets, cash and cash equivalents, other bank balances, trade payables and other financial liabilities approximate their carrying amount largely due to short-term nature of these instruments.

Note 35.3: Financial risk management

The Group has put in place risk management systems as applicable to the respective operations. The following explains the objective and processes of the Group. The Group has a system based approach to risk management, anchored to policies and procedures and internal financial controls aimed at ensuring early identification, evaluation and management of key financial risks (such as market risk, credit risk and liquidity risk) that may arise as a consequence of its business operations as well as its investing and financing activities. Accordingly, the Group's risk management framework has the objective of ensuring that such risks are managed within acceptable and approved risk parameters in a disciplined and consistent manner and in compliance with applicable regulation. It also seeks to drive accountability in this regard.

Note 35.4: Credit Risk

Credit risk is the risk of financial loss arising from counter-party failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses both the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks. The entities within the Group have a policy of dealing only with credit worthy counter parties and obtaining sufficient collateral, where appropriate as a means of mitigating the risk of financial loss from defaults. Financial instruments that are subject to credit risk and concentration thereof principally consist of trade receivables, loans receivables, investments, cash and cash equivalents provided by the Group. None of the financial instruments of the Group result in material concentration of credit risk.

The carrying value of financial assets represents the maximum credit risk.

Trade receivables:

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business.

To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower

Notes (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

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

NOTE 35: FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

Based on the above analysis, the Group does not expect any credit risk from its trade receivables for any of the years reported in this financial statements except for the amounts disclosed as credit impaired in the below table.

The age wise break up of trade receivables, net of allowances is given below:

Particulars	As at December 31, 2021	As at December 31, 2020
Financial assets that are neither past due nor impaired	12,009.10	9,151.45
Financial assets that are past due but not impaired		
Past due 0-30 days	4,410.59	1,216.69
Past due 31-60 days	(6.17)	157.52
Past due 61-90 days	50.12	87.43
Past due over 90 days	314.16	301.56
Total past due but not impaired	**4,768.70**	**1,763.20**
Credit impaired	172.77	156.84
Less: Loss allowance	172.77	156.84
Total	**16,777.80**	**10,914.65**

Movement in loss allowance for doubtful trade receivables:

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Balance at the beginning of the year	156.84	158.33
Additional provision	50.01	5.13
Provisions utilised/reversed	-	(16.36)
Foreign exchange fluctuation	(34.08)	9.74
Balance at the end of the year	**172.77**	**156.84**

The Group's exposure to credit risk for trade receivables by geographic region is as follows:

Particulars	Carrying amount	
	As at December 31, 2021	As at December 31, 2020
United States	2,502.02	1,697.14
North America excluding United States	3,655.72	2,959.90
South America	86.66	76.90
Europe including CIS	5,460.01	3,260.92
Middle East	251.78	545.86
Africa	29.92	21.72
Australia	20.79	6.23
Asia excluding Middle East	4,770.90	2,345.98
Total	**16,777.80**	**10,914.65**

At December 31, 2021, the carrying amount of trade receivable of the Group's most significant customer is ₹ 2,132.03 (December 31, 2020: ₹ 1,855.86).

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

NOTE 35: FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

The Group's exposure to credit risk for loans (both current and non-current) by geographic region is as follows:

Particulars	Carrying amount	
	As at December 31, 2021	As at December 31, 2020
United States	5.00	4.84
Europe including CIS	8.53	29.84
Asia excluding Middle East	320.66	322.92
Total	**334.19**	**357.60**

Investments:

The Group limits its exposure to credit risk by generally investing in liquid securities and only with counter-parties that have a good credit rating. The Group does not expect any losses from non-performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors or specific country risks.

Cash and bank balances:

Credit risk on cash and bank balances is limited as the Group generally transacts with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

Other financial assets:

There is no significant loss allowance for other financial assets.

Note 35.5: Liquidity risk:

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The Group manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Group's reputation. The Group's corporate treasury department is responsible for liquidity and funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Group's net liquidity position through rolling forecasts on the basis of expected cash flows. As of December 31, 2021, cash and cash equivalents are held with major banks.

Maturity of financial liabilities:

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payment and excludes impact of netting arrangements (if any):

As at December 31, 2021

Contractual cash flows	Carrying value*	Less than 1 year	1-2 years	2-5 years	5-10 years	Later	Total
Non-derivative financial liabilities:							
Borrowings (including current maturities of non-current borrowings included in other current financial liabilities)	84,894.32	7,055.02	2,442.22	74,638.58	2,059.73	1,010.92	87,206.47
Other non-current financial liabilities	62.98	-	-	38.27	24.71	-	62.98
Trade payables	13,852.64	13,852.64	-	-	-	-	13,852.64
Other current financial liabilities	4,878.41	4,878.41	-	-	-	-	4,878.41

Notes (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

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

NOTE 35: FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payment and excludes impact of netting arrangements (if any):

As at December 31, 2020

Contractual cash flows	Carrying value*	Less than 1 year	1-2 years	2-5 years	5-10 years	Later	Total
Non-derivative financial liabilities:							
Borrowings (including current maturities of non-current borrowings included in other current financial liabilities)	88,587.02	8,715.77	2,066.48	77,051.16	2,396.13	1,087.62	91,317.16
Other non-current financial liabilities	75.08	-	-	46.32	28.76	-	75.08
Trade payables	8,236.03	8,235.85	0.18	-	-	-	8,236.03
Other current financial liabilities	4,775.59	4,775.59	-	-	-	-	4,775.59

* Carrying value of borrowings is shown as net of deferred finance cost

Note 35.6: Market risk:

Market risk is the risk of loss of future earnings, fair value or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates and other market changes that effect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including deposits, foreign currency receivables, payables and borrowings.

Note 35.7: Interest rate risk:

Interest rate risk is measured by using the cashflow sensitivity for change in variable interest rates. Any movement in the market interest rates could have an impact on the Group's cash flows as well as costs. In order to manage the Group's position with regard to interest rate risk, it adopts a policy of ensuring an optimal mix of its interest rate risk exposure. The Group's exposure to the risk of changes in market interest rates related primarily to the Group's borrowing with variable interest rates.

Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments as reported to management is as follows:

Particulars	Interest rate exposure as at	
	December 31, 2021	December 31, 2020
Variable rate instruments		
Financial assets	-	-
Financial liabilities	(40,814.49)	(43,394.97)
	(40,814.49)	**(43,394.97)**

Cash flow Sensitivity for variable rate instruments:

Impact on Profit and loss due to 1% change in interest rate: A reasonably possible change of 1% in interest rates at the reporting date would have increased / (decreased) profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Particulars	December 31, 2021		December 31, 2020	
	Increase in rate	Decrease in rate	Increase in rate	Decrease in rate
Impact on profit and loss				
Variable-rate instruments	(408.14)	408.14	(433.95)	433.95
Total Impact	**(408.14)**	**408.14**	**(433.95)**	**433.95**

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

NOTE 35: FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

Note 35.8 Currency risk:

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of individual entities in the Group.

The following table analyses foreign currency risk from non derivative financial instruments as at December 31, 2021:

Particulars*	Amounts in ₹				Total
Foreign Currency involved	USD	EUR	CAD	Others**	
Assets:					
Cash and bank balances	602.19	90.07	523.12	2,101.32	3,316.70
EEFC balance	1,246.75	-	-	-	1,246.75
Trade receivables	3,157.03	64.33	245.73	257.50	3,724.59
Loans	764.52	-	-	346.82	1,111.34
Loans and advances to subsidiary	1,575.22	-	-	-	1,575.22
Other financial assets	17.49	-	-	-	17.49
	7,363.20	**154.40**	**768.85**	**2,705.64**	**10,992.09**
Liabilities:					
Trade payables	1,143.02	103.01	2,527.84	50.48	3,824.35
Borrowings	5,066.41	511.77	-	5.17	5,583.35
Other financial liabilities	5.54	-	-	-	5.54
Contractually reimbursable expenses	88.64	-	-	-	88.64
Payables on purchase of fixed assets	119.43	-	-	-	119.43
	6,423.04	**614.78**	**2,527.84**	**55.65**	**9,621.31**

*Includes intercompany balances

**Others include RUB, GBP, CHF and others

The following table analyses foreign currency risk from non derivative financial instruments as at December 31, 2020:

Particulars*	Amounts in ₹				Total
Foreign Currency involved	USD	EUR	CAD	Others**	
Assets:					
Cash and bank balances	1,480.90	58.89	0.22	2.68	1,542.69
EEFC balance	199.53	-	-	-	199.53
Trade receivables	4,681.42	105.27	313.98	230.30	5,330.97
Loans	10.74	-	-	318.65	329.39
Loans and advances to subsidiary	2,337.71	-	-	-	2,337.71
	8,710.30	**164.16**	**314.20**	**551.63**	**9,740.29**
Liabilities:					
Trade payables	2,361.03	334.86	1,889.70	11.14	4,596.73
Borrowings	3,957.53	554.48	13.92	25.72	4,551.65
Other financial liabilities	3.85	-	-	-	3.85
Contractually reimbursable expenses	100.89	8.01	-	-	108.90
	6,423.30	**897.35**	**1,903.62**	**36.86**	**9,261.13**

*Includes intercompany balances

**Others include RUB, GBP, CHF and others

Notes (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

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

NOTE 35: FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

Sensitivity Analysis:

A reasonably possible strengthening/weakening of the US dollar (USD), Euro (EUR), Canadian Dollar (CAD) against all other currencies as at December 31 would have affected the measurement of financial instruments denominated in a foreign currency and affected consolidated statement of profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Impact on Profit and loss due to 1% change in foreign currency rates:

Particulars	December 31, 2021		December 31, 2020	
	Strengthening	Weakening	Strengthening	Weakening
USD	9.40	(9.40)	22.87	(22.87)
EUR	(4.60)	4.60	(7.33)	7.33
CAD	(17.59)	17.59	(15.89)	15.89
Others*	26.50	(26.50)	5.15	(5.15)

*Others include RUB, GBP, CHF and others

NOTE 36: INVESTMENT IN EQUITY ACCOUNTED INVESTEES

The Group holds 30% equity in Infratec Duisburg GmbH (IDGmbH) which is involved in infrastructure services located in Germany.

Summary financial information of the equity accounted investees and not adjusted for the percentage of ownership held by the Group, is as follows:

Particulars	As at / For the year ended December 31	
	2021	2020
Total current assets	1,512.82	1,455.34
Total non-current assets	606.12	633.50
Total assets	**2,118.94**	**2,088.84**
Equity	290.19	329.14
Total current liabilities	348.88	288.04
Total non-current liabilities	1,479.87	1,471.66
Total equity and liabilities	**2,118.94**	**2,088.84**
Revenue	1,995.08	2,149.35
Expenses	2,013.24	2,131.15
(Loss) / profit for the year, net	**(18.16)**	**18.20**
Group's share in (Loss) / Profit for the year	(5.45)	5.46

NOTE 37: CAPITAL MANAGEMENT

For the purpose of the Group’s capital management, capital includes issued equity share capital, share premium and all other equity reserves attributable to the equity share holders of the parent. The primary objective of the Group’s capital management is to maximize the shareholder value.

The Group’s policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to equity shareholders. The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position. The Group monitors capital using a

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

NOTE 37: CAPITAL MANAGEMENT (CONTINUED)

ratio of 'Net debt' to 'equity'. For this purpose, adjusted net debt is defined as total interest-bearing borrowings less cash and cash equivalents. Equity comprises all components of equity excluding non-controlling interest. The Group's Net debt to equity ratio is given below.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There have been no breaches in the financial covenants of any interest-bearing borrowing in the current period.

Particulars	As at December 31, 2021	As at December 31, 2020
Total borrowings, net of cash and cash equivalents	73,863.11	73,388.70
Equity	61,092.13	55,334.96
Net debt to equity ratio	**1.21**	**1.33**

NOTE 38: SEGMENTAL INFORMATION

a) Business Segment

The accounting principles used in the preparation of the consolidated financial statements are consistently applied to record revenue and expenditures in individual segment, and are set out in significant accounting policies.

The Group evaluates performance and determines resource allocations based on a number of factors, the primary measure being operating profit. Operating profit does not include depreciation and amortization expense, finance costs, share of profit of associates, other income, gain / loss on foreign currency transactions, exceptional items and income taxes. All inter segment transactions are accounted for at agreed upon rates based on transfer pricing agreements.

Particulars	For the year ended December 31, 2021				For the year ended December 31, 2020			
	Carbon	Advanced Materials	Cement	Total	Carbon	Advanced Materials	Cement	Total
Revenue								
External Sales	96,965.87	32,909.77	13,821.31	143,696.95	66,771.58	26,935.53	10,255.00	103,962.11
Inter- Segment Sales	6,631.47	3,827.78	20.19	10,479.44	5,313.12	2,166.25	30.71	7,510.08
Total	**103,597.34**	**36,737.55**	**13,841.50**	**154,176.39**	**72,084.70**	**29,101.78**	**10,285.71**	**111,472.19**
Less: Eliminations	(6,631.47)	(3,827.78)	(20.19)	(10,479.44)	(5,313.12)	(2,166.25)	(30.71)	(7,510.08)
Total Revenue from sale of products and from services provided	**96,965.87**	**32,909.77**	**13,821.31**	**143,696.95**	**66,771.58**	**26,935.53**	**10,255.00**	**103,962.11**
Other operating income	1,282.93	268.48	19.46	1,570.87	384.55	285.82	14.45	684.82
Total Revenue from operations	**98,248.80**	**33,178.25**	**13,840.77**	**145,267.82**	**67,156.13**	**27,221.35**	**10,269.45**	**104,646.93**
Result								
Operating Profit	**19,990.16**	**888.54**	**2,686.28**	**23,564.98**	**12,262.62**	**2,976.50**	**2,148.05**	**17,387.17**
Unallocable (income)/ expense								
Depreciation and amortisation expense				7,981.53				7,917.17
Impairment				168.07				-

Notes (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

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

NOTE 38: SEGMENTAL INFORMATION (CONTINUED)

Particulars	For the year ended December 31, 2021				For the year ended December 31, 2020			
	Carbon	Advanced Materials	Cement	Total	Carbon	Advanced Materials	Cement	Total
Finance costs				4,789.14				4,900.71
Other Income				(1,931.16)				(4,552.97)
Forex loss / (gain)				(212.25)				617.85
Share of profit / (loss) of associates (net of income tax)				5.45				(5.46)
Profit before taxation				**12,764.20**				**8,509.87**
Tax expense, net				5,828.79				2,627.56
Profit after tax and before minority interest				**6,935.41**				**5,882.31**

Segmental assets and liabilities:

As certain assets of the Company are often deployed interchangeably between segments, it is impractical to allocate these assets and liabilities to each segment. Hence, the details for segment assets and liabilities have not been disclosed in the above table.

Since the information about material items of income and expense are not reviewed by Chief Operating Decision Maker (CODM), the Group has not presented such information as part of its segment disclosures which is in accordance with requirements of Ind AS 108 - "Operating Segments".

b) Geographical Segment (secondary segment information)

Particulars	Revenue from operations for the		Non-current assets as at*	
	Year ended December 31, 2021	Year ended December 31, 2020	December 31, 2021	December 31, 2020
India	29,366.05	19,696.94	12,841.39	11,639.12
Outside India	115,901.77	84,949.99	105,623.60	112,331.97
	145,267.82	**104,646.93**	**118,464.99**	**123,971.09**

*Non-current assets exclude financial instruments, equity accounted investments, deferred tax assets and post-employment benefit assets.

Particulars	Revenue from operations for the		Non-current assets as at*	
	Year ended December 31, 2021	Year ended December 31, 2020	December 31, 2021	December 31, 2020
Europe including CIS	58,487.94	37,852.24	53,624.39	59,476.31
Asia excluding Middle East (Including India)	32,492.23	22,632.34	12,842.18	12,729.46
United States	23,973.41	20,965.41	45,959.99	45,639.13
North America excluding United States	19,572.66	15,902.23	6,038.43	6,126.19
Others	10,741.58	7,294.71	-	-
Total	**145,267.82**	**104,646.93**	**118,464.99**	**123,971.09**

*Non-current assets exclude financial instruments, equity accounted investments, deferred tax assets and post-employment benefit assets.

Note: Revenue by geographic area in the above table are attributed by the destination country of sale.

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

NOTE 38: SEGMENTAL INFORMATION (CONTINUED)

Revenue from major products:

Particulars	For the year ended December 31	
	2021	2020
Calcined petroleum coke	42,136.26	27,026.21
Coal tar pitch	31,317.19	23,150.13
Other carbon products	21,124.97	14,418.89
Resins	13,027.81	10,430.01
Cement	13,821.31	10,255.00

Revenue from major customer:

The Group is not reliant on revenues from transactions with any single external customer and does not receive 10% or more of its revenues from transactions with any single external customer.

NOTE 39: IMPAIRMENT TESTING FOR CASH-GENERATING UNITS CONTAINING GOODWILL

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which goodwill is monitored for internal management purposes, which is not higher than the Group's operating segments. The aggregate carrying amount of goodwill allocated to each unit are as follows:

Particulars	As at December 31, 2021	As at December 31, 2020
(a) Carbon Calcination	31,320.50	30,793.57
(b) Carbon Distillation	29,604.58	31,402.87
(c) Advanced Materials	2,179.69	2,328.54
(d) Cement	201.37	201.37
	63,306.14	**64,726.35**

The recoverable amount of the respective CGU is based on fair value less costs to sell, by using discounted cash flows. The fair value measurement has been categorised as Level 3.

The recoverable amounts of the above cash generating units have been assessed using a value-in-use model. Value in use is generally calculated as the net present value of the projected post-tax cash flows plus a terminal value of the cash generating unit to which the goodwill is allocated. Initially a post-tax discount rate is applied to calculate the net present value of the post-tax cash flows.

Key assumptions on which the Group has based its determination of value-in-use include:

a) Estimated cash flows for five years based on management's budgets and estimates.

b) Terminal value arrived by extrapolating last forecasted year cash flows to perpetuity, using a constant long-term growth rate ranging from 0.75% to 2.00% for various cash generating units. This long-term growth rate takes into consideration external macro-economic sources of data. Such long-term growth rate considered does not exceed that of the relevant business and industry sector.

c) The post-tax discount rates used are based on the capital structure of a peer group in accordance with Ind AS 36.

Notes (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

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

NOTE 39: IMPAIRMENT TESTING FOR CASH-GENERATING UNITS CONTAINING GOODWILL (CONTINUED)

d) Value-in-use is calculated using after tax assumptions. The use of after tax assumptions does not result in a value-in-use that is materially different from the value-in-use that would result if the calculation was performed using before tax assumptions. The after tax discount rates used range from 7.35% to 14.00% for various cash generating units.

The Group believes that any reasonably possible change in the key assumptions on which a recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

NOTE 40: NON-CONTROLLING INTEREST

The following table summarises the information relating to each of the Group's subsidiaries that has material non-controlling interests (NCI), before any intra-group eliminations

December 31, 2021	OOO RÜTGERS Severtar	Severtar Holding Limited	Total
Non-controlling interest percentage	34.7%	34.7%	
Non-current assets	1,857.30	2,061.93	3,919.23
Current assets	4,222.10	2,219.46	6,441.56
Non-current liabilities	(442.06)	-	(442.06)
Current liabilities	(813.95)	(1.28)	(815.23)
Net assets	**4,823.39**	**4,280.11**	**9,103.50**
Net assets attributable to non-controlling interests	1,673.72	1,485.20	3,158.92
Revenue	11,408.92	-	11,408.92
Profit for the year	3,702.42	2,127.53	5,829.95
Other comprehensive income / (loss)	116.47	(11.74)	104.73
Total comprehensive income	**3,818.89**	**2,115.79**	**5,934.68**
Profit allocated to non-controlling interests	1,284.74	738.25	2,022.99
Other comprehensive income / (loss) allocated to non-controlling interests	40.42	(4.07)	36.35
Total comprehensive income allocated to non-controlling interests	**1,325.16**	**734.18**	**2,059.34**
Cash flows from / (used in) operating activities	357.65	(427.31)	(69.66)
Cash flows (used in) / from investing activities	(20.33)	2,556.57	2,536.24
Cash flows (used in) / from financing activities (Dividend to NCI: Nil)	(2,561.98)	(0.01)	(2,561.99)
Effect of exchange differences on restatement of foreign currency cash and cash equivalents	(9.97)	(29.08)	(39.05)
Net (decrease) / increase in cash and cash equivalents	(2,234.63)	2,100.17	(134.46)

December 31, 2020	OOO RÜTGERS Severtar	Severtar Holding Limited	Total
Non-controlling interest percentage	34.7%	34.7%	
Non-current assets	1,953.23	2,202.74	4,155.97
Current assets	2,659.11	936.07	3,595.18
Non-current liabilities	(470.22)	-	(470.22)
Current liabilities	(477.24)	(0.88)	(478.12)
Net assets	**3,664.88**	**3,137.93**	**6,802.81**

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

NOTE 40: NON-CONTROLLING INTEREST (CONTINUED)

December 31, 2020	OOO RÜTGERS Severtar	Severtar Holding Limited	Total
Net assets attributable to non-controlling interests	1,271.71	1,088.86	2,360.57
Revenue	6,492.09	0.81	6,492.91
Profit for the year	1,177.27	1,011.89	2,189.16
Other comprehensive loss	(435.76)	(23.02)	(458.78)
Total comprehensive income	**741.51**	**988.87**	**1,730.38**
Profit allocated to non-controlling interests	408.51	351.13	759.64
Other comprehensive loss allocated to non-controlling interests	(151.21)	(7.99)	(159.20)
Total comprehensive income allocated to non-controlling interests	**257.30**	**343.14**	**600.44**
Cash flows from operating activities	2,446.53	1,534.73	3,981.26
Cash flows (used in) / from investing activities	(141.74)	4.89	(136.85)
Cash flows used in financing activities (Dividend to NCI: ₹ 361.62)	(2,079.49)	(1,043.77)	(3,123.26)
Effect of exchange differences on restatement of foreign currency cash and cash equivalents	(573.02)	80.83	(492.19)
Net (decrease) / increase in cash and cash equivalents	(347.72)	576.68	228.96

NOTE 41: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS

The Group has various employee benefit schemes covering different categories of employees based on their location of employment.

a) Contribution plans:

Amounts towards defined contribution plans have been recognised under "Contributions to provident and other funds" in Note 31 of ₹ 146.18 for the year ended December 31, 2021 (December 31, 2020 - ₹ 173.70).

b) Compensated absences:

The Group provides for accumulation of compensated absences to certain categories of its employees. These employees can carry forward a portion of the unutilised compensated absences and utilise it in future periods or receive cash in lieu thereof as per the Group's policy. The Group records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The total liability recorded towards this benefit as at December 31, 2021 is ₹ 333.12 (December 31, 2020 - ₹ 349.01).

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

Particulars	As at December 31, 2021	As at December 31, 2020
Net Liability		
- Current	74.98	77.07
- Non-current	258.14	271.94
Total	**333.12**	**349.01**

Notes (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

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

NOTE 41: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

c) Benefit plans:

The Group has various employee benefit plans covering different categories of employees based on their location of employment.

The various benefit plans are as follows:
(A) Gratuity plan in India
(B) Pension plan in United States of America
(C) Pension plan in Germany
(D) Pension plan in Belgium
(E) Pension plan in Canada
(F) Health care plan in Canada

Inherent risk:

The plans are defined benefit in nature which is sponsored by the Group and hence it underwrites all the risk pertaining to the plans. In particular, this exposes the Group, to actuarial risk such as adverse salary growth, change in demographic experience, inadequate return on underlying plan assets. This may result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature, the plans are not subject to longevity risk.

A. Gratuity plan in India:

In accordance with applicable Indian laws, the Company and its Indian subsidiaries have a defined benefit plan which provides for gratuity payments (the “Gratuity Plan”) and covers certain categories of employees in India. The Gratuity Plan provides a lump sum gratuity payment to eligible employees at retirement or termination of their employment. The amount of the payment is based on the respective employee’s last drawn salary and the years of employment with the Company. Vesting occurs on completion of 5 years of service. The Group makes annual contribution in Gratuity funds of Insurance companies. The Parent and its Indian subsidiaries account for the liability for gratuity benefits payable in the future based on an actuarial valuation. The actuarial valuation of the present value of the defined benefit obligation has been carried out as at December 31, 2021. The following table sets forth the status of the various defined benefit plans of the Group and the amounts recognised in the Consolidated Balance Sheet and Consolidated Statement of Profit and Loss.

(i) Amounts recognised in the Consolidated Balance Sheet are as follows:

Particulars	As at December 31, 2021	As at December 31, 2020
Present value of funded obligation	207.17	206.37
Less: Fair value of plan assets	39.17	46.36
Net liability	**168.00**	**160.01**

(ii) Net employee benefits expense (recognised in employee benefits expense):

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Current service cost	16.56	16.52
Interest cost	9.39	9.83
Total	**25.95**	**26.35**

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

NOTE 41: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

(iii) Net employee benefits expense (recognised in other comprehensive income):

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Remeasurements of defined benefit plans	(5.48)	(6.10)

(iv) Reconciliation of opening and closing balances of the present value of the obligations:

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Opening defined benefit obligation	206.37	201.72
Current service cost	16.56	16.52
Interest Cost	11.20	11.86
Actuarial loss/(gain)		
Changes in financial assumptions	(6.44)	6.91
Changes in demographic assumptions	-	(0.49)
Experience adjustments	2.01	(11.24)
Amount paid to employees	(22.53)	(18.91)
Closing defined benefit obligation	**207.17**	**206.37**

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

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Opening fair value of plan assets	46.36	47.76
Interest on plan assets	1.81	2.03
Actuarial gain	1.05	1.28
Contribution by employer	12.48	14.20
Amount paid to employees	(22.53)	(18.91)
Closing fair value of plan assets	**39.17**	**46.36**
Actual return on plan assets	**2.86**	**3.31**

(vi) Major Category of plan assets as a percentage to fair value of plan assets:

Particulars	As at December 31, 2021	As at December 31, 2020
Insurer managed funds	100%	100%

(vii) Principal Actuarial assumptions used:

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Discount rates on benefit obligations	6.60%	6.10%
Expected salary increase rates	7.00% - 7.50%	7.00% - 7.50%

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

Notes (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

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

NOTE 41: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

Assumptions regarding future mortality and experience are set in accordance with published rates under Indian assured lives mortality 2012-2014. The discount rate is based on the prevailing market yield in Indian government securities as at balance sheet date for estimated term of obligation.

(viii) Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts for the year ended December 31, 2021 shown below.

Particulars	Increase	Decrease
Discount rate (0.5% movement)	(5.46)	0.21
Future salary growth (0.5% movement)	5.63	0.02

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts for the year ended December 31, 2020 shown below.

Particulars	Increase	Decrease
Discount rate (0.5% movement)	(5.50)	5.85
Future salary growth (0.5% movement)	5.56	(5.27)

(ix) The expected contribution to be made by the Group during the next annual reporting period is ₹ 12.00 (December 31, 2020: ₹ 12.00).

(x) As at December 31, 2021, the weighted average duration of the defined benefit obligation is in the range of 5.59 to 6.93 years (December 31, 2020: 5.67 to 7.19 years).

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

(xii) Maturity profile of the defined benefit obligation:

Particulars	As at December 31, 2021	As at December 31, 2020
Year 1	43.57	45.70
Year 2	24.08	21.04
Year 3	22.57	22.48
Year 4	24.80	19.23
Year 5	23.50	22.85
Thereafter	202.32	195.30

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

NOTE 41: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

B. Pension plan in United States of America:

The subsidiaries in the United States of America (USA) have a non-contributory defined benefit pension plan covering hourly employees in the USA. Benefits under the hourly employees' plan are based on years of service and age. Their funding policy is to contribute amounts to meet minimum funding requirements, plus additional amounts as the subsidiary companies may determine to be appropriate.

The actuarial valuation of the present value of the defined benefit obligation has been carried out as at December 31, 2021. The following table sets forth the status of the various defined benefit plans of the Group and the amounts recognised in the Consolidated Balance Sheet and Consolidated Statement of Profit and Loss.

(i) Amounts recognised in the Consolidated Balance Sheet are as follows:

Particulars	As at December 31, 2021	As at December 31, 2020
Present value of funded obligation	1,059.84	1,046.07
Less: Fair value of plan assets	790.36	712.09
Net liability	**269.48**	**333.98**

(ii) Net employee benefits expense (recognised in employee benefits expense):

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Current service cost	39.17	34.48
Past service cost	25.13	20.45
Interest cost	25.10	27.79
Expected return on plan assets	(50.40)	(45.08)
Total	**39.00**	**37.64**

(iii) Net employee benefits expense (recognised in other comprehensive income):

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Remeasurements of defined benefit plans	(84.95)	47.15

(iv) Reconciliation of opening and closing balances of the present value of the obligations:

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Opening defined benefit obligation	1,046.07	863.52
Current service cost	39.17	34.48
Past service cost	25.13	20.45
Interest Cost	25.10	27.79
Actuarial (gain) / loss	(100.42)	105.44
Amendments	31.34	-
Amount paid to employees	(25.77)	(25.60)
Exchange differences	19.22	19.99
Closing defined benefit obligation	**1,059.84**	**1,046.07**

Notes (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

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

NOTE 41: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

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

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Opening fair value of plan assets	712.09	619.55
Interest on plan assets	50.40	45.08
Actuarial gain	15.87	58.29
Contribution by employer	25.54	-
Amount paid to employees	(25.77)	(25.60)
Exchange differences	12.23	14.77
Closing fair value of plan assets	**790.36**	**712.09**
Actual return on plan assets	**66.27**	**103.37**

(vi) Major Category of plan assets as a percentage to fair value of plan assets:

Particulars	As at December 31, 2021	As at December 31, 2020
Equity securities	49%	54%
Debt securities	45%	44%
Others	6%	2%

(vii) Principal Actuarial assumptions used:

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Discount rates on benefit obligations	2.75%	2.41%
Expected rate of return on plan assets	7.00%	7.00%

Assumptions regarding future mortality and experience are set in accordance with Scale MP - 2021. The discount rate is based on the FTSE spot rates as at balance sheet date for estimated term of obligation.

(viii) Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts for the year ended December 31, 2021 shown below.

Particulars	Increase	Decrease
Discount rate (0.5% movement)	77.68	(101.23)
Attrition rate (0.5% movement)	1.11	(1.34)
Future mortality (0.5% movement)	(19.31)	19.87

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts for the year ended December 31, 2020 shown below.

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

NOTE 41: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

Particulars	Increase	Decrease
Discount rate (0.5% movement)	80.77	(106.06)
Attrition rate (0.5% movement)	1.67	(2.09)
Future mortality (0.5% movement)	(20.04)	20.39

(ix) The expected contribution to be made by the Group during the next annual reporting period is Nil (December 31, 2020: ₹ 32.52).

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

(xi) Maturity profile of the defined benefit obligation:

Particulars	As at December 31, 2021	As at December 31, 2020
Year 1	37.14	33.21
Year 2	38.49	35.42
Year 3	38.73	37.02
Year 4	40.93	37.15
Year 5	42.80	39.53
Year 6 - Year 10	218.39	217.26

C. Pension plan in Germany:

In respect of subsidiary companies in Germany, the Group has defined benefit retirement plans covering its employees. Pension provisions are recognized for obligations due to benefit plans for old age, invalidity, and surviving dependent's benefits. Benefits vary according to the legal, tax, and economic circumstances prevailing in each relevant country. Benefits are usually based on the length of service and final salary of employees.

The actuarial valuation of the present value of the defined benefit obligation has been carried out as at December 31, 2021. The following table sets forth the status of the various defined benefit plans of the Group and the amounts recognised in the Consolidated Balance Sheet and Consolidated Statement of Profit and Loss.

(i) Amounts recognised in the Consolidated Balance Sheet are as follows:

Particulars	As at December 31, 2021	As at December 31, 2020
Present value of funded obligation	10,762.49	13,068.55
Less: Fair value of plan assets	-	-
Net liability	**10,762.49**	**13,068.55**

(ii) Net employee benefits expense (recognised in employee benefits expense):

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Current service cost	503.18	489.94
Interest cost	43.10	82.56
Total	**546.28**	**572.50**

Notes (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

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

NOTE 41: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

(iii) Net employee benefits expense (recognised in other comprehensive income):

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Remeasurements of defined benefit plans	(1,977.05)	1,057.78

(iv) Reconciliation of opening and closing balances of the present value of the obligations:

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Opening defined benefit obligation	13,068.55	10,174.20
Current service cost	503.18	489.94
Interest Cost	43.10	82.56
Actuarial (gain) / loss	(1,977.05)	1,057.78
Plan participant contributions	51.92	51.13
Amount paid to employees	(106.10)	(87.41)
Exchange differences	(821.11)	1,300.35
Closing defined benefit obligation	**10,762.49**	**13,068.55**

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

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Opening fair value of plan assets	-	-
Contribution by employer	54.18	36.28
Plan participant contributions	51.92	51.13
Amount paid to employees	(106.10)	(87.41)
Closing fair value of plan assets	**-**	**-**
Actual return on plan assets	**-**	**-**

(vi) Principal Actuarial assumptions used:

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Discount rates on benefit obligations	0.98%	0.34%
Expected salary increase rates	3.00%	3.00%

Assumptions regarding future mortality and experience are set in accordance with Heubeck 2018G. The discount rate is based on the IBoxx Corporate AA 10+ Indices as at balance sheet date for estimated term of obligation.

(vii) Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts for the year ended December 31, 2021 shown below.

Particulars	Increase	Decrease
Discount rate (0.5% movement)	(1,271.03)	1,508.43
Future salary growth (0.5% movement)	22.33	(21.97)
Weighted average duration	25.13 years	26.23 years

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

NOTE 41: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts for the year ended December 31, 2020 shown below.

Particulars	Increase	Decrease
Discount rate (0.5% movement)	(1,636.89)	1,980.00
Future salary growth (0.5% movement)	32.56	(32.01)
Weighted average duration	NA	26.76 years

(vii) The expected contribution to be made by the Group during the next annual reporting period is ₹ 126.60 (December 31, 2020: ₹ 63.09).

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

(ix) Maturity profile of the defined benefit obligation:

Particulars	As at December 31, 2021	As at December 31, 2020
Year 1	126.61	118.22
Year 2	143.48	140.63
Year 3	157.08	159.19
Year 4	171.62	173.43
Year 5	185.52	188.67
Year 6 - Year 10	1,204.20	1,203.62

D. Pension plan in Belgium:

In respect of subsidiary companies in Belgium, the Group has defined benefit retirement plans covering its employees. Pension provisions are recognized for obligations due to benefit plans for old age, invalidity, and surviving dependents' benefits. Benefits vary according to the legal, tax, and economic circumstances prevailing in each relevant country. Benefits are usually based on the length of service and final salary of employees.

The actuarial valuation of the present value of the defined benefit obligation has been carried out as at December 31, 2021. The following table sets forth the status of the various defined benefit plans of the Group and the amounts recognised in the Consolidated Balance Sheet and Consolidated Statement of Profit and Loss.

(i) Amounts recognised in the Consolidated Balance Sheet are as follows:

Particulars	As at December 31, 2021	As at December 31, 2020
Present value of funded obligation	1,773.42	1,868.94
Less: Fair value of plan assets	1,246.43	1,171.15
Net liability	**526.99**	**697.79**

Notes (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

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

NOTE 41: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

(ii) Net employee benefits expense (recognised in employee benefits expense):

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Current service cost	135.95	114.97
Interest cost	6.15	11.47
Expected return on plan assets	(4.07)	(7.90)
Total	**138.03**	**118.54**

(iii) Net employee benefits expense (recognised in other comprehensive income):

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Remeasurements of defined benefit plans	(115.77)	143.32

(iv) Reconciliation of opening and closing balances of the present value of the obligations:

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Opening defined benefit obligation	1,868.94	1,415.78
Current service cost	135.95	114.97
Interest Cost	6.15	11.47
Actuarial (gain) / loss	(91.41)	178.93
Administrative expenses, taxes and insurance premiums	(46.99)	(38.53)
Plan participant contributions	24.61	20.91
Amount paid to employees	(1.26)	(16.77)
Exchange differences	(122.57)	182.18
Closing defined benefit obligation	**1,773.42**	**1,868.94**

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

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Opening fair value of plan assets	1,171.15	915.35
Interest on plan assets	4.07	7.90
Actuarial gain	24.36	35.61
Contribution by employer	150.93	125.12
Plan participant contributions	24.61	20.91
Administrative expenses, taxes and insurance premiums	(46.99)	(38.53)
Amount paid to employees	(1.26)	(16.77)
Exchange differences	(80.44)	121.56
Closing fair value of plan assets	**1,246.43**	**1,171.15**
Actual return on plan assets	**28.43**	**43.51**

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

NOTE 41: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

(vi) Major Category of plan assets as a percentage to fair value of plan assets:

Particulars	As at December 31, 2021	As at December 31, 2020
Insurer managed funds	100%	100%

(vii) Principal Actuarial assumptions used:

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Discount rates on benefit obligations	0.98%	0.34%
Expected rate of return on plan assets	2.20%	2.20%
Expected salary increase rates	2.50%	2.50%

Assumptions regarding future mortality and experience are set in accordance with MR/FR-5. The discount rate is based on the IBoxx Corporate AA 10+ Indices as at balance sheet date for estimated term of obligation.

(viii) Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts for the year ended December 31, 2021 shown below.

Particulars	Increase	Decrease
Discount rate (0.5% movement)	(117.19)	128.06
Future salary growth (0.5% movement)	(3,546.84)	(3,546.84)
Weighted average duration	13.67 years	13.94 years

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts for the year ended December 31, 2020 shown below.

Particulars	Increase	Decrease
Discount rate (0.5% movement)	(132.42)	144.23
Weighted average duration	NA	14.70 years

(ix) The expected contribution to be made by the Group during the next annual reporting period is ₹ 148.62 (December 31, 2020: ₹ 133.90).

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

Notes (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

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

NOTE 41: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

(xi) Maturity profile of the defined benefit obligation:

Particulars	As at December 31, 2021	As at December 31, 2020
Year 1	30.98	1.68
Year 2	12.62	19.10
Year 3	99.94	13.41
Year 4	20.99	95.35
Year 5	71.56	34.70
Year 6 - Year 10	595.52	557.23

E. Pension plan in Canada:

In respect of subsidiary companies in Canada, the Group has defined benefit retirement plans covering its employees. Pension provisions are recognized for obligations due to benefit plans for old age, invalidity, and surviving dependents benefits. Benefits vary according to the legal, tax, and economic circumstances prevailing in each relevant country. Benefits are usually based on the length of service and final salary of employees.

The actuarial valuation of the present value of the defined benefit obligation has been carried out as at December 31, 2021. The following table sets forth the status of the various defined benefit plans of the Group and the amounts recognised in the Consolidated Balance Sheet and Consolidated Statement of Profit and Loss.

(i) Amounts recognised in the Consolidated Balance Sheet are as follows:

Particulars	As at December 31, 2021	As at December 31, 2020
Present value of funded obligation	2,038.86	2,194.04
Less: Fair value of plan assets	2,364.14	2,209.52
Net liability / (asset)	**(325.28)**	**(15.48)**

(ii) Net employee benefits expense (recognised in employee benefits expense):

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Current service cost	39.82	32.88
Interest cost	57.41	59.13
Expected return on plan assets	(58.59)	(59.93)
Administrative expenses	6.13	5.53
Total	**44.77**	**37.61**

(iii) Net employee benefits expense (recognised in other comprehensive income):

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Remeasurements of defined benefit plans	(296.83)	9.23

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

NOTE 41: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

(iv) Reconciliation of opening and closing balances of the present value of the obligations:

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Opening defined benefit obligation	2,194.04	1,925.88
Current service cost	39.82	32.88
Interest Cost	57.41	59.13
Actuarial (gain) / loss	(168.82)	145.01
Plan participant contributions	4.12	4.96
Amount paid to employees	(122.38)	(68.00)
Exchange differences	34.67	94.18
Closing defined benefit obligation	**2,038.86**	**2,194.04**

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

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Opening fair value of plan assets	2,209.52	1,928.15
Interest on plan assets	58.59	59.93
Actuarial gain	128.01	135.78
Contribution by employer	53.45	52.60
Plan participant contributions	4.12	4.96
Administrative expenses, taxes and insurance premiums	(6.13)	(5.53)
Amount paid to employees	(122.38)	(68.00)
Exchange differences	38.96	101.63
Closing fair value of plan assets	**2,364.14**	**2,209.52**
Actual return on plan assets	**186.60**	**195.71**

(vi) Major Category of plan assets as a percentage to fair value of plan assets:

Particulars	As at December 31, 2021	As at December 31, 2020
Others	100%	100%

(vii) Principal Actuarial assumptions used:

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Discount rates on benefit obligations	3.20%	2.60%
Expected rate of return on plan assets	4.40%	4.40%
Expected salary increase rates	3.00%	3.00%

The discount rate is based on the Mercer Yield Curve Indices as at balance sheet date for estimated term of obligation.

Notes (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

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

NOTE 41: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

(viii) Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts for the year ended December 31, 2021 shown below.

Particulars	Increase	Decrease
Discount rate (0.5% movement)	(161.85)	178.63
Future salary growth (0.5% movement)	6.35	(4.40)
Weighted average duration	12.97 years	13.43 years

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts for the year ended December 31, 2020 shown below.

Particulars	Increase	Decrease
Discount rate (0.5% movement)	(186.06)	202.27
Future salary growth (0.5% movement)	5.46	(5.39)
Weighted average duration	NA	14.03 years

(ix) The expected contribution to be made by the Group during the next annual reporting period is ₹ 59.82 (December 31, 2020: ₹ 67.80).

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

(xi) Maturity profile of the defined benefit obligation:

Particulars	As at December 31, 2021	As at December 31, 2020
Year 1	91.81	83.61
Year 2	104.16	91.54
Year 3	104.60	102.31
Year 4	113.84	102.72
Year 5	119.88	111.78
Year 6 - Year 10	642.41	618.11

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

NOTE 41: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

F. Health care plan in Canada:

One of the subsidiaries in Canada have non-pension post-employment benefit plans funded on a cash basis by contribution from the subsidiaries. The plan is for the purpose of providing medical and dental benefits for retirees and eligible dependents and life insurance for retirees. The plan is funded on a pay-as-you-go basis. The subsidiary funds on a cash basis as benefits are paid. No assets have been segregated and restricted to provide for the plan. The actuarial valuation of the present value of the defined benefit obligation has been carried out as at December 31, 2021. The following table sets forth the status of the various defined benefit plans of the Group and the amounts recognised in the Consolidated Balance Sheet and Consolidated Statement of Profit and Loss.

(i) Amounts recognised in the Consolidated Balance Sheet are as follows:

Particulars	As at December 31, 2021	As at December 31, 2020
Present value of funded obligation	535.48	549.60
Less: Fair value of plan assets	-	-
Net liability	**535.48**	**549.60**

(ii) Net employee benefits expense (recognised in employee benefits expense):

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Current service cost	36.57	10.91
Interest cost	14.52	11.58
Total	**51.09**	**22.49**

(iii) Net employee benefits expense (recognised in other comprehensive income):

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Remeasurements of defined benefit plans	(55.41)	145.76

(iv) Reconciliation of opening and closing balances of the present value of the obligations:

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Opening defined benefit obligation	549.60	375.92
Current service cost	36.57	10.91
Interest Cost	14.52	11.58
Actuarial loss/(gain)	(55.41)	145.76
Amount paid to employees	(17.93)	(11.25)
Exchange differences	8.13	16.68
Closing defined benefit obligation	**535.48**	**549.60**

Notes (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

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

NOTE 41: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

(v) Principal Actuarial assumptions used:

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Discount rates on benefit obligations	3.20%	2.60%
Annual increase in health cost		
Initial trend rate	5.65%	5.76%
Ultimate trend rate	4.00%	4.00%
Year ultimate trend rate is reached	2040	2040

Assumptions regarding future mortality and experience are set in accordance with 2014 Private Sector Canadian Pensioners Mortality Table (CPM2014Priv) with projection scale CPM-B. The discount rate is based on the Mercer Yiled Curve as at balance sheet date for estimated term of obligation.

(vi) Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts for the year ended December 31, 2021 shown below.

Particulars	Increase	Decrease
Health care cost trend rates (0.5% movement)	32.59	(24.86)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts for the year ended December 31, 2020 shown below.

Particulars	Increase	Decrease
Health care cost trend rates (0.5% movement)	34.83	(24.68)

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

(xi) Maturity profile of the defined benefit obligation:

Particulars	As at December 31, 2021	As at December 31, 2020
Year 1	15.55	14.01
Year 2	16.47	15.26
Year 3	17.82	16.16
Year 4	19.08	17.51
Year 5	20.51	18.77
Year 6 - Year 10	122.80	114.75

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

NOTE 42: RELATED PARTY DISCLOSURES

a) Names of related parties and description of relationship

Key Managerial Personnel (KMP) and their relatives	1. Mr. N. Radha Krishna Reddy Managing Director
	2. Mr. Jagan Mohan Reddy Nellore Non-Executive Director
	3. Mr. N. Sujith Kumar Reddy Non-Executive Director
	4. Mr. N. Venkata Pranav Reddy Relative of Managing Director
	5. Mr. N. Shiv Keshav Reddy Relative of Managing Director
	6. Mr. N. Sridutt Reddy Relative of Managing Director
	7. Mr. T. Srinivasa Rao Chief Financial Officer
	8. Mr. S. Venkat Ramana Reddy Company Secretary
Enterprise where key managerial personnel along with their relatives exercise significant influence	1. Rain Entertainments Private Limited (REPL)
	2. Rain Enterprises Private Limited (REnPL)
	3. Nivee Holdings Private Limited
	4. Nivee Property Developers Private Limited (NPDPL)
	5. Sujala Investments Private Limited
	6. Pragnya Priya Foundation (PPF)
	7. Arunachala Holdings Private Limited
	8. Arunachala Logistics Private Limited
	9. PCL Financial Services Private Limited
	10. Protector Facilities Management Private Limited
Non-executive directors	1. Mr. Jagan Mohan Reddy Nellore - Vice Chairman (Non-Executive Director)
	2. Mr. N. Sujith Kumar Reddy - Non-Executive Director
	3. Mr. Brian Jude McNamara - Independent Director (Chairman)
	4. Mr. Varun Batra - Independent Director
	5. Ms. Radhika Vijay Haribhakti - Independent Director
	6. Ms. Nirmala Reddy - Independent Director
	7. Mr. Robert Tonti Thomas - Independent Director (since October 31, 2021)
	8. Mr. H.L. Zutshi - Independent Director (till September 30, 2021)
Equity accounted investees	1. InfraTec Duisburg GmbH (IDGmbH) (Investment by Rain Carbon Germany GmbH)

Notes (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

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

NOTE 42: RELATED PARTY DISCLOSURES (CONTINUED)

b) Transactions with related parties:

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Purchases and services (net of reimbursements) from:		
a) InfraTec Duisburg GmbH	792.42	663.09
b) Arunachala Logistics Private Limited	4,932.30	3,542.78
Sale of cement:		
a) Rain Entertainments Private Limited	0.04	0.15
b) Pragnya Priya Foundation	19.50	-
c) Nivee Property Developers Private Limited	3.24	3.57
d) Arunachala Logistics Private Limited	41.23	6.79
Other operating income		
a) InfraTec Duisburg GmbH	93.90	75.58
b) Arunachala Logistics Private Limited - Rental Income	0.50	0.42
c) Arunachla Logistics Private Limited - Sale of Scrap	0.32	1.27
Other operating expenses		
a) Arunachala Logistics Private Limited - Rental Expenses	3.86	0.90
b) Protector Facilities Management Private Limited - Man Power Services	40.85	1.76
Managerial remuneration (Short term employee benefits) (See Note (iii) below)		
a) T. Srinivasa Rao	18.21	16.11
b) S. Venkat Ramana Reddy	5.11	4.80
Remuneration, commission and sitting fees to relatives of KMP		
a) N. Sujith Kumar Reddy (managing director of a wholly owned subsidiary)	47.11	42.18
b) N. Venkata Pranav Reddy (son of managing director of a wholly owned subsidiary)	0.87	0.87
c) N. Shiv Keshav Reddy (son of managing director of a wholly owned subsidiary)	0.15	0.15
d) N. Sridutt Reddy (relative of managing director)	1.68	1.66
Sitting fees to Non-executive directors of the Company	4.18	4.14
Commission to Non-executive directors of the Company	3.60	3.25
Dividend paid		
a) Enterprise where key managerial personnel along with their relatives exercise significant influence		
- Sujala Investments Private Limited	37.77	37.77
- Rain Enterprises Private Limited	25.32	25.32
- Nivee Holdings Private Limited	8.14	8.14
- Arunachala Holdings Private Limited	5.27	5.27
- PCL Financial Services Private Limited	3.78	3.78
- Arunachala Logistics Private Limited	0.99	0.99

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

NOTE 42: RELATED PARTY DISCLOSURES (CONTINUED)

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
b) Key Managerial Personnel		
- N. Radha Krishna Reddy	10.38	10.38
- T. Srinivasa Rao	0.09	0.09
c) Non-executive directors		
- N. Sujith Kumar Reddy	10.03	10.03
Corporate social responsibility expense		
a) Pragnya Priya Foundation	54.45	71.25

The Group has the following dues from / to related parties:

Particulars	As at December 31, 2021	As at December 31, 2020
Amounts receivable from		
a) InfraTec Duisburg GmbH	255.76	53.58
b) Arunachla Logistics Private Limited	110.90	207.71
c) Nivee Property Developers Private Limited	-	0.03
Amounts payable to		
a) InfraTec Duisburg GmbH	-	0.87
b) Commission payable to Non-executive directors	3.60	3.25
c) Protector Facilities Management Private Limited	0.45	0.26
d) N. Sujith Kumar Reddy (managing director of a wholly owned subsidiary)	25.00	20.00

(i) No trade or other receivables are due by directors or other officers of the Group or any of them either severally or jointly with any other persons or amounts due by firms or private limited companies respectively in which any director is a partner or a director or a member.

(ii) The transactions with related parties are made in the ordinary course of business and on terms equivalent to those that prevail in arm's length transactions with other vendors. Outstanding balances at the year-end is unsecured and settlement occurs in cash.

(iii) **Long term employee benefits for Key Managerial Personnel:**

The managerial personnel are covered by Company's gratuity policy and are eligible for compensated absences along with the employees of the Company. The proportionate amount of gratuity and compensated absences cost pertaining to managerial remuneration have not been included in aforementioned disclosures as these are not determined on individual basis.

Notes (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

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

NOTE 43: ADDITIONAL INFORMATION TO CONSOLIDATED FINANCIAL STATEMENTS

S. No	Name of the Company	As at December 31, 2021		For the year ended December 31, 2021					
		Net Assets i.e., Total Assets minus Total Liabilities		Share in Profit or Loss		Other comprehensive income (OCI)		Total comprehensive income (TCI)	
		As a % of Consolidated Net Assets	Amount	As a % of Consolidated Profit or Loss	Amount	As a % of Consolidated OCI	Amount	As a % of Consolidated TCI	Amount
	PARENT								
	Rain Industries Limited	5.16	9,092.18	1.92	311.64	0.55	1.80	1.89	313.44
	SUBSIDIARIES								
	Indian								
1	Rain Cements Limited	4.28	7,541.53	10.47	1,699.55	(0.53)	(1.72)	10.25	1,697.83
2	Renuka Cement Limited	0.17	304.76	0.02	3.31	-	-	0.02	3.31
3	Rain CII Carbon (Vizag) Limited	9.29	16,362.74	15.22	2,470.83	1.17	3.82	14.94	2,474.65
4	Rain Verticals Limited (See note 1 below)	-	0.64	-	(0.36)	-	-	-	(0.36)
	Foreign								
5	Rain Commodities (USA) Inc.	8.72	15,359.45	21.08	3,423.50	(13.13)	(42.94)	20.41	3,380.56
6	Rain Carbon Inc.	10.25	18,044.58	2.06	334.25	(4.04)	(13.22)	1.94	321.03
7	Rain Carbon Holdings, LLC	11.17	19,668.07	3.64	590.63	-	-	3.57	590.63
8	Rain Global Services LLC	-	-	-	-	-	-	-	-
9	Rain CII Carbon LLC	18.27	32,156.94	18.16	2,948.58	88.90	290.81	19.55	3,239.39
10	CII Carbon Corp.	-	-	-	-	-	-	-	-
11	Rain Carbon Canada Inc.	4.86	8,564.95	2.62	425.14	119.27	390.17	4.92	815.31
12	Rain Carbon BV	8.97	15,785.22	11.64	1,890.62	(232.73)	(761.32)	6.82	1,129.30
13	VFT France S.A	0.72	1,230.61	0.12	22.93	(6.07)	(19.91)	0.03	3.02
14	Rumba Invest BVBA & Co. KG	-	(1.96)	0.62	101.30	0.01	0.03	0.61	101.33
15	Rain Carbon Germany GmbH	5.25	9,249.94	(11.15)	(1,811.34)	332.96	1,089.19	(4.36)	(722.15)
16	RÜTGERS Resins BV	1.00	1,768.23	0.35	56.38	(15.53)	(50.81)	0.03	5.57
17	Severtar Holding Ltd.	2.43	4,280.11	13.10	2,127.54	(3.59)	(11.74)	12.77	2,115.80
18	OOO RÜTGERS Severtar	2.74	4,829.54	22.78	3,699.42	35.60	116.47	23.03	3,815.89
19	OOO Rain Carbon LLC	0.11	194.74	0.07	10.85	19.60	64.11	0.45	74.96
20	Rain Carbon Poland Sp. z. o. o	0.27	472.37	1.04	169.13	0.09	0.31	1.02	169.44
21	Rain Carbon (Shanghai) Trading Co. Ltd.	0.06	106.63	0.06	10.17	2.53	8.28	0.11	18.45
22	Rain Carbon Wohnimmobilien GmbH & Co. KG	0.12	209.85	0.02	3.67	(4.11)	(13.43)	(0.06)	(9.76)
23	Rain Carbon Gewerbeimmobilien GmbH & Co. KG	0.39	682.41	0.32	51.53	(9.19)	(30.07)	0.13	21.46
24	Rain Carbon GmbH	5.77	10,151.45	(14.16)	(2,300.03)	(211.76)	(692.71)	(18.07)	(2,992.74)
	Sub total	100.00	176,054.98	100.00	16,239.24	100.00	327.12	100.00	16,566.36
	Less: Inter company adjustments/ eliminations		(114,962.85)		(9,298.38)		(47.64)		(9,346.02)
	Non-controlling interests		-		(1,133.83)		12.46		(1,121.37)
	Share of profit / (loss) of associates (net of income tax):								
	InfraTec Duisburg GmbH		-		(5.45)		-		(5.45)
	TOTAL		**61,092.13**		**5,801.58**		**291.94**		**6,093.52**

Net assets and share in profit or loss, other comprehensive income and total comprehensive income for parent company, subsidiaries and associates are as per the standalone financial statements of the respective entities.

Notes:

1 Incorporated on 6th April, 2021

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

NOTE 43: ADDITIONAL INFORMATION TO CONSOLIDATED FINANCIAL STATEMENTS

S. No	Name of the Company	As at December 31, 2020		For the year ended December 31, 2020					
		Net Assets i.e., Total Assets minus Total Liabilities		Share in Profit or Loss		Other comprehensive income (OCI)		Total comprehensive income (TCI)	
		As a % of Consolidated Net Assets	Amount	As a % of Consolidated Profit or Loss	Amount	As a % of Consolidated OCI	Amount	As a % of Consolidated TCI	Amount
	PARENT								
	Rain Industries Limited	5.33	9,115.09	1.91	273.02	0.16	1.68	1.79	274.70
	SUBSIDIARIES								
	Indian								
1	Rain Cements Limited	3.42	5,843.70	9.04	1,293.45	0.30	3.16	8.45	1,296.61
2	Renuka Cement Limited	0.18	301.45	0.06	8.21	-	-	0.05	8.21
3	Rain CII Carbon (Vizag) Limited	8.13	13,888.09	9.24	1,322.62	(0.06)	(0.63)	8.61	1,321.99
	Foreign								
4	Rain Commodities (USA) Inc.	7.25	12,390.90	(0.77)	(110.68)	(5.35)	(55.50)	(1.08)	(166.18)
5	Rain Carbon Inc.	11.55	19,727.07	1.42	202.64	(1.98)	(20.49)	1.19	182.15
6	Rain Carbon Holdings, LLC	11.51	19,668.07	2.48	354.79	-	-	2.31	354.79
7	Rain Global Services LLC	-	-	-	-	-	-	-	-
8	Rain CII Carbon LLC	17.25	29,508.18	29.81	4,265.17	22.84	236.75	29.33	4,501.92
9	CII Carbon Corp.	-	-	-	-	-	-	-	-
10	RÜTGERS Polymers Ltd. (See note 1 below)	-	-	2.40	344.12	15.08	156.27	3.26	500.39
11	Rain Carbon Canada Inc. (formerly known as RÜTGERS Canada Inc.)	4.54	7,750.83	3.05	436.27	23.51	243.69	4.43	679.96
12	Handy Chemicals (U.S.A.) Ltd. (See note 1 below)	-	-	0.23	33.59	6.93	71.81	0.69	105.40
13	Rain Carbon BV	11.32	19,335.16	18.65	2,669.17	144.63	1,499.13	27.16	4,168.30
14	VFT France S.A	0.76	1,291.12	0.17	23.96	3.04	31.47	0.36	55.43
15	Rumba Invest BVBA & Co. KG	-	(2.10)	0.71	101.96	(0.05)	(0.53)	0.66	101.43
16	Rain Carbon Germany GmbH (formerly known as RÜTGERS Germany GmbH)	4.62	7,889.26	(0.94)	(134.18)	(49.18)	(509.76)	(4.20)	(643.94)
17	RÜTGERS Resins BV	1.07	1,832.44	0.63	90.43	6.92	71.75	1.06	162.18
18	Severtar Holding Ltd.	1.84	3,137.93	7.24	1,036.55	(2.22)	(23.02)	6.60	1,013.53
19	OOO RÜTGERS Severtar	2.14	3,663.83	8.28	1,185.45	(42.04)	(435.76)	4.88	749.69
20	OOO Rain Carbon LLC (formerly known as Rain RÜTGERS LLC)	0.11	183.38	0.06	8.76	(13.34)	(138.25)	(0.84)	(129.49)
21	Rain Carbon Poland Sp. z. o. o (formerly known as RÜTGERS Poland Sp. z o.o)	0.20	334.83	(0.06)	(8.02)	(3.50)	(36.31)	(0.29)	(44.33)
22	RÜTGERS (Shanghai) Trading Co. Ltd.	0.05	92.35	0.01	0.87	-	-	0.01	0.87
23	Rain Carbon Wohnimmobilien GmbH & Co. KG (formerly known as RÜTGERS Wohnimmobilien GmbH & Co. KG)	0.13	220.43	0.01	1.75	2.17	22.50	0.16	24.25
24	Rain Carbon Gewerbeimmobilien GmbH & Co. KG (formerly known as RÜTGERS Gewerbeimmobilien GmbH & Co. KG)	0.40	677.20	0.42	60.74	4.03	41.81	0.67	102.55
25	Rain Carbon GmbH	8.20	14,006.44	5.95	851.08	(11.89)	(123.26)	4.74	727.82
	Sub total	100.00	170,855.65	100.00	14,311.72	100.00	1,036.51	100.00	15,348.23

Notes (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

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

NOTE 43: ADDITIONAL INFORMATION TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

S. No	Name of the Company	As at December 31, 2020		For the year ended December 31, 2020					
		Net Assets i.e., Total Assets minus Total Liabilities		Share in Profit or Loss		Other comprehensive income (OCI)		Total comprehensive income (TCI)	
		As a % of Consolidated Net Assets	Amount	As a % of Consolidated Profit or Loss	Amount	As a % of Consolidated OCI	Amount	As a % of Consolidated TCI	Amount
	Less: Inter company adjustments/ eliminations		(115,520.69)		(8,434.87)		(180.48)		(8,615.35)
	Non-controlling interests		-		(300.64)		178.70		(121.94)
	Share of profit / (loss) of associates (net of income tax):								
	InfraTec Duisburg GmbH		-		5.46		-		5.46
	TOTAL		**55,334.96**		**5,581.67**		**1,034.73**		**6,616.40**

Net assets and share in profit or loss, other comprehensive income and total comprehensive income for parent company, subsidiaries and associates are as per the standalone financial statements of the respective entities.

Notes:

1 Sold during the year.

NOTE 44: CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

Particulars	As at December 31, 2021	As at December 31, 2020
(I) CONTINGENT LIABILITIES		
(a) In respect of demands/ claims arising on account of:		
- Income tax	435.11	349.60
- Wheeling charges [Refer note below]	447.76	461.88
- Operating charges of state load dispatch centre and minimum energy/ demand	12.53	12.53
- Customs Duty, Sales Tax, Service Tax and Excise Duty related matters under dispute	726.18	809.05
- Fuel Surcharge Adjustment levied by Electricity Distributing Companies	34.57	34.57

Note: During 2002, the erstwhile Rain Calcining Limited had disputed the order of Andhra Pradesh Electricity Regulatory Commission ('APERC') in respect of wheeling charges before the Honorable High Court of Andhra Pradesh. The Honorable High Court of Andhra Pradesh had set aside the order of APERC. Transmission Corporation of Andhra Pradesh ('AP Transco') filed a Special Leave Petition in the Honorable Supreme Court of India against the order of the Honorable High Court of Andhra Pradesh. The Company had issued a bank guarantee amounting to ₹ 146.96 for the aforesaid matter.

During the previous year, the Honorable Supreme court pronounced its judgement ordering that the wheeling charges are to be levied as per the tariff order passed by APERC. Subsequently, the Company received a claim from APSPDCL amounting to ₹ 461.88 (including additional claim towards cross subsidy charges).

The Company has disputed the aforesaid claim as the Management believes that the claim is not tenable based on the judgement given by the Supreme Court. The Company does not expect the outcome of these proceedings to have a material and adverse effect on its financial position and accordingly no adjustment in respect thereof is expected.

Particulars	As at December 31, 2021	As at December 31, 2020
(b) Claims against the Group not acknowledged as debt	410.30	370.88
(II) COMMITMENTS Estimated amounts of contracts remaining to be executed on capital account [net of Capital advances ₹ 206.13 (December 31, 2020: ₹ 2,492.68)]	971.48	993.17

The Group has a process whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, the Group has reviewed and ensured that there are no material foreseeable losses on such long term contracts which needs to be provided for in the books of account.

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

NOTE 45: LEASES

The Group has entered into various operating lease agreements for assets comprising of storage and other facilities. During the year ended December 31, 2021, the Group recognised the following in the consolidated statement of profit and loss:

(a) expense in respect of short-term leases ₹ 334.08.

(b) expense in respect of variable lease payments not included in the measurement of lease liabilities ₹ 30.83.

During the year ended December 31, 2020, the Group recognised the following in the consolidated statement of profit and loss:

(a) expense in respect of short-term leases ₹ 499.10.

(b) expense in respect of variable lease payments not included in the measurement of lease liabilities ₹ 15.91.

Cash outflow on leases are as follows:

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Principal payment on lease liabilities	1,045.86	1,071.94
Interest payment on lease liabilities	217.52	218.19
Total cash outflow on leases	**1,263.38**	**1,290.13**

The Group has recognised the reduction in lease payments arising on account of Covid-19 amounting to ₹ 0.29 in the consolidated statement of Profit and Loss for the year ended December 31, 2020.

The future minimum lease payments and their present values as at December 31, 2021 are as follows:

Particulars	Present value of minimum lease payments	Future interest	Minimum lease payments
- Not later than 1 year	877.01	116.76	993.77
- Later than 1 year and not later than 5 years	1,598.94	395.41	1,994.35
- Beyond 5 years	1,933.05	1,149.56	3,082.61

The future minimum lease payments and their present values as at December 31, 2020 are as follows:

Particulars	Present value of minimum lease payments	Future interest	Minimum lease payments
- Not later than 1 year	1,012.93	139.27	1,152.20
- Later than 1 year and not later than 5 years	1,997.56	455.09	2,452.65
- Beyond 5 years	2,228.94	1,254.81	3,483.75

The Group's exposure to leases not yet commenced to which Group is committed is ₹ Nil.

Notes (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

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

NOTE 46: EARNINGS PER SHARE (EPS)

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
a. Profit for the year	5,801.58	5,581.67
b. Weighted average number of equity shares of ₹ 2/- each outstanding during the year (Nos.)	336,345,679	336,345,679
Earnings per Share		
c. Basic and Diluted - [a]/[b] - (₹)	17.25	16.60

NOTE 47: NET INVESTMENT HEDGE

The Group has designated the 'foreign currency loan' as a hedging instrument to hedge its net investment in a non-integral foreign operation, with effect from January 1, 2009. The translation loss/(gain) for the year ended December 31, 2021 on such foreign currency loan, determined as an effective net investment hedge, recognised in the foreign currency translation reserve included in Note 18 - Other equity is ₹ 7.50 (December 31, 2020: ₹ 10.68).

NOTE 48: NET INVESTMENT IN FOREIGN OPERATIONS

The Group supports its overseas subsidiaries through non-current loans wherever required and in respect of any loan, which is considered in substance a part of the net investment in a non-integral foreign operation, the exchange difference arising on translation of such loans will be accumulated in "Foreign currency translation reserve" as per Ind AS 21 - *"The Effects of Changes in Foreign Exchange Rates"*. The Group has designated certain non-current loans effective July 1, 2015 which was de-designated during 2018. The outstanding balance as on December 31, 2021 is ₹ 442.16 (December 31, 2020: ₹ 442.16) which will be reclassfied to profit and loss upon sale of investment in subsidiary.

NOTE 49: CORPORATE SOCIAL RESPONSIBILITY

As per section 135 of the Companies Act, 2013, a Corporate Social responsibility (CSR) Committee has been formed by the Company and its Indian subsidiaries. The proposed areas for CSR activities, as per the CSR policy of the Group are promotion of education, rural development activities, medical facilities, employment and ensuring environmental sustainability which are specified in Schedule VII of the Companies Act, 2013. Expenditure incurred under Section 135 of the Companies Act, 2013 on CSR activities by the Company and its Indian subsidiaries are as below:

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Amount to be spent	56.49	68.94
Amount of expenditure incurred		
(i) Construction / acquisition of any asset	-	-
(ii) on purposes other than construction / acquisition of any asset – as promotion of Health and Education	59.66	74.80

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

NOTE 50: PROVISION FOR ENVIRONMENT LIABILITIES INCLUDING SITE RESTORATION

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Balance at beginning of year	1,375.77	1,329.12
Additional provision made	327.49	110.49
Provisions utilised/reversed	(73.56)	(164.44)
Unused amounts reversed during the year	(120.03)	(41.89)
Foreign currency exchange rate changes	(83.44)	142.49
Balance at end of year	**1,426.23**	**1,375.77**
Non-current provision	1,125.23	651.13
Current provision	301.00	724.64
Total	**1,426.23**	**1,375.77**

NOTE 51: OTHER PROVISIONS

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Balance at beginning of year	743.11	1,567.65
Additional provision made	1,163.00	688.26
Provisions utilised/reversed	(1,608.05)	(1,512.80)
Balance at end of year	**298.06**	**743.11**
Non-current provision	50.42	51.29
Current provision	247.64	691.82
Total	**298.06**	**743.11**

NOTE 52: PROVISION FOR INVENTORIES

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Balance at beginning of year	803.55	513.14
Additional provision made	103.49	281.58
Exchange differences	14.28	8.83
Balance at end of year	**921.32**	**803.55**

NOTE 53: ASSETS HELD FOR SALE

During the year ended December 31, 2021, the Group has sold its Moundsville plant located in the United States of America which was classified as “Assets held for sale” in the Consolidated Balance Sheet as at December 31, 2020 for an amount of ₹ 284.63 (USD 3.8 million). The resultant gain of ₹ 243.70 (USD 3.3 million) was recorded under the heading Other income.

Notes (continued)

Forming part of the Consolidated Financial Statements for the year ended December 31, 2021

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

NOTE 54: IMPAIRMENT

During 2020, the Group initiated a project to extract Pitch from a Pond at its Castrop-Rauxel site. The Group incurred capital expenditure towards certain equipment for extracting and melting the Pitch to avoid environmental issues and disposal costs to clean up the site. The Group received permission from the authorities for the clean-up for a specified period of time and also expected that the permissions would be renewed until the project was completed.

During the year ended December 31, 2021, upon expiry of the permit, a request was made to the authorities to extend the permit for additional time. However, subsequent to September 30, 2021, the authorities denied the request for extension. Accordingly, the Group has evaluated the alternate usage of the asset for other purposes and has concluded that it cannot be used for any other purpose.

Based on above evaluation, the Group has recognized an impairment loss of ₹ 168.07 (USD 2.2 million) in the consolidated statement of profit and loss for the year ended December 31, 2021.

NOTE 55: DIVESTMENT

On December 31, 2020, the Group completed the sale of its Wholly Owned Subsidiaries engaged in the manufacturing and distribution of Polynaphthalene Sulfonates, RUTGERS Polymers Limited and Handy Chemicals (U.S.A.) Limited, for an aggregate cash consideration of ₹ 6,386.27 which resulted in a gain of ₹ 3,864.20 which was recorded under the heading Other income during the year ended December 31, 2020.

During the year ended December 31, 2021, upon completion of certain additional formalities on sale transaction, a partial amount retained in escrow account during year-end was released and recorded as income amounting to ₹ 40.10 under the heading Other income.

NOTE 56: IMPACT OF COVID – 19

The threats posed by the coronavirus outbreak are multifold. In many countries, businesses are being forced to cease or limit their operations for long or indefinite period of time. Even in India the outbreak has been declared an epidemic or pandemic and on 24 March 2020, the Government of India ordered a nationwide lockdown, limiting movement of population of India as a preventive measure against the COVID-19 pandemic. As a result most of the businesses are dealing with lost revenue and disrupted supply chains. The disruption to global supply chains due to factory shutdowns has already exposed the vulnerabilities of many organisations.

However, as the Group operates in the industry that is considered essential, the operations were continuing during lockdown by ensuring appropriate measures.

The Group considered the uncertainty relating to the COVID-19 pandemic in assessing the recoverability of receivables, goodwill, intangible assets, investments and other assets. For this purpose, the Group considered internal and external sources of information up to the date of approval of these financial statements. The Group has also used the principles of prudence in applying judgements, estimates and assumptions including sensitivity analysis and based on the current estimates, the Group expects to fully recover the carrying amount of receivables, goodwill, intangible assets, investments and other assets.

As the outbreak continues to evolve, the Group will continue to closely monitor any material changes to future economic conditions.

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

NOTE 57: SUBSEQUENT EVENTS

The Group has performed an evaluation of subsequent events from the balance sheet date through February 25, 2022, the date at which consolidated financial statements were made available to be issued. Aside from the below matter, the Group has determined that there are no other items to disclose.

Subsequent to the year ended December 31, 2021, the Group vide an amendment agreement dated February 7, 2022, has re-negotiated the terms of its revolving facility with the lenders. The key changes are described below:

- The revolving credit facility amount has been revised to USD 200 million from USD 150 million
- The maturity term has been revised to October 2024 with a possibility of extending the maturity to January 2027 upon fulfilment of certain conditions as described in the amendment agreement.
- The interest rates have been revised to SOFR plus 2.5% from existing LIBOR plus 2.5% for USD borrowings. The interest rates for EUR borrowings remain unchanged at EURIBOR plus 2.5%.
- The non-funded (sub-limit) has been revised to USD 100 million (subject to changes within total limit of USD 200 million) from existing USD 50 million.

The above matter does not have any impact on these consolidated financial statements.

NOTE 58: The figures of the previous year have been regrouped / reclassified, wherever considered necessary to correspond with the current period's classification / disclosure.

As per our report of even date attached
***for* B S R & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 116231W/ W-100024

Vikash Somani
Partner
Membership number: 061272

Place: Hyderabad
Date: February 25, 2022

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

N Radha Krishna Reddy
Managing Director
DIN: 00021052

Jagan Mohan Reddy Nellore
Director
DIN: 00017633

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

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

Place: Hyderabad
Date: February 25, 2022

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Brian Jude McNamara
Chairman (Independent Director)

Mr. N. Radhakrishna Reddy
Managing Director

Mr. Jagan Mohan Reddy Nellore
Vice Chairman

Mr. N. Sujith Kumar Reddy
Non Executive Director

Mr. Varun Batra
Independent Director

Mr. Robert Thomas Tonti
Independent Director

Ms. Nirmala Reddy
Independent Director

Ms. Radhika Vijay Haribhakti
Independent Director

CHIEF FINANCIAL OFFICER

Mr. T. Srinivasa Rao

COMPANY SECRETARY

Mr. S. Venkat Ramana Reddy

STATUTORY AUDITORS

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Chartered Accountants,
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Telangana State, India.

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Website: www.rain-industries.com
CIN: L26942TG1974PLC001693

BANKS

IDBI Bank Limited
ICICI Bank Limited
Citibank, NA

REGISTRARS & SHARE TRANSFER AGENTS

KFIN Technologies Private Limited
(Unit: Rain Industries Limited)
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