RAIN CARBON INC

AUDITED

FINANCIAL STATEMENTS

FOR THE

FINANCIAL YEAR ENDED

DECEMBER 31, 2020

C. RAMACHANDRAM & CO.
CHARTERED ACCOUNTANTS

3-6-237, Unit # 606,
Lingapur La Builde Complex,
Himayatnagar, Hyderabad - 500 029
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INDEPENDENT AUDITOR'S REPORT

To the Members of Rain Carbon INC

We have audited the accompanying IND AS Financial Statements of **M/s Rain Carbon INC (the Company)**, which comprise the balance sheet as at December 31, 2020, and the statement of profit and loss(including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and a summary of the significant accounting policies and other explanatory information.

The IND AS Financial Statements have been prepared by management in accordance with the provisions of the Companies Act, 2013.

Management'sResponsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Company; this includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

C. RAMACHANDRAM & CO. FRN: 002864S HYDERABAD CHARTERED ACCOUNTANTS

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give a true and fair view of the state of affairs of the company as at December 31, 2020, and of its results of operations and its cash flows for the year then ended in accordance with the provisions of the Companies Act, 2013.

Basis of Preparation of Financial Statements

Without modifying our opinion, we draw attention to Notes forming part of financial statements, which describes the basis of preparation of Financial Statements. The financial statements are prepared for consolidated financial statements of **M/s Rain Industries Limited** (the holding company). As a result, the financial statements may not be suitable for another purpose.

For **C RAMACHANDRAM & CO**
Chartered Accountants
FRN: 002864S

Place: Hyderabad
Date: February 23, 2021

C. RAMACHANDRAM & CO. * FRN: 002864S HYDERABAD CHARTERED ACCOUNTANTS *

C RAMACHANDRAM
Partner
Membership No.: 025834
UDIN: 21025834AAAAGR7365

Rain Carbon Inc.
Balance Sheet as at December 31, 2020

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

	Note	As at December 31, 2020		As at December 31, 2019	
ASSETS					
1. Non-current assets					
(a) Property, Plant and Equipment	3		3.31		4.23
(b) Financial Assets					
(i) Investments	4	20,139.16		20,139.16	
(ii) Loans	5	39,520.04		-	
(c) Deferred tax asset, net		92.76		46.41	
			59,751.96		20,185.57
2. Current assets					
(a) Financial Assets					
(i) Cash and cash equivalents	6	18.92		39.70	
(ii) Loans	7	170.31		-	
(iii) Other financials assets	8	1,520.73		611.34	
			1,709.96		651.04
(b) Other current assets	9		9.18		13.44
TOTAL			**61,474.41**		**20,854.28**
EQUITY AND LIABILITIES					
1. Equity					
(a) Equity Share Capital	10	16,270.47		16,270.47	
(b) Other Equity	11	3,456.59		3,274.46	
			19,727.06		19,544.93
2. Liabilities					
Non current liabilities					
(a) Financial Liabilities					
(i) Borrowings	12		39,645.55		-
Current liabilities					
(a) Financial Liabilities					
(i) Borrowings	13		-		665.59
(ii) Other financial liabiltiies	14		2,092.77		578.64
(b) Other current liablities	15		3.53		58.99
(c) Current tax liabilities			5.50		6.13
TOTAL			**61,474.41**		**20,854.28**
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 C. Ramachandram & Co
Chartered Accountants
Firm Registration No: 002864S

C. Ramachandram
Partner
M.No 025834
UDIN:

C. RAMACHANDRAM & CO. FRN: 002864S HYDERABAD CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors

Jagan Mohan Reddy Nellore
Director
DIN: 00017633

Place: Hyderabad
Date: February 23, 2021

Rain Carbon Inc.
Statement of Profit and Loss for the year ended December 31, 2020

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

		Note	For the year ended December 31, 2020	For the year ended December 31, 2019
1	**Total income**			
	Other income	16	4,046.51	1,441.41
	Total income		**4,046.51**	**1,441.41**
2	**Expenses**			
	Employee benefits expense	17	105.84	94.73
	Finance costs	18	3,108.53	50.89
	Depreciation and amortisation expense	3	1.04	0.98
	Other expenses	19	673.71	829.30
	Total expenses		**3,889.12**	**975.90**
3	**Profit before tax (1-2)**		**157.39**	**465.51**
4	**Tax expense/(benefit)**	20		
	1. Current tax		-	6.72
	2. Deferred tax		(45.25)	(5.42)
5	**Profit for the year (3-4)**		**202.64**	**464.21**
6	**Other Comprehensive Income/(loss)**			
A.	(i) Items that will not be reclassified to profit or loss			
	(ii) Income tax relating to items that will not be reclassified to profit or loss			
B.	(i) Items that will be reclassified to profit or loss			
	- Exchange Differences in translating the financial statements of foreign operation		(20.51)	(30.82)
	(ii) Income tax relating to items that will be reclassified to profit or loss			
	Total Other Comprehensive Loss for the year		**(20.51)**	**(30.82)**
7	**Total Comprehensive Income for the year (6+7)**		182.13	433.39

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

C. Ramachandram
Partner
M.No 025834
UDIN:

C. RAMACHANDRAM & CO. * FRN: 002864S HYDERABAD CHARTERED ACCOUNTANTS *

For and on behalf of the Board of Directors

Jagan Mohan Reddy Nellore
Director
DIN: 00017633

Place: Hyderabad
Date: February 23, 2021

Rain Carbon Inc.
Statement of changes in Equity for the year ended December 31, 2020

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

Particulars	Attributable to owners of the Company				Total
	Equity Share Capital	Reserves and Surplus		Other comprehensive income	
		Capital Reserve	Retained Earnings	Exchange differences on translating the financial statements of a foreign operation	
Balance at the beginning of the year	16,270.47	331.85	(2,236.34)	5,178.95	19,544.93
Total Comprehensive Income/(loss) for the year	-	-	202.64	(20.51)	182.13
Balance as at December 31, 2020	**16,270.47**	**331.85**	**(2,033.70)**	**5,158.44**	**19,727.06**

Particulars	Attributable to owners of the Company				Total
	Equity Share Capital	Reserves and Surplus		Other comprehensive income	
		Capital Reserve	Retained Earnings	Exchange differences on translating the financial statements of a foreign operation	
Balance at the beginning of the year	16,270.47	331.85	(2,418.44)	5,209.77	19,393.65
Total Comprehensive Income/(loss) for the year	-	-	464.21	(30.82)	433.39
Dividends	-	-	(282.11)	-	(282.11)
Balance as at December 31, 2019	**16,270.47**	**331.85**	**(2,236.34)**	**5,178.95**	**19,544.93**

Description of the purposes of each reserve within equity:

Reserves and Surplus:

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

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

Items of Other Comprehensive Income:

(a) Foreign currency translation reserve (FCTR): Represents the FCTR of the foreign subsidiary. For the purpose of Group consolidation, the financial statements are translated at average rate of items in statement of profit and loss and at closing rate of the items in Balance sheet.

As per our report of even date attached
For C. Ramachandram & Co
Chartered Accountants
Firm Registration No: 002864S

C. RAMACHANDRAM & CO. * FRN: 002864S HYDERABAD * CHARTERED ACCOUNTANTS

C. Ramachandram
Partner
M.No 025834
UDIN:

For and on behalf of the Board of Directors

Jagan Mohan Reddy Nellore
Director
DIN: 00017633

Place: Hyderabad
Date: February 23, 2021

Rain Carbon Inc.
Cash Flow Statement for the year ended December 31, 2020

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

	For the year ended December 31, 2020		For the year ended December 31, 2019	
A. Cash flow from operating activities				
Profit before taxation		157.39		465.51
Adjustments for :				
Depreciation and amortisation expense	1.04		0.98	
Interest and other borrowing costs	3,108.53		50.89	
Interest income	(2,955.35)		-	
Dividend from subsidiary companies	(354.79)		(461.07)	
		(200.57)		(409.20)
Operating profit / (loss) before working capital changes		(43.18)		56.31
Adjustments for :				
Other financial assets	(175.22)		(507.54)	
Other current liabilities	(59.41)		25.42	
Other financial liabilities	810.78		507.38	
		576.15		25.26
Cash generated from operations		532.97		81.57
Income taxes paid, net		(0.80)		(0.56)
Net cash from operating activities		**532.17**		**81.01**
B. Cash flow from investing activities				
Loans given to subsidiaries during the year		(171.57)		-
Dividend received from Subsidiaries		354.79		461.07
Net cash from investing activities		**183.22**		**461.07**
C. Cash flow from financing activities				
Proceeds from non-current borrowings		476.64		-
Repayment of non-current borrowings		(472.91)		-
Net increase / (decrease) in working capital borrowings		(692.99)		(204.03)
Interest and other borrowing costs paid		(44.94)		(19.25)
Dividend paid		-		(282.11)
Net cash used in financing activities		**(734.20)**		**(505.39)**
Net increase / (decrease) in cash and cash equivalents (A+B+C)		**(18.81)**		**36.69**
Cash and cash equivalents - opening balance		**39.70**		**2.65**
Effect of exchange differences on restatement of foreign currency cash and cash equivalents		(1.97)		0.36
Cash and cash equivalents - closing balance (Refer Note (ii) below)		**18.92**		**39.70**

Notes:

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

(ii) Components of Cash and cash equivalents:

	2020	2019
Balances with banks:		
- in current accounts	18.92	39.70
	18.92	**39.70**

As per our report of even date attached
For C. Ramachandram & Co
Chartered Accountants
Firm Registration No: 002864S

C. RAMACHANDRAM & CO. FRN: 002864S HYDERABAD CHARTERED ACCOUNTANTS

C. Ramachandram
Partner
M.No 025834
UDIN:

For and on behalf of the Board of Directors

Jagan Mohan Reddy Nellore
Director
DIN: 00017633

Place: Hyderabad
Date: February 23, 2021

Rain Carbon Inc.
Notes forming part of the Financial Statements

Note 1: Corporate Information

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

The Company 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 BSE 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 conversion process, the authorized share capital of the Company consists of 5,000 shares.

Note 2: Significant Accounting Policies

a) Basis of preparation of Financial Statements

(i) Statement of Compliance

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

The standalone financial statements have been prepared on a going concern basis. Relevant Ind AS effective as on the Company's annual reporting date (December 31, 2020) has been applied. The accounting policies are applied consistently to all the periods presented in the financial statements.

The standalone financial statements were authorised for issue by the Company's Board of Directors on February 23, 2021.

(ii) Functional and presentation currency

The Functional currency of the Company is US Dollars (USD). These Standalone financial statements are presented in Indian Rupees (INR). All amounts have been rounded-off to the nearest millions, unless otherwise indicated.

(iii) Basis of measurement

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

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

(iv) Use of estimates

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

Assumptions and estimation uncertainties

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

- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources
- Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used
- Useful life of property, plant and equipment
- Impairment of financial assets and non-financial assets
- Expected Credit loss - provision for doubtful debts

Current and Non-current classification

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

Assets

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

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

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

Liabilities

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

i) It is expected to be settled in the Company's normal operating cycle
ii) It is held primarily for the purpose of being traded
iii) It is due to be settled within 12 months after the reporting date or

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

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

Operating cycle

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

b) Financial instruments

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

Financial Assets

Recognition and initial measurement

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

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

c) Revenue recognition

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

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

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

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

d) Other income

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

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

e) Property, plant and equipment

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

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

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

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

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

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

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

f) Foreign Currency Transactions and Balances

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

g) Investments

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

h) Tax expense

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

i) Provisions and contingencies

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

j) Dividend declared

The Company recognises a liability to make cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company.

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

Note 3: Property, plant and equipment

Description	Gross Block					Depreciation					NET BLOCK	
	As at January 1, 2020	Additions	Deletions	Foreign Exchange Adjustments	As at December 31, 2020	As at January 1, 2020	For the year	Deletions	Foreign Exchange Adjustments	As at December 31, 2020	As at December 31, 2020	As at December 31, 2019
I. TANGIBLE ASSETS												
Vehicles	7.84			0.20	8.04	3.61	1.04		0.08	4.73	3.31	4.23
Total	7.84	-	-	0.20	8.04	3.61	1.04	-	0.08	4.73	3.31	4.23

Description	Gross Block					Depreciation					NET BLOCK	
	As at January 1, 2019	Additions	Deletions	Foreign Exchange Adjustments	As at December 31, 2019	As at January 1, 2019	For the year	Deletions	Foreign Exchange Adjustments	As at December 31, 2019	As at December 31, 2019	As at December 31, 2018
I. TANGIBLE ASSETS												
Vehicles	7.68			0.16	7.84	2.57	0.98		0.06	3.61	4.23	5.11
Total	7.68	-	-	0.16	7.84	2.57	0.98	-	0.06	3.61	4.23	5.11

Rain Carbon Inc.
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, 2020	As at December 31, 2019
Note 4: Non-current investments		
A. Investment in equity instruments (unquoted)		
Equity shares carried at cost		
(i) of subsidiaries		
Rain Carbon Holdings LLC	20,017.28	20,017.28
Investment in RÜTGERS Wohnimmobilien GmbH & Co. KG	21.84	21.84
Investment in RÜTGERS Gewerbeimmobilien GmbH & Co. KG	100.04	100.04
Total	**20,139.16**	**20,139.16**
(a) aggregate amount of unquoted investements	20,139.16	20,139.16
Note 5: Non-current loans		
(Unsecured, considered good)		
Loans and advances		
- to related parties	39,520.04	-
Total	**39,520.04**	**-**
Note 6: Cash and cash equivalents		
Balances with banks:		
- in current accounts	18.92	39.70
Total	**18.92**	**39.70**
Note 7: Current loans		
(Unsecured, considered good)		
Advances to related parties		
- Other intercompany advances	170.31	-
Total	**170.31**	**-**
Note 8: Other current financial assets		
Interest accrued on loans	728.86	-
Contractually reimbursable expenses	791.87	611.34
Total	**1,520.73**	**611.34**
Note 9: Other current assets		
Prepaid expenses	9.18	13.44
Total	**9.18**	**13.44**

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

Note 10: Share capital	As at December 31, 2020 Number of Shares	As at December 31, 2020 Amount	As at December 31, 2019 Number of Shares	As at December 31, 2019 Amount
Issued, subscribed and paid up				
Equity Shares	5,000.00	16,270.47	5,000.00	16,270.47
Total	**5,000.00**	**16,270.47**	**5,000.00**	**16,270.47**

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

	As at December 31, 2020	As at December 31, 2019
Note 11: Other equity		
(i) Reserves and Surplus		
(a) Capital Reserve	**331.85**	**331.85**
(b) Retained Earnings		
Opening balance	(2,236.34)	(2,418.44)
Add: Profit for the year	202.64	464.21
Less: Dividend	-	(282.11)
Closing balance	**(2,033.70)**	**(2,236.34)**
(ii) Items of Other Comprehensive income:		
(a) Foreign currency translation reserve		
Opening balance	5,178.95	5,209.77
Add: Effect of foreign exchange rate variations	(20.51)	(30.82)
Closing balance	**5,158.44**	**5,178.95**
Total	**3,456.59**	**3,274.46**

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

	As at December 31, 2020	As at December 31, 2019
Note 12: Non-current borrowings		
A. Bonds		
- Secured		
7.25% Senior secured notes (due for repayment in April 2025)	39,645.27	-
	39,645.27	-
B. Term loans		
From other parties		
- Unsecured	0.28	
	0.28	-
Total [A+B]	**39,645.55**	-

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

	As at December 31, 2020	As at December 31, 2019
Note 13: Current borrowings		
Loans repayable on demand		
Loans and advances from related parties		
- Unsecured	-	665.59
Total	**-**	**665.59**
Note 14: Other current financial liabilities		
Interest accrued but not due on borrowings	728.22	27.87
Others		
- Contractually reimbursable expenses	1,363.45	549.70
- Payables to auditors	1.10	1.07
Total	**2,092.77**	**578.64**
Note 15: Other current liabilities		
Other payables		
- Statutory remittances	-	0.49
- Others	3.53	58.50
Total	**3.53**	**58.99**

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

	For the year ended December 31, 2020	For the year ended December 31, 2019
Note 16: Other income		
Interest income		
Interest on loans and advances	2,955.35	-
Dividend income from non-current investments	354.79	461.07
Other non-operating income		
Miscellaneous income	736.37	980.34
Total	**4,046.51**	**1,441.41**
Note 17: Employee benefits expense		
Salaries, wages and bonus	105.84	94.73
Total	**105.84**	**94.73**
Note 18: Finance costs		
Interest expense	2,972.43	41.48
Other borrowing costs	136.10	9.41
Total	**3,108.53**	**50.89**
Note 19: Other expenses		
Insurance	-	17.36
Travelling and conveyance	1.11	1.64
Corporate Social Responsibility and other donations	-	0.36
Consultancy charges (includes audit fees)	(58.76)	6.74
Directors' sitting fees	15.04	19.00
Miscellaneous expenses	716.32	784.20
Total	**673.71**	**829.30**
Note 20: Tax expense		
Current tax		
(i) Tax for current year	-	6.72
Net current tax	-	6.72
Deferred tax	(45.25)	(5.42)
Total	**(45.25)**	**1.30**

RAIN CEMENTS LIMITED

AUDITED

FINANCIAL STATEMENTS

FOR THE

FINANCIAL YEAR ENDED

DECMBER 31, 2020

B S R & Associates LLP

Chartered Accountants

Salarpuria Knowledge City
Orwell, B Wing, 6th Floor, Unit-3
Sy. No. 83/1, Plot No. 2, Raidurg
Hyderabad-500081, India

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INDEPENDENT AUDITORS' REPORT

To the Members of Rain Cements Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Rain Cements Limited ("the Company"), which comprise the balance sheet as at December 31, 2020, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2020, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Other Information

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

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

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

The annual report is not made available to us as at the date of this auditor's report. We have nothing to report in this regard.

Rain Cements Limited
Independent Auditors' report (continued)

Management's and the Board of Directors' Responsibility for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.

Rain Cements Limited
Independent Auditors' report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

   e) On the basis of the written representations received from the directors as on January 04, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

Rain Cements Limited
Independent Auditors' report (continued)

Report on Other Legal and Regulatory Requirements (continued)

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

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

i. The Company has disclosed the impact of pending litigations as at December 31, 2020 on its financial position in its financial statements - Refer Note 36 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.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from November 08, 2016 to December 30, 2016 have not been made in these financial statements since they do not pertain to the financial year ended December 31, 2020.

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

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

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

Sriram Mahalingam
Partner
Membership Number: 049642
UDIN: 21049642AAAAAJ7462

Place: Hyderabad
Date: February 19, 2021

Rain Cements Limited
Annexure A to the Independent Auditor's Report on the Financial Statements

With reference to the Annexure A referred to in our report of even date to the Members of Rain Cements Limited ("the Company") on the financial statements as at and for the year ended December 31, 2020, we report that:

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

(b) The Company has a regular program of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noted on such verification. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) According to the information and explanations give to us and records examined by us and based on the confirmation obtained regarding property mortgaged as security we report that, the title deeds of immovable properties as disclosed in the Note 3 to the financial statements, are held in the name of the Company.

(ii) The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material. For stocks lying with third parties at the year-end, written confirmations have been obtained.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act in respect of the guarantees given. Further, there are no loans or investments made and security given in respect of which provisions of section 185 and 186 of the Act are applicable.

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

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government of India for maintenance of cost records under sub-section (1) of Section 148 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.

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

Rain Cements Limited
Annexure A to the Independent Auditor's Report on the financial statements (continued)

According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident fund, Employees' state insurance, Income- tax, Duty of Customs, Goods and Service Tax, Cess and any other material statutory dues that were in arrears as at December 31, 2020 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Provident fund, Employees' state insurance, Duty of Customs, Goods and Service Tax, 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, Service tax, Duty of Excise, Value added tax and Entry tax:

Name of the Statute	Nature of the Dues	Amount (Rs. millions)	Period to which the amount relates	Forum where dispute is pending
Andhra Pradesh General Sales Tax Act, 1957	Sales tax	8.15	1991-92 1992-93	Honorable High Court of Andhra Pradesh
	Penalty	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 (5.23)	1996-97 1997-98 1998-99 1999-2000	Honorable High Court of Andhra Pradesh
	Penalty	7.84 (1.96)	2018-19	Appellate Deputy Commissioner, Commercial Taxes
Finance Act, 1994	Service tax*	24.72	Jul 2008	Customs, Excise and Service Tax Appellate Tribunal
Central Excise Act	Excise duty and Penalty	6.66 (2.27)	Oct 2012	Customs, Excise and Service Tax Appellate Tribunal
	Excise Duty and penalty*	5.45 (5.19)	Nov 2012	Customs, Excise and Service Tax Appellate Tribunal

Rain Cement Limited
Annexure A to the Independent Auditor's Report on the financial statements (continued)

Name of the Statute	Nature of the Dues	Amount (Rs. millions)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act	Excise duty and penalty	75.41 (75.31)	Aug 2014 to Feb 2015 and Apr 2015 to March 2016	Customs, Excise and Service Tax Appellate Tribunal
Telangana Tax on Entry of Goods into local areas act, 2001.	Entry tax	14.45 (3.61)	2012-13 2015-16 2016-17 2017-18	Honorable High Court of Telangana
Telangana Tax on Entry of Goods into local areas act, 2001.	Entry tax	2.8 (1.36)	2011-12 2013-14 2014-15	Appellate Deputy Commissioner, Commercial Taxes
Income Tax Act, 1961	Income Tax and interest	2.56	AY 2008-09	High Court
Income Tax Act, 1961	Income Tax and interest	46.90	AY 2009-10	Deputy commissioner of Income tax
Income Tax Act, 1961	Income Tax and interest	18.30	AY 2011-12	Income tax Appellate Tribunal
Income Tax Act, 1961	Income Tax and interest	148.90	AY 2012-13	Income tax Appellate Tribunal
Income Tax Act, 1961	Income Tax and interest	31.70	AY 2017-18	Commissioner of Income Tax (Appeals)

*Interest will be levied separately, as applicable. Amount in parenthesis represents payment under protest.

(viii) According to the information and explanation given to us and the records of the Company examined by us, the Company has not defaulted in repayment of loans or borrowings to any bank and Government. The Company did not have any outstanding loans or borrowings from financial institutions nor has it issued any debentures as at the balance sheet date.

(ix) The Company has not raised any money by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.

Rain Cement Limited
Annexure A to the Independent Auditor's Report on the financial statements (continued)

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

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

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company as prescribed under Section 406 of the Act. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in Note 42 to the financial statements as required under Indian Accounting Standard 24, Related party disclosures specified under Section 133 of the Act, read with relevant rules issued thereunder.

(xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, provisions of Clause 3(xiv) of the Order are not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transaction with the directors or persons connected with him as contemplated under the provisions of Section 192 of the Act. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) In our opinion and according to the information and explanation given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration No.: 116231W/ W-100024

Sriram Mahalingam
Partner
Membership No.: 049642
UDIN: 21049642AAAAAJ7462

Place: Hyderabad
Date: February 19, 2021

Rain Cements Limited
Annexure B to the Independent Auditors' report on the financial statements of Rain Cements Limited for the year ended 31 December 2020

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

(Referred to in paragraph 1(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Rain Cements Limited ("the Company") as of December 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at December 31, 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

Rain Cements Limited
Annexure B to the Independent Auditors' report on the financial statements (continued)

Auditors' Responsibility (continued)

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

Meaning of Internal Financial controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

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

Sriram Mahalingam
Partner
Membership Number: 049642
UDIN: 21049642AAAAAJ7462

Place: Hyderabad
Date: February 19, 2021

Rain Cements Limited
Balance Sheet as at December 31, 2020
All amounts are in Indian Rupees Millions, except share data and where otherwise stated

Particulars	Note	As at December 31, 2020	As at December 31, 2019
ASSETS			
1. Non-current assets			
(a) Property, plant and equipment	3	3,672.00	3,713.81
(b) Capital work-in-progress	3	768.20	653.78
(c) Right of use assets	4	20.65	-
(d) Other intangible assets	5	0.25	0.89
(e) Financial assets			
(i) Investments	6	318.55	318.54
(ii) Loans	7	216.97	222.33
(f) Non current tax assets (net)	8	210.47	207.67
(g) Other non-current assets	9	45.08	51.32
		5,252.17	5,168.34
2. Current assets			
(a) Inventories	10	1,251.85	1,879.07
(b) Financial assets			
(i) Investments	11	-	260.00
(ii) Trade receivables	12	254.98	243.53
(iii) Cash and cash equivalents	13	126.32	325.56
(iv) Bank balances other than cash and cash equivalents	13	1,764.59	138.97
(v) Loans	14	0.24	0.43
(vi) Other financial assets	15	626.58	426.40
(c) Other current assets	16	287.14	203.40
		4,311.70	3,477.36
TOTAL		9,563.87	8,645.70
EQUITY AND LIABILITIES			
1. Equity			
(a) Equity share capital	17	298.05	298.05
(b) Other equity	18	5,545.67	4,529.24
		5,843.72	4,827.29
2. Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	513.85	511.58
(b) Provisions	20	227.30	224.38
(c) Deferred tax liabilities (net)	26	321.39	387.83
		1,062.54	1,123.79
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	27	-	266.27
(ii) Trade payables	22		
(A) total outstanding dues of micro enterprises and small enterprises		12.29	9.48
(B) total outstanding dues of creditors other than micro enterprises and small enterprises.		553.48	628.44
(iii) Other financial liabilities	23	1,125.01	791.39
(b) Provisions	24	28.48	23.74
(c) Other current liabilities	25	405.13	558.23
(d) Other tax liability	21	533.22	417.07
		2,657.61	2,694.62
TOTAL		9,563.87	8,645.70
Corporate information	1		
Significant accounting policies	2		

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

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

Sriram Mahalingam
Partner
Membership number: 049642

Place: Hyderabad
Date: February 19, 2021

For and on behalf of the Board of Directors
Rain Cements Limited
CIN:U23209TG1999PLC031631

N. Sujith Kumar Reddy
Managing Director
DIN: 00022383

Jagan Mohan Reddy Nellore
Director
DIN: 00017633

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

D. R. Reddy
D.Rajasekhara Reddy
Company Secretary
M.No.A61938

Place: Hyderabad
Date: February 19, 2021

RAIN CEMENTS LIMITED * HYDERABAD *

Rain Cements Limited
Statement of Profit and Loss for the year ended December 31, 2020
All amounts are in Indian Rupees Millions, except share data and where otherwise stated

Particulars	Note	For the year ended December 31, 2020	For the year ended December 31, 2019
1 Income			
Revenue from operations	28	10,300.16	10,384.39
Other income	29	147.99	119.05
Total income		**10,448.15**	**10,503.44**
2 Expenses			
Cost of materials consumed	30	1,106.57	1,198.46
Changes in inventories of finished goods, stock-in-trade and work-in-progress	31	111.89	247.86
Employee benefits expense	32	492.43	506.43
Finance costs	33	21.57	11.92
Depreciation and amortisation expense	3,4&5	546.26	479.20
Other expenses	34	6,442.21	6,896.97
Total expenses		**8,720.93**	**9,340.84**
3 Profit before tax (1-2)		**1,727.22**	**1,162.60**
4 Tax expense / (benefit)	35		
Current tax		501.55	353.84
Deferred tax			
a) Deferred tax excluding (b) below		(67.77)	(22.64)
b) Impact on account of change in rate of tax		-	(153.38)
		433.78	**177.82**
5 Profit for the year (3-4)		**1,293.44**	**984.78**
6 Other Comprehensive Income/(loss)			
(i) Items that will not be reclassified to profit or loss			
(a) Remeasurement of defined benefit plans		5.26	(19.98)
(b) Income tax relating to Remeasurement as defined benefit plans		(1.32)	4.12
(c) Derivative Financial Liabilities		-	-
		3.94	**(15.86)**
(ii) Items that will be reclassified to profit or loss			
(a) Effective portion of gains/(losses) on hedging instrument in cash flow hedge		(0.78)	0.78
(b) Income tax relating to items that will be reclassified to profit or loss		-	-
Total Other Comprehensive Income/(loss) for the year (a+b)		**3.16**	**(15.08)**
Total Comprehensive Income for the year (5+6)		**1,296.60**	**969.70**
Earnings per share (Face value of INR 10/- each)			
Basic and Diluted	38	43.40	33.04
Corporate information	1		
Significant accounting policies	2		

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

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

Sriram Mahalingam
Partner
Membership number: 049642

Place: Hyderabad
Date: February 19, 2021

For and on behalf of the Board of Directors
Rain Cements Limited
CIN:U23209TG1999PLC031631

N. Sujith Kumar Reddy
Managing Director
DIN: 00022383

Jagan Mohan Reddy Nellore
Director
DIN: 00017633

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

D.Rajasekhara Reddy
Company Secretary
M.No.A61938

Place: Hyderabad
Date: February 19, 2021

RAIN CEMENTS LIMITED * HYDERABAD *

Rain Cements Limited
Statement of cash flows for the year ended December 31, 2020
All amounts are in Indian Rupees Millions, except share data and where otherwise stated

Particulars	For the year ended December 31, 2020		For the year ended December 31, 2019	
A. Cash flow from operating activities				
Profit before tax		1,727.22		1,162.60
Adjustments for :				
Depreciation and amortisation expense	546.26		479.20	
Loss on sale of property, plant and equipment	2.21		22.14	
Interest and other borrowing costs	21.57		11.92	
Interest income	(121.84)		(55.43)	
Rental income	(1.33)		(1.40)	
Dividend income from current investments	(6.01)		(7.43)	
Liabilities / provisions no longer required written back	(14.43)		(17.83)	
Provision for doubtful debts and advances	0.70		0.17	
		427.13		431.35
Operating profit before working capital changes		**2,154.35**		**1,593.95**
Adjustments for changes in working capital:				
Inventories	627.22		(402.87)	
Trade receivables	(12.15)		(22.40)	
Loans, Security deposits and other financial assets	3.01		14.49	
Other Non-current assets	(83.74)		15.18	
Trade payables	(40.42)		(135.51)	
Other current liabilities	(153.10)		186.04	
Other financial liabilities	302.61		27.57	
Provisions	12.92	656.35	17.68	(299.82)
Cash generated from operations		**2,810.70**		**1,294.13**
Income taxes paid, net		(388.20)		(386.55)
Net cash from operating activities		**2,422.50**		**907.58**
B. Cash flow from investing activities				
Purchase of property, plant and equipment (Net of capital advances and capital creditors)	(689.10)		(680.01)	
Proceeds from sale of property, plant and equipment	38.06		3.76	
Net proceeds from current investments	260.00		(260.00)	
Investment in National saving certificate	(0.01)		-	
Placement of bank deposits	(1,625.62)		325.80	
Redemption / maturity of bank deposits	-		-	
Inter corporate deposits placed	(150.92)		(3.70)	
Interest received	72.38		62.97	
Rental Income receieved	1.33		1.40	
Dividends received on current investments	6.01	(2,087.87)	7.43	(542.36)
Net cash used in investing activities		**(2,087.87)**		**(542.36)**
C. Cash flow from financing activities				
Proceeds from non-current borrowings	199.15		-	
Repayment of Long term borrowings	(156.91)		(53.06)	
Lease rentals paid	(8.10)		(11.92)	
Interest on lease rentals paid	(1.71)		-	
Interest and other borrowing costs paid	(19.86)		-	
Dividend paid including tax on dividend	(280.17)		(269.49)	
Repayment of buyer's credit	(266.27)		266.27	(68.20)
		(533.87)		
Net cash used in financing activities		**(533.87)**		**(68.20)**
Net (decrease)/increase in cash and cash equivalents (A+B+C)		**(199.24)**		**297.02**
Cash and cash equivalents at the beginning of the year		325.56		28.54
Cash and cash equivalents at the end of the year (refer note 13)		**126.32**		**325.56**

Notes:

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

2) Reconciliation of Cash and Cash equivalents with the Balance Sheet:

Cash and cash equivalents - closing balance	**126.32**	**325.56**
Add: Other bank balances	1,764.59	138.97
Cash and bank balances - closing balance	**1,890.91**	**464.53**

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

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

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

Sriram Mahalingam
Partner
Membership number: 049642

Place: Hyderabad
Date: February 19, 2021

For and on behalf of the Board of Directors
Rain Cements Limited
CIN: U23209TG1999PLC031631

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Chief Financial Officer
M.No.204139

D.Rajasekhara Reddy
Company Secretary
M.No.A61938

Place: Hyderabad
Date: February 19, 2021

HYDERABAD * RAIN CEMENTS LIMITED *

Rain Cements Limited
Statement of changes in equity for the year ended December 31, 2020
All amounts are in Indian Rupees Millions, except share data and where otherwise stated

Particulars	Equity share capital	Other equity					Total equity
		Reserves and Surplus			Other comprehensive income		
		Securities premium	General reserve	Retained earnings	Cash Flow Hedge Reserve	Actuarial gain/(losses)	
Balance as at December 31, 2018	298.05	424.33	526.64	2,884.18	-	(6.12)	4,127.08
Adjustments:							
Dividends (including dividend distribution tax thereon)	-	-	-	(269.49)	-	-	(269.49)
Profit for the year	-	-	-	984.78	-	-	984.78
Transfer to general reserve	-	-	85.84	(85.84)	-	-	-
Component of Other comprehensive income							
(a) Remeasurement of defined benefit plans	-	-	-	-	-	(19.98)	(19.98)
(b) Income tax relating to Remeasurement as defined benefit plans	-	-	-	-	-	4.12	4.12
(c) Effective portion of changes in fair value of Cash Flow Hedges (net of tax benefits)	-	-	-	-	0.78	-	0.78
Balance as at 31 December, 2019	298.05	424.33	612.48	3,513.63	0.78	(21.98)	4,827.29
Adjustments:							
Dividends	-	-	-	(280.17)	-	-	(280.17)
Profit for the period	-	-	-	1,293.44	-	-	1,293.44
Transfer to general reserve	-	-	-	-	-	-	-
Component of Other comprehensive income							
(a) Remeasurement of defined benefit plans	-	-	-	-	-	5.26	5.26
(b) Income tax relating to Remeasurement as defined benefit plans	-	-	-	-	-	(1.32)	(1.32)
(c) Effective portion of changes in fair value of Cash Flow Hedges (net of tax benefits)	-	-	-	-	(0.78)	-	(0.78)
Balance as at December 31, 2020	298.05	424.33	612.48	4,526.90	-	(18.04)	5,843.72

Corporate information 1
Significant accounting policies 2
The notes referred to above form an integral part of the financial statements

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

Sriram Mahalingam
Partner
Membership Number 049642

Place: Hyderabad
Date: February 19, 2021

For and on behalf of the Board of Directors
Rain Cements Limited
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RAIN CEMENTS LIMITED HYDERABAD

Note 1: Corporate Information

Rain Cements Limited ('the Company') was originally incorporated on 4 May, 1999 and is domiciled in India. 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.

Note 2: Significant Accounting Policies

a) Basis of preparation of financial statements

(i) Statement of compliance

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

The financial statements have been prepared on a going concern basis. Relevant Ind AS effective as on the Company's annual reporting date 31 December 2020 have been applied. The accounting policies are applied consistently to all the periods presented in the financial statements.

The financial statements were authorized for issue by the Company's Board of Directors on February 19, 2021.

(ii) Functional and presentation currency

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

(iii) Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:
- Derivative financial instruments,
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments) and
- Non-cash distribution liability.

(iv) Use of estimates and judgements

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

Assumptions and estimation uncertainties

Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year, are included in the following notes:
a) measurement of defined benefit obligations: key actuarial assumptions (Refer Note 41)
b) recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources (Refer Note 36)
c) useful life of property, plant and equipment and intangible assets (Refer Note 2(f))
d) impairment of financial assets and non-financial assets (Refer Note 44 and 45)
e) decommissioning liability (Refer Note 2(f))
f) expected credit loss - provision for doubtful debts (Refer Note 45)

RAIN CEMENTS LIMITED * HYDERABAD

Note 2: Significant Accounting Policies (continued)

a) Basis of preparation of financial statements (continued)

(v) Current and non current classification

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

Assets

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

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

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

Liabilities

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

i. It is expected to be settled in the Company's normal operating cycle;
ii. It is held primarily for the purpose of being traded;
iii. It is due to be settled within 12 months after the reporting date; or
iv. The Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

Operating cycle

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

(vi) Measurement of Fair values:

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

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

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

The Company engages with external valuers for measurement of fair values in the absence of quoted prices in active markets.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

HYDERABAD * RAIN CEMENTS LIMITED

Note 2: Significant Accounting Policies (continued)

(b) Business combination

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

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

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

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

(c) Financial instruments

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

Financial Assets:

Initial recognition and measurement

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

All financial assets not classified as measured at amortised cost or Fair Value through Other Comprehensive Income (FVOCI) as described above are measured at Fail value through Profit and Loss (FVTPL). This includes all derivative financial assets. On initial recognition, the company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

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

– the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

– how the performance of the portfolio is evaluated and reported to the Company's management;

– the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

– how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

– the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

RAIN CEMENTS LIMITED * HYDERABAD

Note 2: Significant Accounting Policies (continued)

(c) Financial instruments (continued)

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

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

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

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

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

Financial assets: Subsequent measurement and gains and losses

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

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

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

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

Derecognition

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

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

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

Financial liabilities:

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

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

HYDERABAD * RAIN CEMENTS LIMITED

Note 2: Significant Accounting Policies (continued)

(c) Financial instruments (continued)

Derecognition

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

Offsetting:

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

(d) Revenue Recognition

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

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

Variable consideration includes incentives, volume rebates, discounts etc. It is estimated at contract inception considering the terms of various schemes with customers and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. It is reassessed at end of each reporting period.

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

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

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

(e) Other Income

Interest income or expense is recognised using the effective interest method on time proportion method.
Dividend income is recognised when the Company's right to receive dividend is established, which is generally when shareholders approve the dividend.

(f) Property, plant and equipment

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

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

Advances paid towards acquisition of tangible fixed assets outstanding at each balance sheet date are shown under long-term loans and advances as capital advances.

HYDERABAD * RAIN CEMENTS LIMITED

Note 2: Significant Accounting Policies (continued)

(f) Property, plant and equipment (continued)

Depreciation on all the tangible fixed assets is provided based on the technical evaluation and assessment, the Company believes that the useful lives adopted 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.
Gains and losses on disposal of tangible property, plant and equipment are determined as the difference between net sales proceeds and the carrying amount, and are presented in the Statement of Profit and Loss.

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.
The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Asset Description	Useful Life
Freehold Mining land	125 years
Buildings	3 to 77 years
Plant & Machinery	2 to 25 years
Furnitures & Fixtures	8 to 10 years
Vehicles	5 to 11 years
Office Equipments	3 to 5 years

Provision for site restoration

The Company provides for the estimated expenditure required to restore quarries and mines. The total estimate of restoration expenses is apportioned over the estimate of mineral reserves and a provision is made based on minerals extracted during the year.
Site restoration expenses is incurred on an on going basis and until the closure of the quarries and mines. The actual expenses may vary based on the nature of restoration and the estimate of restoration expenditure.
The total estimate of restoration expenses is reviewed periodically, on the basis of technical estimates.

(g) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as finite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss unless such expenditure forms part of carrying value of another asset.

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

Asset Description	Useful Life
Software	3 years

(h) Inventories

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

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

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

HYDERABAD * RAIN CEMENTS LIMITED

Note 2: Significant Accounting Policies (continued)

(i) Impairment of non-financial assets

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

For the purpose of impairment testing, assets are grouped together into the smallest group of assets (Cash Generating Unit or CGU) that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset). Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

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

An impairment loss is recognised in the Statement of Profit and Loss in the respective financial years, if the carrying amount of the assets or CGU exceeds its recoverable amount.

If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of amortised historical cost as per requirement of Ind AS 36 "Impairment of Assets".

(j) Impairment of financial assets

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

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

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

RAIN CEMENTS LIMITED ★ HYDERABAD ★

Note 2: Significant Accounting Policies (continued)

(j) Impairment of financial assets (continued)

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward- looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than the reasonable period of time which is usually the credit period. The Company considers a financial asset to be in default when:
- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); and - the financial asset is 180 days or more past due.

Measurement of expected credit losses

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

(k) Foreign Currency Transactions and Balances

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

(l) Retirement and other employee benefits

Defined contribution plans

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

Defined benefit plans

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

Past service costs are recognised in profit or loss on the earlier of:
- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:
- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and nonroutine settlements; and
- Net interest expense or income.

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

Compensated Absence Policy :

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilized accumulating compensated absences and utilize it in future periods or encash the leaves during the period of employment or retirement or at termination of employment. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Company recognises accumulated compensated absences based on actuarial valuation using the projected unit credit method carried out in accordance with Ind AS-19 "Employee Benefits" at the end of the year. Non-accumulating compensated absences are recognised in the period in which the absences occur.

RAIN CEMENTS LIMITED HYDERABAD

Note 2: Significant Accounting Policies (continued)

Retirement and other employee benefits (continued)

Other long-term employee benefits

The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary as at December 31st every year using projected unit credit method carried out in accordance with Ind AS-19 "Employee Benefits" at the end of the year, on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognised in the period in which the absences occur.

Short-term employee benefits

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

(m) Leases

The Company has applied Ind AS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17.

As a lessee

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the company is reasonably certain to exercise, lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, or if company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of real estate properties that have a lease term of 12 months. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Under Ind AS 17

In the comparative period, the determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Assets leased by the Company in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and the corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(n) Earnings Per Share

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

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

(o) Tax expense

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

Current income tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

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

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

In case of tax payable as Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961, 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.

RAIN CEMENTS LIMITED * HYDERABAD *

Note 2: Significant Accounting Policies (continued)

Tax expense (continued)

Deferred tax

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

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

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

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

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

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

(p) Statement of Cash Flows and Cash & cash equivalents

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

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

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

(q) Provisions and Contingencies

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

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

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

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

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

RAIN CEMENTS LIMITED * HYDERABAD *

Note 2: Significant Accounting Policies (continued)

(r) Dividend declared

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

(s) Derivative Financial Instruments and Hedge Accounting

Initial recognition and subsequent measurement

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

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

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

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

Cash flow hedge

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

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

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Rain Cements Limited
Notes to the Financial Statements for the year ended December 31, 2020 (continued)
All amounts are in Indian Rupees Millions, except share data and where otherwise stated

Note 3: Property, plant and equipment and Capital work-in-progress:

Description	Gross Block				Accumulated Depreciation				Net Block	
	As at January 1, 2020	Additions	Deletions / Adjustments	As at December 31, 2020	As at January 1, 2020	For the year	Deletions / Adjustments	As at December 31, 2020	As at December 31, 2020	As at December 31, 2019
Property, plant and equipment (A)										
Land										
- Freehold	80.69	-	-	80.69	-	-	-	-	80.69	80.69
- Freehold Mining land	43.65	0.65	-	44.30	1.40	0.37	-	1.77	42.53	42.25
Buildings (Refer note (i) below)	907.88	20.90	4.66	924.12	160.12	41.78	2.01	199.89	724.23	747.76
Plant and equipment	4,146.73	478.18	276.73	4,348.18	1,426.85	475.49	243.64	1,658.70	2,689.48	2,719.88
Furniture and fixtures	112.14	2.42	0.14	114.42	23.79	5.37	0.07	29.09	85.33	88.35
Vehicles	49.66	22.68	11.35	60.99	23.33	5.95	7.42	21.86	39.13	26.33
Office equipment	28.76	9.82	7.12	31.46	20.21	7.23	6.59	20.85	10.61	8.55
Total (A)	**5,369.51**	**534.65**	**300.00**	**5,604.16**	**1,655.70**	**536.19**	**259.73**	**1,932.16**	**3,672.00**	**3,713.81**
Capital work-in-progress (B)	653.78	648.43	534.01	768.20	-	-	-	-	768.20	653.78
Total (A+B)	**6,023.29**	**1,183.08**	**834.01**	**6,372.36**	**1,655.70**	**536.19**	**259.73**	**1,932.16**	**4,440.20**	**4,367.59**

Description	Gross Block				Accumulated Depreciation				Net Block	
	As at January 1, 2019	Additions	Deletions / Adjustments	As at December 31, 2019	As at January 1, 2019	For the year	Deletions / Adjustments	As at December 31, 2019	As at December 31, 2019	As at December 31, 2018
Property, plant and equipment (A)										
Land										
- Freehold	80.69	-	-	80.69	-	-	-	-	80.69	80.69
- Freehold Mining land	43.65	-	-	43.65	1.03	0.37	-	1.40	42.25	42.62
Buildings (Refer note (i) below)	828.73	80.63	1.48	907.88	120.27	40.95	1.10	160.12	747.76	708.46
Plant and equipment	3,639.41	564.65	57.33	4,146.73	1,045.69	417.36	36.20	1,426.85	2,719.88	2,593.72
Furniture and fixtures	106.58	5.58	0.02	112.14	18.52	5.29	0.02	23.79	88.35	88.06
Vehicles	46.59	13.58	10.51	49.66	23.93	5.59	6.19	23.33	26.33	22.66
Office equipment	28.13	2.67	2.04	28.76	13.63	8.56	1.98	20.21	8.55	14.50
Total (A)	**4,773.78**	**667.10**	**71.38**	**5,369.51**	**1,223.07**	**478.12**	**45.49**	**1,655.70**	**3,713.81**	**3,550.71**
Capital work-in-progress (B)	404.89	915.73	666.84	653.78	-	-	-	-	653.78	404.89
Total (A+B)	**5,178.67**	**1,582.83**	**738.22**	**6,023.29**	**1,223.07**	**478.12**	**45.49**	**1,655.70**	**4,367.59**	**3,955.60**

Note (i): Refer Note No. 27 for details of Assets under mortgage/charge

RAIN CEMENTS LIMITED * HYDERABAD *

Rain Cements Limited
Notes to the Financial Statements for the year ended December 31, 2020 (continued)
All amounts are in Indian Rupees Millions, except share data and where otherwise stated

Note 4: Right of use asset

Description	Gross Block						Accumulated Depreciation							Net Block	
	As at January 1, 2020	Effect of transition on adoption of Ind AS 116	Additions	Deletions / Adjustments	Exchange difference	As at December 31, 2020	As at January 1, 2020	Effect of transition on adoption of Ind AS 116	For the year	Deletions / Adjustments	Impairment losses	Exchange difference	As at December 31, 2020	As at December 31, 2020	As at December 31, 2019
Buildings	-	30.08	-	-	-	30.08	-	-	9.43	-	-	-	9.43	20.65	-
Total	**-**	**30.08**	**-**	**-**	**-**	**30.08**	**-**	**-**	**9.43**	**-**	**-**	**-**	**9.43**	**20.65**	**-**

RAIN CEMENTS LIMITED * HYDERABAD *

Rain Cements Limited

Notes to the Financial Statements for the year ended December 31, 2020 (continued)

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

Note 5:Other intangible assets:

Description	Gross Block				Accumulated amortisation				Net Block	
	As at January 1, 2020	Additions	Deletions / Adjustments	As at December 31, 2020	As at January 1, 2020	For the year	Deletions / Adjustments	As at December 31, 2020	As at December 31, 2020	As at December 31, 2019
Software	5.15	-	-	5.15	4.26	0.64	-	4.90	0.25	0.89
Total	**5.15**	-	-	**5.15**	**4.26**	**0.64**	-	**4.90**	**0.25**	**0.89**

Description	Gross Block				Accumulated amortisation				Net Block	
	As at January 1, 2019	Additions	Deletions / Adjustments	As at December 31, 2019	As at January 1, 2019	For the year	Deletions / Adjustments	As at December 31, 2019	As at December 31, 2019	As at December 31, 2018
Software	5.10	0.05	-	5.15	3.17	1.09	-	4.26	0.89	1.93
Total	**5.10**	**0.05**	-	**5.15**	**3.17**	**1.09**	-	**4.26**	**0.89**	**1.93**

RAIN CEMENTS LIMITED * HYDERABAD *

Rain Cements Limited
Notes to the Financial Statements for the year ended December 31, 2020 (continued)
All amounts are in Indian Rupees Millions except share data and where otherwise stated

	As at December 31, 2020	As at December 31, 2019
Note 6: Non-current investments		
A. Investments in subsidiary		
(Unquoted instruments valued at cost unless stated otherwise)		
Subsidiaries		
Renuka Cement Limited	422.38	422.38
7,498,483 (December 31, 2019: 7,498,483) equity shares of INR 10 each fully paid up		
Less: Provision for Impairment in value of Investments	(120.00)	(120.00)
B. Investments in others:		
(Unquoted instruments valued as fair value through profit and loss)		
Equity instruments		
Andhra Pradesh Gas Power Corporation Limited	16.00	16.00
134,000 (December 31, 2019: 134,000) equity shares of INR 10 each fully paid up		
Government securities		
National Savings Certificates	0.17	0.16
Total	**318.55**	**318.54**

Note:

(a) aggregate amount of quoted investments and market value thereof		
Aggregate amount of unquoted investments	438.55	438.54
Aggregate amount of impairment in value of investments	120.00	120.00

Note 7: Loans

Security deposits		
(Unsecured, considered good unless otherwise stated)		
Electricity deposit	195.78	195.78
Other security deposits	21.19	26.55
Total	**216.97**	**222.33**

Note 8: Tax assets

Advance tax	210.47	207.67
(net of provision for tax of INR 781.02) (December 31, 2019 : INR 964.05)		
	210.47	**207.67**

Note 9: Other non-current assets

Capital advances	9.81	18.59
Balances with Government authorities	35.27	32.73
Total	**45.08**	**51.32**

HYDERABAD * RAIN CEMENTS LIMITED *

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

	As at December 31, 2020	As at December 31, 2019
Note 10: Inventories		
(At lower of cost and net realisable value)		
Raw materials	112.52	75.85
Work-in-progress	509.32	642.62
Finished goods (other than those acquired for trading)	92.89	71.48
Stores and spares	173.15	169.38
Packing materials	54.71	18.54
Fuel	309.26	901.20
Total	**1,251.85**	**1,879.07**
Goods-in-transit, included above		
Raw materials	0.50	0.32
Stores and spares	1.30	1.35
Fuel	37.13	2.86
Total	**38.93**	**4.53**

Notes: Refer Note no. 36 for details of Inventories under mortgage/charge

Note 11: Current investments

(unquoted at Amortised cost)		
Investment in mutual funds of:		
ICICI Prudential Ultra Short Term Fund - Direct Plan - Growth	-	40.00
Franklin India Ultra Short Bond Fund - Super Institutional Growth	-	220.00
Total	**-**	**260.00**
Aggregate amount of unquoted investments	-	260.00

Information about the Company's exposure to fair value measurements and credit risk is included in Note 44 & 45 respectively

Note 12: Trade receivables

Trade Receivables considered good - Secured	162.28	157.77
Trade Receivables considered good - Unsecured	92.70	85.76
Trade Receivables - credit impaired	22.51	21.81
	277.49	265.34
Less: Provision for loss allowance	(22.51)	(21.81)
Total	**254.98**	**243.53**

(i) Trade receivables balances are net of secondary security deposits on dealer accounts amounting to INR 245.47 (December 31, 2019: INR 121.97)
(ii) No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

The movement in the loss allowance for impairment is respect of trade receivable during the year was as follows

	As at December 31, 2020	As at December 31, 2019
Opening balance	(21.81)	(21.64)
Loss allowance recognised during the year	(0.70)	(0.17)
Closing balance	**(22.51)**	**(21.81)**

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Rain Cements Limited

Notes to the Financial Statements for the year ended December 31, 2020 (continued)

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

	As at December 31, 2020	As at December 31, 2019
Note 13: Cash and bank balances		
A. Cash and cash equivalents		
Cash on hand	0.13	0.27
Cheques/ drafts on hand	1.32	3.55
Balances with banks:		
- in current accounts	9.77	69.50
- in deposit accounts (with original maturity of 3 month or less)	115.10	252.24
	126.32	**325.56**
B. Other bank balances		
Balances held as margin money against guarantees and other commitments	13.39	28.43
Long term deposits	1,751.20	110.54
	1,764.59	**138.97**
Total [A+B]	**1,890.91**	**464.53**

Note 14: Current loans

(Unsecured, considered good unless otherwise stated)

Advance to employees	0.24	0.43
Total	**0.24**	**0.43**

Note 15: Other current financial assets

Interest accrued on deposits	71.96	22.50
Inter-corporate deposits	554.62	403.70
Derivative financial asset	-	0.20
	626.58	**426.40**

Note:

Inter corporate deposits of INR 554.62 (Previous year: INR 403.70) have been placed with Housing Development Finance Corporation for a period of 12 months with an average interest rate of 7.50% p.a

Note 16: Other current assets

Prepaid expenses	16.71	14.48
Balances with Government authorities	10.08	11.71
Advance to supplier and service providers	257.00	168.21
Others	3.35	9.00
Total	**287.14**	**203.40**

RAIN CEMENTS LIMITED * HYDERABAD *

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

Note 17: Equity Share capital

	As at December 31, 2020		As at December 31, 2019	
	Number of Shares	Amount	Number of Shares	Amount
Authorised share capital:				
Equity Shares of INR 10 each	50,000,000	500.00	50,000,000	500.00
Total	**50,000,000**	**500.00**	**50,000,000**	**500.00**
Issued, subscribed and fully-paid up capital				
Equity Shares of INR 10 each	29,805,000	298.05	29,805,000	298.05
Total	**29,805,000**	**298.05**	**29,805,000**	**298.05**

Notes:

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

Particulars	As at December 31, 2020		As at December 31, 2019	
	Number of Shares	Amount	Number of Shares	Amount
As at beginning of the year	29,805,000	298.05	29,805,000	298.05
Equity shares issued /(bought back) during the year	-	-	-	-
As at end of the year	**29,805,000**	**298.05**	**29,805,000**	**298.05**

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

The Company has only one class of equity shares having a par value of INR 10 each per share. Each holder of equity shares is entitled to one vote per share. In case of interim dividend the profits are distributed based on approval of Board of Directors. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to number of equity shares held by the shareholders.

During the current financial year, dividend @ INR 9.40 per share has been declared and paid.
The Board of Directors of the Company at their meeting held on October 23, 2020, have declared an interim dividend of INR 9.40 per equity share i.e. 94% on face value of INR 10 per equity share fully paid up (INR 280.17 million for the financial year ending December 31, 2020).

During the previous financial year, dividend @ INR 7.50 per share has been declared and paid.
The Board of Directors of the Company at their meeting held on November 11, 2019, have declared an interim dividend of INR 7.50 per equity share i.e. 75% on face value of INR 10 per Equity Share fully paid up (INR 269.49 million including tax on dividend for the financial year ending December 31, 2019).

(iii) Shares held by holding company

Particulars	As at December 31, 2020		As at December 31, 2019	
	Number of Shares	Amount	Number of Shares	Amount
Equity shares of INR 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
	2,98,05,000	**298.05**	**2,98,05,000**	**298.05**

(iv) Details of equity shares held by each shareholder holding more than 5% shares

Name of the shareholder	As at December 31, 2020		As at December 31, 2019	
	Number of Shares	%	Number of Shares	%
Rain Industries Limited along with its nominees	29,805,000	100%	29,805,000	100%

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

(vi) No equity shares bought back during the last five years immediately preceding the reporting date.

(vii) No Shares have been allotted as fully paid up by way of bonus shares during the period of 5 years immediately preceding the reporting date.

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

Note 18: Other equity

	As at December 31, 2020	As at December 31, 2019
(i) Reserves and surplus		
(a) Securities premium account		
Opening balance	424.33	424.33
Closing balance	**424.33**	**424.33**
(b) General reserve		
Opening balance	612.48	526.64
Add: Transferred from retained earnings	-	85.84
Closing balance	**612.48**	**612.48**
(c) Retained earnings		
Opening balance	3,513.63	2,884.18
Add: Profit for the year	1,293.44	984.78
	4,807.07	**3,868.96**
Less : Interim dividend	280.17	223.54
Dividend distribution tax	-	45.95
Transferred to general reserve	-	85.84
Closing balance	**4,526.90**	**3,513.63**
(d) Remeasurements of defined benefit plan		
Opening balance	(21.98)	(6.12)
Add: Remeasurements of defined benefit liability	5.26	(19.98)
Tax effect of above	(1.32)	4.12
Closing balance	**(18.04)**	**(21.98)**
(e) Cash Flow Hedge Reserve		
Opening balance	0.78	0.78
Less: Reclassified to profit and loss account	(0.78)	-
Closing balance	-	**0.78**
Total	**5,545.67**	**4,529.24**

Nature of Reserves

a) Security premium :

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

b) General reserve :

General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. There is no policy of regular transfer. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to retained

(c) Retained earnings :

Retained earnings mainly represent all current and prior year profits as disclosed in the statement of profit or loss and other comprehensive income less dividend distribution and transfers to general reserve.

(d) Remeasurement of defined benefit liability

Comprises of actuarial gains/losses and return on plan assets excluding net interest income/ (expense).

	As at December 31, 2020	As at December 31, 2019
Note 19: Non-current borrowings		
Deferred payment liabilities		
-Unsecured	510.36	609.94
Less: Current portion of non-current borrowings disclosed under Note 23 - Other current financial liabilities	83.12	98.36
	427.24	**511.58**
- Secured	141.82	-
Less: Current portion of non-current borrowings disclosed under Note 23 - Other current financial liabilities	67.89	-
	73.93	-
- Finance lease obligation		
- Unsecured	21.98	-
Less: Current portion of non-current borrowings disclosed under Note 23 - Other current financial liabilities	9.30	-
	12.68	-
Total	**513.85**	**511.58**

Deferred payment liabilities

Sales tax deferment represents interest free liability. Balance outstanding is repayable in 55 structured monthly instalments as per deferment schedule (December 31, 2019: 67 installments).

Term loan

During the year, the Company availed a loan of INR 19.91 crores from Axis Bank Limited towards purchase of Earth Moving Equipment such as Wheel Loaders, Tippers & Excavators. The loan is repayable in 35 equated monthly installments and is secured by First and exclusive charge on assets financed by Axis Bank Limited. The loan carries an interest rate of 8.50% p.a.

Reconciliation of liabilities arising from financing activities

Particulars	Non current borrowings	Current borrowings	Total
Opening balance at the beginning of the year	609.94	266.27	876.21
Additional borrowings during the period/year	199.15	-	199.15
Borrowings repaid during the year	(156.91)	(266.27)	(423.18)
Closing balance at the end of the year	**652.18**	-	**652.18**

Refer Note 37 for reconciliation of Lease liabilities

Note 20: Non-current provisions

Provision for employee benefits:		
- Compensated absences (Refer Note 41)	30.59	30.92
- Gratuity (Refer Note 41)	92.40	93.87
Provision - others		
- Site restoration	104.31	99.59
Total	**227.30**	**224.38**

The movement in the site restoration provision during the year was as follows:

	As at December 31, 2020	As at December 31, 2019
Balance as at the beginning of the year	99.59	94.19
Charge for the year	4.72	5.40
Utilised during the year	-	-
Balance as at the end of the year	**104.31**	**99.59**

Provision has been recognised for cost associated with restoration of mines post extraction of limestone.

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

	As at December 31, 2020	As at December 31, 2019
Note 21: Other tax liabilities		
Provision for tax (net of advance tax INR 1,247.83 (December 31,2019: INR 1,436.09)	533.22	417.07
	533.22	417.07
Note 22: Trade payables		
Total outstanding dues of micro enterprises and small enterprises	12.29	9.48
Total outstanding dues of creditors other than micro enterprise and small enterprises	553.48	628.44
Total	565.77	637.92

The Company's exposure to liquidity risk relating to trade payables is disclosed in Note no. 45
Note : Refer note 42 for payable to related parties

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at December 31, 2020 has been made in the financial statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act') is not expected to be material. The Company has not received any claim for interest from any supplier under the said MSMED Act.

Disclosures of dues to Micro Enterprise and Small Enterprises as per Micro, Small and Medium Enterprises Development (MSMED) 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.	12.29	9.48
(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.	-	-

This information is required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 and has been determined to the extent such parties have been identified on the basis of information available with the Company. Auditors have placed reliance on such information provided by the management.

RAIN CEMENTS LIMITED * HYDERABAD

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

	As at December 31, 2020	As at December 31, 2019
Note 23: Other Current financial liabilities		
Current maturities of non-current borrowings (refer note 19)	160.31	98.36
Trade and security deposits	162.74	95.35
Payables to employees	86.17	85.82
Deposits from contractors/customers	626.24	370.21
Others:		
- Payables on purchase of property, plant and equipment	87.54	136.36
- Retention money	2.01	5.29
Total	**1,125.01**	**791.39**

Note 24: Current provisions

Provision for employee benefits:		
- Compensated absences (Refer Note 41)	10.90	10.84
- Gratuity (Refer Note 41)	17.58	12.90
Total	**28.48**	**23.74**

Note 25: Other current liabilities

Statutory remittances	258.16	206.02
Advance from customers	66.92	59.87
Provision for discounts	80.05	292.34
Total	**405.13**	**558.23**

Note 27 : Current Borrowings

Buyer's Credit	-	266.27
Total	**-**	**266.27**

Note: During the previous year, INR 259.60 was availed from State Bank of India, Sydney which was repayable on demand and was secured by First pari-passu charge over Current Assets (present and future) and first pari-passu charge over movable fixed assets (present and future) of the company. It carried an interest rate of 6M LIBOR+150bps. The amount was repaid in current year.

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

Note 26: Deferred taxes

	As at December 31, 2020	As at December 31, 2019
Deferred tax liability		
Property, plant and equipment	418.40	481.85
Right of use asset	5.20	-
Deferred tax assets		
Employee benefits	(39.07)	(36.31)
Land indexation	(27.15)	(27.15)
Site restoration liability	(25.07)	(25.07)
Trade Receivables	(5.40)	(5.49)
Lease liability	(5.53)	-
Net deferred tax liability / (asset)	**321.39**	**387.83**

Movement in deferred tax assets / liabilities:

Particulars	Balance as at January 1, 2019	Recognised in profit or loss during the year	Recognised in OCI during the year	Impact of changes in tax rate	Balance as at December 31, 2019
Property, plant and equipment	706.98	(40.22)	-	(184.91)	481.85
Employee benefits	(40.64)	(3.92)	(4.12)	12.37	(36.31)
Deferred payment liabilities	(31.52)	31.52	-	-	-
Land indexation	(26.36)	(8.15)	-	7.36	(27.15)
Site restoration liability	(32.92)	(1.75)	-	9.60	(25.07)
Trade Receivables	(7.56)	(0.13)	-	2.20	(5.49)
	567.98	**(22.65)**	**(4.12)**	**(153.38)**	**387.83**

Particulars	Balance as at January 1, 2020	Recognised in profit or loss during the period/year	Recognised in OCI during the year	Impact of changes in tax rate	Balance as at December 31, 2020
Property, plant and equipment	481.85	(63.45)	-	-	418.40
Employee benefits	(36.31)	(4.08)	1.32	-	(39.07)
Land indexation	(27.15)	-	-	-	(27.15)
Site restoration liability	(25.07)	-	-	-	(25.07)
Trade Receivables	(5.49)	0.09	-	-	(5.40)
Right of use asset	-	5.20	-	-	5.20
Lease liability	-	(5.53)	-	-	(5.53)
	387.83	**(67.77)**	**1.32**	**-**	**321.39**

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

	For the year ended December 31, 2020	For the year ended December 31, 2019
Note 28: Revenue from operations		
Sale of products [Refer Note (i) below]	10,285.71	10,366.75
Other operating revenues [Refer Note (ii) below]	14.45	17.64
Revenue from operations (gross)	**10,300.16**	**10,384.39**
Notes:		
(i) Sale of products comprises:		
Sale of cement	10,285.71	10,366.75
Total	**10,285.71**	**10,366.75**
(ii) Other operating revenues comprises:		
Scrap sales	14.45	17.64
Total	**14.45**	**17.64**
(iii) Contract assets and contract liabilities:		
Contract assets recorded in balance sheet	-	-
Contract liabilities recorded in balance sheet	66.92	59.87
(iv) Reconciliation of revenue from sale of products with the contract price		
Contract price (A)	11,821.44	12,265.95
Less - Reductions towards variable consideration components: (B)		
Discounts	1,535.73	1,899.20
Revenue recognised (A-B)	**10,285.71**	**10,366.75**
Note 29: Other income		
Interest from banks on deposits	108.98	55.43
Interest- others	12.86	34.12
Dividend income from current investments at FVTPL	6.01	7.43
Rental income	1.33	1.40
Other non-operating income:		
Liabilities / provisions no longer required written back	14.43	17.83
Miscellaneous income	4.38	2.84
Total	**147.99**	**119.05**
Note 30 : Cost of material consumed		
Material consumed :		
Lime stone	268.58	268.44
Laterite	316.55	263.03
Gypsum	139.62	156.62
Iron ore	0.78	10.59
Dolomite/Bauxite	2.67	3.98
Fly ash	383.77	502.44
Captive consumption of cement	(5.40)	(6.64)
Total	**1,106.57**	**1,198.46**

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

	For the year ended December 31, 2020	For the year ended December 31, 2019
Note 31: Changes in inventories of finished goods and work-in-progress		
Inventories at the beginning of the year		
Finished goods	71.48	92.66
Work-in-progress	642.62	869.30
	714.10	961.96
Inventories at the end of the year		
Finished goods	92.89	71.48
Work-in-progress	509.32	642.62
	602.21	714.10
Decrease in stock	**111.89**	**247.86**

Note 32: Employee benefits expense

Salaries, wages and bonus	445.06	459.18
Contribution to provident and other funds (Refer Note 41)	40.54	39.79
Staff welfare expense	6.83	7.46
Total	**492.43**	**506.43**

Note 33: Finance costs

Interest expense	17.64	5.88
Interest expense on Lease liability (Refer Note 37)	1.71	-
Other borrowing costs	-	0.39
Bank and finance charges	2.22	5.65
Total	**21.57**	**11.92**

RAIN CEMENTS LIMITED HYDERABAD

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

	For the year ended December 31, 2020	For the year ended December 31, 2019
Note 34: Other expenses		
Consumption of stores and spares	235.78	349.17
Consumption of packing materials	386.68	430.28
Power and fuel	2,377.57	2,497.79
Repairs and maintenance	246.43	231.11
Insurance	22.51	13.06
Rent (Refer note 37)	47.02	50.99
Rates and taxes	23.60	25.18
Communication expenses	6.24	5.10
Travelling and conveyance	21.69	33.15
Printing and stationery	2.66	3.03
Freight outward	2,647.07	2,790.16
Other selling and distribution expenses	214.63	245.21
Corporate Social Responsibility and other donations (Refer Note 40)	25.78	27.12
Consultancy charges	73.27	68.32
Payment to auditors [Refer Note below]	2.45	2.54
Directors' sitting fees	0.77	0.83
Commission to directors	20.00	10.00
Loss Allowance for doubtful trade receivables	0.70	0.17
Loss on sale of property, plant and equipment (net)	2.21	22.14
Loss on foreign currency transactions and translation (net)	1.30	-
Miscellaneous expenses	83.85	91.61
Total	**6,442.21**	**6,896.97**
Note:		
Payments to the auditors comprise (excluding service tax and GST):		
Audit fees	1.80	1.80
Limited review fees	0.60	0.60
Other services	0.05	-
Reimbursement of expenses	-	0.14
Total	**2.45**	**2.54**

RAIN CEMENTS LIMITED HYDERABAD

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

Note 35: Income tax

	For the year ended December 31, 2020	For the year ended December 31, 2019
Amount recognised in Statement of profit or loss		
Current tax		
(i) Tax for current period/year	490.99	368.83
(ii) Tax relating to earlier years	10.56	(14.99)
Net current tax	501.55	353.84
Deferred tax	(67.77)	(176.02)
Total	**433.78**	**177.82**
Reconciliation of effective tax rate		
Profit before tax	1,727.22	1,162.60
Enacted tax rate	25.168%	25.168%
Tax expense as per enacted tax rate	**434.71**	**292.60**
Effect of:		
Tax impact on non-deductible expenses	6.49	27.83
Changes in Rate of Tax and change due to remeasurement of Deferred tax asset/Deferred tax liability	-	(146.26)
Others	(7.42)	3.65
	433.78	**177.82**

Rain Cements Limited Hyderabad

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

Note 36.: Contingent liabilities and commitments (to the extent not provided for)

Particulars	As at December 31, 2020	As at December 31, 2019
(I) Contingent liabilities		
Matters under dispute		
- Income tax	174.50	174.50
- Sales Tax, Service Tax and Excise Duty related matters under dispute	26.92	26.92
- Fuel Surcharge Adjustment levied by Electricity Distributing Companies	34.57	34.57
-Claims against the company not acknowledged as debt	370.88	309.70
	606.87	**545.69**
Guarantees given by the Company		
- Corporate guarantees issued (refer below for details)	1,314.90	1,967.05
(II) Commitments		
Estimated amounts of contracts remaining to be executed on capital account [net of capital advance INR 9.81 (December 31, 2019: INR.18.59]	52.02	332.60

Summary of Guarantees given:

Corporate Guarantees issued for loans availed by:	As at December 31, 2020		As at December 31, 2019	
	Guarantee	Contingent Liability	Guarantee	Contingent Liability
Rain Industries Limited - Holding company (Refer note (a) below for security given by the company)	1,314.90	1,314.90	1,967.05	1,967.05
Total	**1,314.90**	**1,314.90**	**1,967.05**	**1,967.05**

Note: Contingent liability represents loan amount outstanding.

a) The immovable assets and movable assets of the Company (except for those charged with Axis Bank Limited as disclosed in Note 19), all current assets of the Company are charged against loan availed by Rain Industries Limited for purpose of investment in Rain Commodities USA Inc.

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

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

Note 37: Leases

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 Leases and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

Effective January 01, 2020, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on January 01, 2020 using the modified retrospective method. Right-of-use of assets at January 01, 2020 for leases previously classified as operating leases were recognised and measured at an amount equal to lease liability (adjusted for related prepayments/ accruals). The Company recorded the lease liability at the present value of all future lease payments discounted at the incremental borrowing rate. Comparatives as at and for the year ended December 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year the ended December 31, 2019.

On January 01, 2020, the Company recognised lease liability of INR. 30.08 and right-of-use assets of INR. 30.08 as at January 01, 2020 (presented as part of property, plant and equipment). The adoption of the standard did not have any material impact on the financial statements for the current period.

The following are the changes in the carrying value of right-of-use assets for the year ended December 31, 2020:

Particulars	Amount
Cost	
As at 01 January 2020	-
Recognised on adoption of Ind AS 116	30.08
Additions	-
Balance at 31 December 2020	**30.08**
Accumulated amortisation and impairment	
As at 01 January 2020	-
Amortisation	(9.43)
Balance at 31 December 2020	**(9.43)**
Carrying amounts	
As at 01 January 2020	-
As at 31 December 2020	20.65

The following is the rental expense recorded for short-term leases, variable leases and low value leases for the year ended December 31, 2020:

Particulars	Year ended December 31, 2020
Short term lease expense	47.02
Low value lease expense	-
Variable lease expenses (other than short term)	-
Total lease expense	**47.02**

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

Note 37: Leases (continued)

Following are the changes in the lease liability for the year ended December 31, 2020:

Particulars	As at December 31, 2020
As at January 1, 2020	30.08
Additions	-
Finance cost accrued during the year	1.71
Deletions	-
Payment of lease liabilities	(9.81)
Balance as at December 31, 2020	**21.98**

The following is the cash outflow on leases during the year ended December 31, 2020:

Particulars	Year ended December 31, 2020
Payment of lease liabilities (excluding interest)	7.86
Interest on lease liabilities	1.95
Short-term lease expense	-
Low value lease expense	-
Variable lease expenses other than short term	47.02
Total cash outflow on leases	**56.83**

Maturity analysis – contractual undiscounted cash flows	As at December 31, 2020
Less than one year	10.62
One to five years	14.36
More than five years	0.26
Total undiscounted lease liabilities as at December 31, 2020	**25.24**

Note 38: Earnings per Share (EPS)

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
a. Profit for the year	1,293.44	984.78
b. Weighted average number of equity shares of INR 10/- each outstanding during the year	29,805,000	29,805,000
Earnings per Share		
c. Basic and Diluted - [a]/[b] - (INR)	**43.40**	**33.04**

Note 39: During the year, the Company has given the following donations to the political parties

Name of party	For the year ended December 31, 2020	For the year ended December 31, 2019
Communist Party of India	-	0.80
Total	-	**0.80**

Note 40: Corporate Social Responsibility

As per section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend atleast 2% of its average net profit for the immediately preceding 3 financial years on Corporate Social Responsibility (CSR) activities. A CSR Committee has been formed by the company. The proposed areas for CSR activities, as per the CSR policy of the company are promotion of education, rural development activities, medical facilities, employment and ensuring environmental sustainability which are specified in Schedule VII of the Companies Act, 2013. The Company is required to spend a minimum amount of INR 9.45 (December 31, 2019: INR 10.91).

Particulars	For the year ended December 31, 2020		
	In cash	Yet to be paid in cash	Total
Construction/acquisition of any asset			-
On purposes other than construction / acquisition of any asset – Donations for scholarship	14.26	-	14.26
Total	**14.26**	-	**14.26**

Particulars	For the year ended December 31, 2019		
	In cash	Yet to be paid in cash	Total
Construction/acquisition of any asset	-	-	-
On purposes other than construction / acquisition of any asset – Donations for scholarship	25.57	-	25.57
Total	**25.57**	-	**25.57**

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Note 41: Employee Benefits

a) **Defined contribution plans:**

The company deposits an amount determined at a fixed percentage of basic pay every month to the state administered Provident fund, Employee State Insurance (ESI) for the benefit of employees. The contributions payable to these plans by the company are at the rates specified in the rules of the schemes.

Amount recognised in the statement of profit and loss is as follows:

Particulars	For the Year ended December 31, 2020	For the Year ended December 31, 2019
Provident fund paid to the authorities	24.11	25.05
Employee state insurance paid to the authorities	0.86	1.48
Contribution to other funds (Employee welfare etc.)	0.38	0.36
Total	**25.35**	**26.89**

b) **Defined benefit plans -Gratuity**

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

The actuarial valuation of the present value of the defined benefit obligation has been carried out as at balance sheet date. The following table sets forth the status of the various defined benefit plans of the company and the amounts recognised in the Balance Sheet and Statement of Profit and Loss.

Amounts recognized in the Balance Sheet are as follows:

Particulars	As at December 31, 2020	As at December 31, 2019
Present value of funded obligation	122.57	127.16
Less: Fair value of plan assets	(12.59)	(20.40)
Net liability	**109.98**	**106.76**

Amount recognised in Statement of Profit and Loss (recognised in employee benefits expense):

Particulars	For the Year ended December 31, 2020	For the Year ended December 31, 2019
Current service cost	8.52	6.67
Interest cost	6.78	5.75
Total	**15.30**	**12.42**

Amount recognised in other comprehensive income:

Particulars	For the Year ended December 31, 2020	For the Year ended December 31, 2019
Actuarial loss/(gain) on remeasurement of defined benefit obligation:		
Actuarial (gain)/ loss arising from change in financial assumptions	3.27	14.03
Actuarial (gain)/ loss arising from change in demographic assumption	-	1.49
Actuarial (gain)/ loss arising on account of experience changes	(7.33)	5.90
Actuarial gain/(loss) on remeasurement of planned asset:		
Actual return on plan assets less interest on plan assets	(1.20)	(0.84)
Total gain/(loss)	**(5.26)**	**20.58**

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

Particulars	As at December 31, 2020	As at December 31, 2019
Opening defined benefit obligation	127.16	101.84
Current service cost	8.52	6.67
Interest Cost	7.29	6.64
Actuarial loss/(gain)	(4.06)	21.42
Amount paid to employees	(16.34)	(9.41)
Closing defined benefit obligation	**122.57**	**127.16**

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

Particulars	As at December 31, 2020	As at December 31, 2019
Opening fair value of plan assets	20.40	21.68
Expected return on plan assets	0.51	0.89
Contribution by employer	6.82	6.40
Actual return on plan assets	1.20	0.84
Amount paid to employees	(16.34)	(9.41)
Closing fair value of plan assets	**12.59**	**20.40**

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41 **Employee Benefit (Continued)**

The details of investments in plan assets are as follows:

Particulars	As at December 31, 2020	As at December 31, 2019
Life Insurance Corporation of India	100%	100%

Principal Actuarial assumptions used:

Particulars	As at December 31, 2020	As at December 31, 2019
Discount rates on benefit obligations	6.10%	6.60%
Expected salary increase rates	7.50%	7.50%

Sensitivity analysis:

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

Particulars	Increase (%)	Decrease (%)
Discount rate (50 bps on DBO)	(2.67)	2.82
Future salary growth (50 bps on DBO)	2.68	(2.55)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts for the year ended December 31, 2019 shown below.

Particulars	Increase (%)	Decrease (%)
Discount rate (50 bps on DBO)	(2.52)	2.67
Future salary growth (50 bps on DBO)	2.54	(2.43)

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

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 absences of long term benefit.

The expected contribution payable to the plan next year is INR 8.00

Maturity profile of defined benefit obligation

Particulars	Amount
1st Following year	30.18
2nd Following year	14.62
3rd Following year	10.27
4th Following year	14.77
5th Following year	14.48
Thereafter	99.82

As at December 31, 2020 the weighted average duration of the defined benefit obligation is 5.67 years.

c) **Compensated absences**

The company provides for accumulation of compensated absences by certain categories of its employees. These employees can carry forward a portion of the unutilized compensated absences and utilize it in future periods or receive cash in lieu thereof as per company policy. The Group records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement.

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

Particulars	As at December 31, 2020	As at December 31, 2019
Net Liability :		
- Current	10.90	10.84
- Non Current	30.59	30.92
	41.49	**41.76**

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Note 42: Related Party Disclosures

a) Names of related parties and description of relationship with whom there are transactions

(i)	Holding Company	Rain Industries Limited (RIL)
(ii)	Subsidiary	Renuka Cement Limited (RenCL)
(iii)	Entities Under Common Control	Rain CII Carbon (Vizag) Limited (RCCVL) Rain Commodities USA Inc. (RCUSA) Pragnya Priya Foundations (PPF)
(iv)	Enterprise where key managerial personnel along with their relatives exercise significant influence	Rain Enterprises Private Limited (REPL) Rain Entertainments Pvt Ltd Nivee Property Developers Pvt Ltd (NPDPL) Arunachala Logistics Pvt Limited (ALPL) Protector Facilities Management (Pvt) Ltd.,
(v)	Key Managerial Personnel	Mr. N. Radhakrishna Reddy - Chairman Mr. N. Sujith Kumar Reddy - Managing Director Mr. N. Jagan Mohan Reddy - Director Mr. P.Srinivas - Company Secretary (From June 20, 2019 to August 13th, 2020), Mr. D. Rajasekhar Reddy- Company Secretary (From August 13th, 2020 onwards) Mr. G.N.V.S.R.R.Kumar - Chief Financial Officer
(vi)	Non-executive directors	Ms. Nirmala Reddy- Independent Director Mr. G. Krishna Prasad - Independent Director Mr Brian Jude McNamara- Independent Director (From February 12, 2021) Mr. N. Shiv Keshav Reddy (Son of Managing Director)
(vii)	Relative of Key Managerial Personnel	Mr. N. Venkata Pranav Reddy (Son of Managing Director)

b) Transactions with related parties:

Particulars	Year ended December 31, 2020	Year ended December 31, 2019
Purchases and services (net of reimbursements) from:		
1. Rain CII Carbon Vizag Ltd- Purchase of power	153.88	217.60
2. Rain CII Carbon Vizag Ltd-Handling of Pet coke	70.30	-
3. Rain CII Carbon LLC - Purchase of Petcoke	58.98	-
4. Rain Industries Limited - Shared Services Expenses	54.44	54.05
5. Rain Industries Limited- Lease Rent	7.54	6.86
6. Arunachala Logistics Pvt Ltd - Freight and Services	3,530.49	3,657.89
7. Arunachala Logistics Pvt Ltd - Purchase of Tipper	4.94	-
8. Arunachala Logistics Pvt Ltd - Purchase of Spares	7.35	-
Sale of cement:		
1. Rain CII Carbon Vizag Ltd	30.71	66.86
2. Rain Entertainments Pvt Ltd	0.15	-
3. Pragnya Priya Foundation	-	0.14
4. Nivee Property Developers Pvt Ltd	3.57	8.93
5. Arunachala Logistics Pvt Ltd	6.79	1.95
Other operating income:		
1. Arunachala Logistics Pvt Ltd - Rental Income	0.42	0.35
2. Arunachala Logistics Pvt Ltd - Sale of Scrap	1.27	-
3. Renuka Cement Limited - Sale of Container scrap	0.08	-
Other operating expenses		
1. Arunachala Logistics Pvt Ltd - Rental Expenses	0.90	-
2. Protector Facilities Management Pvt Ltd - Man Power Services	1.76	-
Managerial remuneration:		
(i) Short-term employee benefits		
a) Mr. N. Sujith Kumar Reddy	22.18	22.42
b) Mr. G.N.V.S.R.R.Kumar	7.34	6.95
c) Mr. M.Prasanna kumar	-	0.28
d) Mr. P. Srinivas	0.44	0.30
e) Mr D.Rajasekhar Reddy	0.22	-
(ii) Post-employment benefits		
*Refer note below		
Commission to Directors		
Mr. N. Sujith Kumar Reddy	20.00	10.00
Salaries paid:		
(i) Short-term employee benefits		
Mr. N. Venkata Pranav Reddy	0.87	0.80
(ii) Post-employment benefits		
*Refer note below		
Dividend paid:		
Rain industries Limited	280.17	223.54
Donations given:		
Pragnya Priya Foundation	22.50	20.00
Remuneration to Independent Directors (Sitting fees):		
1. Ms. Nirmala Reddy	0.25	0.27
2. Mr. G. Krishna Prasad	0.25	0.32
Remuneration to Non-Executive Director (Sitting fees):		
1. Mr. N. Shiv Keshav Reddy	0.15	0.18

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

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Note 42: Related Party Disclosures (continued)

The Group has the following dues from / to related parties:

Particulars	As at December 31, 2020	As at December 31, 2019
Amounts receivable from:		
a) Rain Entertainments Pvt Ltd	-	-
b) Pragnya Priya Foundation	0.00	0.00
c) Nivee Property Developers Pvt Ltd	0.03	-
d) Arunachala Logistics Pvt Limited	207.71	-
e) 'Rain CII Carbon Vizag Limited	0.00	-
Amounts payable to:		
a)Arunachala Logistics Pvt. Limited	-	13.29
b) Rain CII Carbon Vizag Limited	11.25	19.71
c) Protector Facilities Management Pvt Ltd	0.26	-
d)'Rain Industries Ltd.,	-	10.49
Corporate guarantee given on behalf of:		
a) Rain Industries Limited	1,314.90	1,967.05
Commission payable to Director:		
N. Sujith Kumar Reddy	20.00	10.00

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

Note 43: Capital Management

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

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

Particulars	As at	
	December 31, 2020	December 31, 2019
Total borrowings, net of cash and cash equivalents	547.84	550.65
Total equity attributable to the equity shareholders of the company	5,843.72	4,827.29
Net debt to equity ratio	**0.09**	**0.11**

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

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Note 44: Fair value measurements:

The following table shows the financial instruments by category carrying and fair value hierarchy:

As at December 31, 2020:

Particulars	Fair value instruments by category				Fair value hierarchy		
	Amortised cost	FVTPL	FVTOCI	Total	Level 1	Level 2	Level 3
Financial assets:							
Investments	302.38	16.17	-	318.55	0.17	-	16.00
Loans	217.21	-	-	217.21	-	-	-
Trade receivables	254.98	-	-	254.98	-	-	-
Cash and cash equivalents	126.32	-	-	126.32	-	-	-
Bank balances other than cash and cash equivalent	1,764.59	-	-	1,764.59	-	-	-
Other financial assets	626.58	-	-	626.58	-	-	-
Derivative financial asset	-	-	-	-	-	-	-
	3,292.06	**16.17**	**-**	**3,308.23**	**0.17**	**-**	**16.00**
Financial liabilities							
Borrowings (including current maturities)	674.16	-	-	674.16	-	-	-
Trade payables	565.77	-	-	565.77	-	-	-
Other financial liabilities (excluding current maturities of long-term borrowings)	964.70	-	-	964.70	-	-	-
	2,204.63	**-**	**-**	**2,204.63**	**-**	**-**	**-**

As at December 31, 2019:

Particulars	Fair value instruments by category				Fair value hierarchy		
	Amortised cost	FVTPL	FVTOCI	Total	Level 1	Level 2	Level 3
Financial assets:							
Investments	562.38	16.16	-	578.54	0.16	-	16.00
Loans	222.76	-	-	222.76	-	-	-
Trade Redeivables	243.53	-	-	243.53			
Cash and cash equivalents	325.56	-	-	325.56	-	-	-
Bank balances other than above	138.97	-	-	138.97	-	-	-
Other financial assets	426.40	-	-	426.40	-	-	-
Derivative financial asset	-	-	0.20	0.20		0.20	
	1,919.60	**16.16**	**0.20**	**1,935.96**	**0.16**	**0.20**	**16.00**
Financial liabilities							
Borrowings (including current maturities)	876.21	-	-	876.21	-	-	-
Trade payables	637.92	-	-	637.92	-	-	-
Other financial liabilities (excluding current maturities of long-term borrowings)	693.03	-	-	693.03	-	-	-
	2,207.16	**-**	**-**	**2,207.16**	**-**	**-**	**-**

Note:
The carrying amounts of current investments, trade receivables, loan receivable, security deposits, cash and cash equivalents, bank balances, trade payables, borrowings and other financial assets and liabilities are considered to be the same as their face values.

Measurement of fair values:
Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:
Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities. The mutual funds are valued using the closing NAV.
Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

Note 45: Financial Risk Management

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

The Company has exposure to the following risks arising from financial instruments:
- Credit risk
- Liquidity risk
- Market risk

Credit risk:
Credit risk is the risk of financial loss arising from counter-party failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses both the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks and arises primarily from trade receivables, investments, cash and cash equivalents and balances with banks. The maximum exposure to credit risk is equal to the carrying value of these financial assets.

The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors. The Company has a policy of dealing only with credit worthy counter parties and obtaining sufficient collateral, where appropriate as a means of mitigating the risk of financial loss from defaults.

Trade receivables
The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company limits its exposure to credit risk arising from trade receivable by establishing a maximum credit period of 21 days. Moreover, the receivables balance is backed by an appropriate amount of deposit collected from each customers and the Company transfers some portion of the discount to the security deposit of the customer which will be paid at the time of termination of the contract or discontinuance of business. The default in collection as a percentage of total receivable is very low.

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

Particulars	As at December 31, 2020	As at December 31, 2019
Receivables that are neither past due nor impaired	99.06	142.51
Receivables that are past due but not impaired:		
Past due 0-30 days	11.08	7.54
Past due 31-60 days	23.40	11.59
Past due 61-90 days	11.94	7.10
Past due over 90 days	109.50	74.79
	155.92	**101.02**
Gross receivables	**254.98**	**243.53**
Credit impaired	22.51	21.81
Loss allowance	(22.51)	(21.81)
Net receivables before credit notes	**254.98**	**243.53**

No single customer accounted for more than 10% of the trade receivable as of December 31, 2020 and December 31, 2019. There is no significant concentration of credit risk.

Investments
The Company limits its exposure to credit risk by generally investing in subsidiaries and liquid securities. The Company does not expect any losses from non-performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors or specific country risks.

Cash and cash equivalents (including bank balances, fixed deposits and margin money with banks):
Credit risk on cash and cash equivalent is limited as the Company generally transacts with banks with high credit ratings assigned by international and domestic credit rating agencies.

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

Note 45: Financial Risk Management (continued)

Liquidity risk:

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

The Company aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash outflows on financial liabilities (other than trade payables). The Company also monitors the level of expected cash inflows on trade receivables and loans together with expected cash outflows on trade payables and other financial liabilities.

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

As at December 31, 2020

Particulars		**Contractual cash flows**				
	Carrying value	**Less than 1 year**	**1-2 years**	**2-5 years**	**5-10 years**	**Total**
Financial liabilities						
Borrowings (including current maturities)	674.16	161.62	217.79	297.52	0.26	677.19
Trade payables	565.77	565.77	-	-	-	565.77
Other financial liabilities (excluding current maturities of long-term borrowings)	964.70	964.70	-	-	-	964.70
Total	**2,204.63**	**1,692.09**	**217.79**	**297.52**	**0.26**	**2,207.66**

As at December 31, 2019

Particulars		**Contractual cash flows**				
	Carrying value	**Less than 1 year**	**1-2 years**	**2-5 years**	**5-10 years**	**Total**
Financial liabilities						
Borrowings (including current maturities)	876.21	364.63	83.12	341.27	87.19	876.21
Trade payables	637.92	637.92	-	-	-	637.92
Other financial liabilities (excluding current maturities of long-term borrowings)	693.03	693.03	-	-	-	693.03
Total	**2,207.16**	**1,695.58**	**83.12**	**341.27**	**87.19**	**2,207.16**

Market risk:

Market risk is the risk that changes in market prices - such as foreign exchange rates and interest rates - will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of individual entities in the Company.

The following table analyses foreign currency risk from non derivative financial instruments:

	Amount in USD		**Amount in EURO**	
Particulars	**December 31, 2020**	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
Assets:				
Cash and bank balances	-	-	-	-
EEFC balance	-	-	-	-
Trade receivables	-	-	-	-
Loans	-	-	-	-
Loans and advances to subsidiary	-	-	-	-
Other financial assets	-	-	-	-
Capital advances	-	-	-	-
	-	-	-	-
Liabilities:				
Trade payables	-	-	-	-
Borrowings	-	2.74	-	-
Other financial liabilities	-	-	-	-
Contractually reimbursable expenses	-	-	-	-
Payable to Statutory Authorities	-	-	-	-
Payables on purchase of fixed assets	-	-	-	-
	-	2.74	-	-

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Note 45: Financial Risk Management (continued)

Sensitivity Analysis:

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

Impact on Profit and loss due to foreign currency loss/(gain) for the year on 1% change in foreign currency rates:

Particulars	December 31, 2020		December 31, 2019	
	Strengthening	Weakening	Strengthening	Weakening
Impact on profit and loss				
INR		-		-
USD	-	-	(0.03)	0.03
EUR	-	-	-	-

The Company has the following outstanding foreign exchange forward derivative contracts:

As at December 31, 2020

Category	Currency	Cross Currency	Amounts in Millions	Buy/Sell	Purpose
Forward contract	USD	INR	USD -	-	-

As at December 31, 2019

Category	Currency	Cross Currency	Amounts in Millions	Buy/Sell	Purpose
Forward contract	USD	INR	USD 1.00	Buy	Hedging

Cash flow Hedges

The amounts as at December 31, 2020 relating to items designated as hedged items are as follows:

	December 31, 2020			December 31, 2019		
Change in value used for calculating hedge ineffectiveness	**Effective portion of cash flow hedges**	**Costs of hedging**	**Balances remaining in equity head 'effective portion of cash flow hedges' from hedging relationships for which hedge accounting is no longer applied**	**Effective portion of cash flow hedges**	**Costs of hedging**	**Balances remaining in equity head 'effective portion of cash flow hedges' from hedging relationships for which hedge accounting is no longer applied**
Foreign currency risk						
Settlement of foreign currency payables	-	-	-	0.2	-	-
Interest rate risk						
Variable-rate instruments	-	-	-	-	-	-

Particulars	December 31, 2020		December 31, 2019	
	Equity head 'Effective portion of cash flow' hedges	**Equity head 'Cost of hedging'**	**Equity head 'Effective portion of cash flow' hedges**	**Equity head 'Cost of hedging'**
Balance as at January 1, 2020	0.20	-	2.29	-
Cash flow hedges				
Changes in fair value:				
Foreign currency risk – inventory purchases	-		-	
Foreign currency risk – inter-company debt		-		-
Interest rate risk	-			
Amount reclassified to profit or loss:				
Foreign currency risk – inventory purchases	(0.20)	-	(2.09)	-
Foreign currency risk – other items				
Interest rate risk				
Amount included in the cost of non-financial items:				
Foreign currency risk – inventory purchases				
Foreign currency risk – other items				
Interest rate risk				
Tax on movements in relevant items of Other comprehensive income during the year	-	-	-	-
Balance as at December 31, 2020	-	-	0.20	-

The table below summarises the periods when the cash flows associated with highly probable forecasted transactions

Particulars	December 31, 2020	December 31, 2019
Cash flows in US Dollars		
< 1month	-	3.74

RAIN CEMENTS LIMITED * HYDERABAD *

Rain Cements Limited
Notes to the Financial Statements for the year ended December 31, 2020 (continued)
All amounts are in Indian Rupees Millions, except share data and where otherwise stated

Note 45: Financial Risk Management (continued)

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Company adopts a policy of ensuring an optimal mix of its interest rate risk exposure.

Exposure to interest rate risk

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

Particulars	Interest rate exposure as at	
	December 31, 2020	December 31, 2019
Fixed rate instruments		
Financial assets	2,434.31	794.91
Financial liabilities	163.80	-
	2,598.11	**794.91**
Variable rate instruments		
Financial assets	-	-
Financial liabilities	-	266.27
	-	**266.27**

Interest rate Sensitivity:

Impact on Profit and loss due to net interest expense for the year on 1% change in interest rate: A reasonably possible change of 1% in interest rates at the reporting date would have increased / (decreased) profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Particulars	December 31, 2020		December 31, 2019	
	Increase in rate	Decrease in rate	Increase in rate	Decrease in rate
Impact on profit and loss				
Variable-rate instruments	-	-	2.66	(2.66)
Total Impact	-	-	**2.66**	**(2.66)**

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Note 46: Segment Reporting

Ind AS 108 "Operating segment" establishes standard for the way public business report information about operating segment and related disclosures about product and services, geographic areas and major customers. Based on "management approach" as defined in Ind AS 108, operating segments are to be reported in a manner consistent with internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM evaluates the company's performance and allocates resources an overall basis. The Company's sole reportable segment is manufacture and sale of Cement. 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. Accordingly, there are no disclosures to be provided under Ind AS 108.

Note 47: Covid 19

In view of the national lockdown announced by the Government of India to control the spread of COVID-19 , the Company's business operations were temporarily disrupted during month of April 2020 and May 2020. The Company has resumed its operations from first week of May 2020 in a phased manner as per Government directive and attained normalcy.

The Company, to the extent possible, has considered the risks that may result from the uncertainty relating to the COVID-19 pandemic and its impact on the carrying amounts of trade receivables, investments and financial instruments. The Company has considered internal and certain external sources of information including economic forecasts and industry reports upto the date of approval of the financial statements and based on the company's analysis of the current indicators of the future economic condition on its business and the estimates used in its financial statements, the Company does not foresee any material impact on the recoverability of the carrying value of the assets.

The impact of COVID-19 remains uncertain and may be different from what we have estimated as of the date of approval of these financial statements and the risk assessment is a continuous process and the Company will continue to monitor the impact of the changes in future economic conditions on its business.

Note 48:

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

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

Sriram Mahalingam
Partner
Membership number: 049642

Place: Hyderabad
Date: February 19, 2021

For and on behalf of the Board of Directors
Rain Cements Limited
CIN: U23209TG1999PLC031631

N.Sujith Kumar Reddy
Managing Director
DIN: 00022383

Jagan Mohan Reddy Nellore
Director
DIN: 00017633

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

D.Rajasekhara Reddy
Company Secretary
M.No.A61938

Place: Hyderabad
Date: February 19, 2021

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