

## **BOARD OF DIRECTORS**

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

### **CHIEF FINANCIAL OFFICER**

Mr. T. Srinivasa Rao

### **COMPANY SECRETARY**

Mr. S. Venkat Ramana Reddy

### **STATUTORY AUDITORS**

M/s. Deloitte Haskins & Sells,  
Chartered Accountants,  
1-8-384 & 385, 3rd Floor,  
Gowra Grand, S.P. Road,  
Secunderabad - 500 003, A.P.

### **INTERNAL AUDITORS**

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

### **BANKS**

IDBI Bank Limited  
Citibank  
ICICI Bank Limited  
Indian Bank

### **REGISTERED OFFICE**

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Rain Commodities Limited ("Rain Group") is the leading producer of Carbon Products (Calcined Petroleum Coke and Coal Tar Pitch) in the World and is one of the leading producers of Cement in South India.

| Business Vertical               | Description of Business                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|---------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Carbon Products Business</b> | <p><b>Calcined Petroleum Coke:</b></p> <ul style="list-style-type: none"> <li>Calcination of Green Petroleum Coke (a by-product of Petroleum Refinery) to produce Calcined Petroleum Coke ("CPC")</li> <li>Activities across USA and Asia</li> </ul> <p><b>Co-generation of Energy through Waste-heat Recovery:</b></p> <ul style="list-style-type: none"> <li>Co-generation of Energy (Steam and Electricity) through Waste-heat recovery generated in the calcination of Green Petroleum Coke.</li> </ul> <p><b>Coal Tar Pitch@:</b></p> <ul style="list-style-type: none"> <li>Distillation of Coal Tar (a by-product in manufacturing of Steel) to produce "Coal Tar Pitch".</li> <li>Activities across Europe and North America.</li> </ul> <p><b>Carbon Chemicals@:</b></p> <ul style="list-style-type: none"> <li>Conversion of chemicals, produced in the distillation of Coal Tar to produce value-added "Carbon Chemicals"</li> </ul> <p><b>Trading in Petroleum Coke:</b></p> <ul style="list-style-type: none"> <li>Trading of Fuel Grade Petroleum Coke, with activities in India, USA, Europe and Middle East .</li> </ul> |
| <b>Cement Business</b>          | <ul style="list-style-type: none"> <li>Production and Sale of Cement</li> <li>Activities spread across South India</li> <li>Marketed under the brand name "<b>Priya Cement</b>"</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

@ Rain Group has diversified its end markets with entry into Coal Tar distillation business through the acquisition of Belgium based Ruetgers Group ("Ruetgers") on January 4, 2013. Ruetgers is Europe's leading and world's second largest Coal Tar distiller and is a leading producer of Coal Tar Pitch ("CTP" or "Pitch") along with other co-products including Naphthalene Oil, Aromatic Oils and other Carbon Chemicals. With eight operating facilities spread across North America and Europe, Ruetgers currently has more than a million tons of Coal Tar distillation capacity. The ninth facility, a Joint Venture in Russia with about 300,000 tons of coal tar distillation capacity is under construction.

## **Acquisition Rationale**

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

- We believe our increased scale of operations and strengthened cash flows will create an improved platform from which to capitalize on growth opportunities in the global market. These opportunities include leveraging our complementary customer bases to cross-sell our CPC and CTP products.
- We expect our broader and more diversified geographic footprint and product portfolio to help the combined company deliver more stable financial performance.
- We expect to leverage the technological capabilities of both Rain Group's and Ruetgers' research and development organizations. This includes facilitating lower cost CPC and CTP combinations for the customers. We expect the combined company to have greater flexibility to commercialize Rain Group's patented ICE technology to utilize lower cost coke inputs in CPC blends, while maintaining competitive performance characteristics for our customers. We also expect the combined company to use Ruetgers developed CARBORES technology to maximize anode quality advancement. Ruetgers' CARBORES technology is an environment friendly Pitch binder which produces less emission than traditional Pitch binders and that has the potential to be used in the Aluminum industry as it exhibits the capability to increase Aluminum output and improve utilization rates of Aluminum smelters.

## ***Competitive Strengths of the Combined Entity***

### **Global leader in essential Carbon products for the Aluminum industry**

We intend the combined company to become a leading carbon supplier to the Aluminum industry with significant operating scale. Rain Group is a leading producer of CPC with Global market share of about 8% and Ruetgers is currently the second largest Coal Tar distiller with Global market share of about 8%. Additional Coal Tar distillation capacity is expected to become available during 2014 through the Russian JV. We expect the combined company to be able to manage the entire Carbon Anode supply chain, providing Aluminum customers the access to meet all their Carbon needs, including enhanced inventory management, via a single supplier. As a result of the expected global scale of the combined company, long-standing supplier and customer relationships, production resources, application know-how and expertise in complying with industry regulatory requirements, we believe we will be well positioned to maintain our industry-leading position.

### **Longstanding relationships with global customers**

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

### **Favorable industry fundamentals supported by Aluminum production growth**

Approximately 77% of all CPC produced across the World and approximately 80% of all CTP produced across the World is sold to primary Aluminum producers. As such, primary Aluminum production is the most important determinant of CPC and CTP demand. While both CPC and CTP are critical inputs for Aluminum production, as no known economically viable substitutes exist, they remain a small portion of an Aluminum smelter's costs.

World production of primary Aluminum totaled approximately 47.1 million metric tons in 2012 and is expected to grow to approximately 59.6 million metric tons by 2016, representing a compounded annual growth rate ('CAGR') of 6.1%. The growth in the demand for Aluminum is expected to be driven by increasing use of light-weight materials in many key industries such as transportation, construction, packaging and consumer electronics. Annual demand for CPC is expected to grow from approximately 25.9 million metric tons in 2012 to approximately 34.5 million metric tons in 2016, representing a ("CAGR") of 7.4%. Similarly Annual CTP demand is expected to grow from approximately 6.3 million tons in 2012 to approximately 7.8 million tons in 2016, representing a CAGR of 5.5%. We believe the combined company is well positioned to capitalize on strong industry fundamentals given its leading position in the market.

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

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

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

### **Diversified geographic profile with advantaged freight and transport logistics**

The combined company will have an extensive global footprint, with 17 production facilities located in Belgium, Canada, China, Germany, India, the Netherlands, Poland, Russia (from 2014 through the Joint Venture with Severstal) and the United States, in order to serve our customers, we maintain extensive logistics and transportation networks. Rain Group's facilities operate in locations that provide favorable and efficient sourcing of GPC, with two facilities located adjacent to crude oil refineries. Our facilities are designed to further reduce transportation and logistics costs. Rain Group has dedicated vessel loading stations at three different facilities in Louisiana, USA. Ruetgers operates a fleet of specialty rail cars and a fully-leased fleet of specialty vessels for deep sea and inland water transportation, which increases its ability to source coal tar and supply its products globally.

### **Increased product and market diversification**

We expect the combined company to be more diversified across end markets. While the Aluminum industry will remain the primary end market for the combined company, with CPC and CTP sales together representing major portion of the revenues, our product offering will be diversified into other products such as energy, resins and modifiers, aromatic chemicals and superplasticizers. CPC and CTP prices are dependent on the demand dynamics of the Aluminum

industry, while prices of resins and modifiers, super-plasticizers and other chemicals are driven primarily by broader macro-economic conditions. We expect these additional products will help mitigate our exposure to the Aluminum industry.

### **Industry leader in proprietary product development and R&D capabilities**

We believe Rain Group's CPC business has led the industry in development efforts to utilize a wider range of GPC raw materials for use in Aluminum anodes. Alternative raw materials such as shot coke and other non-traditional anode cokes ("NTAC") are not only typically priced at a discount to traditional anode grade coke, but such NTACs are produced by more refineries resulting in adequate supply of NTAC for use by Aluminium smelters. Accordingly, we anticipate increasing commercial use of NTACs, as traditional anode grade GPC availability declines. Rain Group developed the patented ICE technology, jointly along with an Aluminum smelter, which allows us exclusive use of shot coke in anode blends. Shot coke is a very specific and distinctive type of NTAC. Rain Group is currently working with a major Aluminum smelting customer to carry-out a two year extended trial with this technology.

Through selective investment, Ruetgers has developed flexible production facilities and processes that allow it to produce high quality CTP and down stream products. In addition to the flexibility of its facilities and production processes, Ruetgers' research and development team focuses on creating innovative products to meet its customers' evolving needs and to keep pace with industry standards and preferences. In particular, Ruetgers' CARBORES technology is an environmental friendly pitch binder, which produces lesser emissions upon use compared to certain alternative pitch binders and has the potential to be used in the Aluminum industry to improve anode performance and reduce anode production costs.

We believe the combined company will be positioned to develop new, lower cost and more efficient combinations of coke and pitch for customers and create customized solutions.

### **Experienced and proven management team**

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

### Rain Group Operating Facilities

| Facility                              | Product      | Description                                                                                                                                                                                                          |
|---------------------------------------|--------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Visakhapatnam – Andhra Pradesh, India | CPC          | <ul style="list-style-type: none"> <li>Two rotary kilns</li> <li>Located in the Visakhapatnam Port Area</li> <li>Proximity to new Aluminum Smelter plants</li> <li>Integrated with Co-generation facility</li> </ul> |
| Moundsville – West Virginia, USA      | CPC          | <ul style="list-style-type: none"> <li>Two rotary kilns</li> <li>Dedicated barge dock facility</li> </ul>                                                                                                            |
| Lake Charles – Louisiana, USA         | CPC          | <ul style="list-style-type: none"> <li>Two rotary kilns</li> <li>Dedicated deep-water terminal</li> <li>Integrated with Co-generation facility (commissioned in CY 2012)</li> </ul>                                  |
| Robinson – Illinois, USA              | CPC          | <ul style="list-style-type: none"> <li>Two rotary kilns</li> <li>Located adjacent to Marathon oil refinery</li> </ul>                                                                                                |
| Chalmette – Louisiana, USA            | CPC          | <ul style="list-style-type: none"> <li>One rotary kiln</li> <li>Dedicated deep-water terminal</li> <li>Integrated with Co-generation facility</li> </ul>                                                             |
| Gramercy – Louisiana, USA             | CPC          | <ul style="list-style-type: none"> <li>One rotary kiln</li> <li>Dedicated deep-water terminal</li> <li>Integrated with Co-generation facility</li> </ul>                                                             |
| Norco – Louisiana, USA                | CPC          | <ul style="list-style-type: none"> <li>One rotary kiln</li> <li>Located adjacent to Motiva oil refinery</li> <li>Integrated with Co-generation facility</li> </ul>                                                   |
| Purvis – Mississippi, USA             | CPC          | <ul style="list-style-type: none"> <li>One rotary kiln</li> <li>Focused on specialty applications</li> <li>Direct rail or truck shipments to customers</li> </ul>                                                    |
| Zhenjiang, China                      | CPC          | <ul style="list-style-type: none"> <li>One vertical shaft furnace</li> <li>Entire GPC requirement is sourced locally</li> </ul>                                                                                      |
| Adabeya - Suez, Egypt                 | Coke Trading | <ul style="list-style-type: none"> <li>Engaged in production of Slag Foaming Carbon Materials and Recarbonizers</li> </ul>                                                                                           |
| Nalgonda – Andhra Pradesh, India      | Cement       | <ul style="list-style-type: none"> <li>One rotary kiln</li> <li>Pit Head Lime Stone Mines</li> <li>Markets the product under the brand “Priya Cement”</li> </ul>                                                     |
| Kurnool – Andhra Pradesh, India       | Cement       | <ul style="list-style-type: none"> <li>Two rotary kilns</li> <li>Pit Head Lime Stone Mines</li> <li>Markets the product under the brand “Priya Cement”</li> </ul>                                                    |

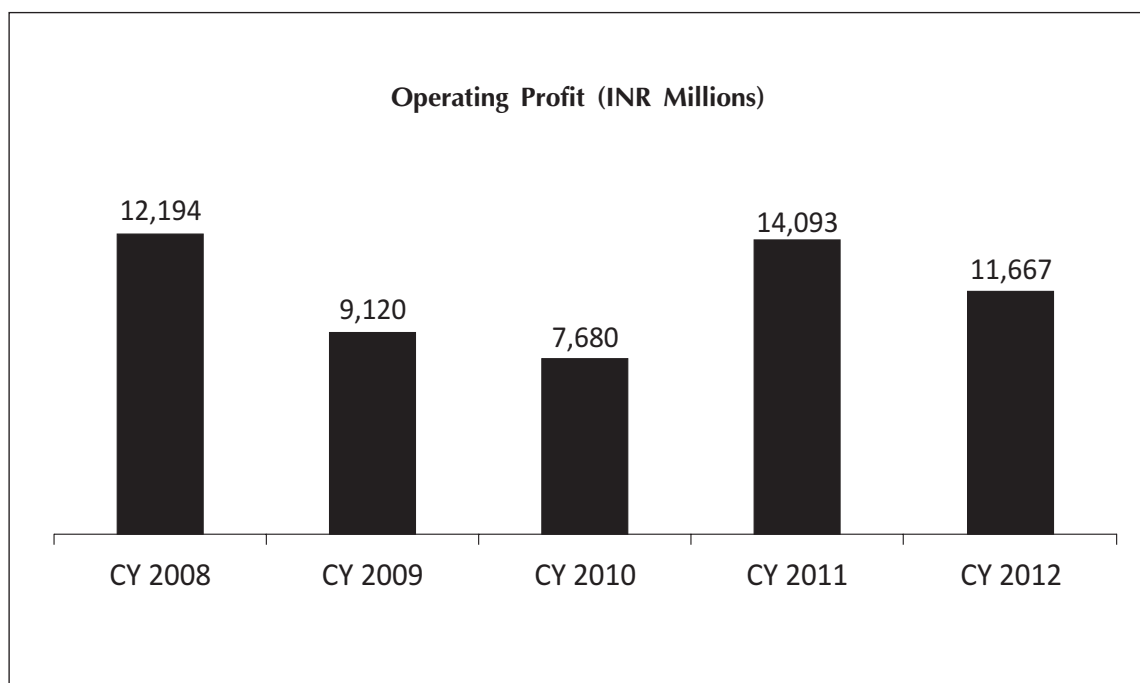
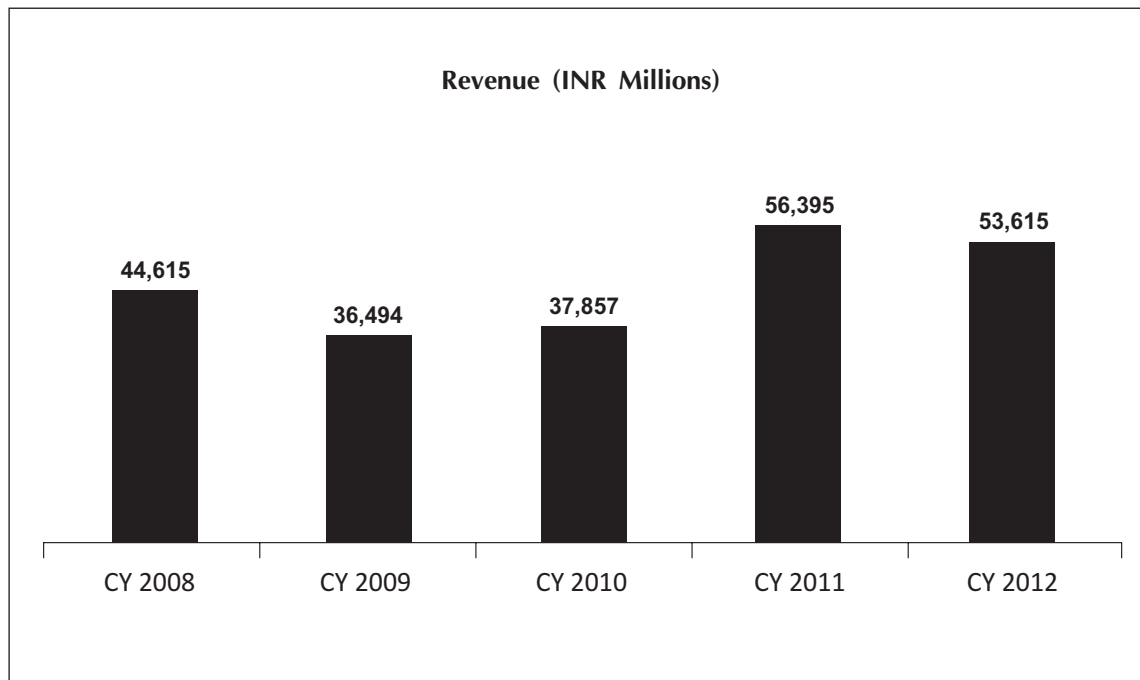
### Ruetgers Operating Facilities

| Facility                                                                        | Product               | Description                                                                                                                                                                                                                  |
|---------------------------------------------------------------------------------|-----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Castrop – Rauxel, Germany                                                       | Coal Tar Distillation | <ul style="list-style-type: none"> <li>Coal tar distillation (largest plant globally) with integrated downstream production operations</li> <li>Dedicated river port and access via sea, rail and road</li> </ul>            |
| Zelzate, Belgium                                                                | Coal Tar Distillation | <ul style="list-style-type: none"> <li>Coal tar distillation with integrated downstream production operations</li> <li>Transport access via sea and road</li> </ul>                                                          |
| Hamilton, Canada                                                                | Coal Tar Distillation | <ul style="list-style-type: none"> <li>Serves as hub for North America and is the only coal tar distillation facility in Canada</li> <li>Transport access via sea, rail and road</li> </ul>                                  |
| Cherepovets, Russia<br>(under construction, expected to be operational in 2014) | Coal Tar Distillation | <ul style="list-style-type: none"> <li>Joint venture with Severstal in Russia</li> <li>Focused on pitch supply to the North Atlantic, Russia and the Middle East</li> <li>Transport access via sea, rail and road</li> </ul> |
| Duisburg, Germany                                                               | Resins and Modifiers  | <ul style="list-style-type: none"> <li>Downstream resins production</li> <li>Dedicated river port</li> </ul>                                                                                                                 |
| Uithoorn, The Netherlands                                                       | Resins and Modifiers  | <ul style="list-style-type: none"> <li>Downstream resins production</li> <li>New heat polymerization technology for tailor-made products</li> </ul>                                                                          |
| Candiac, Canada                                                                 | Superplasticizers     | <ul style="list-style-type: none"> <li>Downstream Superplasticizer production</li> </ul>                                                                                                                                     |
| Hanau, Germany                                                                  |                       | <ul style="list-style-type: none"> <li>Downstream regional producer of impregnated wood products</li> </ul>                                                                                                                  |
| Kedzierzyn – Kozle, Poland                                                      | CTP                   | <ul style="list-style-type: none"> <li>Soft pitch production</li> <li>Serves as hub for Eastern Europe</li> </ul>                                                                                                            |
| Shanghai, China                                                                 | Representation Office |                                                                                                                                                                                                                              |

Ruetgers facilities are strategically located and have direct or indirect access to overseas distribution channels and to major logistic networks. Ruetgers utilizes fully-leased specialty transportation assets including:

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

## KEY FINANCIAL INDICATORS ON A CONSOLIDATED BASIS



**Notes:**

- (1) Revenue numbers for the previous years have been reclassified to correspond with the current year's classification / disclosure.
- (2) Operating Profit is Profit before Exchange (Gain) / Loss, Depreciation, Interest, Taxation and Exceptional Items.