



RAIN INDUSTRIES LIMITED

41st ANNUAL REPORT 2015



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
Ms. Radhika Vijay Haribhakti	Independent Director
Mr. V. Narayanamurthy	Nominee Director, IDBI Bank Limited
Mr. G. Krishna Prasad	Independent Director

CHIEF FINANCIAL OFFICER

Mr. T. Srinivasa Rao

COMPANY SECRETARY

Mr. S. Venkat Ramana Reddy

STATUTORY AUDITORS

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

INTERNAL AUDITORS

M/s. Ernst & Young LLP,
The Oval Office,
18, iLabs Center, Madhapur,
Hyderabad - 500 081.
Telangana State.

SECRETARIAL AUDITORS

M/s. DVM Gopal & Associates,
Practising Company Secretaries
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3rd Floor, Royal Majestic,
Prem Nagar Colony,
Near Banjara Hills Care Hospital,
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Telangana State.

REGISTERED OFFICE

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Fax No. + 91 (40) 40401214
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Website: www.rain-industries.com
CIN: L26942TG1974PLC001693

BANKS

IDBI Bank Limited
ICICI Bank Limited
Citibank

REGISTRARS & SHARE TRANSFER AGENTS

Karvy Computershare Private Limited
(Unit: Rain Industries Limited)
Karvy Computershare Private Limited,
Karvy Selenium Tower B, Plot 31-32,
Gachibowli, Financial District,
Nanakramguda, Hyderabad - 500 032
Fax: +91 040 23420814
Phone: +91 040 67161566
e-mail: einward.ris@karvy.com/murthy.psrch@karvy.com

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

Business Vertical	Description of Business
Carbon Products Business	<ul style="list-style-type: none"> Carbon Products comprise Calcined Petroleum Coke ("CPC"), Green Petroleum Coke ("GPC"), Coal Tar Pitch ("CTP"), Co-generated Energy and other derivatives of Coal Tar distillation. Activities across the World with operating facilities spread across Africa, Belgium, Canada, Germany, India, Poland, Russia and United States of America. Co-generation facilities located in United States of America and India.
Chemicals Business	<ul style="list-style-type: none"> Chemicals include downstream operations of Coal Tar distillation and comprise of Resins, Modifiers, Super Plasticizers and other specialty products. Activities across the World with facilities in Germany, Canada and the Netherlands.
Cement Business	<ul style="list-style-type: none"> Production and Sale of Cement. Activities predominantly in South India. Entering new market regions viz. Maharashtra, Odisha and Kerala. Marketed under the brand name "Priya Cement".

- | Rain Group has achieved a Compounded Annual Growth Rate ("CAGR") of 22% in Consolidated Revenues during the last six years.
- | Rain Group has achieved a CAGR of 12% in Consolidated Operating Profits during the last six years.
- | Consolidated Book Value per share is increased by 122% from Rs. 39 per share to Rs. 87 per share during the last six years.

Rain Group Operating Facilities

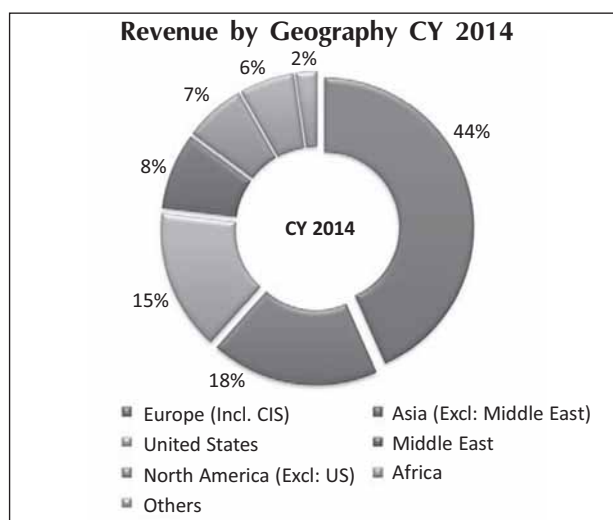
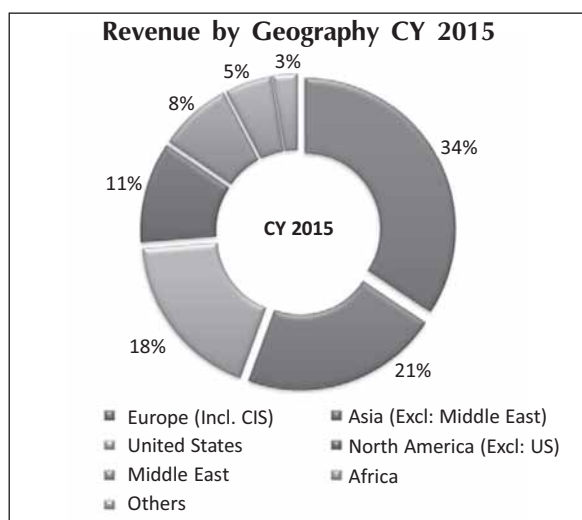
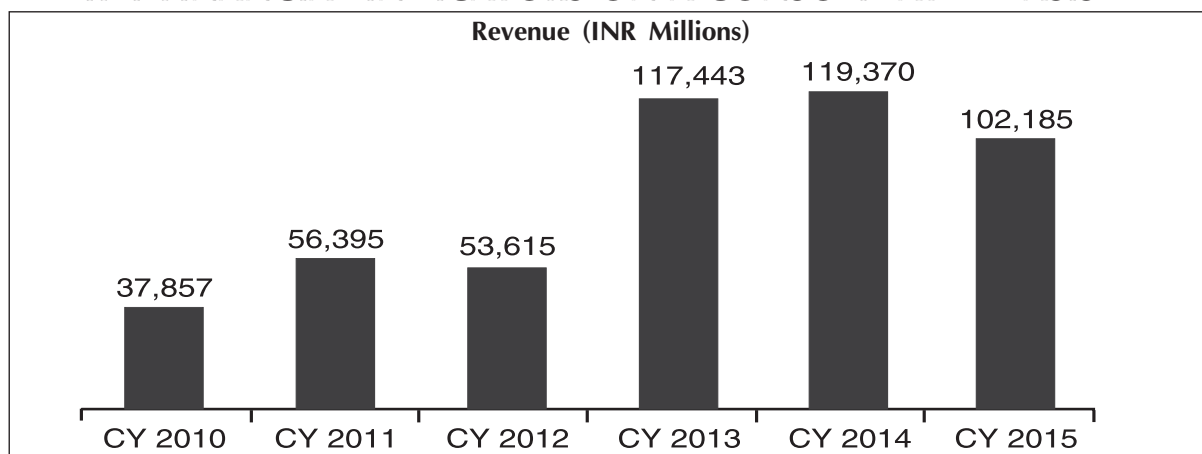
Business Vertical	Facility	Description
Carbon Products Business	Visakhapatnam - Andhra Pradesh, India ⁽³⁾	<ul style="list-style-type: none"> Two rotary kilns to produce CPC CPC Blending facility Located in Visakhapatnam Port Area Proximity to new Aluminum Smelter plants Integrated with Co-generation facility
	Lake Charles- Louisiana, USA	<ul style="list-style-type: none"> Two rotary kilns to produce CPC Dedicated deep-water terminal Integrated with Co-generation facility
	Robinson - Illinois, USA	<ul style="list-style-type: none"> Two rotary kilns to produce CPC Located adjacent to Marathon Oil refinery
	Chalmette - Louisiana, USA ⁽⁴⁾	<ul style="list-style-type: none"> One rotary kiln to produce CPC Dedicated deep-water terminal Integrated with Co-generation facility
	Gramercy- Louisiana, USA	<ul style="list-style-type: none"> One rotary kiln to produce CPC Dedicated deep-water terminal Integrated with Co-generation facility
	Norco - Louisiana, USA	<ul style="list-style-type: none"> One rotary kiln to produce CPC Located adjacent to Motiva Oil refinery Integrated with Co-generation facility
	Purvis - Mississippi, USA	<ul style="list-style-type: none"> One rotary kiln to produce CPC Focused on specialty applications Direct rail or truck shipments to customers
	Castrop - Rauxel, Germany	<ul style="list-style-type: none"> Coal tar distillation (largest single line Coal Tar distillation plant globally) with integrated downstream production operations Dedicated river port and access via sea, rail and road
	Zelzate, Belgium	<ul style="list-style-type: none"> Coal tar distillation with integrated downstream production operations Transport access via sea and road
	Hamilton, Canada	<ul style="list-style-type: none"> Serves as hub for North America and is the only coal tar distillation facility in Canada Transport access via sea, rail and road
	Adabeya - Suez, Egypt	<ul style="list-style-type: none"> Engaged in the production of Slag Foaming Carbon Materials and Recarbonizers
	Kedzierzyn - Kozle, Poland	<ul style="list-style-type: none"> Soft pitch production Serves as hub for Eastern Europe
	Cherepovets, Russia ⁽⁵⁾	<ul style="list-style-type: none"> Joint venture with PAO Severstal in Russia Focused on pitch supply to the North Atlantic, Russia and the Middle East Transport access via sea, rail and road

Rain Group Operating Facilities (Contd.)

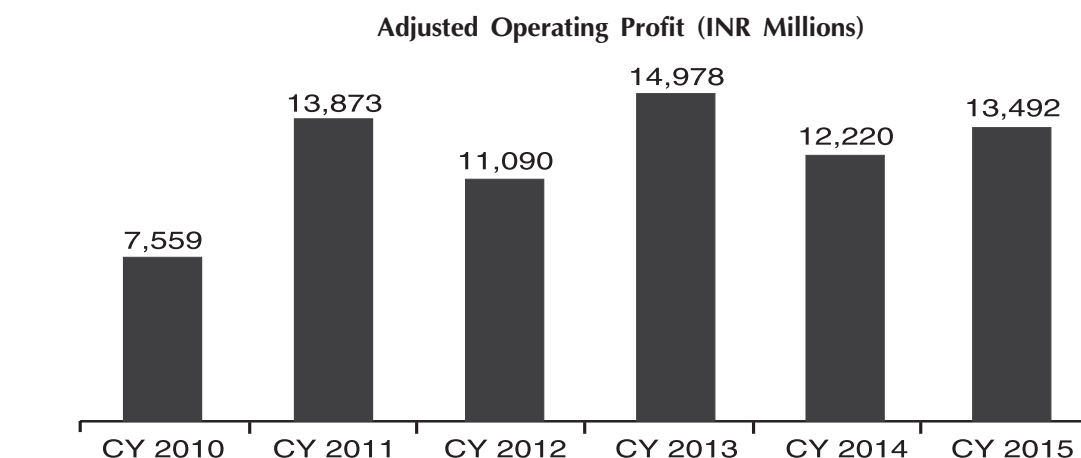
Business Vertical	Facility	Description
Chemicals Business	Duisburg, Germany	<ul style="list-style-type: none"> Downstream resins production Dedicated river port
	Uithoorn, The Netherlands	<ul style="list-style-type: none"> Downstream resins production New heat polymerization technology for tailor-made products
	Candiac, Canada	<ul style="list-style-type: none"> Downstream Superplasticizer production
	Hanau, Germany	<ul style="list-style-type: none"> Downstream regional producer of impregnated wood products
Cement Business (Markets the product under the brand "Priya Cement")	Nalgonda - Telangana State, India	<ul style="list-style-type: none"> One rotary kiln Pit Head Lime Stone Mines
	Kurnool - Andhra Pradesh, India	<ul style="list-style-type: none"> Two rotary kilns Pit Head Lime Stone Mines Integrated co-generation facility under construction
	Bellary - Karnataka, India	<ul style="list-style-type: none"> Fly Ash Handling and Cement Packing Facility Strategically located at the Karnataka Power Corporation Limited's ("KPCL") power plant

- (1) The Company partnered with SunE Solar B.V. ("SunEdison") (www.sunedison.com) to develop a 22 MW Solar Power Plant in Dharmavaram, Anantapur District, Andhra Pradesh, India ("the Solar SPV"). The Company owns 51% of the shares of the Solar SPV and the remaining 49% of the shares are owned by SunEdison. Due to delays in procurement of land, the Government of Andhra Pradesh has extended the Scheduled Commercial Operations Date for all such Solar Projects until March 2016.
- (2) Certain of Rain Groups facilities are strategically located and have direct or indirect access to overseas distribution channels and to major logistic networks. Rain utilizes fully-leased specialty transportation assets including:
 - One icebreaker (deep sea) with 8,000 MT of capacity and secure year-round access to St. Lawrence, Canada and the Baltic Sea;
 - Two barges with 2,000 MT of capacity each for in-land transportation in Europe; and
 - Approximately 350 rail cars, with Rain's own terminals and connection of European sites with regional sourcing pools.
- (3) During CY 2015, the Company commissioned a new CPC Blending Facility with a capacity of 200,000 metric tons per annum at its calcining plant in Vizag, India. The new CPC Blending Facility will enable the Company to optimize capacity utilization of its US CPC Plants to meet the increased demand for CPC from smelters in India and the surrounding regions.
- (4) During CY 2015, the Company has commissioned a new Flue Gas Desulfurization (FGD) Plant at its calcining plant in Chalmette, Louisiana, U.S. This FGD Plant enables the Company to use low grade GPC to produce CPC and restore its CPC capacity in Chalmette to 230,000 metric tons per annum.
- (5) The Company has successfully completed the construction of its fourth Coal Tar Distillation Plant (CTP Plant) with a capacity of 300,000 metric tons per annum in Cherepovets, Russia on February 11, 2016 via a Joint Venture with PAO Severstal, Russia. The CTP Plant is expected to operate at about 70% of its capacity in the first year of its operation. The advanced technologies installed in this CTP Plant will enable production of vacuum-distilled CTP, which is a higher quality and higher margin product. The Joint Venture Partner, "PAO Severstal", has brought a long-term supply contract for the raw material - Coal Tar into this Joint Venture.

KEY FINANCIAL INDICATORS ON A CONSOLIDATED BASIS¹



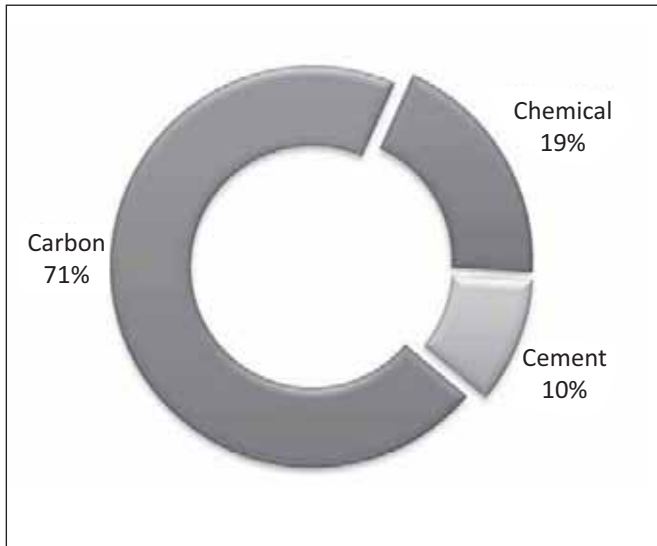
Note: Others include South America, Australia and Rest of the World



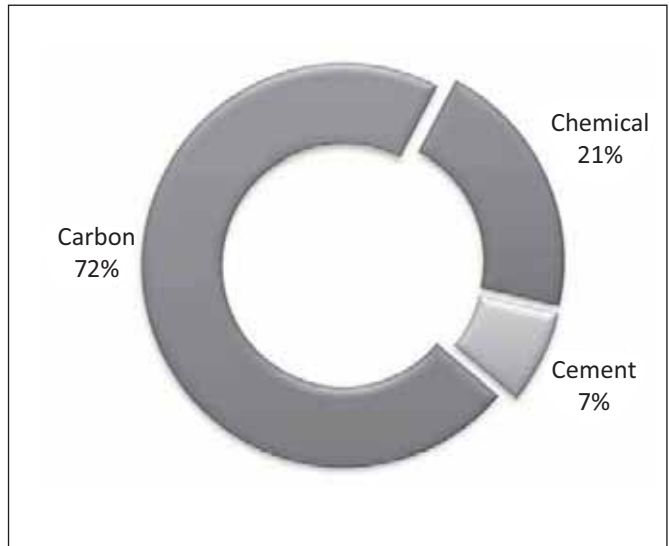
Adjusted Operating Profit is Profit before adjustment of Other Income, Foreign exchange (gain) / loss, Depreciation & amortization, Impairment loss, Interest and Taxation and Exceptional items.

¹In view of the acquisition of RÜTGERS effective January 4, 2013, the figures from 2013 to 2015 are not comparable with that of figures prior to 2013

Segment wise Revenue Mix CY 2015

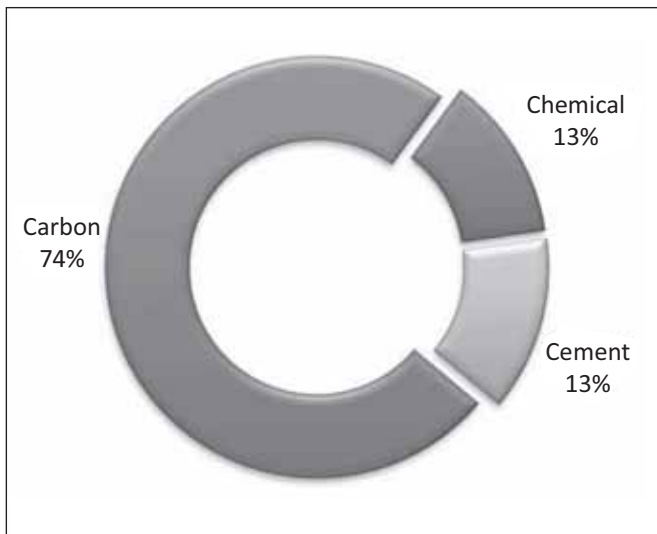


Segment wise Revenue Mix CY 2014

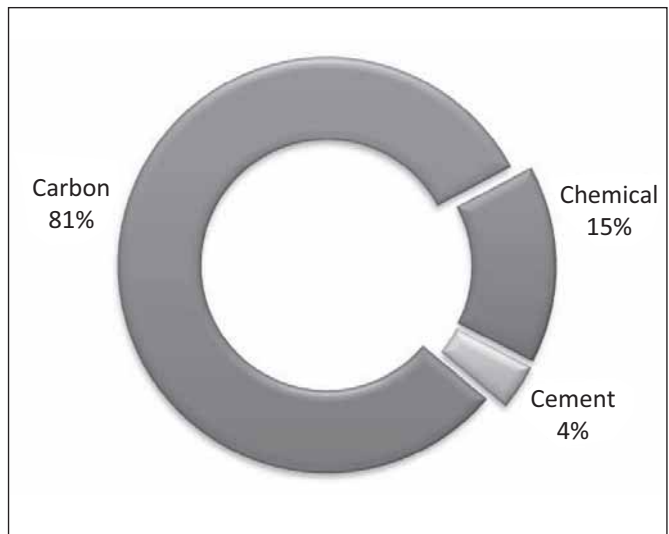


Segment wise Adjusted Operating profit Mix

CY 2015

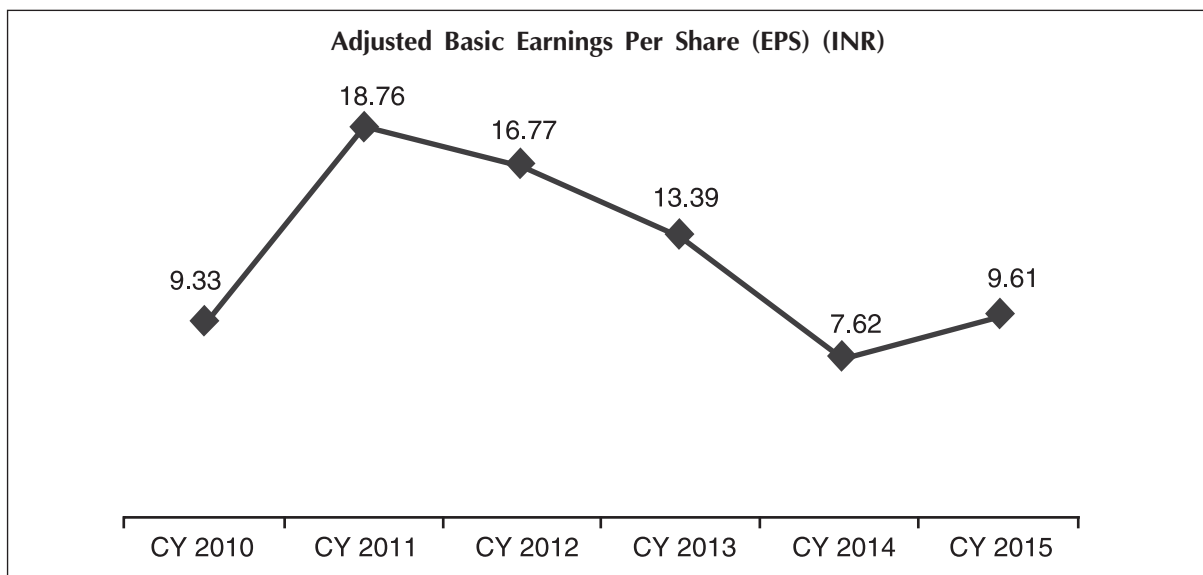
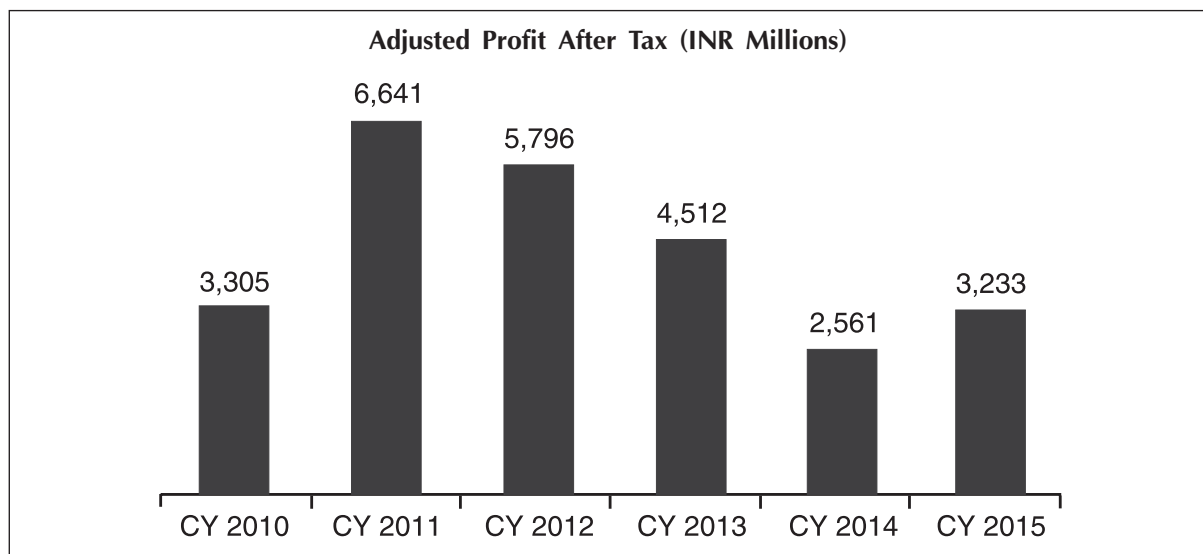


CY 2014



Notes:

- (1) Revenue numbers for the previous years have been reclassified to correspond with the current year's classification / disclosure.
- (2) Adjusted Operating Profit is Profit before adjustment of Other Income, Foreign exchange (gain)/ loss, Depreciation & amortization, Impairment loss, Interest and Taxation and Exceptional items.



Notes:

- (1) EPS of the previous years have been recomputed to give effect to the share split (in the ratio of 1:5) in CY 2011.
- (2) Profit After Tax and EPS of CY 2010 adjusted for net exceptional expenditure of Rs. 1,249 million (net of tax Rs. 898 Million).
- (3) Profit After Tax and EPS of CY 2012 adjusted for one time expenditure of Rs. 1,789 million (net of tax Rs. 1,219 Million) incurred in-connection with the acquisition of RÜTGERS.
- (4) Profit After Tax and EPS of CY 2013 is adjusted for costs incurred for acquisition of RÜTGERS of Rs. 142 million, impairment loss of Rs. 1,304 million offset by insurance claim receipts of Rs. 375 million and tax impact on all these items of Rs. 404 million.
- (5) Profit After Tax and EPS of CY 2014 is adjusted for incremental pension liability from actuarial losses of Rs. 1,820 million, inventory write down due to fall in oil prices of Rs. 237 Million, Russian ruble currency devaluation impact Rs. 338 Million, impairment loss of Rs. 95 Million, and tax impact on all these items of Rs. 814 Million.
- (6) Profit After Tax for CY 2015 is adjusted for actuarial gain of Rs. 697 million on pension liability, liquidated damages of Rs. 429 million to EPC contractor, provision for bad debts of Rs. 134 million, Russian Ruble & Canadian Dollar currency devaluation impact of Rs. 127 million (net of minority interest) and tax impact on all these items of Rs. 7 million (net of minority interest).