

# **Rain Cements Limited**

## **Audited Financial Statements**

### **For the Financial Year**

#### **Ended**

**December 31, 2015**

# B S R & Associates LLP

Chartered Accountants

8-2-618/2, Reliance Humsafar,  
4th Floor, Road, No. 11,  
Banjara Hills  
Hyderabad - 500 034, India.

Telephone +91 40 3046 5000  
Fax +91 40 3046 5299

## Independent Auditors' Report

To the Members of  
Rain Cements Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of Rain Cements Limited ('the Company'), which comprise the Balance Sheet as at 31 December 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (collectively referred to as "financial statements").

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act and the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and rules made thereunder, to the extent applicable.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (ICAI). Those Standards and other pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



B S R & Associates (a partnership firm with  
Registration No. BA69226) converted into  
B S R & Associates LLP (a Limited Liability  
Partnership with LLP Registration No. AAB-8182)  
with effect from October 14, 2013

Registered Office:  
1st Floor, Lodha Excelus  
Apollo Mills Compound  
N.M. Joshi Marg, Mahalakshmi  
Mumbai - 400 011.

**Rain Cements Limited**

**Independent Auditors' Report** *(continued)*

**Auditor's Responsibility** *(continued)*

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

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 December 2015, and its profit and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. 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 purpose of our audit.
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) on the basis of written representations received from the directors as on 31 December 2015, and taken on record by the Board of Directors, none of the director is disqualified as on 31 December 2015, from being appointed as a director in terms of Section 164 (2) of the Act.



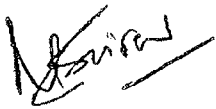
B S R & Associates LLP

**Rain Cements Limited**  
**Independent Auditors' Report** *(continued)*

**Report on Other Legal and Regulatory Requirements** *(continued)*

- f) with respect to the other matters to be included in the Auditor's 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 on its financial position in its Financial Statements as at 31 December 2015 – Refer note 29A to the Financial Statements;
  - (ii) the Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses; and
  - (iii) there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

*for B S R & Associates LLP*  
*Chartered Accountants*  
ICAI Firm registration number: 116231W/ W-100024



**Sriram Mahalingam**  
*Partner*  
Membership No: 049642

Hyderabad  
17 February 2016

**Rain Cements Limited**

**Annexure to the Independent Auditors' report**

The Annexure referred to in our report of even date to the Members of Rain Cements Limited ("the Company") on the financial statements for the year ended 31 December 2015. 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 three years. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with the programme all the fixed assets were verified during the year and no material discrepancies were observed on such verification.
- (ii) (a) Inventories, except goods-in-transit, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company has maintained proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) The Company has granted unsecured loan to one subsidiary company covered in the register maintained under section 189 of the Companies Act 2013 ("Act"). The Company has not granted loans to firms or other parties covered in the register maintained under Section 189 of the Act.
- (a) In case of the loans granted to the Company listed in the register maintained under section 189 of the Act, the borrower has been regular in repaying the principal amounts as stipulated and in the payment of the interest.
- (b) There are no overdue amounts of more than rupees one lakh in respect of loans granted to the Company covered in the register maintained under section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that the purchases of certain items of inventories and fixed assets are for the Company's specialised requirement and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to sale of goods. We have not observed any major weaknesses in the internal control system during the course of the audit.
- (v) The Company has not accepted any deposits from the public within the meaning of Section 73, 74 and 76 of the Act and the rules framed there under to the extent notified.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Section 148(1) of the Act and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.



**Rain Cements Limited****Annexure to the Independent Auditors' report (continued)**

- (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, Sales tax, Income-tax, Wealth tax, Value added tax, Duty of Customs, Duty of Excise, Service Tax, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Sales tax, Income-tax, Wealth tax, Value Added Tax, Duty of Excise, Duty of Customs, Service Tax, Cess and other material statutory dues that were in arrears as at December 31, 2015 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 Wealth tax, Duty of Customs and Cess which have not been deposited with appropriate authorities on account of any disputes. However, the Company has the following disputed dues with respect to Income-tax, Sales Tax, Value added tax, Excise duty and Service tax:

<u>Name of the Statute</u>	<u>Nature of the Dues</u>	<u>Amount (Rs. millions)</u>	<u>Period to which the amount relates</u>	<u>Forum where dispute is pending</u>
Andhra Pradesh General Sales Tax Act, 1957	Sales tax	8.15	1991-92 1992-93	Honorable High Court of Andhra Pradesh
	Sales tax	18.77	2002-03	Honorable High Court of Andhra Pradesh
	Sales tax	4.25 (1.41)	1995-96	Honorable High Court of Andhra Pradesh
Central Sales Tax Act, 1956	Penalty	14.60 (4.74)	1996-97 1997-98 1998-99 1999-00	Honorable High Court of Andhra Pradesh



**Rain Cements Limited****Annexure to the Independent Auditors' report (continued)**

<u>Name of the Statute</u>	<u>Nature of the Dues</u>	<u>Amount (Rs. millions)</u>	<u>Period to which the amount relates</u>	<u>Forum where dispute is pending</u>
<i>Finance Act, 1994</i>	<i>Service tax</i>	<i>0.17 (0.05)</i>	<i>2009-10</i>	<i>Customs, Excise and Service Tax Appellate Tribunal</i>
	<i>Service tax interest and penalty</i>	<i>0.61 (0.02)</i>	<i>2013-2014</i>	<i>Commissioner (Appeals)</i>
	<i>Service tax interest and penalty</i>	<i>0.68 (0.02)</i>	<i>2013- 2014</i>	<i>Commissioner (Appeals)</i>
	<i>Service tax and penalty</i>	<i>30.07 (0.52)</i>	<i>2011-12 August 2012 - December 2012</i>	<i>Customs, Excise and Service Tax Appellate Tribunal</i>
	<i>Service tax and penalty</i>	<i>4.97</i>	<i>January 2013 - November 2013</i>	<i>Commissioner (Appeals)</i>
<i>Central Excise Act, 1944</i>	<i>Excise Duty and interest</i>	<i>1.29</i>	<i>March –April 2013</i>	<i>Customs, Excise and Service Tax Appellate Tribunal</i>
	<i>Excise Duty</i>	<i>0.32 (0.32)</i>	<i>2008-12</i>	<i>Customs, Excise and Service Tax Appellate Tribunal</i>
	<i>Penalty</i>	<i>4.39</i>	<i>May 2013 to June 2013</i>	<i>Commissioner (Appeals)</i>
	<i>Interest and Penalty</i>	<i>5.86 (5.18)</i>	<i>May 2013 to August 2013</i>	<i>Customs, Excise and Service Tax Appellate Tribunal</i>
<i>Income Tax Act, 1961</i>	<i>Income Tax and interest</i>	<i>46.88</i>	<i>AY 2008-2009</i>	<i>Honorable High Court of Andhra Pradesh</i>

(Amount in parenthesis represents payment under protest)

- (c) There are no amounts required to be transferred by the Company to the Investor Education and Protection Fund in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder.



**Rain Cements Limited**

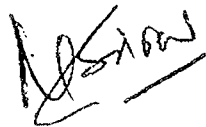
**Annexure to the Independent Auditors' report** *(continued)*

- (viii) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (ix) The Company did not have any outstanding dues to bankers or to any financial institution during the year. The Company did not have any outstanding debentures during the year
- (x) In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the Company.
- (xi) The Company did not have any term loans outstanding during the year.
- (xii) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

*for B S R & Associates LLP*

*Chartered Accountants*

ICAI Firm registration number: 116231 W/ W-100024



**Sriram Mahalingam**

*Partner*

Membership No.: 049642

Hyderabad

17 February 2016



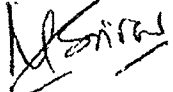
## Rain Cements Limited

## Balance Sheet as at December 31, 2015

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

	Note	As at December 31, 2015	As at December 31, 2014
<b>A. EQUITY AND LIABILITIES</b>			
1. Shareholders' funds			
(a) Share capital	3	298.05	298.05
(b) Reserves and surplus	4	7,400.94	6,760.18
		7,698.99	7,058.23
2. Non-current liabilities			
(a) Long-term borrowings	5	759.46	906.01
(b) Deferred tax liabilities (net)	6	477.73	484.56
(c) Long-term provisions	7	498.78	212.51
(d) Long-term liabilities		264.40	-
		2,000.37	1,603.08
3. Current liabilities			
(a) Trade payables	8		
A) total outstanding dues of micro enterprises and small enterprises		5.95	2.22
B) total outstanding dues of creditors other than micro and small enterprises		952.86	765.60
(b) Other current liabilities	9	966.13	1,265.29
(c) Short-term provisions	10	8.44	3.26
		1,933.38	2,036.37
<b>TOTAL</b>		<b>11,632.74</b>	<b>10,697.68</b>
<b>B. ASSETS</b>			
1. Non-current assets			
(a) Fixed assets	11		
(i) Tangible assets		3,747.95	4,089.21
(ii) Intangible assets		1.37	0.59
(iii) Capital work-in-progress		423.19	35.62
		4,172.51	4,125.42
(b) Non-current investments	12	4,229.06	4,169.40
(c) Long-term loans and advances	13	552.43	337.45
(d) Other non-current assets	14	1.86	2.30
		4,783.35	4,509.15
2. Current assets			
(a) Current investments	15	135.62	195.37
(b) Inventories	16	838.63	910.41
(c) Trade receivables	17	172.82	171.67
(d) Cash and bank balances	18	1,094.20	476.85
(e) Short-term loans and advances	19	411.69	199.41
(f) Other current assets	20	23.92	109.40
		2,676.88	2,063.11
<b>TOTAL</b>		<b>11,632.74</b>	<b>10,697.68</b>
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 BSR & Associates LLP  
Chartered Accountants  
Firm registration number: J16231W/W-100024



S. Ram Mahalingam


Partner

Membership number: 049642

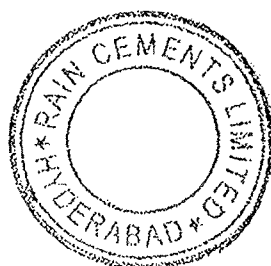
For and on behalf of the Board of Directors

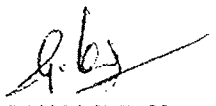


N. Sujith Kumar Reddy  
Managing Director  
DIN:00022383



N. Jagannathan Reddy  
Director  
DIN:00017633



  
G.N.V.S.R.R. Kumar  
Chief Financial Officer  
M No. 204139

  
K. Sai Pavan  
Company Secretary  
M No. A31986

Place: Hyderabad  
Date: February 17, 2016

Place: Hyderabad  
Date: February 17, 2016

Rain Cements Limited

Statement of Profit and Loss for the year ended December 31, 2015

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

	Note	For the year ended December 31, 2015	For the year ended December 31, 2014
<b>I. Revenue:</b>			
Revenue from operations (Gross)	21	12,013.04	10,179.29
Less: Excise duty		1,666.23	1,414.16
Revenue from operations (net)		10,346.81	8,765.13
Other income	22	93.47	40.83
<b>Total revenue</b>		<b>10,440.28</b>	<b>8,805.96</b>
<b>II. Expenses</b>			
Cost of materials consumed	23	1,080.17	1,106.58
Purchase of stock-in-trade		0.33	2.25
Changes in inventories of finished goods, work-in-progress and stock-in-trade	24	121.71	179.95
Employee benefits expense	25	403.97	403.54
Finance costs	27	9.40	65.77
Depreciation and amortisation expense	11	378.71	368.39
Less: Captive consumption of cement		(5.55)	(2.79)
Other expenses	26	6,943.42	6,640.70
<b>Total expenses</b>		<b>8,932.16</b>	<b>8,764.39</b>
<b>III. Profit before tax (I - II)</b>		<b>1,508.12</b>	<b>41.57</b>
<b>IV. Tax expenses</b>	28	<b>443.60</b>	<b>(15.44)</b>
<b>V. Profit for the year (III - IV)</b>		<b>1,064.52</b>	<b>57.01</b>
Earnings Per Share (Face value of Rs. 10 each)	39		
- Basic and Diluted		35.72	1.91
Corporate information	1		
Significant accounting policies	2		
<b>The notes referred to above form an integral part of the financial statements</b>			

As per our report of even date attached

For B S R & Associates LLP

Chartered Accountants

Firm registration number: 116231W/W-100024




Sriram Mahalingam

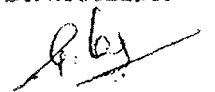
Partner

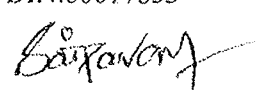
Membership number: 049642

For and on behalf of the Board of Directors

  
N. Sujith Kumar Reddy  
Managing Director  
DIN:00022383

  
N. Jagan Mohan Reddy  
Director  
DIN:00017633

  
G.N.V.S.R.R. Kumar  
Chief Financial Officer  
M No. 204139

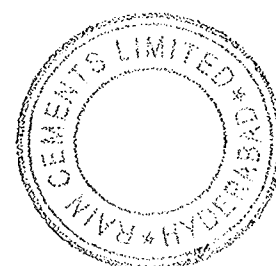
  
K.Sai Pavan  
Company Secretary  
M No. A31986

Place: Hyderabad

Date: February 17, 2016

Place: Hyderabad

Date: February 17, 2016



**Rain Cements Limited**

**Cash Flow Statement for the year ended December 31, 2015**

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

	For the year ended December 31, 2015	For the year ended December 31, 2014
<b>A Cash flow from operating activities</b>		
Profit before tax	1,508.12	41.57
Adjustments for :		
Depreciation and amortisation expenses	378.71	368.39
Interest income on bank deposits and long-term investments	(80.72)	(17.92)
Dividend from current investments	(9.66)	(7.90)
Interest and other borrowing costs	9.40	63.30
Provision for doubtful debts	(0.43)	0.18
Liabilities no longer required, written back	(0.08)	(3.91)
Loss on sale of fixed assets (net)	7.83	8.70
Gain on foreign exchange fluctuation (net)	-	(7.43)
	<u>305.05</u>	<u>403.41</u>
<b>Operating profit before working capital changes</b>	<b>1,813.17</b>	<b>444.98</b>
Adjustments for :		
Inventories	71.79	584.06
Trade receivables	(0.72)	(27.68)
Loans and advances and other assets	(7.21)	(38.48)
Trade payables, other liabilities and provisions	130.31	101.94
	<u>194.17</u>	<u>619.84</u>
<b>Cash generated from operations</b>	<b>2,007.34</b>	<b>1,064.82</b>
Income tax paid, net	(208.73)	16.24
<b>Net cash flow from operating activities</b>	<b>1,798.61</b>	<b>1,081.06</b>
<b>B Cash flow from investing activities</b>		
Capital expenditure on fixed assets, including capital advances	(565.01)	(98.22)
Other advances received	264.40	-
Current investments	59.76	-
Proceeds from sale of fixed assets	6.07	1.65
Refund of capital advances	-	156.37
Proceeds from sale of investments	13.00	65.00
Purchase of investments	(72.65)	(195.00)
Dividend received on Current Investments	9.66	7.53
Interest received	69.04	12.65
Bank balances not considered as cash and cash equivalents (net)	(370.18)	(375.53)
Advance paid for Debentures in Subsidiary Company	(156.77)	-
	<u>(742.68)</u>	<u>(425.55)</u>
<b>Net cash flow used in investing activities</b>	<b>(742.68)</b>	<b>(425.55)</b>
<b>C Cash flow from financing activities</b>		
Repayment of long-term borrowings	(336.83)	(250.00)
Repayment of short-term borrowings	-	(277.74)
Sales tax deferment paid	(46.40)	(44.79)
Finance costs paid	(20.37)	(52.92)
Payment of dividend including dividend tax paid Rs. 68.56 (December 31, 2014: Rs. Nil)	(405.36)	-
	<u>(808.96)</u>	<u>(625.45)</u>
<b>Net cash flow used in financing activities</b>	<b>(808.96)</b>	<b>(625.45)</b>
<b>Net increase in cash and cash equivalents</b>	<b>246.97</b>	<b>30.06</b>
Cash and cash equivalents - opening balance	74.24	44.18
<b>Cash and cash equivalents - closing balance</b>	<b>321.21</b>	<b>74.24</b>



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**Rain Cements Limited**

**Cash Flow Statement for the year ended December 31, 2015**

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

**Notes:**

	As at December 31, 2015	As at December 31, 2014
a) Cash and Cash equivalents - Closing Balance	321.21	74.24
Add: Other bank balances	772.99	402.61
Cash and bank balances - Closing Balance (refer note 19)	<u>1,094.20</u>	<u>476.85</u>

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

Corporate information

1

Significant accounting policies

2

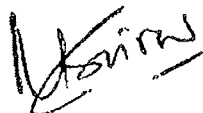
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As per our report of even date attached

**For B S R & Associates LLP**

*Chartered Accountants*

Firm registration number: 116231W/W-100024



**Sriram Mahalingam**

*Partner*

Membership number: 049642

**For and on behalf of the Board of Directors**



**N. Sujith Kumar Reddy**

*Managing Director*

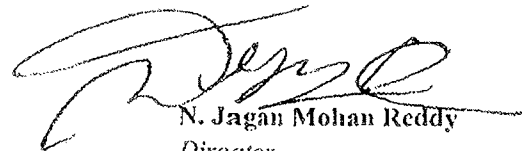
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**G.N.V.S.R.R. Kumar**

*Chief Financial Officer*

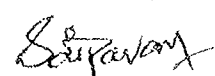
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**N. Jagann Mohan Reddy**

*Director*

DIN:00017633



**K. Sai Pavan**

*Company Secretary*

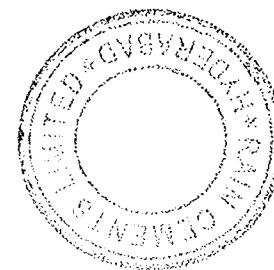
M No. A31986

Place: Hyderabad

Date: February 17, 2016

Place: Hyderabad

Date: February 17, 2016



## **Rain Cements Limited**

### **Notes forming part of financial statements**

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

#### **1. Corporate information:**

**Rain Cements Limited** ('the Company') which was originally incorporated on 4 May, 1999. The Company is engaged in the business of manufacture and sale of cement. Company's production facilities are located at Nalgonda district in the State of Telangana, Kurnool district in the State of Andhra Pradesh and Packing facility at Bellary district of Karnataka State.

Rain Cements Limited., is a wholly owned Subsidiary of Rain Industries Limited.

#### **2. Significant Accounting Policies**

##### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared and presented on the accrual basis of accounting in accordance with accounting principles generally accepted in India (Indian GAAP). Indian GAAP comprises Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2014, other pronouncements of the Institute of Chartered Accountants of India, the relevant provisions of the Companies Act, 2013 (Collectively) referred to as "IGAAP". The financial statements are presented in Indian Rupees rounded off to the nearest million.

##### **2.2 Use of estimates**

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

##### **2.3 Current and non-current classification**

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

##### **Assets**

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

- i. It is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;
- ii. It is held primarily for the purpose of being traded;
- iii. It is expected to be realised within 12 months after the reporting date; or
- iv. It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

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



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## Rain Cements Limited

### Notes forming part of financial statements

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

#### 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.

#### 2.4 Inventories

Raw materials are valued at lower of cost and net realisable value. Cost is computed on the basis of weighted average cost per unit of measurement after taking into account grade wise receipts at the actual cost and accounting for consumption and/or other stock diminution at the aforesaid weighted average cost or below.

Finished goods and Work-in-Progress are valued at lower of cost and net realizable value. Cost comprises material, labour and applicable overhead expenses.

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

Stores and spares are valued at cost or below on weighted average basis.

Goods in transit are valued at cost or below.

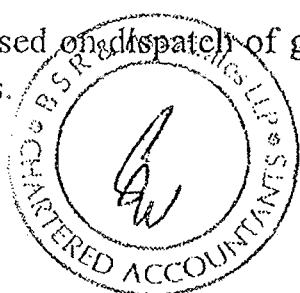
#### 2.5 Cash flow statement

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

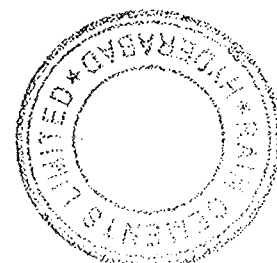
Cash and cash equivalents for the purpose of cash flow comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

#### 2.6 Revenue recognition:

Sales are recognised on dispatch of goods to customers. Gross sales include excise duty recovered and are net of trade discounts.



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## **Rain Cements Limited**

### **Notes forming part of financial statements**

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

#### **2.7 Other income**

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

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

#### **2.8 Fixed assets, depreciation and impairment**

Fixed assets are stated at actual cost or valuation less accumulated depreciation. Cost includes freight, installation cost, duties and taxes, interest on specific borrowings utilized for financing the assets and other incidental expenses.

Effective from 1 January, 2015 the Company has charged Depreciation based on the revised remaining useful life of the assets as per the requirement of Schedule II of the Companies Act, 2013. Depreciation on 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. For plant and machinery based on the technical evaluation and assessment, the Company 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. Accordingly, for these assets, the useful lives estimated by the Company are different from those prescribed in the Schedule. 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.

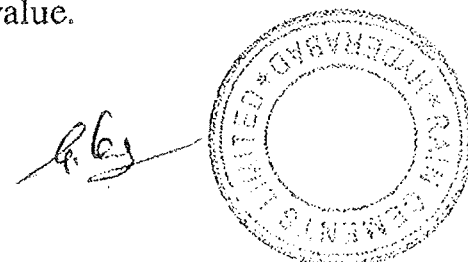
All the fixed assets are assessed for any indication of impairment, at the end of each financial year. On such indication, the impairment loss, being the excess of carrying value over the recoverable value of the assets, is charged to the Statement of Profit and Loss in the respective financial years.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

#### **2.9 Foreign currency transactions**

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

#### **2.10 Investments**

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



## **Rain Cements Limited**

### **Notes forming part of financial statements**

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

#### **2.11 Employee benefits**

##### **Defined contribution plans**

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

##### **Defined benefit plans**

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

##### **Other long term employee benefits**

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

##### **Short-term employee benefits**

Employee benefits payable in full 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.

All actuarial gains and losses arising during the year are recognised in the Statement of Profit and Loss for the year.

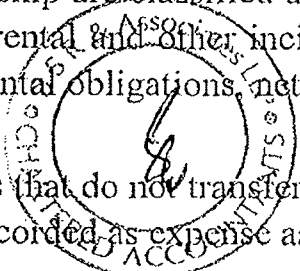
#### **2.12 Borrowing costs**

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

#### **2.13 Leases**

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

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



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## **Rain Cements Limited**

### **Notes forming part of financial statements**

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

#### **2.14 Earnings per share (EPS)**

The earnings considered in ascertaining the Company's EPS comprises the net profit after tax. 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.

#### **2.15 Taxes on income**

Income tax expense comprises current tax and deferred tax change or credit.

Current tax is determined based on the amount of tax payable in respect of taxable income for the year calculated in accordance with the relevant tax regulations applicable to the Company.

Deferred tax is recognized 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 are not recognized unless there is a virtual certainty that there will be sufficient future taxable income available to realize such assets. Deferred tax assets and liabilities have been computed on timing differences applying the enacted tax rates.

Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

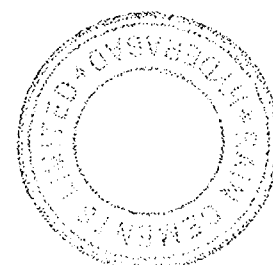
#### **2.16 Provisions and contingencies**

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

#### **2.17 Contingent liabilities and contingent assets**



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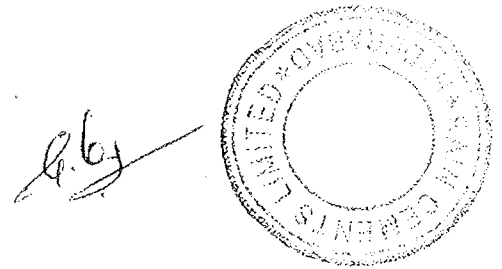


## Rain Cements Limited

### Notes forming part of financial statements

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

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.



Rain Cements Limited  
Notes forming part of the financial statements (continued)  
All amounts are in Rupees millions, except share data and where otherwise stated

**Note 3: Share capital**

Authorised  
Equity shares of Rs. 10 each

**Total**

Issued, subscribed and paid up  
Equity shares of Rs. 10 each

**Total**

As at December 31, 2015		As at December 31, 2014	
Number of shares	Amount	Number of shares	Amount
50,00,00,000	500.00	50,00,00,000	500.00
<b>50,00,00,000</b>	<b>500.00</b>	<b>50,00,00,000</b>	<b>500.00</b>
2,98,05,000	298.05	2,98,05,000	298.05
<b>2,98,05,000</b>	<b>298.05</b>	<b>2,98,05,000</b>	<b>298.05</b>

Notes:

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

Particulars	As at December 31, 2015		As at December 31, 2014	
	Number of shares	Amount	Number of shares	Amount
As at beginning of the year	2,98,05,000	298.05	2,98,05,000	298.05
Changes during the year	-	-	-	-
<b>As at end of the year</b>	<b>2,98,05,000</b>	<b>298.05</b>	<b>2,98,05,000</b>	<b>298.05</b>

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

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to number of equity shares held by the shareholders.

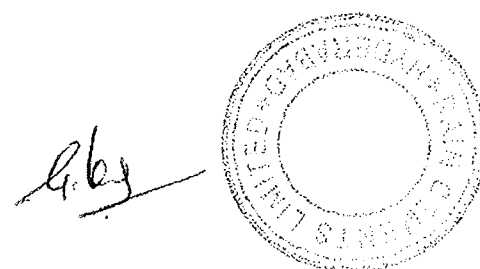
During the year ended December 31, 2015, the amount of interim dividend recognised as distributions to equity shareholders was Rs.11.30 per share (year ended December 31, 2014: Rs.Nil per share)

- (iii) Shares held by holding company

Particulars	As at December 31, 2015		As at December 31, 2014	
	Number of shares	Amount	Number of shares	Amount
Equity shares of Rs. 10 each fully paid up held by Holding Company - Rain Industries Limited along with its nominees	2,98,05,000	298.05	2,98,05,000	298.05
	<b>2,98,05,000</b>	<b>298.05</b>	<b>2,98,05,000</b>	<b>298.05</b>

- (iii) Details of equity shares held by each shareholder holding more than 5% shares:

Name of the shareholder	As at December 31, 2015		As at December 31, 2014	
	Number of shares	%	Number of shares	%
Rain Industries Limited along with its nominees	2,98,05,000	100%	2,98,05,000	100%



Rain Cements Limited  
Notes forming part of the financial statements (continued)  
All amounts are in Indian Rupees millions, except share data and where otherwise stated

	As at December 31, 2015	As at December 31, 2014
<b>Note 4: Reserves and surplus</b>		
(a) Capital reserve	2,609.57	2,609.57
(b) Securities premium account	1,830.05	1,830.05
(c) General reserve		
Opening balance	374.52	374.52
Add : Amount transferred from surplus in the statement of profit and loss	106.45	-
Closing balance	480.97	374.52
(d) Surplus in the statement of profit and loss		
Opening balance	1,946.04	1,889.03
Add : Profit for the year	1,064.52	57.01
Less :		
Interim dividend	336.80	-
Tax on interim dividend	68.56	-
Transfer to general reserve	106.45	-
	511.81	-
Less : Depreciation as per Transitional provisions of Companies Act, 2013 net of deferred tax	18.40	-
<b>Closing balance</b>	<b>2,480.35</b>	<b>1,946.04</b>
<b>Total (a+b+c+d)</b>	<b>7,400.94</b>	<b>6,760.18</b>

	As at December 31, 2015	As at December 31, 2014
<b>Note 5: Long-term borrowings</b>		
Unsecured		
Deferred payment liabilities:		
Sales tax deferment (refer note (a) below)	806.56	853.03
Less: Current maturities (refer note (i) below)	47.10	43.85
	759.46	809.18
Loan from related party:		
Rain Industries Limited - holding company	-	336.83
Less: Current maturities (refer note (i) below)	-	240.00
	-	96.83
<b>Total</b>	<b>759.46</b>	<b>906.01</b>

**Notes :**

(i) The aggregate of the current portion amounting to Rs.47.10 (December 31, 2014: Rs.283.85) has been disclosed under Note 9 - Other current liabilities as current maturities of long-term borrowings.

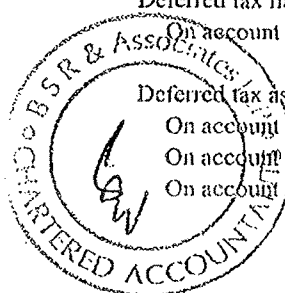
**a. Deferred payment liabilities**

Sales tax deferment represents interest free liability. Balance outstanding is repayable in 114 monthly installments based on deferment schedule.

**b. Loans from related party**

The loan was repayable in minimum monthly installments of Rs. 20,000 and carried an interest of 12% per annum on diminishing balance. The original tenure of the loan of 18 months was extended for a further period of 24 months (commencing from October 25, 2014 to October 24, 2016). The balance loan outstanding amount has been pre - paid during the month of March 2015.

	As at December 31, 2015	As at December 31, 2014
<b>Note 6: Deferred tax liabilities (net)</b>		
Deferred tax liability		
On account of depreciation	542.03	558.97
Deferred tax asset		
On account of employee benefits	26.71	26.76
On account of deferred payment liabilities	31.22	41.25
On account of others	6.37	6.40
	477.73	484.56



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Rain Cements Limited  
Notes forming part of the financial statements (continued)  
All amounts are in Indian Rupees millions, except share data and where otherwise stated

	As at December 31, 2015	As at December 31, 2014
<b>Note 7: Long-term provisions</b>		
Provision for employee benefits		
Gratuity (refer note 35(b))	50.81	51.70
Compensated absences (refer note 35(c))	17.94	23.76
Other provision		
Provision for tax (net of advance tax of Rs. 1,039.03 (December 31, 2014: Rs.757.95))	430.03	137.05
	<u>498.78</u>	<u>212.51</u>

**Note 8: Trade payables**

Trade payables to		
- Micro and small enterprises	5.95	2.22
- Other than micro and small enterprises		
- Related parties		
Rain Industries Limited		9.11
- Others	952.86	756.49
	<u>958.81</u>	<u>767.82</u>

**Disclosures under the Micro, Small and Medium Enterprises Act, 2006**

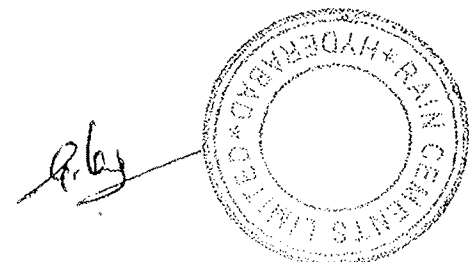
(a) the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year.	5.95	2.22
(b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with 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.	-	-

**Note 9: Other current liabilities**

Current maturities of long-term debt (refer note 5)	47.10	283.85
Interest accrued but not due	-	10.97
Security deposits	268.48	253.94
Advance from customers	77.04	48.09
Payables for purchase of fixed assets	19.96	12.25
Retention money	0.32	0.32
Statutory remittances	264.14	338.03
Provision for dealer discounts	250.40	279.27
Other liabilities	38.69	38.57
	<u>966.13</u>	<u>1,265.29</u>

**Note 10: Short-term provisions**

Provision for employee benefits		
Compensated absences (refer note 35(c))	8.44	3.26
	<u>8.44</u>	<u>3.26</u>



**Rain Cements Limited**

**Notes forming part of the financial statements (continued)**

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

**Note 11 : Fixed assets**

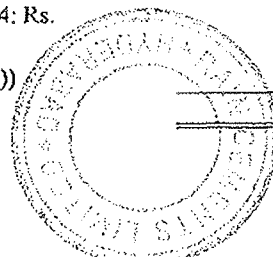
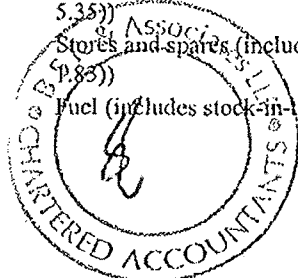
Description	Gross block (at cost / professional valuation)				Depreciation / Amortisation				Net block	
	As at January 1, 2015	Additions	Deletions/ Adjustment*	As at December 31, 2015	As at January 1, 2015	For the year	On Deletions	On Transfer to Retained Earnings* Refer Note 41	As at December 31, 2015	As at December 31, 2014
<b>A. Tangible assets</b>										
Land										
- Freehold	78.14	0.56	-	78.70	-	-	-	-	78.70	78.14
- Leasehold	36.88	-	-	36.88	1.01	0.30	-	-	35.57	35.87
Building (refer note below)	876.90	18.38	-	895.28	134.84	35.04	-	10.92	714.48	742.06
Plant and equipment	4,525.20	30.88	36.97	4,519.11	1,411.56	320.93	24.85	-	2,811.47	3,113.64
Furniture and fixtures	69.16	1.73	0.57	70.32	6.21	2.01	0.46	0.42	62.14	62.95
Office equipment	40.38	3.13	3.25	40.26	26.04	9.08	2.99	5.70	2.43	14.34
Vehicles	62.49	14.59	3.27	73.81	20.28	10.87	1.87	1.37	43.16	42.21
<b>Total</b>	<b>5,689.15</b>	<b>69.27</b>	<b>44.06</b>	<b>5,714.36</b>	<b>1,599.94</b>	<b>378.23</b>	<b>30.17</b>	<b>18.41</b>	<b>3,747.95</b>	<b>4,089.21</b>
Previous year	5,629.30	94.46	34.62	5,689.14	1,256.01	368.20	24.28	-	4,089.21	
<b>B. Intangible assets</b>										
Software	0.93	1.26	-	2.19	0.34	0.48	-	-	1.37	0.59
<b>Total</b>	<b>0.93</b>	<b>1.26</b>	<b>-</b>	<b>2.19</b>	<b>0.34</b>	<b>0.48</b>	<b>-</b>	<b>-</b>	<b>1.37</b>	<b>0.59</b>
Previous year	0.48	0.45	-	0.93	0.15	0.19	-	-	0.59	
<b>Grand total (A+B)</b>	<b>5,690.07</b>	<b>70.53</b>	<b>44.06</b>	<b>5,716.55</b>	<b>1,600.27</b>	<b>378.71</b>	<b>30.17</b>	<b>18.41</b>	<b>3,749.32</b>	<b>4,089.80</b>
Previous year	5,629.78	94.91	34.62	5,690.07	1,256.16	368.39	24.28	-	4,089.80	
<b>C. Capital work-in-progress</b>										
Capital work-in-progress	-	-	-	-	-	-	-	-	423.19	35.62
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>423.19</b>	<b>35.62</b>

Note: Represents buildings constructed on leasehold land and depreciated over the lease period.



Rain Cements Limited  
Notes forming part of the financial statements (continued)  
All amounts are in Indian Rupees millions, except share data and where otherwise stated

	As at December 31, 2015	As at December 31, 2014
<b>Note 12: Non-current investments</b> (value at cost unless stated otherwise)		
<b>Trade investments, unquoted</b>		
<b>A) Investment in equity instruments of:</b>		
<b>i) Subsidiaries</b>		
a) Moonglow Company Business Inc., BVI 97,805,000 (December 31, 2014: 97,805,000 ordinary shares of US\$ 1 each, fully paid up	4,015.29	4,015.29
b) Renuka Cement Limited 1,001,400 (December 31, 2014: 500,700) equity shares of Rs. 10 each fully paid up	130.01	125.00
<b>ii) Other entities</b>		
a) Rain CII Carbon (Vizag) Limited Nil (December 31, 2014: 1,000,000) equity shares of Rs. 10 each fully paid up	-	13.00
b) Rain Coke Limited i) 6,762,600 (December 31, 2014: Nil) equity shares of Rs. 10 each fully paid up	67.62	-
c) Andhra Pradesh Gas Power Corporation Limited 134,000 (December 31, 2014: 134,000) equity shares of Rs. 10 each fully paid up	16.00	16.00
<b>B) Investment in Government securities</b>		
a) Investment in National Savings Certificates	0.14	0.11
	<u>4,229.06</u>	<u>4,169.40</u>
Aggregate amount of unquoted investments	4,229.06	4,169.40
Aggregate provision for diminution in value of investments	-	-
<b>Note 13: Long term loans and advances</b> Unsecured, considered good unless stated otherwise:		
Capital advances	115.58	0.95
Security deposit	258.24	208.98
Balances with Government bodies	28.17	28.35
Advance tax (net of provision for tax of Rs.341.15 (Previous year: Rs.153.04))	150.44	99.17
	<u>552.43</u>	<u>337.45</u>
<b>Note 14: Other non-current assets</b>		
Balances with banks held as margin money (refer note 18)	1.86	2.06
Interest accrued on deposits	-	0.24
	<u>1.86</u>	<u>2.30</u>
<b>Note 15: Current investments</b> (value at cost unless stated otherwise)		
<b>Investment in mutual funds of:</b>		
a) Franklin Templeton Investments	25.22	-
b) ICICI Prudential Flexible Income-Direct Plan-Growth	100.36	130.24
c) Reliance Liquid Fund-Treasury Plan-Direct Growth Plan-Growth Option	-	20.01
d) Axis Liquid Fund - Direct Growth(CF-DG)	-	20.01
e) IDFC Arbitrage Fund-Dividend -(Direct Plan)	10.04	25.11
	<u>135.62</u>	<u>195.37</u>
Aggregate amount of unquoted investments	135.62	195.37
Aggregate provision for diminution in value of investments	-	-
<b>Note 16: Inventories</b> (At lower of cost and net realisable value)		
Raw materials (includes stock -in-transit of Rs. 2.46)	97.61	78.55
Work-in-progress	222.41	359.71
Finished goods	132.75	117.16
Packing materials (includes stock-in-transit of Rs. 5.36 (December 31, 2014: Rs. 5.35))	25.42	26.57
Stores and spares (includes stock-in-transit of Rs. 5.14 (December 31, 2014: Rs. 4.85))	135.77	134.37
Fuel (includes stock-in-transit of Rs. 26.66 (December 31, 2014: Rs. 25.02))	224.67	194.05
	<u>838.63</u>	<u>910.41</u>



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

**Note 18: Cash and bank balances**

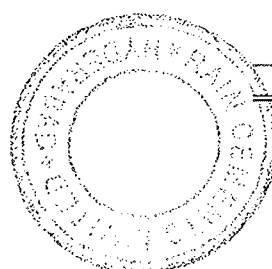
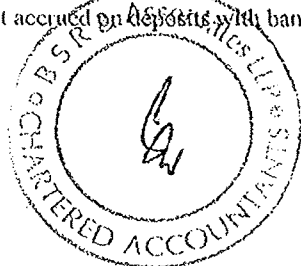
#### Details of bank balances/deposits

**Note 19: Short-term loans and advances**

Unsecured, considered good unless stated otherwise

**Note 20: Other current assets**

Government subsidies receivable	-	97.40
Interest accrued on deposits with banks	23.92	12.00
	<u>23.92</u>	<u>109.40</u>





**Rain Cements Limited**

**Notes forming part of the financial statements (continued)**

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

**For the year ended  
December 31, 2015**

**For the year ended  
December 31, 2014**

**Note 21: Revenue from operations**

Revenue from operations		
Manufactured		
- Cement	11,958.86	10,148.16
Traded		
- Fly ash	0.35	2.40
Other operating revenue		
- Scrap sales	7.87	28.73
- Rebate and incentive - power tariff	5.41	-
- Rebate and incentive - value added tax	40.55	-
<b>Revenue from operations (gross)</b>	<b>12,013.04</b>	<b>10,179.29</b>

**Note 22: Other income**

Interest income on:		
- Bank deposits	80.72	17.92
Dividend on mutual funds	9.66	7.90
Liabilities no longer required, written back	0.08	3.91
Gain on foreign currency transactions and translations (net)	-	7.43
Miscellaneous income	3.01	3.67
	<b>93.47</b>	<b>40.83</b>

**Note 23: Cost of materials consumed**

<b>Materials consumed</b>		
Line stone	183.69	148.05
Laterite	181.79	187.03
Gypsum	121.16	132.46
Fly ash	512.34	567.60
Iron ore	54.00	55.66
Dolomite/Bauxite	2.34	0.74
Others	24.85	15.04
	<b>1,080.17</b>	<b>1,106.58</b>

**Note 24: Changes in inventories of finished goods, work-in-progress**

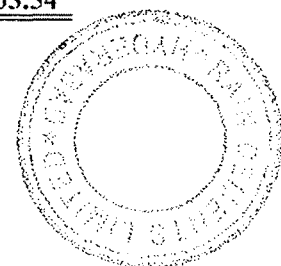
<b>Inventories at the end of the year</b>		
Work-in-progress	222.41	359.71
Finished goods	132.75	117.16
	<b>355.16</b>	<b>476.87</b>
<b>Inventories at the beginning of the year</b>		
Work-in-progress	359.71	563.04
Finished goods	117.16	93.78
	<b>476.87</b>	<b>656.82</b>
<b>Total</b>	<b>121.71</b>	<b>179.95</b>

**Note 25: Employee benefit expense**

Salaries, wages and bonus (refer note 35(c))	345.99	335.84
Contribution to provident and other fund (refer note 35 (a) and 35(b))	23.78	36.47
Staff welfare expenses	34.20	31.23
	<b>403.97</b>	<b>403.54</b>



*G. G.*



**Rain Cements Limited**

**Notes forming part of the financial statements (continued)**

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

**For the year ended  
December 31, 2015**

**For the year ended  
December 31, 2014**

**Note 26: Other expenses**

Consumption of stores and spares	310.08	358.54
Consumption of packing materials	381.55	434.35
Change in excise duty on inventory	0.37	2.01
Power and fuel	2,251.85	2,339.60
Rent (refer note 38)	51.99	47.03
Rates and taxes	42.09	28.82
Insurance	10.80	11.87
Repairs and maintenance :		
- Plant and equipment	96.22	85.01
- Buildings	1.06	1.64
- Others	79.19	74.65
Selling and distribution	3,427.27	2,986.03
Cash discounts	85.24	103.96
Travelling and conveyance	25.91	26.79
Communication costs	7.02	6.82
Printing and stationery	3.53	3.39
Legal and professional fee	20.74	21.40
Payments to auditors (refer note (i) below)	1.90	1.96
Directors' sitting fee	0.61	0.27
Provision for doubtful debts	(0.43)	0.18
Loss on sale of fixed assets (net)	7.83	8.70
Commission to Directors	15.00	-
Charges on non lifting of fly-ash	27.11	7.07
Miscellaneous expenses	96.49	90.61
	<b>6,943.42</b>	<b>6,640.70</b>

Note:

(i) Payments to auditors comprises (net of service tax)

Statutory audit	1.35	1.35
Limited reviews	0.45	0.45
Other services	-	0.01
Reimbursement of expenses	0.10	0.15
	<b>1.90</b>	<b>1.96</b>

**Note 27: Finance costs**

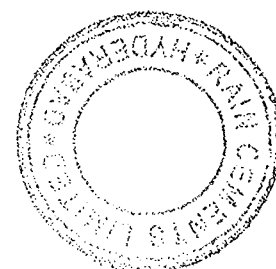
Interest on:		
- borrowings	7.59	63.16
- others	0.39	0.14
Bank and finance charges	1.42	2.47
	<b>9.40</b>	<b>65.77</b>

**Note 28: Current tax**

Current Tax		
- Income tax expense	577.14	8.94
- Income tax for earlier year	-	-
- Minimum Alternate Tax credit availed	(126.70)	(25.18)
Net current tax	450.44	(16.24)
Deferred tax	(6.84)	0.80
	<b>443.60</b>	<b>(15.44)</b>



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# **Rain Cements Limited**

## **Notes forming part of the Financial Statements (continued)**

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

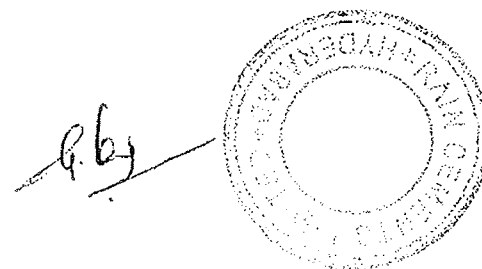
### **29. Contingent liabilities and commitments:** (to the extent not provided for)

#### **A. Contingent liabilities:**

Particulars	As at December 31, 2015 Amount	As at December 31, 2014 Amount
Matters under dispute:		
- Sales tax	31.12	26.92
- Excise duty and service tax	49.37	68.88
- Fuel Surcharge Adjustment levied by electricity distributing companies	34.57	34.57
- Income Tax	106.47	106.47
Corporate guarantees issued (refer below for details)	2,626.67	3,736.47
Contingent liability not acknowledged as debt	251.50	65.43
<b>Total</b>	<b>3,099.70</b>	<b>4,038.74</b>

Corporate Guarantees issued for loans availed by:	As at December 31, 2015 Amount		As at December 31, 2014 Amount	
	Guarantee	Contingent Liability	Guarantee	Contingent Liability
Rain Commodities USA Inc., fellow subsidiary – (Refer note (a) below)	1,459.26	663.30	1,393.26	949.95
Rain Industries Limited (Formerly Rain Commodities Limited), Holding company (Refer note (b) below)	3,979.80	1,963.37	3,799.80	2,786.52
<b>Total</b>	<b>5,439.06</b>	<b>2,626.67</b>	<b>5,193.06</b>	<b>3,736.47</b>

- a) Subservient charge was created on the Company's movable assets against loan availed by Rain Commodities (USA) Inc., fellow subsidiary to the extent of Rs.1,459.26 (as at December 31, 2014: Rs. 1,393.26) in respect of which the contingent liability is Rs. 663.30 (as at December 31, 2014: Rs. 949.95) for the purpose of repayment of loan of rain Industries Limited and infusion of funds into Rain CII Carbon LLC directly or through subsidiaries as debt/equity.
- b) The immovable assets and movable assets of the Company, all current assets of the Company are charged against loan availed by Rain Industries Limited to the extent of Rs. 3,979.80 (as at December 31, 2014: Rs. 3,799.80) in respect of which the contingent liability is Rs. 1,963.37 (as at December 31, 2014: Rs. 2,786.52) for purpose of investing in Rain Commodities USA Inc.



**Rain Cements Limited****Notes forming part of the Financial Statements (continued)**

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

**B. Capital Commitments:**

Estimated amount of contracts remaining to be executed on capital accounts [net of capital advance - Rs.115.58 (December 31, 2014:Rs.0.95)] not provided for: Rs.271.21( December 31, 2014 – Rs. 20.94).

**30. Details of unhedged foreign currency exposures**

- (a) There are no forward / derivative contracts outstanding at year end.  
(b) There are no foreign currency receivables and payable as at December 31, 2015 (December 31, 2014: Nil)

**31. Value of imports on C.I.F. basis**

Particulars	Year ended December 31, 2015 Amount	Year ended December 31, 2014 Amount
Stores and spares	1.50	3.04
Capital goods	-	23.57

**32. Expenditure in foreign currency**

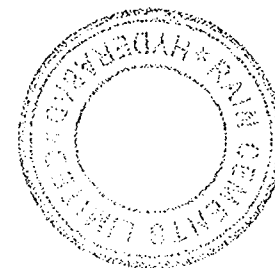
Particulars	Year ended December 31, 2015 Amount	Year ended December 31, 2014 Amount
Interest on buyer's credit	-	1.35
Others	0.02	-

**33. Earnings in foreign exchange**

	Year ended December 31, 2015 Amount	Year ended December 31, 2014 Amount
Vessel closeout – receipts	-	0.54



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**Rain Cements Limited****Notes forming part of the Financial Statements (continued)**

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

**34. Details of consumption of imported and indigenous items****Raw materials**

Particulars	Year ended December 31, 2015		Year ended December 31, 2014	
	Amount	%	Amount	%
Imported	-	-	-	-
Indigenous	1,080.17	100.00	1,106.58	100.00
<b>Total</b>	<b>1,080.17</b>	<b>100.00</b>	<b>1,106.58</b>	<b>100.00</b>

**Packing materials**

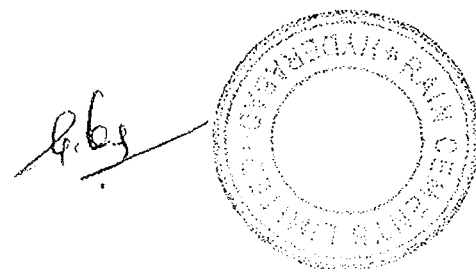
Particulars	Year ended December 31, 2015		Year ended December 31, 2014	
	Amount	%	Amount	%
Imported	-	-	-	-
Indigenous	381.55	100.00	434.35	100.00
<b>Total</b>	<b>381.55</b>	<b>100.00</b>	<b>434.35</b>	<b>100.00</b>

**Stores and Spares**

Particulars	Year ended December 31, 2015		Year ended December 31, 2014	
	Amount	%	Amount	%
Imported	3.92	1.26	0.84	0.23
Indigenous	306.16	98.74	357.70	99.77
<b>Total</b>	<b>310.08</b>	<b>100.00</b>	<b>358.54</b>	<b>100.00</b>

**35. Employee benefit plans****a) Defined contribution plans**

The Company makes provident fund contributions to defined contribution plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognized Rs. 18.28 (December 31, 2014: Rs. 17.64) for provident fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.



**Rain Cements Limited****Notes forming part of the Financial Statements (continued)**

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

**35. Employee benefit plans (continued)****b) Defined benefit plans - Gratuity**

The Company offers gratuity benefit scheme to its employees. The following table sets forth the status of the Gratuity Plan of the Company and the amounts recognised in the financial statements.

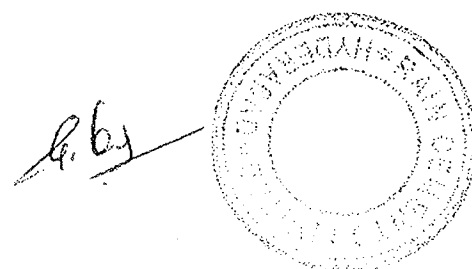
	As at December 31, 2015 Amount	As at December 31, 2014 Amount
Present value of funded obligation	71.43	71.71
Less: Fair value of plan assets	20.62	20.01
<b>Net Liability</b>	<b>50.81</b>	<b>51.70</b>
Current portion of the liability	-	-
Non-Current portion of the liability	50.81	51.70

**Amount recognised in the Statement of Profit and Loss:**

	Year ended December 31, 2015 Amount	Year ended December 31, 2014 Amount
Current service cost	5.25	4.16
Interest cost	6.03	5.14
Expected return on plan assets	(1.65)	(1.42)
Net actuarial loss/(gain) recognised during the year	(6.62)	8.30
<b>Total</b>	<b>3.01</b>	<b>16.18</b>

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

	Year ended December 31, 2015 Amount	Year ended December 31, 2014 Amount
Opening defined benefit obligation	71.70	57.37
Current service cost	5.25	4.16
Interest Cost	6.03	5.13
Actuarial loss/(gain)	(7.68)	9.60
Benefits paid	(3.87)	(4.56)
<b>Closing defined benefit obligation</b>	<b>71.43</b>	<b>71.71</b>



**Rain Cements Limited**

**Notes forming part of the Financial Statements (continued)**

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

**35. Employee benefit plans (continued)**

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

	Year ended December 31, 2015 Amount	Year ended December 31, 2014 Amount
Opening fair value of plan assets	20.01	18.18
Expected return on plan assets	1.65	1.42
Actuarial (loss)/gain	(1.07)	1.31
Contribution by employer	3.90	3.67
Benefits paid	(3.87)	(4.57)
<b>Closing fair value of plan assets</b>	<b>20.62</b>	<b>20.01</b>
<b>Actual return on plan assets</b>	<b>0.58</b>	<b>2.73</b>
Expected employer's contribution next year	8.00	8.00

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

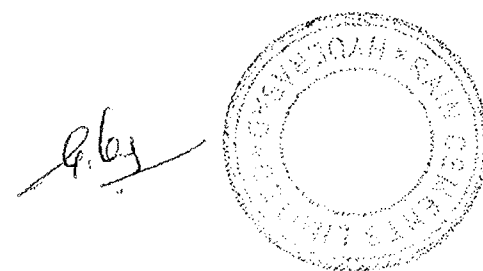
	Year ended December 31, 2015	Year ended December 31, 2014
Insurer managed funds (with Life Insurance Corporation of India)	100%	100%

**Experience adjustments**

	Year ended December 31, 2011 Amount	Year ended December 31, 2012 Amount	Year ended December 31, 2013 Amount	Year ended December 31, 2014 Amount	Year ended December 31, 2015 Amount
Defined Benefit Obligation	42.40	51.14	57.37	71.71	71.43
Plan Assets	13.65	15.35	18.18	20.01	20.62
Surplus/(Deficit)	(28.75)	(35.79)	(39.19)	(51.70)	(50.81)
Experience adjustment on Plan Liabilities	3.18	3.68	3.28	1.22	(4.64)
Experience adjustment on Plan Assets	(0.67)	0.40	(0.06)	1.31	(1.07)

**Principal actuarial assumptions used:**

	Year ended December 31, 2015	Year ended December 31, 2014
Discount rates	7.85%	8.20%
Expected rate of return on plan assets	8.00%	8.00%
Expected salary increase rates	6.00%	7.00%



**Rain Cements Limited****Notes forming part of the Financial Statements (continued)**

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

**35. Employee benefit plans (continued)**

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. The principal actuarial assumptions used for the computation of defined plan are also used for the computation of compensated absence of long term benefit.

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

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

	Year ended December 31, 2015 Amount	Year ended December 31, 2014 Amount
<b>Net Liability</b>		
- Current	8.44	3.26
- Non current	17.94	23.76
<b>Total</b>	<b>26.38</b>	<b>27.02</b>
Amounts recognised in Note 25 of Statement of Profit and Loss	7.22	8.81

The principal actuarial assumptions used for the computation of defined plan are also used for the computation of compensated absence of long term benefit.

**36. Segment information**

The Company has considered business segment as the primary segment for disclosure. The Company is engaged in the manufacture of Cement in India, which in the context of Accounting Standard (AS) 17- "Segment Reporting" notified by the Companies (Accounting Standards) Rules, 2006 is considered the only business segment. Further, the business operations of the Company are primarily concentrated in India, and hence, the Company is considered to operate only in one geographical segment.



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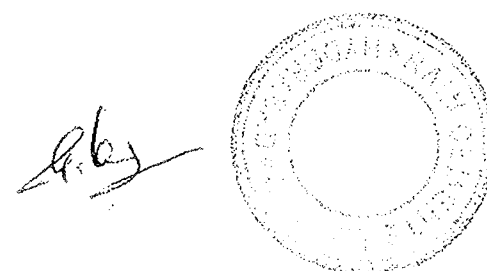


**Rain Cements Limited****Notes forming part of the Financial Statements (continued)**

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

**37. Related party Disclosures****a) Details of related parties**

(i)	Holding Company	Rain Industries Limited (RIL)
(ii)	Subsidiaries	Moonglow Company Business Inc, (Moonglow) Renuka Cement Limited (RenCL) Rain Coke Limited (RCoke) (with effect from March 17, 2015)
(iii)	Entities under common control	Rain Global Services LLC (RGS) Rain CII Carbon (Vizag) Limited (RCCVL) Rain Commodities USA Inc. (RCUSA)
(iv)	Enterprise where key managerial personnel along with their relatives exercise significant influence	Rain Entertainments Private Limited (REPL)
(v)	Key Managerial Personnel	1. Mr. N. Radhakrishna Reddy Chairman  2. Mr. N. Sujith Kumar Reddy Managing Director  3. Mr. N. Jagan Mohan Reddy Director  4. Mr. K. Sai Pavan Company Secretary  5. Mr. G. N. V. S. R. R. Kumar Chief Financial Officer



**Rain Cements Limited**

**Notes forming part of the Financial Statements (continued)**

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

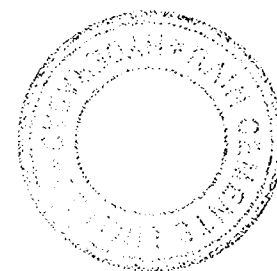
**b) Details of related party transactions during the year ended December 31, 2015 and outstanding as at December 31, 2015:**

Nature of Transactions	Holding Company	Subsidiary Company	Fellow subsidiaries	Key Managerial Personnel	Enterprise where key managerial personnel along with their relatives exercise significant influence	Balance Outstanding To/(From)
Sales/Receivables						
- RCCVL	-	-	4.80	-	-	-
	-	-	1.58	-	-	-
- REPL	-	-	3.44	-	-	0.13
	-	-	0.22	-	-	-
Purchases/Payables						
- RCCVL(Power)	-	-	345.70	-	-	-
	-	-	367.87	-	-	(67.85)
- RCCVL(GPC)	-	-	38.13	-	-	-
	-	-	11.12	-	-	-
Rebate on purchase of power						
- RCCVL	-	-	-	-	-	-
	-	-	32.08	-	-	-
Reimbursement of expenses:						
- RIL	-	-	-	-	-	-
	0.51	-	-	-	-	-
Advance given:						
- RenCL	-	1.39	-	-	-	-
	-	0.64	-	-	-	(0.64)
Loan Repaid						
- RIL	336.83	-	-	-	-	-
	250.00	-	-	-	-	336.83
Loan Received						
- RIL	-	-	-	-	-	-
	-	-	-	-	-	-

*Amounts in italics represent corresponding previous year's numbers*



*g.b.j.*



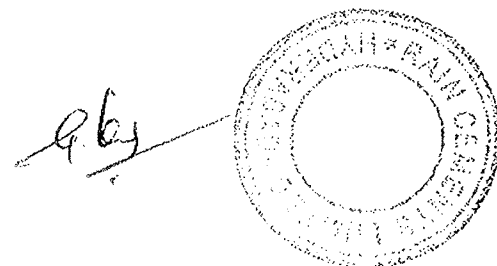
**Rain Cements Limited**

**Notes forming part of the Financial Statements (continued)**

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

Nature of Transactions	Holding Company	Subsidiary Company	Fellow subsidiaries	Key Managerial Personnel	Enterprise where key managerial personnel along with their relatives exercise significant influence	Balance Outstanding To/(From)
Interest on borrowings - RIL	6.87 60.37	- -	- -	- -	- -	- 10.97
Interest received on Borrowings -RenCL	- -	0.14 -	- -	- -	- -	- -
Shared Services Expenses - RIL	41.70 33.82	- -	- -	- -	- -	- 9.11
Dividend Paid - RIL	336.80 -	- -	- -	- -	- -	- -
Advances Repaid - RenCL	- -	2.03 -	- -	- -	- -	- -
Managerial Remuneration -N. Sujith Kumar Reddy	- -	- -	- -	30.39 12.33	- -	15.00 -
-G. N. V. S. R. R. Kumar	- -	- -	- -	3.97 2.67	- -	- -
- K. Sai Pavan	- -	- -	- -	0.49 0.35	- -	- -
Corporate Guarantee given on behalf of: - RCUSA	- -	- -	- -	- -	- -	1,459.26 1,393.26
- RIL	- -	- -	- -	- -	- -	3,979.80 3,799.80
Subscription of Investments in - RenCL	- -	5.01 -	- -	- -	- -	- -
- RCoke	- -	132.00 -	- -	- -	- -	- -

Amounts in italics represent corresponding previous year's numbers



**Rain Cements Limited**

**Notes forming part of the Financial Statements (continued)**

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

Nature of Transactions	Holding Company	Subsidiary Company	Fellow subsidiaries	Key Managerial Personnel	Enterprise where key managerial personnel along with their relatives exercise significant influence	Balance Outstanding To/(From)
Purchase of Investments from - RIL	-	0.60	-	-	-	-
Sale of Investments to - RIL	-	130.00	-	-	-	-
Advance for Subscription of Debentures - RCoke	-	156.77	-	-	-	(156.77)

*Amounts in italics represent corresponding previous year's numbers*

**38. Leases**

The Company has entered into various operating lease agreements for storage facilities and an amount of Rs. 51.99 (December 31, 2014: Rs. 47.03) paid towards rent under such agreements have been charged off in the Statement of Profit and Loss. These agreements are cancellable in nature and there is no restriction in respect of such leases.

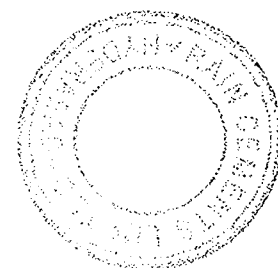
**39. Earnings Per Share (EPS)**

	Year ended December 31, 2015	Year ended December 31, 2014
a. Profit for the year	1,064.52	57.01
b. Weighted average number of equity shares of Rs. 10 each outstanding during the year	29,805	29,805
<b>Earnings Per Share</b>		
c. Basic and diluted [a]/[b] - (Rs.)	35.72	1.91

**40.** During the year, the Company has given donations to the political parties Rs.0.1 [December 31, 2014: Rs. 0.7].



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**Rain Cements Limited**

**Notes forming part of the Financial Statements (continued)**

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

41. Effective from 1 January 2015, the Management has internally reassessed and revised, wherever necessary the useful lives to compute depreciation, to conform to the requirements of the Companies Act 2013. Consequently, the carrying amount of tangible assets at 1 January 2015 is being depreciated over the revised remaining useful life of the tangible asset. The carrying value of Rs. 18.40 in case of assets with nil revised remaining useful life as at 1 January 2015 is charged to Surplus in the statement of Profit and Loss. Further, had the company continued with the previously assessed useful life, charge for depreciation for the year ended December 31, 2015 would have been lower by Rs. 10.96 and the profit before tax would have been higher by such amount.
42. As per Section 135 of the Companies Act, 2013 a CSR committee has been formed by the Company. The proposed areas for CSR activities, as per CSR policy of the Company are promotion of education, rural development activities, medical facilities, employment and ensuring environment sustainability which are specified in Schedule VII of Companies Act, 2013. The Company is required to spend a minimum amount of Rs. 6.84 for the purpose of CSR for the year.

Manner in which the amount is spent in the financial year is given below:

Particulars	Year ended December 31, 2015
Medical	8.17
Education	5.86
Donation	0.95
Others	0.19
<b>Total</b>	<b>15.17</b>

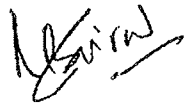
43. Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/ disclosure.

As per our report of even date attached

**For B S R & Associates LLP**

*Chartered Accountants*

Firm registration number: 116231W /W-100024



**Sriram Mahalingam**

*Partner*

Membership number: 049642

**For and on behalf of the Board of Directors**



**N. Sujith Kumar Reddy**

*Managing Director*

DIN:00022383



**G.N.V.S.R.R. Kumar**

*Chief Financial Officer*

M No. 204139



**N. Jagan Mohan Reddy**

*Director*

DIN:00017633



**K. Sai Pavan**

*Company Secretary*

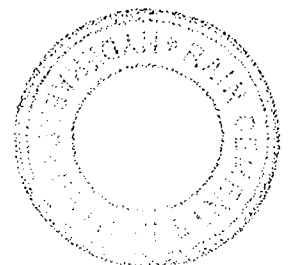
M. No. A31986

Place: Hyderabad

Date: February 17, 2016

Place: Hyderabad

Date: February 17, 2016



**RAIN CARBON INC.**

**AUDITED**

**FINANCIAL STATEMENTS**

**FOR THE**

**FINANCIAL YEAR**

**ENDED**

**DECEMBER 31, 2015**

**C. RAMACHANDRAM & CO.**  
CHARTERED ACCOUNTANTS

**AUDITORS' REPORT**

**To The Members of  
Rain Carbon Inc.**

1. We have audited the attached Balance Sheet of **Rain Carbon Inc.**, ("the Company") as at December 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2015;
  - (ii) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date and
  - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date

**For C. Ramachandram & Co**

Chartered Accountants

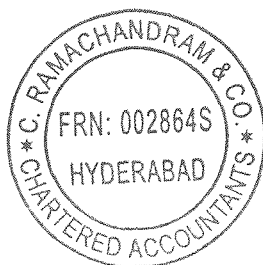
FRN: 002864S



**C. Ramachandram**

Partner

Membership No.: 25834



**Hyderabad**

February 16<sup>th</sup>, 2016

# Rain Carbon Inc

## Balance Sheet as at December 31, 2015

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

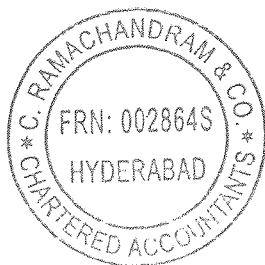
	Note	As December 31, 2015		As at December 31, 2014	
<b>I. LIABILITIES:</b>					
1. Shareholders' Funds					
(a) Capital	3	12,804,474		11,482,198	
(b) Reserves and Surplus	4	4,371,935		3,490,556	
			17,176,409		14,972,754
2. Minority Interest			-		-
3. Non Current Liabilities					
(a) Long-term borrowings	5	-		-	
(b) Deferred tax liabilities (net)		-		-	
			-		-
4. Current Liabilities					
(a) Short-term borrowings	6	-		-	
(b) Trade payables	7	862		206	
(c) Other current liabilities	8	45,478		25,044	
(d) Short-term provisions	9	-		-	
			46,340		25,250
<b>TOTAL</b>			<b>17,222,749</b>		<b>14,998,004</b>
<b>II. ASSETS:</b>					
1. Non Current Assets					
(a) Fixed Assets					
(i) Tangible assets		-		-	
		-		-	
(b) Non-current investments	10	17,150,905		14,998,004	
(c) Deferred tax assets (net)		-		-	
(d) Long-term loans and advances	11	-		-	
			17,150,905		14,998,004
2. Current Assets					
(a) Trade receivables	12	-		-	
(b) Cash and bank balances	13	12,283		-	
(c) Short-term loans and advances	14	58,039		-	
(d) Other current assets	15	1,522		-	
			71,844		-
<b>TOTAL</b>			<b>17,222,749</b>		<b>14,998,004</b>
Corporate Information & Significant Accounting Policies	1 & 2				

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

In terms of our report attached

For C. Ramachandram & Co  
Chartered Accountants  
Firm Registration No: 002864S


C. Ramachandram  
Partner  
M.No 025834



Place: Hyderabad

Date : February 16, 2016

For and on behalf of the Board of Directors

  
N. Jagan Mohan Reddy  
Director



**Rain Carbon Inc**
**Statement of Profit and Loss for the year ended December 31, 2015**

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

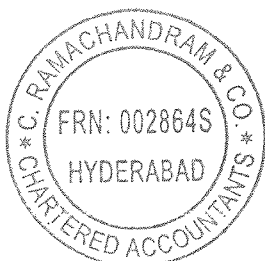
	Note	For the year ended December 31, 2015	For the year ended December 31, 2014
Revenue from operations (Gross)	16	-	-
Less: Excise Duty		-	-
Revenue from operations (Net)		-	-
Other Income	17	2,180,010	1,260,090
<b>TOTAL REVENUE</b>		<b>2,180,010</b>	<b>1,260,090</b>
<b>EXPENDITURE</b>			
Cost of materials consumed			-
Purchases of stock-in-trade	17.1		-
Changes in inventories of finished goods, work-in-progress and stock-in-trade			-
Employee benefits expense	18	43,075	15,413
Finance costs			-
Depreciation and amortisation expense			-
Other Expenses	19	1,756	1,683
<b>TOTAL EXPENSES</b>		<b>44,831</b>	<b>17,096</b>
<b>PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX</b>		<b>2,135,179</b>	<b>1,242,994</b>
Exceptional Items			-
<b>PROFIT BEFORE TAXATION</b>		<b>2,135,179</b>	<b>1,242,994</b>
Tax expense			
(a) Current tax expense for current period			-
(b) Current tax expense relating to prior years			-
(c) Net current tax expense		-	-
(d) Deferred tax			-
<b>PROFIT / (LOSS) FOR THE PERIOD</b>		<b>2,135,179</b>	<b>1,242,994</b>
Minority Interest			-
<b>NET PROFIT FOR THE PERIOD</b>		<b>2,135,179</b>	<b>1,242,994</b>

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

In terms of our report attached

**For C. Ramachandram & Co**  
Chartered Accountants  
Firm Registration No: 002864S

**C. Ramachandram**  
Partner  
M.No 025834



For and on behalf of the Board of Directors

**N. Jagan Mohan Reddy**  
Director

Place: Hyderabad  
Date : February 16, 2016

Particulars	For Year ended December 31, 2015		For the year ended December 31, 2014	
<b>A. Cash flow from operating activities</b>				
Profit before taxation		2,135,179		1,242,994
<u>Adjustments for:</u>				
Depreciation and amortisation expense	-		-	
Interest and other borrowing costs	-		-	
Interest income	(1,513)		-	
Dividend from subsidiary companies	(1,972,225)		(1,260,090)	
Liabilities / provisions no longer required written back	-		-	
Net unrealised exchange (gain) / loss	-		-	
		(1,973,738)		(1,260,090)
<b>Operating profit / (loss) before working capital changes</b>		<b>161,441</b>		<b>(17,096)</b>
<u>Changes in working capital:</u>				
<u>Adjustments for (increase) / decrease in operating assets:</u>				
Trade receivables	-		-	
Short term loans and advances	(51,512)		-	
Other current assets	-		-	
<u>Adjustments for increase / (decrease) in operating liabilities:</u>				
Trade payables, other current liabilities and provisions	(738)		(6,623)	
Other current liabilities	16,819		23,719	
Short-term provisions	-		-	
		(35,431)		17,096
Cash generated from operations		126,010		-
Income taxes paid, net				
<b>Net cash flow from / (used in) operating activities (A)</b>		<b>126,010</b>		<b>-</b>
<b>B. Cash flow from investing activities</b>				
Purchase of long-term investments				
- Subsidiaries	(1,433,734)		(1,206,800)	
Interest received	-		-	
(Increase) / decrease in deposit accounts (having original maturity of more than three months) and other bank balances	-		-	
Dividend received from Subsidiaries	1,972,225		1,260,090	
<b>Net cash flow from / (used in) investing activities (B)</b>		<b>538,491</b>		<b>53,290</b>
<b>C. Cash flow from financing activities</b>				
Proceeds from issue of equity shares	1,298,200		1,206,800	
Proceeds from long-term borrowings	-		-	
Repayment of long-term borrowings	-		-	
Net increase/(decrease) in working capital borrowings	-		-	
Proceeds from other short-term borrowings	-		-	
Repayment of other short-term borrowings	-		-	
Interest and other borrowing costs paid	-		-	
Dividend paid (including tax on dividend)	(1,951,825)		(1,260,090)	
<b>Net cash flow from / (used in) financing activities (C)</b>		<b>(653,625)</b>		<b>(53,290)</b>
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>		<b>10,876</b>		<b>-</b>
Effect of exchange differences on restatement of foreign currency cash and cash equivalents		1,407		-
Cash and cash equivalents - opening balance		-		-
<b>Cash and cash equivalents at the end of the year</b>		<b>12,283</b>		<b>-</b>
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>				
Cash and cash equivalents as per Balance Sheet		12,283		-
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements		-		-
<b>Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 12</b>		<b>12,283</b>		<b>-</b>

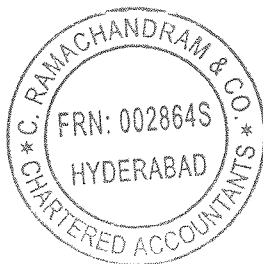
The notes referred to above form an integral part of the financial statements

In terms of our report attached

For C. Ramachandram & Co  
Chartered Accountants  
Firm Registration No: 002864S



C. Ramachandram  
Partner  
M.No 025834



Place: Hyderabad  
Date : February 16, 2016

For and on behalf of the Board of Directors



N. Jagan Mohan Reddy  
Director

**Note 1: Corporate Information**

Rain Carbon Inc. (the "Company" or "RCI") has been incorporated to carry on the businesses of producing calcined petroleum coke (CPC), trading metallic and/or nonmetallic substances, and investing in entities engaged in such businesses.

RCI is a wholly owned subsidiary of Rain Commodities (USA) Inc ("RCUSA"), which in turn is a wholly owned subsidiary of Rain Industries Limited ("RIL" or "the ultimate holding Company"), a company incorporated in India and listed on the National Stock Exchange of India Limited and Bombay Stock Exchange of India Limited. The Company was originally incorporated as a Limited Liability Company in the state of Delaware, United States of America on September 15, 2010. During the year ended December 31, 2013, the Company has been converted into a Delaware Corporation. Upon completion of the conversion process, the authorized share capital of the Company consists of 5,000 shares

**Note 2: Significant Accounting Policies**

**(a) Basis of preparation of Consolidated Financial Statements**

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

**(b) Use of estimates**

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

**(c) Current and non current classification**

All the assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956.

**Assets:**

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

- it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realized within 12 months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

**Liabilities:**

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

- it is expected to be settled in the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within 12 months after the reporting date; or
- the 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 assets / liabilities include the current portion of non current financial assets / liabilities respectively. All other assets / liabilities are classified as non current.

**(d) Other Income**

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

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

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

**(e) Fixed Assets and depreciation**

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

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

Depreciation is calculated using the straight-line method to write off the cost of each asset to its residual value over the estimated useful lives of assets.

Estimated useful lives of assets are as follows:

Buildings	15 years
Furniture and fixtures	10 years

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

**(f) Impairment**

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

**(g) Foreign Currency Transactions**

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

All subsidiaries of the Group are in the nature of non-integral operations in terms of Accounting Standard 11, "The effects of changes in foreign exchange rates".

**(h) Investments**

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

**(i) Derivative Instruments and hedge accounting**

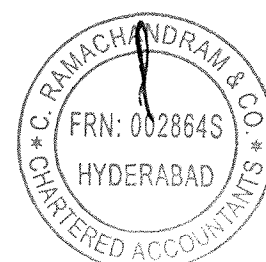
The Company uses interest swap contracts (derivatives) to mitigate its risk of changes in interest rates and does not use them for trading or speculative purposes. The changes in the fair value of interest rate swap contracts are recognized in the statement of profit and loss as they arise. Fair value of such option and swap contracts is determined based on the appropriate valuation techniques considering the terms of the contract. As on December 31, 2013 there are no open derivative contracts.

**(j) 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 utilized for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalization of such asset is added to the cost of the assets.

**(k) Provisions and contingencies**

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



**Rain Carbon Inc**
**Notes forming part of the financial statements**

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

	December 31, 2015	December 31, 2014
<b>3 SHARE CAPITAL</b>		
Issued, Subscribed and Fully Paid Up		
Equity Share Capital	12,804,474	11,482,198
Preferred Share Capital	-	-
	<b>12,804,474</b>	<b>11,482,198</b>
<b>4 RESERVES AND SURPLUS</b>		
(a) Foreign Currency Translation Reserve		
Opening balance	3,515,049	3,145,969
Add: Effect of changes in foreign exchange rates	718,425	369,080
Closing balance	4,233,474	3,515,049
(b) Surplus in Statement of Profit and Loss		
Opening balance	(24,493)	(7,397)
Add: Profit (loss) for the year	2,135,179	1,242,994
Less: Interim dividend	1,972,225	1,260,090
Closing balance	138,461	(24,493)
	<b>4,371,935</b>	<b>3,490,556</b>

	December 31, 2015	December 31, 2014
<b>5 LONG TERM BORROWINGS</b>		
(a) Term loans		
From Banks		
- Secured	-	-
(b) Loans and advances from related parties		
Unsecured	-	-
	-	-
	-	-
	-	-
<b>6 SHORT TERM BORROWINGS</b>		
(a) Loans repayable on demand		
From Banks		
- Secured		
- Unsecured		
(a) Loans and advances from related parties		
- Unsecured	-	-
	-	-
<b>7 TRADE PAYABLES</b>		
Acceptances	-	-
Other than Acceptances	862	206
	<b>862</b>	<b>206</b>

## Notes forming part of the financial statements

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

	December 31, 2015	December 31, 2014
<b>8 OTHER CURRENT LIABILITIES</b>		
Current maturities of long-term debt	-	-
Interest accrued but not due on borrowings	-	-
Interest accrued and due on borrowings	-	-
Deferred revenue	-	-
Other payables	-	-
- Statutory remittances	-	-
- Others	-	545
- Contractually reimbursable expenses	45,478	24,499
	<b>45,478</b>	<b>25,044</b>
<b>9 SHORT TERM PROVISIONS</b>		
Provision - Others:		
Provision for tax (net of advance tax)	-	-
Provision for estimated loss on derivatives	-	-
Provision - others	-	-
	-	-
<b>NON CURRENT INVESTMENTS</b>		
<b>A. TRADE</b>	-	-
<b>B. OTHER INVESTMENTS</b>		
Investment in equity instruments		
(i) of subsidiaries		
Rain Global Services LLC	-	-
Rain Carbon Inc (formerly Rain Carbon USA, LLC)	-	-
Rain Global Holdings LLC (formerly Carbon Holdings USA, LLC)	17,035,073	14,998,004
Rain Carbon Holdings LLC (formerly CPC Holdings USA, LLC)	-	-
Rain CII Carbon LLC	-	-
Rain CII Carbon (Vizag) Limited	-	-
<b>RUTGERS</b>		
Investment in RÜTGERS Wohnimmobilien GmbH & Co. KG	20,754	
Investment in RÜTGERS Gewerbeimmobilien GmbH & Co. KG	95,078	
'Less: Provision for diminution in value of investments		
	<b>17,150,905</b>	<b>14,998,004</b>
<b>LONG TERM LOANS &amp; ADVANCES</b>		
(a) Advance income tax		
	-	-

## Notes forming part of the financial statements

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

	December 31, 2015	December 31, 2014
<b>12 TRADE RECEIVABLES</b>	-	-
Other Trade receivables		
Secured, considered good		
Unsecured, considered good		
Doubtful		
Less: Provision for doubtful trade receivables		
	-	-
<b>13 CASH AND BANK BALANCES</b>		
Cash and cash equivalents		
(a) Cash on hand	-	-
(b) Balances with banks		
- in current accounts	12,283	-
- in deposit accounts (with original maturity of 3 month or less)	-	-
Other bank balances		
Margin money accounts	-	-
	12,283	-
<b>14 SHORT TERM LOANS &amp; ADVANCES</b>		
Loans and advances to related parties		
Unsecured, considered good	58,039	-
Prepaid expenses		-
	58,039	-
<b>15 OTHER CURRENT ASSETS</b>		
(a) Accruals		
- Interest accrued on deposits	-	-
- Interest accrued on loans	1,522	-
(b) Others		
- Deferred consideration	-	-
- Others	-	-
- Contractually reimbursable expenses		
	1,522	-

**Rain Carbon Inc**
**Notes forming part of the financial statements**
**All amounts are in Indian Rupees Thousands, except share data and where otherwise stated**

	For the year ended December 31, 2015	For the year ended December 31, 2014
<b>Note 16: Revenue from operations</b>		
Sale of products	-	-
<b>Revenue from operations (gross)</b>	-	-
Less: Excise duty	-	-
<b>Revenue from operations (net)</b>	-	-
<b>Note 17: Other income</b>		
Interest income		
Interest on loans and advances	1,513	-
	1,513	-
Dividend income from long term investments subsidiaries	1,972,225	1,260,090
Other non-operating income		
Miscellaneous income	206,272	-
	206,272	-
<b>Total</b>	<b>2,180,010</b>	<b>1,260,090</b>
<b>Note 18: Employee benefits expense</b>		
Salaries, wages and bonus	43,075	15,413
<b>Total</b>	<b>43,075</b>	<b>15,413</b>
<b>Note 19: Other expenses</b>		
Rates and taxes	-	8
Travelling and conveyance	99	806
Donations and contributions	395	111
Legal and professional charges	-	40
Payments to auditors [Refer Note below]	1,262	706
Miscellaneous expenses	-	12
	1,756	1,683
Less: Expenses capitalised		
<b>Total</b>	<b>1,756</b>	<b>1,683</b>
<b>Note:</b>		
<b>Payment to auditors comprises (excluding service tax):</b>		
Statutory audit fees	1,262	706
Limited review fees	-	-
Other services	-	-
Reimbursement of expenses	-	-
<b>Total</b>	<b>1,262</b>	<b>706</b>

**RAIN COMMODITIES (USA) INC.**

**AUDITED**

**FINANCIAL STATEMENTS**

**FOR THE**

**FINANCIAL YEAR**

**ENDED**

**DECEMBER 31, 2015**



**C. RAMACHANDRAM & CO.**  
**CHARTERED ACCOUNTANTS**

**AUDITORS' REPORT**

**To The Members of  
Rain Commodities (USA) Inc.**

1. We have audited the attached Balance Sheet of **Rain Commodities (USA) Inc.** ("the Company") as at December 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2015;
  - (ii) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date and
  - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date

**For C. Ramachandram & Co**

Chartered Accountants

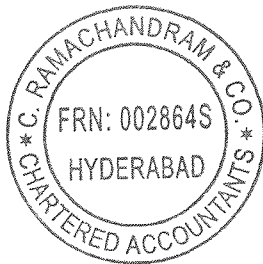
FRN: 002864S



**C. Ramachandram**

Partner

Membership No.: 25834



**Hyderabad**

February 16<sup>th</sup>, 2016

**Rain Commodities (USA) Inc.**

**Balance Sheet as at December 31, 2015**

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

	Note	As at December 31, 2015		As at December 31, 2014	
<b>I. LIABILITIES:</b>					
1. Shareholders' Funds					
(a) Capital	3	7,395,070		7,101,610	
(b) Reserves and Surplus	4	6,286,873		4,169,159	
			13,681,943		11,270,769
2. Minority Interest					-
3. Non Current Liabilities					
(a) Long-term borrowings	5	3,316,500		2,837,184	
(b) Deferred tax liabilities (net)			3,316,500	-	2,837,184
4. Current Liabilities					
(a) Short-term borrowings	6	911,340		-	
(b) Trade payables	7	219,945		-	
(c) Other current liabilities	8	1,080,799		1,220,154	
(d) Short-term provisions	9	-		-	
			2,212,084		1,220,154
<b>TOTAL</b>			<b>19,210,527</b>		<b>15,328,107</b>
<b>II. ASSETS:</b>					
1. Non Current Assets					
(a) Fixed Assets					
(i) Tangible assets		93,253		102,297	
		93,253		102,297	
(b) Non-current investments	10	17,584,783		14,998,004	
(c) Deferred tax assets (net)		97,374		60,781	
(d) Long-term loans and advances	11	-		55,220	
			17,775,410		15,216,302
2. Current Assets					
(a) Trade receivables	12	1,144,723		-	
(b) Cash and bank balances	13	258,151		54,613	
(c) Short-term loans and advances	14	14,939		10,031	
(d) Other current assets	15	17,304		47,161	
			1,435,117		111,805
<b>TOTAL</b>			<b>19,210,527</b>		<b>15,328,107</b>
<b>Corporate Information &amp; Significant Accounting Policies</b>	<b>1 &amp; 2</b>				

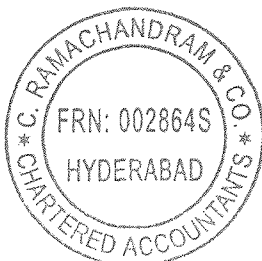
The notes referred to above form an integral part of the financial statements

In ☐s of our report attached

For **C. Ramachandram & Co**  
Chartered Accountants  
Firm Registration No: 002864S



**C. Ramachandram**  
Partner  
M.No 025834



For and on behalf of the Board of Directors



**N. Jagan Mohan Reddy**  
Director

Place: Hyderabad  
Date : February 16, 2016

**Rain Commodities (USA) Inc.**
**Statement of Profit and Loss for the year ended December 31, 2015**

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

	Note	For the year ended December 31, 2015	For the year ended December 31, 2014
Revenue from operations (Gross)	16	1,181,479	-
Less: Excise Duty		-	-
Revenue from operations (Net)		1,181,479	-
Other Income	17	1,994,636	1,291,947
<b>TOTAL REVENUE</b>		<b>3,176,115</b>	<b>1,291,947</b>
<b>EXPENDITURE</b>			
Cost of materials consumed			-
Purchases of stock-in-trade	17.1	1,152,819	-
Changes in inventories of finished goods, work-in-progress and stock-in-trade			-
Employee benefits expense			-
Finance costs	18	190,769	202,246
Depreciation and amortisation expense		13,435	12,784
Other Expenses	19	27,474	27,349
<b>TOTAL EXPENSES</b>		<b>1,384,497</b>	<b>242,379</b>
<b>PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEMS AND TAX</b>		<b>1,791,618</b>	<b>1,049,568</b>
Exceptional Items		-	-
<b>PROFIT / (LOSS) BEFORE TAXATION</b>		<b>1,791,618</b>	<b>1,049,568</b>
Tax expense	20		
(a) Current tax expense for current period		(563)	-
(b) Current tax expense relating to prior years			-
(c) Net current tax expense		(563)	-
(d) Deferred tax		(39,607)	(66,625)
<b>PROFIT / (LOSS) FOR THE PERIOD</b>		<b>1,831,788</b>	<b>1,116,193</b>
Minority Interest			-
<b>NET PROFIT/(LOSS) FOR THE PERIOD</b>		<b>1,831,788</b>	<b>1,116,193</b>

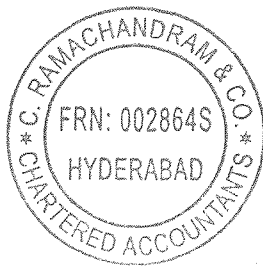
The notes referred to above form an integral part of the financial statements

In terms of our report attached

**r C. Ramachandram & Co**  
 Chartered Accountants  
 Firm Registration No: 002864S



**C. Ramachandram**  
 Partner  
 M.No 025834



Place: Hyderabad  
 Date : February 16, 2016

For and on behalf of the Board of Directors



**N. Jagan Mohan Reddy**  
 Director

**Note 1: Corporate Information**

Rain Commodities (USA) Inc. ("RCUSA") and its subsidiaries (together referred to as "the Company") have been incorporated to carry on the businesses of producing calcined petroleum coke (CPC), trading metallic and/or nonmetallic substances, investing in entities engaged in such businesses and to provide freight forwarding services.

The Company is a wholly owned subsidiary of Rain Industries Limited ("RIL" or "the Holding Company"), a company incorporated in India and listed on the National Stock Exchange of India Limited and Bombay Stock Exchange of India Limited. The Company was incorporated in the State of Delaware, United States of America on November 2, 2005.

RCUSA is the holding company for Rain Carbon Inc (formerly Rain Carbon USA, LLC) ("RCI") which in turn is the holding company for Rain Global Holdings, LLC (formerly Carbon Holdings USA, LLC) ("RGH") which in turn owns Rain Carbon Holdings, LLC (formerly CPC Holdings USA, LLC) ("RCH").

On March 27, 2008, the Company incorporated Rain Global Services LLC ("RGS"), in the state of Delaware, United States of America to conduct trade in metallic and/or nonmetallic substances and to provide related freight forwarding services. On June 30 2012 RCUSA increased its holdings in RGS, from 61% to 80.5%, by converting a portion of a loan into equity. On October 1, 2010 RGS acquired a majority interest (51%) in RGS Egypt Limited, an entity incorporated in Suez, Egypt. RGS Egypt produces slag foaming carbon materials (anthracite coke) and recarbonizers (calcined petroleum coke) in various sizes.

On July 29, 2013, pursuant to a restructuring transaction, RCUSA has contributed the 80.5% membership interest in RGS to RCI as capital contribution, who in turn contributed the RGS membership interest to RGH, who in turn contributed it to RCH. Membership interest in RGS is ultimately held with RCH.

**Note 2: Significant Accounting Policies**

**(a) Basis of preparation of Consolidated Financial Statements**

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

**(b) Use of estimates**

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

**(c) Current and non current classification**

All the assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956.

**Assets:**

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

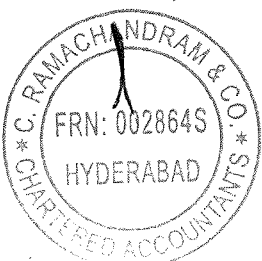
- it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realized within 12 months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

**Liabilities:**

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

- it is expected to be settled in the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within 12 months after the reporting date; or
- the 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 assets / liabilities include the current portion of non current financial assets / liabilities respectively. All other assets / liabilities are classified as non current.



(d) **Other Income**

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

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

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

(e) **Fixed Assets and depreciation**

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

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

Depreciation is calculated using the straight-line method to write off the cost of each asset to its residual value over the estimated useful lives of assets.

Estimated useful lives of assets are as follows:

Buildings	15 years
Furniture and fixtures	10 years

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

(f) **Impairment**

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

(g) **Foreign Currency Transactions**

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

All subsidiaries of the Group are in the nature of non-integral operations in terms of Accounting Standard 11, "The effects of changes in foreign exchange rates".

(h) **Investments**

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

(i) **Derivative instruments and hedge accounting**

The Company uses interest swap contracts (derivatives) to mitigate its risk of changes in interest rates and does not use them for trading or speculative purposes. The changes in the fair value of interest rate swap contracts are recognized in the statement of profit and loss as they arise. Fair value of such option and swap contracts is determined based on the appropriate valuation techniques considering the terms of the contract. As on December 31, 2013 there are no open derivative contracts.

(j) **Taxes on Income**

The Company entered in to tax sharing agreement with its affiliated group in USA for filing consolidated federal income tax return in USA. The following companies have entered into the tax sharing agreement:

Rain Carbon Inc  
Rain Global Holdings LLC  
Rain Carbon Holdings LLC  
Rain Global Services LLC  
Rain CII Carbon LLC and  
Rain CTP Inc.  
Handy Chemicals (U.S.A.) Ltd.

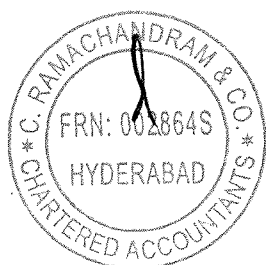
Current tax is determined based on the amount of tax payable in respect of taxable income for the year. Deferred tax is recognized on timing differences being the difference between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent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

(k) **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 utilized for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalization of such asset is added to the cost of the assets.

(l) **Provisions and contingencies**

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



Particulars	For Year ended December 31, 2015		For the year ended December 31, 2014	
<b>A. Cash flow from operating activities</b>				
Profit before taxation		1,791,618		1,049,568
<u>Adjustments for:</u>				
Depreciation and amortisation expense	13,435		12,783	
Interest and other borrowing costs	190,768		202,246	
Interest income	(3,189)		(1,155)	
Dividend from subsidiary companies	(1,972,225)		(1,260,090)	
Liabilities / provisions no longer required written back			-	
Net unrealised exchange (gain) / loss			-	
		(1,771,211)		(1,046,216)
<b>Operating profit / (loss) before working capital changes</b>		20,407		3,352
<u>Changes in working capital:</u>				
<u>Adjustments for (increase) / decrease in operating assets:</u>				
Trade receivables	(1,137,820)		-	
Short term loans and advances	(4,161)		(8,734)	
Other current assets	(25,136)		217,927	
<u>Adjustments for increase / (decrease) in operating liabilities:</u>				
Trade payables	218,619		(372)	
Other current liabilities	84,176		1,825	
Short-term provisions	-		-	
		(864,322)		210,646
Cash generated from operations		(843,915)		213,998
Income taxes paid, net		61,363		
<b>Net cash flow from / (used in) operating activities (A)</b>		(782,552)		213,998
<b>B. Cash flow from investing activities</b>				
Purchase of long-term investments				
- Subsidiaries	(1,864,995)		(1,206,800)	
Interest received	445		433	
Bank deposits and other bank balances	(445)		(353)	
	1,972,225		1,260,090	
<b>Net cash flow from / (used in) investing activities (B)</b>		107,230		53,370
<b>C. Cash flow from financing activities</b>				
Proceeds from issue of equity shares			-	
Proceeds from long-term borrowings	1,318,600		1,206,800	
Repayment of long-term borrowings	(1,187,020)		(1,001,740)	
Net increase/(decrease) in working capital borrowings	801,210			
Proceeds from other short-term borrowings	326,063		493,210	
Repayment of other short-term borrowings	(180,288)		(478,160)	
Interest and other borrowing costs paid	(203,302)		(190,997)	
Dividend paid (including tax on dividend)	-		(363,540)	
<b>Net cash flow from / (used in) financing activities (C)</b>		875,263		(334,427)
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>		199,941		(67,059)
Effect of exchange differences on restatement of foreign currency cash and cash equivalents		1,335		(1,025)
Cash and cash equivalents - opening balance		16,875		84,959
<b>Cash and cash equivalents - closing balance</b>		218,151		16,875
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>				
Cash and cash equivalents as per Balance Sheet		258,151		54,613
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements		40,000		37,738
<b>Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 12</b>		218,151		16,875

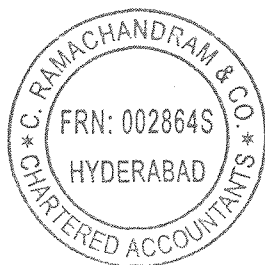
The notes referred to above form an integral part of the financial statements

In terms of our report attached

For C. Ramachandram & Co  
Chartered Accountants  
Firm Registration No: 002864S



C. Ramachandram  
Partner  
M.No 025834



Place: Hyderabad  
Date : February 16, 2016

For and on behalf of the Board of Directors



N. Jagan Mohan Reddy  
Director

**Rain Commodities (USA) Inc.****Notes forming part of the financial statements**

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

	December 31, 2015	December 31, 2014
<b>3 SHARE CAPITAL</b>		
<b>Issued, Subscribed and Fully Paid Up</b>		
Equity Share Capital	906,669	906,669
Preferred Share Capital	6,488,401	6,194,941
	<b>7,395,070</b>	<b>7,101,610</b>
<b>4 RESERVES AND SURPLUS</b>		
(a) Foreign Currency Translation Reserve		
Opening balance	992,925	848,338
Add: Effect of changes in foreign exchange rates	285,926	144,587
Closing balance	1,278,851	992,925
(b) Surplus in Statement of Profit and Loss		
Opening balance	3,176,234	2,423,581
Add: Profit (loss) for the year	1,831,788	1,116,193
Less: Interim dividend	-	363,540
Closing balance	5,008,022	3,176,234
	<b>6,286,873</b>	<b>4,169,159</b>

**Notes forming part of the financial statements**

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

	December 31, 2015	December 31, 2014
<b>5 LONG TERM BORROWINGS</b>		
(a) Term loans		
From Banks		
- Secured	663,300	1,266,600
	663,300	1,266,600
(b) Loans and advances from related parties		
Unsecured	2,653,200	1,570,584
	2,653,200	1,570,584
	<b>3,316,500</b>	<b>2,837,184</b>
<b>6 SHORT TERM BORROWINGS</b>		
(a) Loans repayable on demand		
From Banks		
- Secured	806,071	
- Unsecured		
(a) Loans and advances from related parties		
- Unsecured	105,269	-
	<b>911,340</b>	<b>-</b>
<b>7 TRADE PAYABLES</b>		
Acceptances	-	-
Other than acceptances	219,945	-
	<b>219,945</b>	<b>-</b>



## Notes forming part of the financial statements

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

	December 31, 2015	December 31, 2014
<b>8 OTHER CURRENT LIABILITIES</b>		
Current maturities of long-term borrowings (Refer note 5)	981,684	1,190,604
Interest accrued but not due on borrowings	6,220	25,543
Interest accrued and due on borrowings	2,440	-
Deferred revenue		
Other payables		
- Statutory remittances	925	3,583
- Others	89,530	424
- Contractually reimbursable expenses		
	<b>1,080,799</b>	<b>1,220,154</b>
<b>9 SHORT TERM PROVISIONS</b>		
Provision - Others:		
- Provision for tax (net of advance tax)	-	-
- Provision for loss on derivatives	-	-
- Other provisions	-	-
	-	-
<b>10 NON CURRENT INVESTMENTS</b>		
<b>A. TRADE</b>	-	-
<b>B. OTHER INVESTMENTS</b>		
Investment in equity instruments		
(i) of subsidiaries		
Rain Global Services LLC	-	-
Rain Carbon Inc (formerly Rain Carbon USA, LLC)	17,035,073	14,998,004
Rain Global Holdings LLC (formerly Carbon Holdings USA, LLC)	-	-
Rain Carbon Holdings LLC (formerly CPC Holdings USA, LLC)	-	-
Rain CII Carbon LLC	-	-
Rain CII Carbon (Vizag) Limited	-	-
INVESTMENT IN 8% RCC BONDS	290,194	
INVESTMENT IN 8.25% RCC BONDS	259,516	
Less: Provision for diminution in value of investments		
	<b>17,584,783</b>	<b>14,998,004</b>
<b>11 LONG TERM LOANS &amp; ADVANCES</b>		
(a) Advance income tax	-	55,220
	-	<b>55,220</b>

	December 31, 2015	December 31, 2014
<b>12 TRADE RECEIVABLES</b>	-	-
Other Trade receivables		
Secured, considered good		
Unsecured, considered good	1,144,723	
Doubtful		
Less: Provision for doubtful trade receivables		
	1,144,723	-
	1,144,723	-
<b>13 CASH AND BANK BALANCES</b>		
Cash and cash equivalents		
(a) Cash on hand	-	-
(b) Balances with banks		
- in current accounts	218,151	15,407
- in deposit accounts (with original maturity of 3 month or less)		1,468
Other bank balances		
Balances held as margin money against guarantees and other commitments	40,000	37,738
	258,151	54,613
<b>14 SHORT TERM LOANS &amp; ADVANCES</b>		
Loans and advances to related parties		
Unsecured, considered good	14,939	10,031
Prepaid expenses		
	14,939	10,031
<b>15 OTHER CURRENT ASSETS</b>		
(a) Accruals		
- Interest accrued on deposits	15,088	296
- Interest accrued on loans	-	1,036
(b) Others		
- Deferred consideration	-	-
- Others	-	44,876
- Contractually reimbursable expenses	2,216	953
	17,304	47,161

	For the year ended December 31, 2015	For the year ended December 31, 2014
<b>Note 16: Revenue from operations</b>		
Sale of products	1,181,479	-
Revenue from services	-	-
Other operating revenues [Refer Note (i) below]	-	-
<b>Revenue from operations (gross)</b>	<b>1,181,479</b>	<b>-</b>
Less: Excise duty	-	-
<b>Revenue from operations (net)</b>	<b>1,181,479</b>	<b>-</b>
<b>Note 17: Other income</b>		
Interest income		
- Interest from banks on deposits	405	442
- Interest on loans and advances	2,784	714
- Other Interest	-	-
	<b>3,189</b>	<b>1,156</b>
subsidiaries	1,972,225	1,260,090
Other non-operating income		
Rental income from operating leases	6,647	6,286
Miscellaneous income	12,575	24,415
	<b>19,222</b>	<b>30,701</b>
<b>Total</b>	<b>1,994,636</b>	<b>1,291,947</b>
<b>Note 17.1: Purchase of traded goods</b>		
Green Petroleum Coke	1,152,819	-
<b>Total</b>	<b>1,152,819</b>	<b>-</b>
<b>Note 18: Finance costs</b>		
Interest expense on borrowings	183,192	201,744
Other borrowing costs	7,577	502
Loss on foreign currency transactions and translation (net)	-	-
<b>Total</b>	<b>190,769</b>	<b>202,246</b>
<b>Note 19: Other expenses</b>		
Rates and taxes	12,429	12,102
Donations and contributions	706	394
Legal and professional charges	16,764	12,243
Payments to auditors [Refer Note below]	583	368
Miscellaneous expenses	(3,008)	2,242
	<b>27,474</b>	<b>27,349</b>
Less: Expenses capitalised	-	-
<b>Total</b>	<b>27,474</b>	<b>27,349</b>
<b>Note:</b>		
<b>Payment to auditors comprises (excluding service tax):</b>		
Statutory audit fees	583	368
Limited review fees	-	-
Other services	-	-
Reimbursement of expenses	-	-
<b>Total</b>	<b>583</b>	<b>368</b>
<b>Note 20: Tax expense</b>		
Current tax		
(i) Tax for current period	(563)	-
(ii) Tax relating to earlier years	-	-
(iii) Minimum alternate tax credit entitlement	-	-
Net current tax	(563)	-
Deferred tax	(39,607)	(66,625)
<b>Total</b>	<b>(40,170)</b>	<b>(66,625)</b>

**MOONGLOW COMPANY BUSINESS INC.**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE**

**FINANCIAL YEAR**

**ENDED 31<sup>ST</sup> DECEMBER, 2015.**

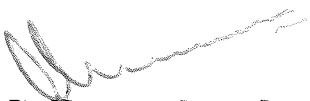
**C. RAMACHANDRAM & CO.**  
CHARTERED ACCOUNTANTS

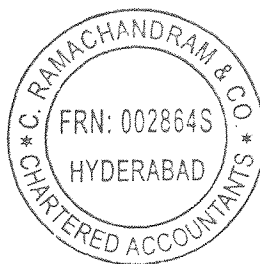
**AUDITORS' REPORT**

**To The Members of  
Moonglow Company Business Inc.**

1. We have audited the attached Balance Sheet of **Moonglow Company Business Inc** ("the Company") as at December 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2015;
  - (ii) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date and
  - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date

**For C. Ramachandram & Co**  
Chartered Accountants  
FRN: 002864S

  
**C. Ramachandram**  
Partner  
Membership No.: 25834



**Hyderabad**  
February 16<sup>th</sup>, 2016

**MOONGLOW COMPANY BUSINESS INC.**

**Balance Sheet as at December 31, 2015**

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

	Note	As at December 31, 2015		As at December 31, 2014	
<b>I. LIABILITIES:</b>					
1. Shareholders' Funds					
(a) Capital	3	3,902,180		3,902,180	
(b) Reserves and Surplus	4	2,584,937		2,291,548	
			6,487,117		6,193,728
2. Non Current Liabilities			-		-
3. Current Liabilities					
(a) Trade payables	5		53		38
<b>TOTAL</b>			<b>6,487,170</b>		<b>6,193,766</b>
<b>II. ASSETS:</b>					
1. Non Current Assets					
(a) Non-current investments	6		6,487,074		6,193,674
2. Current Assets					
(a) Cash and cash equivalents	7		96		92
<b>TOTAL</b>			<b>6,487,170</b>		<b>6,193,766</b>
<b>Corporate Information</b>	1				
<b>Significant Accounting Policies</b>	2				

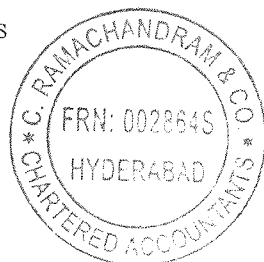
The notes referred to above form an integral part of the financial statements

In terms of our report attached

**For C. Ramachandram & Co**  
Chartered Accountants  
Firm Registration No: 002864S

**C. Ramachandram**  
Partner  
M.No 025834

Place: Hyderabad  
Date : February 16, 2016



For and on behalf of the Board of Directors

**N. Jagan Mohan Reddy**  
Director

**Alain Gloor**  
Director

**MOONGLOW COMPANY BUSINESS INC.**

**Statement of Profit and Loss for the year ended December 31, 2015**

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

	Note	Year ended December 31, 2015	Year ended December 31, 2014
Revenue from operations		-	-
<b>TOTAL REVENUE</b>		-	-
<b>EXPENDITURE</b>			
Finance costs	8	-	-
Other Expenses	9	13	12
<b>TOTAL EXPENSES</b>		13	12
<b>LOSS BEFORE TAXATION</b>		(13)	(12)
Tax expense		-	-
<b>LOSS FOR THE YEAR</b>		(13)	(12)
<b>Corporate Information</b>	1		
<b>Significant Accounting Policies</b>	2		

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

In terms of our report attached

**For C. Ramachandram & Co**

Chartered Accountants

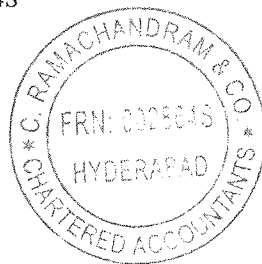
Firm Registration No: 002864S



**C. Ramachandram**

Partner

M.No 025834



Place: Hyderabad

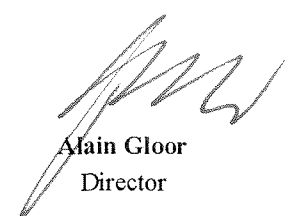
Date : February 16, 2016

For and on behalf of the Board of Directors



**N. Jagan Mohan Reddy**

Director



**Main Gloor**

Director

MOONGLOW COMPANY BUSINESS INC.

Cash Flow Statement for the year ended December 31, 2015

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

	Year ended December 31, 2015	Year ended December 31, 2014
<b>A. Cash Flow from Operating Activities</b>		
<b>Loss before Taxation</b>	(13)	(12)
Adjustments for:		
Interest and other borrowing costs	-	-
Loss/(gain) on foreign currency transactions and translation (net)	-	-
<b>Operating loss before Working Capital changes</b>	(13)	(12)
<b>Adjustments for :</b>		
Trade payables, other liabilities and provisions	15	13
<b>Cash generated from operations</b>	2	1
Income taxes paid, net	-	-
<b>Net cash flow from/(used in) Operating activities</b>	2	1
<b>B. Cash Flow from Investing Activities</b>		
Purchase of current investments	-	-
<b>Net cash flow from/(used in) Investing activities</b>	-	-
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from issue of equity shares	-	-
Interest and other borrowing costs paid	-	-
<b>Net cash flow from/(used in) Financing activities</b>	-	-
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	2	1
Effect of exchange differences on restatement of foreign currency cash and cash equivalents	2	2
<b>Cash and cash equivalents - opening balance</b>	92	89
<b>Cash and cash equivalents - closing balance</b>	96	92
Cash and Cash Equivalent comprise:		
(a) Cash on hand	-	-
(b) Balances with banks		
(i) In current accounts	96	92
	96	92

Notes

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


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

In terms of our report attached

**For C. Ramachandram & Co**

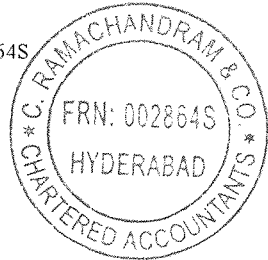
Chartered Accountants

Firm Registration No: 002864S

  
C. Ramachandram

Partner

M.No 025834



For and on behalf of the Board of Directors

  
N. Jagan Mohan Reddy

Director

  
Alain Gloor

Director

Place: Hyderabad

Date : February 16, 2016



## **Moonglow Company Business Inc.**

### **Notes forming part of financial statements**

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

#### **1. Background:**

Moonglow Company Business Inc. is a company incorporated in British Virgin Island, to invest in companies engaged in the business of manufacturing and sale of Carbon Products.

#### **2. Significant Accounting Policies:**

##### **a) Basis of Accounting**

The Company follows the accrual basis of accounting. The financial statements are prepared on historical cost basis and to comply in all material aspects with accounting principles generally accepted in India.

##### **b) Use of Estimates**

The Preparation of financial statements in conformity with the generally accepted accounting principles requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

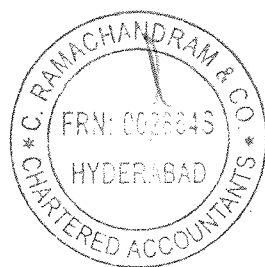
##### **c) Foreign Currency Transactions**

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

In terms of Accounting Standard 11, "The effects of changes in foreign exchange rates", company is in the nature of non-integral operations for consolidating with its ultimate holding company Rain Industries Limited (formerly Rain Commodities Limited). All monetary and non monetary assets and liabilities are translated at the rate prevailing on the balance sheet date. All revenue and expense transactions during the year are reported at average rate. The resultant translation adjustment is reflected as 'Foreign Currency Translation Reserve' and included under Reserves and Surplus Schedule.

##### **d) Investments**

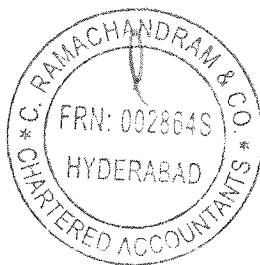
Long term investments are valued at cost, less provision for permanent diminution, if any, in value of such investments.



**MOONGLOW COMPANY BUSINESS INC.****Notes forming part of the financial statements**

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

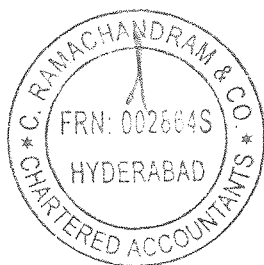
	As at December 31, 2015	As at December 31, 2014
<b>3 SHARE CAPITAL</b>		
<b>Authorised</b> 100,000,000 Ordinary shares of USD 1.00 each (December 31, 2014 : 100,000,000 Ordinary shares of USD 1.00 each)	4,000,050	4,000,050
	4,000,050	4,000,050
<b>Issued, Subscribed and Paid up</b> 97,805,000 Ordinary shares of USD 1.00 each held by Rain Cements Limited (December 31, 2014 : 97,805,000 Ordinary shares of USD 1.00 each)	3,902,180	3,902,180
	3,902,180	3,902,180
<b>Notes:</b>		
<b>(i) Reconciliation of number of equity shares at the beginning and at the end of the year:</b>		
<b>Particulars</b>	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Opening balance at the beginning of the year	97,805,000	97,805,000
Add: Shares issued during the current year	-	-
<b>Balance at the end of year</b>	<b>97,805,000</b>	<b>97,805,000</b>
<b>(ii) The Company has only one class of equity shares having a par value of USD 1.00 each per share. Each holder of equity shares is entitled to one vote per share.</b>		
<b>(iii) Details of equity shares held by each shareholder holding more than 5% shares:</b>		
<b>Name of the shareholder</b>	<b>As at December 31, 2015</b>	
	<b>Number of Shares</b>	<b>% holding</b>
Rain Industries Limited	97,805,000	100.00
<b>Name of the shareholder</b>	<b>As at December 31, 2014</b>	
	<b>Number of Shares</b>	<b>% holding</b>
Rain Cements Limited	97,805,000	100.00



**MOONGLOW COMPANY BUSINESS INC.****Notes forming part of the financial statements**

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

	As at December 31, 2015	As at December 31, 2014
<b>4 RESERVES AND SURPLUS</b>		
<b>Foreign Currency Translation Reserve</b>		
Opening balance	2,291,735	2,151,879
Add: Effect of changes in foreign exchange rates	293,402	139,856
Closing balance	2,585,137	2,291,735
<b>Deficit in Statement of Profit and Loss</b>		
Opening balance	(187)	(175)
Add: Loss for the year	(13)	(12)
Closing balance	(200)	(187)
	<b>2,584,937</b>	<b>2,291,548</b>
<b>5 TRADE PAYABLES</b>		
Other than acceptances	53	38
	<b>53</b>	<b>38</b>
<b>6 NON CURRENT INVESTMENTS</b>		
<b>OTHER INVESTMENTS</b>		
Subsidiary Company Rain Commodities (USA) Inc 97,800,000 Series B Preferred Stock of USD 1.00 each, fully paid up (December 31, 2014 : 97,800,000 Series B Preferred Stock of USD 1.00 each)	6,487,074	6,193,674
	<b>6,487,074</b>	<b>6,193,674</b>
<b>7 CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents		
Cash on hand	-	-
Balances with banks:		
- in current accounts	96	92
	<b>96</b>	<b>92</b>
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is	96	92



**MOONGLOW COMPANY BUSINESS INC.****Notes forming part of the financial statements**

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

	Year ended December 31, 2015	Year ended December 31, 2014
<b>8 FINANCE COSTS</b>		
Bank Charges	-	-
	-	-
<b>9 OTHER EXPENSES</b>		
Payment to auditors [Refer Note below]	13	12
	<b>13</b>	<b>12</b>
(i) Payments to the auditors comprises: Statutory audit fees	13	12

