

BOARD OF DIRECTORS

Mr. N. Radhakrishna Reddy	Chairman
Mr. N. Jagan Mohan Reddy	Managing Director
Mr. N. Sujith Kumar Reddy	Director
Mr. R. S. Vidyasagar	Nominee Director, IDBI Bank Limited
Mr. Yogesh Rastogi	Nominee Director, ICICI Bank Limited
Mr. P. Venugopal Reddy	Independent Director
Mr. G. Krishna Prasad	Independent Director

VICE PRESIDENT (F & A)

Mr. T. Srinivasa Rao
Mr. G. N. V. S. R. R. Kumar

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

"Rain Center",
34, Srinagar Colony,
Hyderabad-500 073,
Andhra Pradesh, India.
Phone No.040-40401234
Fax No.040-40401214
Email: secretarial@priyacement.com

Contents

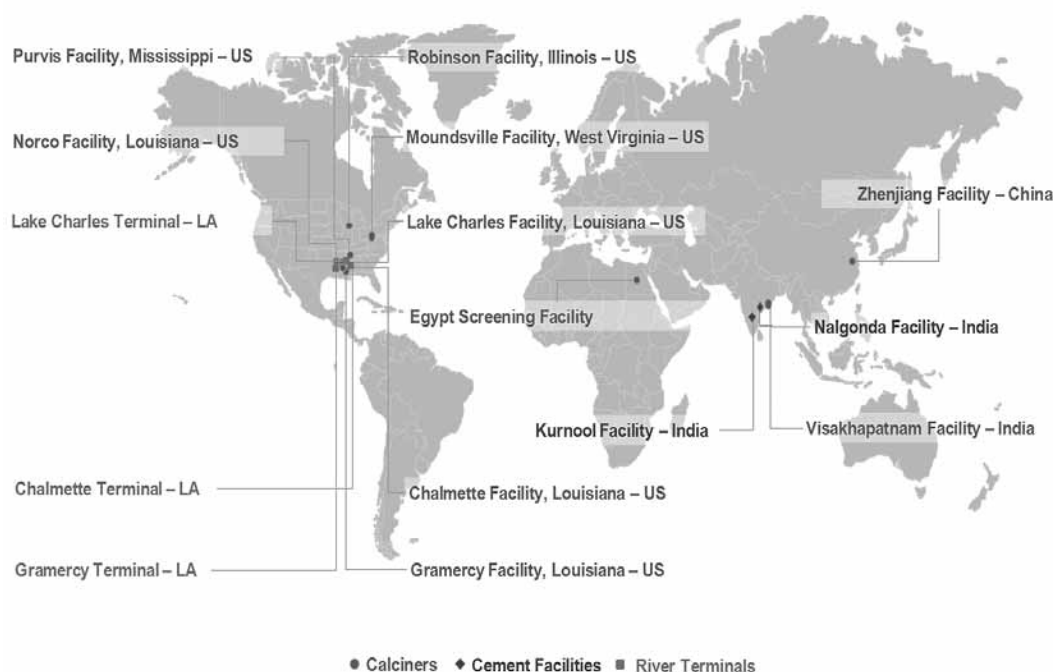
	Page No.
Key Financial Indicators on a consolidated basis -----	06
Notice -----	10
Directors' Report -----	17
Management Discussion and Analysis -----	27
Corporate Governance Report -----	31
Auditors' Report -----	47
Standalone Financial Statements -----	50
Statement u/s 212 of the Companies Act, 1956 -----	76
Balance Sheet abstract -----	81
Auditors' Report on Consolidated Financial Statements -----	83
Consolidated Financial Statements -----	84
ECS Form -----	107
Proxy Form -----	109
Attendance Form -----	111

Rain Group is a leading producer of Calcined Petroleum Coke with further diversification into production of Cement, generation of Energy through Waste-heat recovery and trading in Fuel Grade Petroleum Coke

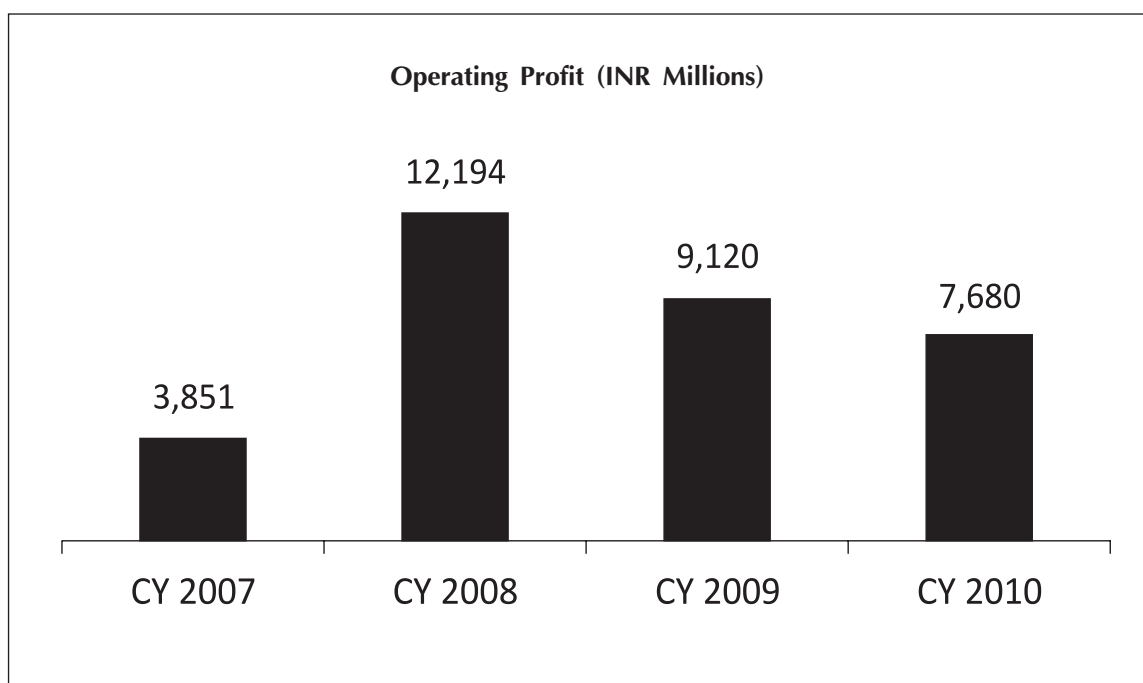
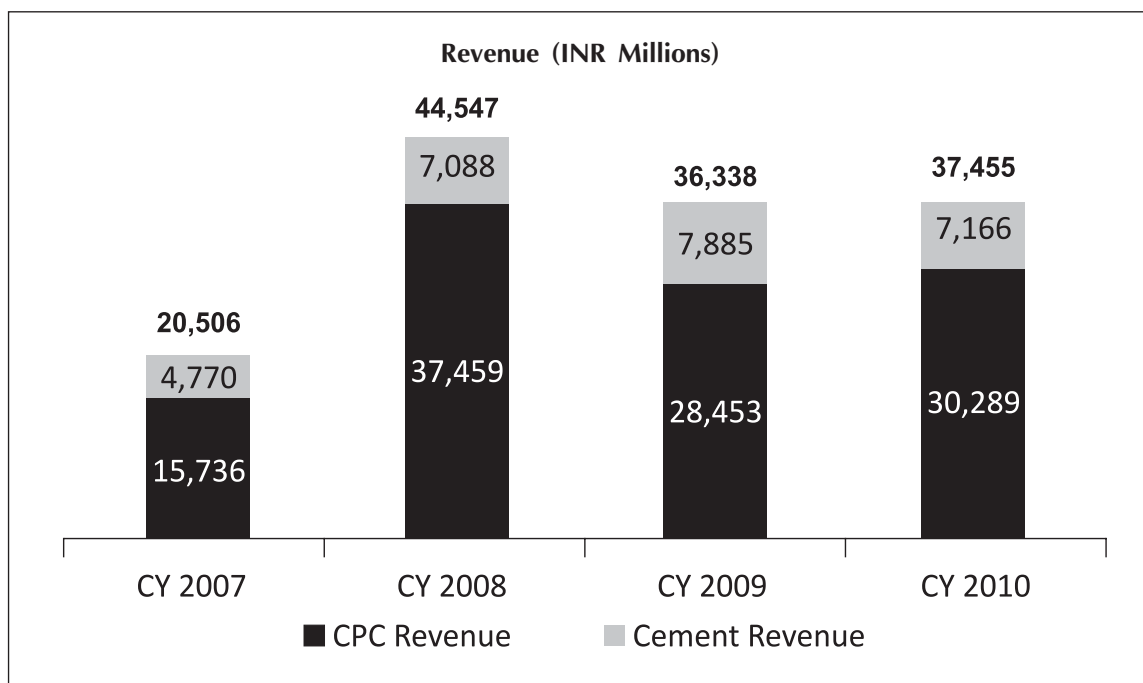
Business Vertical	Description of Business
CPC Business	<ul style="list-style-type: none"> • Production and sale of Calcined Petroleum Coke ("CPC") • Activities across the World with 9 operating plants in USA, India and China • Capacity of 2.51 Million Tons per annum (contributing about 10% of Worldwide Market-share) • Co-generation of Energy (Steam and/or Electricity) through Waste-heat recovery with a combined capacity equivalent to 125 MW. Further two new Waste-heat recovery plants are under development • Business is carried-out through Wholly Owned Subsidiaries - Rain CII Carbon LLC, USA; Rain CII Carbon (Vizag) Limited, India and Zhenjiang Xin Tian Tansu Company Limited, China
Cement Business	<ul style="list-style-type: none"> • Production and Sale of Cement - Two Integrated Cement Plants in Andhra Pradesh with a Fly-ash Handling and Cement Packing Unit in Karnataka • Capacity of 3.50 Million Tons per annum • Activities spread across South India • Business is carried-out through Wholly Owned Subsidiary - Rain Cements Limited
Pet Coke Trading	<ul style="list-style-type: none"> • Marketing of Fuel Grade Green Petroleum Coke (Coal Substitute), with activities in USA, Europe, Middle East and India • Business is carried-out through Majority Owned Subsidiaries - Rain Global Services LLC, USA and RGS Egypt Limited

Through diversified operations, the Group is able to deliver consistent performance

Rain is a Global Company with operations across USA, India, China and Egypt

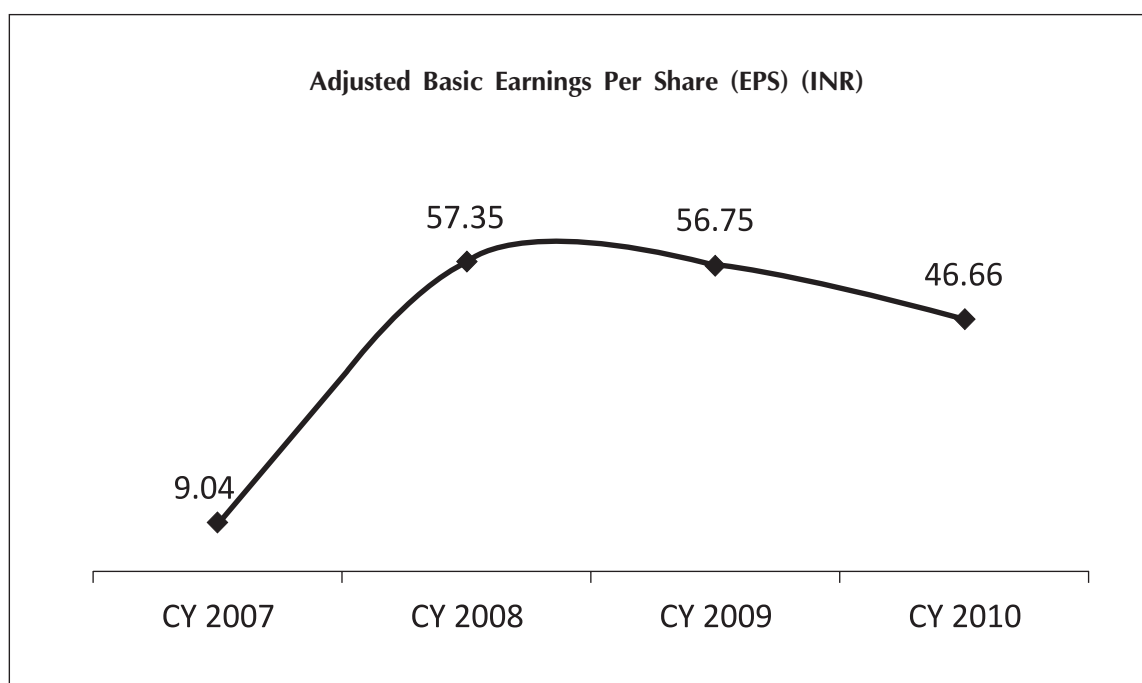
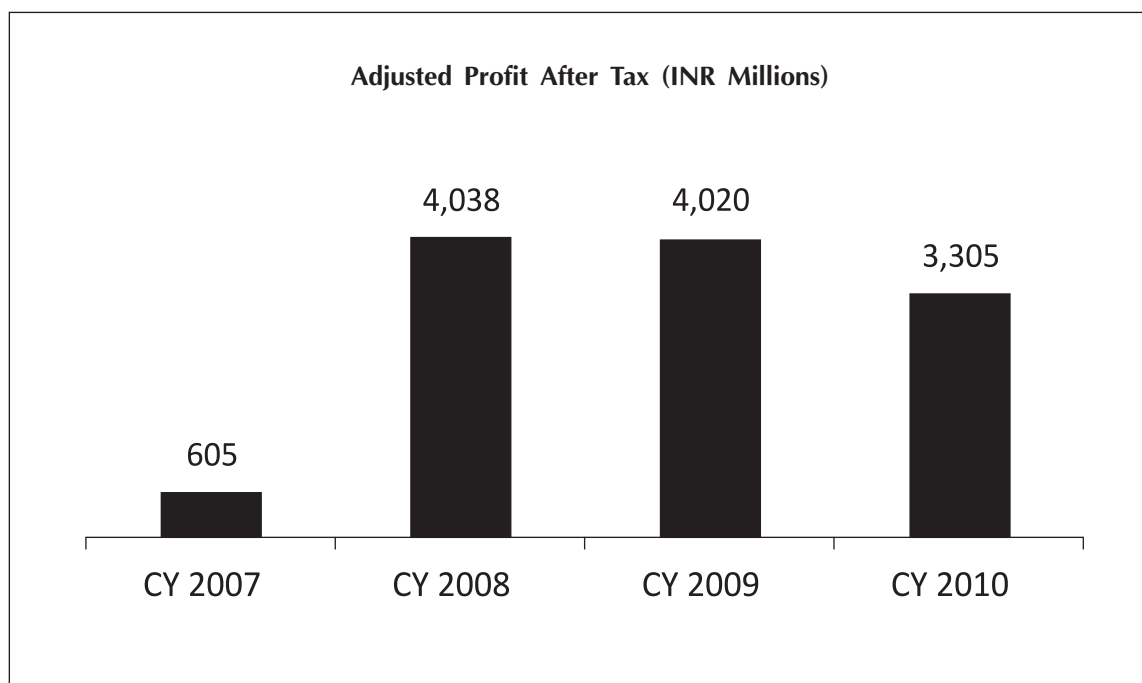


KEY FINANCIAL INDICATORS ON A CONSOLIDATED BASIS



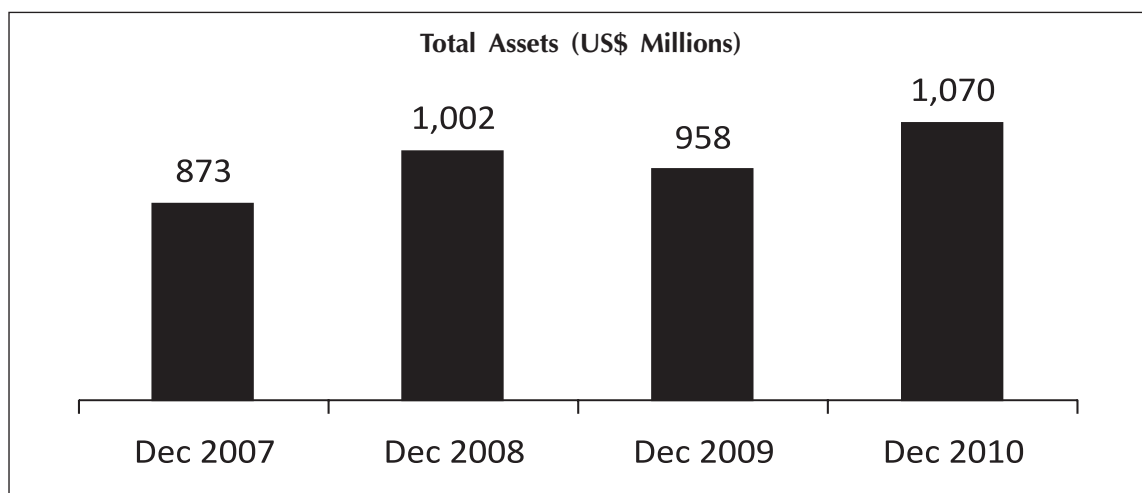
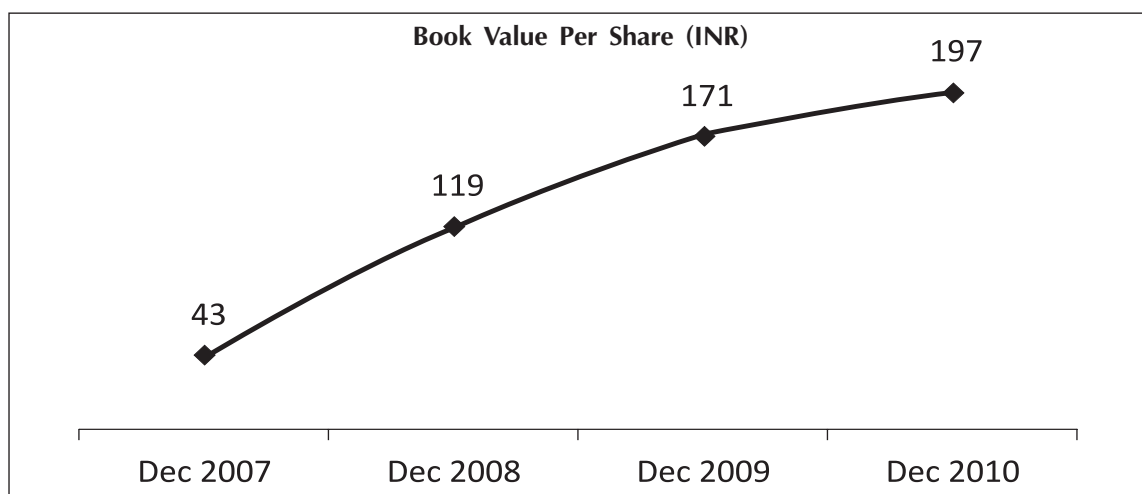
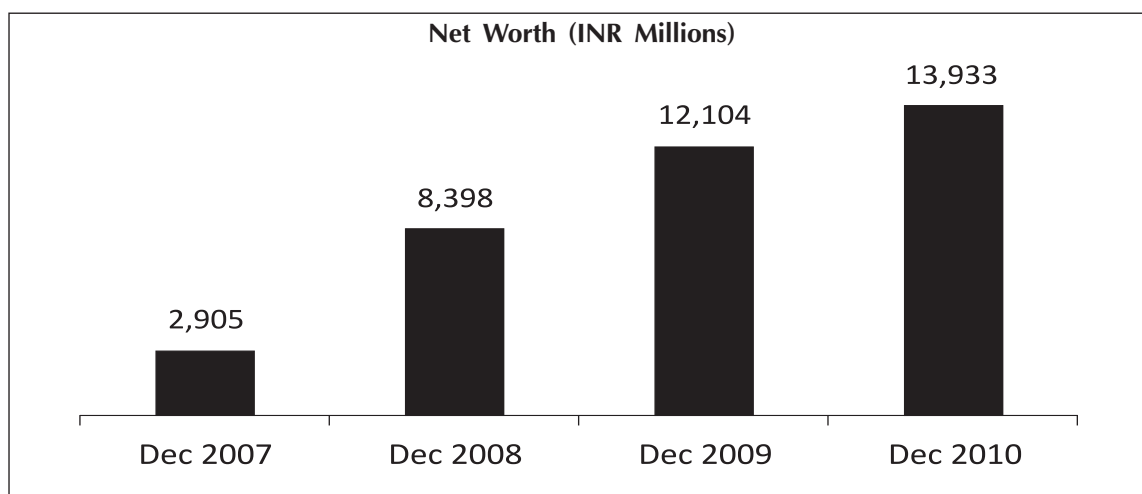
Notes:

- (1) Operating Profit is profit before Depreciation, Interest, Taxation and Exceptional Items
- (2) Numbers in CY 2007 represents the annualized nine months period ended December 31, 2007



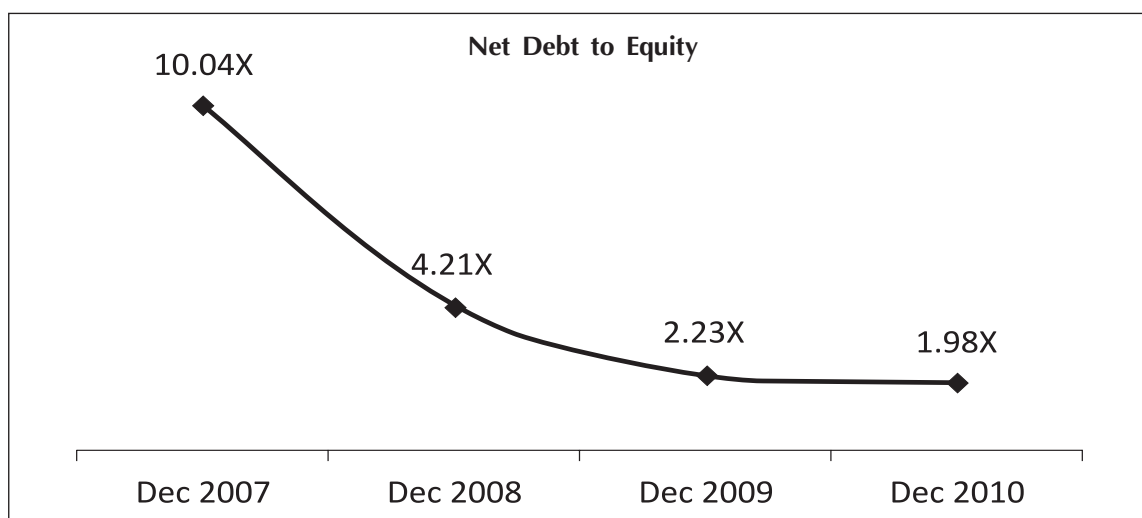
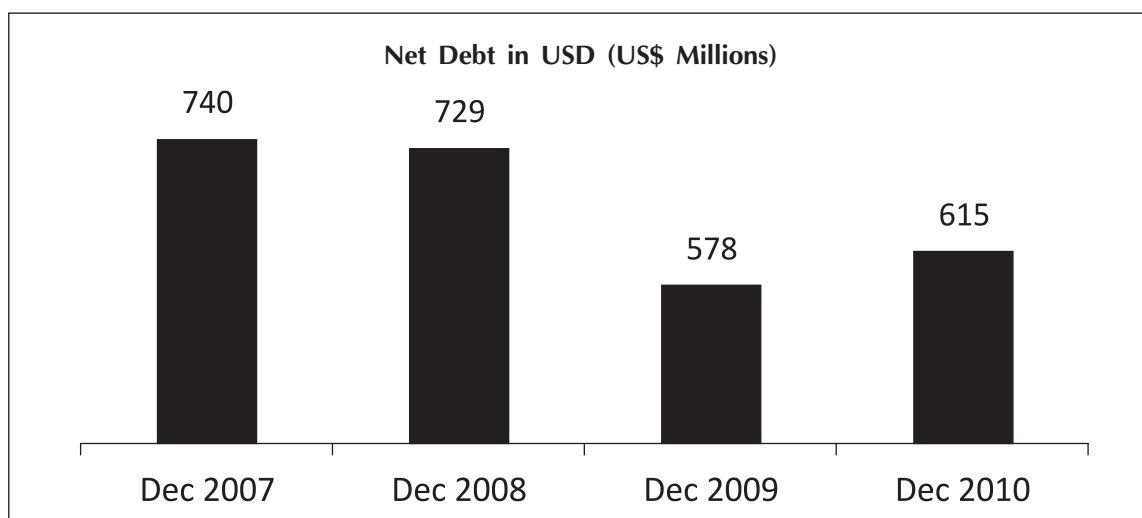
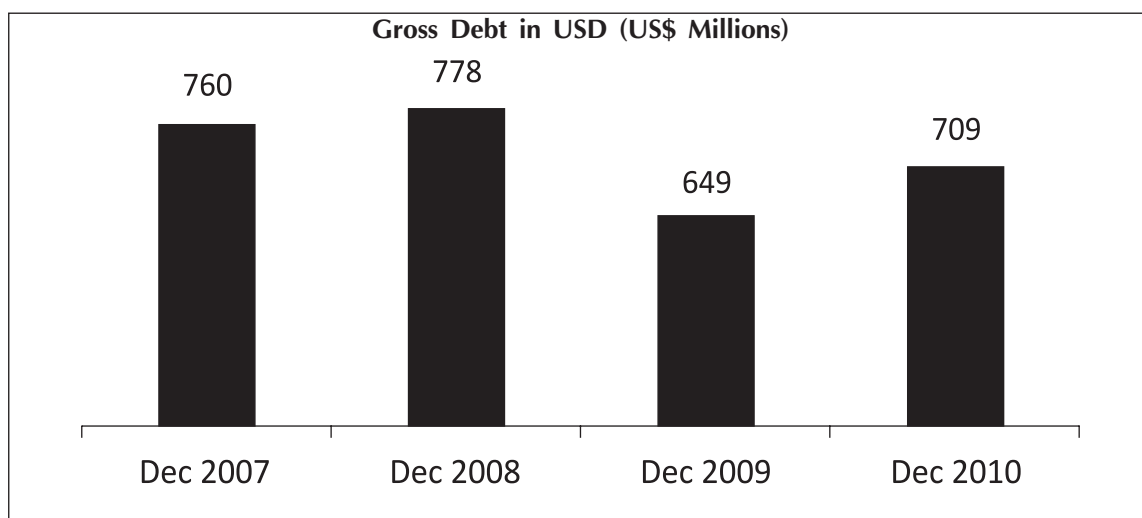
Note:

- (1) Numbers in CY 2007 represents the annualized nine months period ended December 31, 2007
- (2) Profit After Tax and Basic EPS of CY 2009 adjusted for exceptional profit of Rs. 513 Million (net of tax Rs. 418 Million) on sale of Investment in Petroleum Coke Industries Company, Kuwait
- (3) Profit After Tax and Basic EPS of CY 2010 adjusted for net exceptional expenditure of Rs. 1,249 million (net of tax Rs. 898 Million).



Notes:

- (1) Total Assets include Written Down Value of Fixed Assets, Investments and Net Current Assets.
- (2) As majority of the assets are in Dollar terms, we have converted the reported Indian Rupees into US Dollars applying the RBI's reference rate at the end of the respective financial years.



Notes:

- (1) As majority of the debt is in Dollar terms, we have converted the reported Indian Rupees into US Dollars applying the RBI's reference rate at the end of the respective financial years.

NOTICE

Notice is hereby given that the 36th Annual General Meeting of the Members of Rain Commodities Limited will be held on Thursday, the May 12, 2011 at 11:00 A M at KLN Prasad Auditorium, Federation of Andhra Pradesh Chambers of Commerce & Industry (FAPCCI), Red Hills, Hyderabad-500 004, Andhra Pradesh to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at December 31, 2010, Profit and Loss Account for the Financial Year ended on December 31, 2010 and reports of Directors and Auditors thereon.
2. To declare a dividend on equity shares for the Financial Year ended on December 31, 2010.
3. To appoint a Director in place of Mr. N. Radhakrishna Reddy, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. P. Venugopal Reddy, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint M/s. Deloitte Haskins & Sells, Chartered Accountants (ICAI Regn. No. 008072S), as the Statutory Auditors of the Company to hold the office from the conclusion of this 36th Annual General Meeting until the conclusion of the 37th Annual General Meeting of the Company and to authorise the Board of Directors to fix the remuneration of Auditors.

SPECIAL BUSINESS:

6. **To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :**

"RESOLVED THAT pursuant to Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 (the 'Act') read with Schedule XIII thereto, the consent of the members of the Company be and is hereby accorded for appointment of Mr. N. Jagan Mohan Reddy as the Managing Director of the Company for a period of 5 years with effect from February 10, 2011 (i.e., from February 10, 2011 to February 9, 2016) on the following terms and conditions :

A) Remuneration comprising of Salary, Commission and Leave Travel Allowance shall be:

- i) Salary: Rs.8,00,000 per month. This will include dearness allowance and all other allowances not otherwise specified herein.
- ii) Commission: Such amount of commission (in addition to salary and perquisites hereinafter stated) calculated with reference to the net profit of the Company for each financial year as may be fixed by the Board of Directors or a Committee of Directors which together with the salary and monetary value of perquisites shall not exceed the ceiling laid down in Section 309 of the Companies Act, 1956.
- iii) Leave Travel Allowance: For self and family equivalent to one month's salary in a year.

B) Perquisites/Benefits:

- i) Residential Accommodation:
 - a) Rent free accommodation of which 10% of the salary shall be recovered. or
 - b) In case no accommodation is provided by the Company, house rent allowance at 20% of the salary, shall be paid. In addition, free use of the Company's owned furniture and other consumer durables, if required.
- ii) Contribution to Provident Fund, Superannuation Fund and Gratuity:
 - a) Company's contribution to Provident Fund and Superannuation fund shall not exceed 25% of the Salary.

The excess of such contribution over the maximum amount, either singly or put together, not taxable under the Income-tax Act, shall be considered and included for the purpose of calculating the ceiling on perquisites given in B (iii) below.
 - b) Gratuity is payable as per the payment of Gratuity Act or Company's Gratuity Scheme, whichever is higher.

iii) Other Perquisites:

- a) Gas, electricity, water, house maintenance and furnishings, the monetary value of which shall be valued as per the Income Tax Rules, 1962 and subject to a ceiling of ten percent of the salary of the Managing Director.
- b) Personal Accident Insurance shall not exceed Rs.10,000/- per annum
- c) Reimbursement of all Medical expenses incurred for self and family.
- d) Fees of club, subject to a maximum of two clubs excluding admission and life membership fees.
- e) Provision of a car with driver for use on Company's business and telephone/fax facility at residence.
- f) The perquisites shall be evaluated at cost to the Company and where such evaluation is difficult, it shall be evaluated as per the Income Tax Rules.

C. Minimum Remuneration:

Where in any financial year, during the currency of tenure of Mr. N. Jagan Mohan Reddy, the Company has no profits or its profits are inadequate, the Company shall pay to Mr. N. Jagan Mohan Reddy, remuneration by way of Salary and perquisites not exceeding the limits specified in Schedule-XIII of the Companies Act, 1956 including any statutory modifications thereof for the time being in force.

The Managing Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committee thereof.

FURTHER RESOLVED THAT Mr. N. Sujith Kumar Reddy, Director and Mr. S. Venkat Ramana Reddy, Company Secretary be and are hereby severally authorized to sign the necessary documents and forms and to do such other acts and deeds as may be necessary to give effect to this resolution".

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :

"RESOLVED THAT in accordance with the provisions of Section 198, 309(4) and all other applicable provisions of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof and subject to all applicable approval(s) as may be required, the consent of the members of the Company be and is hereby accorded to the payment of Commission to the Non Executive Directors of the Company as may be decided by the Board of Directors (hereinafter referred to as the 'Board' which term shall include Committee of Directors) from time to time provided that the total commission payable to the Non Executive Directors per annum shall not exceed 1% of the net profits of the Company as computed in the manner referred to under Section 198 of the Companies Act, 1956, with authority to the Board to determine the manner and proportion in which the amount be distributed among the Non Executive Directors".

8. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to the provisions of Section 94 and Section 95 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and subject to the approvals, consents, permissions and sanctions, if any, required from any authority and subject to such conditions as may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall also include any committee thereof), consent of the Members be and is hereby accorded for sub-dividing the Equity Shares of the Company of the face value of Rs. 10 (Rupees Ten) each into FIVE Equity Shares of the face value of Rs.2 (Rupees Two) each.

FURTHER RESOLVED THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things and give such directions as may be necessary, in the best interest of the Company, for giving effect to the aforesaid resolution, including but not limited to signing and execution of necessary

forms, papers, writings, agreements and documents including giving customary representations and warranties together with such indemnities as may be deemed necessary and expedient in its discretion.

FURTHER RESOLVED THAT Five equity shares of Rs. 2 each on sub-division to be allotted in lieu of the existing one equity share of Rs. 10 each shall be subject to the terms and conditions contained in the Memorandum of Association and Articles of Association of the Company and shall rank pari-passu in all respects with the existing fully paid equity shares of Rs.10 each of the Company and shall be entitled to participate in full in any dividend(s) declared after the sub-division of shares.

FURTHER RESOLVED THAT the share certificates for the sub-divided new Equity Shares of Rs.2 each be delivered to the shareholders who hold the existing shares in physical form and the respective beneficiary accounts be credited with the sub-divided new equity shares of Rs. 2 each for such shareholders who hold the existing shares in dematerialized form.

FURTHER RESOLVED THAT for the purpose of giving effect to the aforesaid resolutions, the Board / Committee of the Board be and is hereby authorised to do all such acts, deeds, matters and things whatsoever with regard to or in relation to the issue of new equity shares of Rs. 2 each on sub-division and to accept on behalf of the Company, any conditions, modifications, alterations, changes, variations in this regard as prescribed by the statutory authority(ies) and which the Board / Committee of the Board in its discretion thinks fit and proper."

9. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution :

"RESOLVED THAT the consent of the members of the Company be and is hereby accorded for substituting the existing Clause V of the Memorandum of Association of the Company by the following:

V. The Authorised Share Capital of the Company is Rs.167,00,00,000 (Rupees One Hundred and Sixty Seven Crores only) divided into 59,00,00,000 (Fifty Nine Crores only) Equity

Shares of Rs.2/- each and 49,00,000 (Forty Nine Lakhs only) Redeemable Preference Shares of Rs.100/- each with power to sub-divide, consolidate, increase and reduce the capital and to divide the shares in the capital for the time being into several classes and attach thereto respectively such preferential or special rights and privileges and conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify, abrogate any such rights, privileges or conditions in such manner as may for the time being be provided in the regulations of the Company".

10. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the consent of the members of the Company be and is hereby accorded for substituting the existing Article No.6 of the Articles of Association of the Company by the following:

6. The Authorised Share Capital of the Company is Rs.167,00,00,000 (Rupees One Hundred and Sixty Seven Crores only) divided into 59,00,00,000 (Fifty Nine Crores only) Equity Shares of Rs.2/- each and 49,00,000 (Forty Nine Lakhs only) Redeemable Preference Shares of Rs.100/- each with power to sub-divide, consolidate, increase and reduce the capital and to divide the shares in the capital for the time being into several classes and attach thereto respectively such preferential or special rights and privileges and conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify, abrogate any such rights, privileges or conditions in such manner as may for the time being be provided in the regulations of the Company".

By order of the Board
for **RAIN COMMODITIES LIMITED**

Sd/-

Place:Hyderabad
Date :February 25, 2011

S. VENKAT RAMANA REDDY
COMPANY SECRETARY

NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and on a poll to vote instead of himself and such proxy need not be a member. The instrument appointing a proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from May 5, 2011 to May 12, 2011 (both days inclusive).
3. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividend for the financial year ended March 31, 1999 has been transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956 and the dividend for the financial year ended March 31, 2006 and thereafter, which remain unclaimed for a period of 7 years will be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956.

Information in respect of such unclaimed dividend when due for transfer to the Investor Education and Protection Fund (IEPF) is given below:

Sl. No.	Name of the Company	For the Financial year ended	Percentage of Dividend	Date of Declaration	Due date for transfer to the Investor Education and Protection Fund
1	Rain Calcining Limited*	March 31, 2006	8%	September 29, 2006	October 29, 2013
2	Rain Calcining Limited*	March 31, 2007	10%	August 1, 2007	September 1, 2014
3	Rain Commodities Limited	March 31, 2007	35%	August 3, 2007	September 2, 2014
4	Rain Commodities Limited	December 31, 2007	28%	June 25, 2008	July 25, 2015
5	Rain Commodities Limited	December 31, 2008	37%	June 17, 2009	July 17, 2016
6	Rain Commodities Limited	December 31, 2009	37%	June 7, 2010	July 7, 2017

* Rain Calcining Limited is amalgamated with the Company.

The Shareholders who have not encashed the dividend warrant(s) so far for the Financial Year ended March 31, 2006 and March 31, 2007 of Rain Calcining Limited and in case of the Company for the Financial Year ended March 31, 2007, December 31, 2007, December 31, 2008 and December 31, 2009 are requested to make their claim to the Secretarial Department, Rain Commodities Limited, Rain Center, 34, Srinagar colony, Hyderabad - 500073, Andhra Pradesh, India.

4. Dividend on equity shares @ 46% on the paid up Equity share capital i.e., Rs. 4.60 per Equity Share as recommended by the Board of Directors, if declared by the Shareholders at the 36th Annual General Meeting, will be paid to those shareholders whose names appear on the Register of Members of the Company as on May 5, 2011 and also to the Beneficial Owners of equity shares held in electronic form as per the details furnished by the Depositories for this purpose as on the close of business hours on May 4, 2011.
5. The Securities and Exchange Board of India (SEBI) and the Ministry of Corporate Affairs have made it mandatory for all the Listed Companies to offer Electronic Clearing Service (ECS) facilities for payment of dividend, wherever applicable. This facility offers various benefits like timely credit of dividend to the shareholders account, elimination of loss of instruments in transit or fraudulent encashment etc.

In view of the above:

- (i) Shareholders holding shares in Physical Form and desirous of availing the facility are requested to complete ECS form attached to this Annual Report and forward the same to the Company's Registrar and Share Transfer Agent.
- (ii) Shareholders holding shares in Dematerialized Form are requested to provide the Bank details to their Depository Participants for incorporation in their records.

The Depository in turn would forward the required information to the Company.

6. The above information should be made available to the Company's Registrars M/s. Karvy Computershare Private Limited, (Unit: Rain Commodities Limited), Plot No.17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081, Andhra Pradesh, India on or before April 25, 2011.
7. The Company's equity shares are Listed at (i) Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001, (ii) National Stock Exchange of India Limited, Exchange Plaza, Floor 5, Plot # C/1, Bandra (East), Mumbai - 400051 and (iii) The Delhi Stock Exchange Limited, DSE House, 3/1 Asaf Ali Road, New Delhi - 110002 and the Company has paid the Annual Listing Fees to the said Stock Exchanges for the year 2010 -11.
8. Members are requested to send all communication relating to shares (Physical and Electronic) to the Company's Share Transfer Agent at *Karvy Computershare Private Limited (Unit: Rain Commodities Limited), Plot No.17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081, Andhra Pradesh, India.*

By order of the Board
for **RAIN COMMODITIES LIMITED**

Sd/-

S. VENKAT RAMANA REDDY
COMPANY SECRETARY

Place: Hyderabad
Date : February 25, 2011

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

ITEM NO.6

Mr. N. Jagan Mohan Reddy was appointed as the Managing Director for a period of 5 years with effect from February 10, 2011 (i.e., from February 10, 2011 to February 9, 2016) with remuneration by the Board of Directors at their meeting held on 24th January, 2011.

Profile of Mr. N. Jagan Mohan Reddy is given below:

Mr. N. Jagan Mohan Reddy, aged about 44 years has a Bachelor's of Science degree in Industrial Engineering from Purdue University, U.S.A. He is the founder of Rain CII Carbon (Vizag) Limited (successor of Rain Calcining Limited) that has started operations in 1998. He was instrumental in the acquisition of Rain CII Carbon LLC (formerly CII Carbon LLC) in 2007, making the combined entity one of the leading producer of Calcined Petroleum Coke in the World. Rain Commodities Limited, has not only turned around in less than 2 years after Mr. N. Jagan Mohan Reddy was appointed as Managing Director, but had also doubled the Cement capacity to 3.16 Million Metric Tonnes per annum during 2008.

He is presently the Managing Director of Rain Commodities Limited and Director in Rain Cements Limited, Rain CII Carbon (Vizag) Limited, Sujala Investments Private Limited, Focus India Brands Private Limited, Rain Entertainments Private Limited, Moonglow Company Business Inc., Rain Commodities (USA) Inc, Rain CII Carbon LLC, USA, Rain Global Services LLC USA and Rain CII Carbon Mauritius Limited

Mr. N. Jagan Mohan Reddy holds 17,17,348 equity Shares in the Company.

Mr. N. Jagan Mohan is son of Mr. N. Radhakrishna Reddy, Chairman and brother of Mr. N. Sujith Kumar Reddy, Director. Other than the said Directors, Mr. N Jagan Mohan Reddy is not connected to any other Director of the Company.

None of the Directors except Mr. N. Radhakrishna Reddy, Mr. N. Jagan Mohan Reddy and Mr. N. Sujith Kumar Reddy, are interested in the above Resolution.

The Board of Directors recommends the resolution for approval of the members.

ITEM NO.7

In the current competitive business environment, the Directors are required to take far more complex business decisions than before and are required to commit their time and provide expertise for the Company business. In addition, with the more stringent Accounting Standards and Corporate Governance norms, the Board of Directors not only has to ensure compliance with various statutory requirements but also enhance the level and quality of Corporate Governance. Apart from sitting fees for the meeting of the Board or a Committee thereof, the non executive Directors do not draw any remuneration from the Company. It is accordingly proposed to pay the non executive Directors a commission. The Board of Directors or Committee of Directors will determine each year, the specific amount to be paid as commission to the non executive Directors which shall not exceed 1% of the net profits of the Company as computed in the manner referred to in Section 198(1) of the Companies Act, 1956. Members are requested to approve the payment of commission to the non executive Directors and to authorize the Board to determine the manner and proportion in which the amounts be distributed to the said non executive Directors. The payment of Commission would be in addition to the sitting fee payable for attending Board/Committee Meetings.

All the Directors of the Company except Mr. N. Jagan Mohan Reddy is interested in the Resolution.

The Board of Directors recommends the resolution for approval of the members.

ITEM NO.8

At present, the equity shares of the Company are listed at Bombay Stock Exchange Limited, National Stock Exchange of India Limited and Delhi Stock Exchange Limited and actively traded in Bombay Stock Exchange Limited, National Stock Exchange of India Limited and Delhi Stock Exchange Limited. Presently the face value of the equity share of the Company is Rs.10. In order to enhance the liquidity in the Capital market, widen shareholders base and to make the shares affordable to small investors, the Board of Directors in their meeting held on 25th February, 2011 have considered it desirable

to sub-divide one Equity share of Rs. 10 (Face Value) into Five Equity Shares of Rs. 2 (Face Value) each.

The Board of Directors recommends the resolution for approval of the members.

ITEM NO. 9

The Board of Directors at their meeting held on 25th February, 2011 has approved to sub-divide one Equity share of Rs. 10 (Face Value) into Five Equity Shares of Rs. 2 (Face Value) each.

The existing Authorized Share Capital of the Company is Rs.167,00,00,000 divided into 11,80,00,000 (Eleven Crores and Eighty Lakhs only) Equity Shares of Rs.10/- each and 49,00,000 (Forty Nine Lakhs only) Redeemable Preference Shares of Rs.100/- each.

As the Company proposes to sub-divide one Equity share of Rs. 10 (Face Value) into Five Equity Shares of Rs. 2 (Face Value) each, it is proposed to alter the existing Authorised Share Capital from Rs.167,00,00,000 divided into 11,80,00,000 (Eleven Crores and Eighty Lakhs only) Equity Shares of Rs.10/- each and 49,00,000 (Forty Nine Lakhs only) Redeemable Preference Shares of Rs.100/- each to Rs.167,00,00,000 (Rupees One Hundred and Sixty Seven Crores only) divided into 59,00,00,000 (Fifty Nine Crores only) Equity Shares of Rs.2/- each and 49,00,000 (Forty Nine Lakhs only) Redeemable Preference Shares of Rs.100/- each

In view of the above Sub-division of Equity Shares, it is proposed to Alter the Clause V of the Memorandum of Association.

In terms of the provisions of section 94 read with other applicable provisions if any of the Companies Act, 1956, the Company can alter the authorized share capital only by passing the necessary resolution at duly convened general meeting of the shareholders of the Company.

None of the Directors of the Company is directly or indirectly concerned or interested in this resolution.

The Board of Directors recommends the resolution for approval of the members.

ITEM NO. 10

The Board of Directors at their meeting held on 25th February, 2011 has approved to sub-divide one Equity share of Rs. 10 (Face Value) into Five Equity Shares of Rs. 2 (Face Value) each.

The existing Authorized Share Capital of the Company is Rs.167,00,00,000 divided into 11,80,00,000 (Eleven Crores and Eighty Lakhs only) Equity Shares of Rs.10/- each and 49,00,000 (Forty Nine Lakhs only) Redeemable Preference Shares of Rs.100/- each.

As the Company proposes to sub-divide one Equity share of Rs. 10 (Face Value) into Five Equity Shares of Rs. 2 (Face Value) each, it is proposed to alter the existing Authorised Share Capital from Rs.167,00,00,000 divided into 11,80,00,000 (Eleven Crores and Eighty Lakhs only) Equity Shares of Rs.10/- each and 49,00,000 (Forty Nine Lakhs only) Redeemable Preference Shares of Rs.100/- each to Rs.167,00,00,000 (Rupees One Hundred and Sixty Seven Crores only) divided into 59,00,00,000 (Fifty Nine Crores only) Equity Shares of Rs.2/- each and 49,00,000 (Forty Nine Lakhs only) Redeemable Preference Shares of Rs.100/- each

In view of the above Sub-division of Equity Shares, it is proposed to Alter the Article No. 6 of the Articles of Association of the Company.

In terms of the provisions of section 31 read with other applicable provisions if any of the Companies Act, 1956, the Company can alter the authorized share capital only by passing the necessary resolution at duly convened general meeting of the shareholders of the Company.

None of the Directors of the Company is directly or indirectly concerned or interested in this resolution.

The Board of Directors recommends the resolution for approval of the members.

By order of the Board
for **RAIN COMMODITIES LIMITED**

Sd/-

Place: Hyderabad

Date : February 25, 2011

S. VENKAT RAMANA REDDY
COMPANY SECRETARY

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 36th Annual Report and the Audited Financial Statements for the Financial Year ended December 31, 2010.

FINANCIAL RESULTS

A) STANDALONE:

The Standalone performance for the Financial Year ended December 31, 2010 is as under:

	(Rs. in thousands)	
PARTICULARS	December 31, 2010*	December 31, 2009
Net sales	3,324,826	8,415,983
Profit before interest, depreciation, amortization and taxation	455,986	2,086,852
Less: interest & finance charges	181,573	292,020
Profit before depreciation and taxation	274,413	1,794,832
Less: Depreciation	83,243	310,344
Profit before exceptional item and taxation	191,170	1,484,488
(Less)/Add: Exceptional item	(1,994,989)	507,954
(Loss)/Profit before taxation	(1,803,819)	1,992,442
Less: Provision for taxation	56,536	445,789
(Loss)/Profit after taxation	(1,860,355)	1,546,653
Profit brought forward	3,436,745	2,377,847
Profit available for appropriation	1,576,390	3,924,500
Appropriations:		
Transfer (from) debenture redemption reserve	–	(80,975)
Transfer to general reserve	–	262,100
Proposed dividend	325,839	262,088
Tax on dividend - current year	54,118	44,542
Tax on dividend - earlier year	(33,184)	–
Surplus carried to balance sheet	1,229,617	3,436,745

* Consequent to the approval of the Hon'ble High Court of Andhra Pradesh to the Scheme of Arrangement, the Cement business of the Company is transferred to Rain Cements Limited (formerly Rain CII Carbon (India) Limited), a wholly owned subsidiary Company with effect from April 1, 2010. Hence, the figures for the current Financial Year ended December 31, 2010 are not comparable with the figures of the previous Financial Year ended December 31, 2009.

B) CONSOLIDATED :

The Consolidated performance for the Financial Year ended December 31, 2010 is as under:

	(Rs. in thousands)	
PARTICULARS	December 31, 2010	December 31, 2009
Net sales	37,455,280	36,338,164
Profit before interest, depreciation, amortization and taxation	7,680,099	9,120,353
Less: Interest & finance charges	1,896,229	2,259,658
Profit before depreciation, exceptional item and Taxation	5,783,870	6,860,695
Less: Depreciation and amortisation	1,156,847	1,226,483
Profit before exceptional item and taxation	4,627,023	5,634,212
(Less)/Add: Exceptional items	(1,249,392)	513,354
Profit before taxation	3,377,631	6,147,566
Less: Provision for taxation	950,920	1,714,356
Profit after Taxation before minority interests	2,426,711	4,433,210
(Less)/Add: Minority interests	(19,543)	5,211
Profit after taxation	2,407,168	4,438,421
Profit brought forward	8,715,575	5,217,495
Less: Adjustment on account of		
- Change in holding in subsidiary	—	(25,928)
- Receipt of dividend (including tax thereon) from subsidiaries	227,632	—
Profit available for appropriation	11,350,375	9,629,988
Appropriations:		
Transfer (from) debenture redemption reserve	—	(80,975)
Transfer to general reserve	—	462,100
Proposed dividend	351,860	455,821
Tax on dividend	54,118	77,467
Surplus carried to balance sheet	10,944,397	8,715,575

OPERATIONS

During the period under review, the Company has achieved Net sales of Rs.3,324,826 (in thousands) and incurred a loss of Rs.1,860,355 (in thousands) on standalone basis. The Company has achieved a Net sales of Rs.37,455,280 (in thousands) and net profit of Rs.2,407,168 (in thousands) on a consolidated basis.

OUTLOOK FOR CEMENT INDUSTRY

The Indian Cement industry has witnessed massive capacity additions of over 100 Million tons during the past three to four years which has resulted in significant pressure on price realization and also capacity utilization during 2010, with average national gross Cement prices correcting by about 14% between April and August 2010. The decline in price was even higher in the Southern Region that witnessed majority of the added capacity, mostly due to the large lime-stone reserves and the strong demand growth over the past few years. Driven by renewed demand and seasonal

factors, prices have recovered from October 2010 from these exaggerated lows. However, with the rising surplus capacity over the next few quarters due to new expansions commencing operations, there is a concern on the capacity utilizations and the sustainability of the sales realizations.

The increased thrust on infrastructure development by Government of India and the projected growth in the housing sector combined with the increasing per capita income and the favorable monsoon in 2010 is expected to provide support to the cement prices and hedge against the transitory oversupply situation. With the initiatives taken by the Government of India for infrastructure development, Cement demand is expected to rise further in 2011. The irrigation and housing projects, initiated taken by the Government of Andhra Pradesh, although temporarily going on a slower pace, are expected to increase the demand in the State of Andhra Pradesh, where the Company sells a major portion of its production. The management expects that the supply demand gap would narrow down in next couple of years, as there are no major capacity expansions post FY 2011-12.

In these market conditions, the management is continuing to concentrate on controlling costs, including (i) reduction in the cost of fuel with increased use of domestic coal, (ii) optimizing the freight cost by setting up Fly Ash Handling and Cement Packing facility at Bellary in the state of Karnataka and (iii) reduction in the interest cost by accelerating the pre-payments of debt and by optimizing the working capital.

With the commencement of operations at Fly Ash Handling and Cement Packing facility in Bellary; there will be improvement in the Cement-Clinker Blend Ratio resulting in reduction in the per tonne cost of cement and improvement in operating margins.

OVERVIEW OF CALCINED PETROLEUM COKE ("CPC") BUSINESS

Rain Commodities Limited, through its wholly owned subsidiaries Rain CII Carbon LLC, USA ("RCC"), Rain CII Carbon (Vizag) Limited ("RCCVL") and Zhenjiang Xin Tian Tansu Company Limited, China ("ZXTTCL"); is engaged in the production and sale of Calcined Petroleum Coke ("CPC") and generation of Energy through Waste-heat recovery.

Rain CII Carbon LLC is operating seven CPC plants in the United States, with a total capacity of 1,895,000 tonnes

per annum. Further, RCC co-generates steam and electricity from the waste heat recovered in the calcining process at three of its plants. RCC owns three deepwater shipping terminals and operates two full-service petroleum coke laboratories.

RCCVL is operating a calcining plant at Visakhapatnam, Andhra Pradesh, India with an installed capacity of 480,000 tonnes per annum of CPC that also co-generates 49MW of electricity through waste heat recovery. Further, the waste heat recovery facility, set up during 2005, in Visakhapatnam is certified as a project under Clean Development Mechanism by United Nations Framework Convention on Climate Change and is eligible to receive 164,677 Carbon Emission Reductions ("CERs") per annum up to July 2017.

During the year 2009, the Group through its wholly owned subsidiary, RCC acquired ZXTTCL, a Chinese calcining plant with a capacity of 20,000 tonnes per annum and gained access to Chinese CPC industry, which is a key market for CPC in the world.

The Group has recorded a gross revenues of Rs. 28,702 million from the CPC Business during the financial year ended December 31, 2010 as compared to gross revenues of Rs. 26,759 million during the year ended December 31, 2009.

OUTLOOK FOR CALCINED PETROLEUM COKE ("CPC") INDUSTRY

Calcined Petroleum Coke is produced from Green Petroleum Coke ("GPC"), a byproduct of Crude Oil Refining. CPC is an essential component of carbon anode for the Aluminum industry and is also used as a source of carbon for the Titanium Dioxide and Steel industries. Aluminium Industry which contributes about 90% of total world demand for CPC was growing at about 5% per annum globally in the past ten years, with an exception to 2009. In 2009, Aluminum industry has witnessed substantial reduction in global aluminum production due to global economic downturn coupled with unprecedented decline in the Aluminum metal prices. However, the recovery in the aluminum industry started in the last quarter of 2009 has shown improvement throughout 2010 both in the form of increase in Aluminum metal price and Global Aluminum production and consumption. During 2010, the primary Aluminum metal price at London Metal Exchange ("LME") has averaged about US\$ 2,200 and the world primary Aluminum production has increased by over 11%.

The world demand for Aluminum, particularly in automotive, construction and commercial transportation is likely to grow at about 9% in 2011 and is expected to grow at an average Compounded Annual Growth Rate ("CAGR") of 7% between 2011 and 2015. With the expected robust growth in the Aluminum industry, the predominant end user of CPC, the outlook for CPC industry is expected to be strong from 2011 onwards.

The performance of the Rain Group, being one of the leading producers of CPC with operating facilities in United States, India and China is expected to be reasonably strong in the medium term with improved demand from the growing Aluminum industry and the long term relationship with both the Aluminum Smelters and the Crude Petroleum Refineries.

DIVIDEND

The Board of Directors of the Company has recommended a Dividend @ 46% on the Paid up Equity Share Capital of the Company, i.e., Rs.4.60 per Equity Share for the financial year ended December 31, 2010.

BUYBACK OF EQUITY SHARES

The Board of Directors of the Company at their meeting held on March 28, 2009 approved the Buy-back of 4,056,801 Equity Shares at a price not exceeding Rs.127 per equity share for an amount not exceeding Rs.515,213,727 from the Open Market through Stock Exchange.

The shareholders of the Company have approved the Buyback of equity shares through Postal Ballot on June 17, 2009.

As the price quoted on the stock exchange was higher than the maximum offer price for buy back of equity shares approved by the shareholders, the Company could not buy back shares from the shareholders.

LISTING OF EQUITY SHARES

The Company's Equity shares are listed at the following Stock Exchanges:

- (i) Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001;
- (ii) National Stock Exchange of India Limited, Exchange Plaza, Floor 5, Plot # C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400051; and

- (iii) The Delhi Stock Exchange Limited, DSE House, 3/1 Asaf Ali Road, New Delhi - 110002.

The Company has paid the Annual Listing Fees to the said Stock Exchanges for the financial year 2010-11.

SUBSIDIARY COMPANIES

The Ministry of Corporate Affairs (MCA), Government of India vide their letter No.47/717/2010-CL-III, dated January 7, 2011, granted exemption from attaching the Balance sheet, Profit & Loss Account, Directors Report and Auditors Report of Subsidiary Companies to the Balance sheet of the Company. Your Company will provide with the copy of the Annual Accounts of the subsidiary companies and other related information upon request by any member of your Company or its Subsidiary Companies. The Annual Accounts of the Subsidiary Companies are kept for inspection by any investor at the registered office of the Company and the subsidiary companies.

A statement of Rain Commodities Limited (Holding Company) interest in Rain Cements Limited (formerly Rain CII Carbon (India) Limited), Rain CII Carbon (Vizag) Limited, Rain Commodities (USA) Inc, Rain CII Carbon LLC, Moonglow Company Business Inc, Rain Global Services LLC, RGS Egypt Limited, Rain CII Carbon Mauritius Limited, CII Carbon Corporation, Zhenjiang Xin Tian Tansu Company Limited, Rain Carbon (USA) LLC, CPC Holdings (USA) LLC, Carbon Holdings (USA) LLC (Subsidiary Companies/step subsidiary Companies) is enclosed as required under Section 212 of the Companies Act, 1956.

The information of Subsidiary Companies as required to be disclosed as per the directions given by MCA while granting exemption under section 212(8) of the Companies Act, 1956 is enclosed and forms part of the Annual Report.

CONSOLIDATED FINANCIAL STATEMENTS

As prescribed by Accounting Standard 21 issued by the Institute of Chartered Accountants of India, the Audited Consolidated Financial Statements are annexed. The Company has consolidated the Accounts of Rain Cements Limited (formerly Rain CII Carbon (India) Limited), Rain CII Carbon (Vizag) Limited, Rain Commodities (USA) Inc, Rain CII Carbon LLC, Moonglow Company Business Inc, Rain Global Services LLC, RGS Egypt Limited, Rain CII Carbon Mauritius Limited, CII Carbon Corporation,

Zhenjiang Xin Tian Tansu Company Limited, Rain Carbon (USA) LLC, CPC Holdings (USA) LLC and Carbon Holdings (USA) LLC.

FIXED DEPOSITS

The Company has not accepted any deposits from the public in terms of Section 58A of the Companies Act, 1956.

DIRECTORS

Mr. N. Radhakrishna Reddy and Mr. P. Venugopal Reddy, Directors of the Company who retire by rotation and being eligible offer themselves for reappointment.

Mr. N. Sujith Kumar Reddy has resigned from the position of Executive Director with effect from February 10, 2011, but continues to be the Director of the Company.

Mr. Yogesh Rastogi has been appointed as Nominee Director of ICICI Bank Limited in place of Mr. V. Prakash with effect from January 20, 2011.

AUDITORS

M/s. Deloitte Haskins & Sells, Chartered Accountants, Auditors of the Company retire at the ensuing Annual General Meeting. They have expressed their willingness to accept appointment.

M/s. Deloitte Haskins & Sells, Chartered Accountants (ICAI Registration No. 0080725) have confirmed that their appointment, if made, shall be in accordance with the provisions of Section 224(1B) of the Companies Act, 1956.

DIRECTORS RESPONSIBILITY STATEMENT AS REQUIRED UNDER SECTION 217(2AA) OF THE COMPANIES ACT, 1956

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to the Directors' Responsibility Statement, the Board of Directors of the Company hereby confirms:

- (i) That in the preparation of the Annual Accounts for the Financial year ended December 31, 2010, the applicable accounting standards have been followed;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state

of affairs of the Company as at December 31, 2010 and of Profit and Loss Account of the Company for the period ended on December 31, 2010;

- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) That the Directors have prepared the Annual Accounts for the Financial Year ended December 31, 2010 on a going concern basis.

AUDITORS REPORT

There are no qualifications in Auditors Report.

AUDIT COMMITTEE

Audit Committee consists of the following Directors namely Mr. P. Venugopal Reddy, Chairman, Mr. R.S. Vidyasagar, Member, Mr. Yogesh Rastogi, Member and Mr. G. Krishna Prasad, Member.

All the members of the Audit Committee are independent Directors.

CORPORATE GOVERNANCE

A separate report on Corporate Governance and Management Discussion and Analysis is annexed as part of the Annual Report along with the Auditor's Certificate on its compliance.

SCHEME OF ARRANGEMENT BETWEEN THE COMPANY, RAIN CEMENTS LIMITED (FORMERLY RAIN CII CARBON (INDIA) LIMITED), RAIN CII CARBON (VIZAG) LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

The Hon'ble High Court of Andhra Pradesh vide its order dated December 29, 2010 had approved the Scheme of Arrangement under Section 391 to 394 of the Companies Act, 1956 consisting of the following:

- (a) Transfer of Cement Business from Rain Commodities Limited (Holding Company) to Rain Cements Limited (Formerly Rain CII Carbon (India) Limited) (Wholly owned Subsidiary Company) with effect from April 1, 2010 (First appointed date); and

- (b) Transfer of Calcined Petroleum Coke (CPC) and Power Business from Rain Cements Limited (Formerly Rain CII Carbon (India) Limited) to Rain CII Carbon (Vizag) Limited with effect from April 1, 2010 (Second appointed date).

The Board of Directors of the Company at their meeting held on January 24, 2011 have taken on record the aforesaid order of the Hon'ble High Court of Andhra Pradesh. The Company has filed the Hon'ble High Court of Andhra Pradesh order dated December 29, 2010 with the Registrar of Companies, A.P., Hyderabad on February 10, 2011. Accordingly, the Scheme of Arrangement has become effective from February 10, 2011 taking effect from April 1, 2010 (appointed date).

Consequent to the approval of the Hon'ble High Court of Andhra Pradesh to the aforesaid Scheme of Arrangement, the Cement business is transferred from Rain Commodities Limited to Rain Cements Limited (Formerly Rain CII Carbon (India) Limited) and the Calcined Petroleum Coke and Power business is transferred from Rain Cements Limited (Formerly Rain CII Carbon (India) Limited) to Rain CII Carbon (Vizag) Limited with effect from April 1, 2010.

ACQUISITION OF BIRLA CEMENT AND INDUSTRIES LIMITED

Your Company has acquired Birla Cement and Industries Limited from Yash Birla Group on January 14, 2011 by acquiring the equity shares. Birla Cement and Industries Limited holds certain Limestone Mining Leases in the State of Andhra Pradesh.

Consequent to the said acquisition, Birla Cement and Industries Limited has become a Wholly owned subsidiary of the Company.

INFORMATION RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO AND PARTICULARS OF EMPLOYEES.

Information with respect to conservation of energy, technology absorption, foreign exchange earnings and outgo pursuant to Section 217(1)(e) of the Act read with Rule 2 of the Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988 and information on particulars of employees under Section 217(2A) of the Act read with the Companies (Particulars of Employees) Rules, 1975 (as amended) form part of this Report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Corporate Social Responsibility is commitment of the Company to improve the quality of life of the workforce and their families and also the community and society at large. The Company believes in undertaking business in such a way that it leads to overall development of all stake holders and Society.

EDUCATION

In order to provide better educational facilities, the Company is maintaining schools at plant location and imparting education in english medium. The school provides education from LKG to 10th Standard to the children of the employees and also the students of surrounding villages near the plant.

HEALTH

In order to provide good health facilities, the Company is maintaining hospital at Plant locations. The hospitals provide medical treatment to the workers and their families and also people living in surrounding villages near the plant location.

The Company has ambulance service facilities at one of its plant location and also conducts medical camps regularly.

ENVIRONMENT

The Company has taken significant initiatives to reduce the pollution. Anti-pollution measures taken by the Company help minimize the impact of industrial process on the environment.

ACKNOWLEDGEMENTS

The Directors take this opportunity to place on record their sincere thanks to the Banks and Financial Institutions, Insurance Companies, Central and State Government Departments and the shareholders for their support and co-operation extended to the Company from time to time. Directors are pleased to record their appreciation of the sincere and dedicated services of the employees and workmen at all levels.

On behalf of the Board of Directors
for **RAIN COMMODITIES LIMITED**

Sd/-
N. Radhakrishna Reddy
Chairman

Sd/-
N. Jagan Mohan Reddy
Managing Director

Place: Hyderabad
Date : February 25, 2011

ANNEXURE TO DIRECTORS' REPORT

Information under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of Directors Report for the financial year ended December 31, 2010.

A. CONSERVATION OF ENERGY.

(a) Energy conservation measures taken:

-Nil-

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of Energy

-Nil-

(c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

N.A.

(d) Total energy consumption and energy consumption per unit of production as per Form A is given below:

FORM - A

Disclosure of particulars with respect to conservation of Energy

	January 1, 2010 to December 31, 2010*	January 1, 2009 to December 31, 2009
A. Power and Fuel Consumption		
1. ELECTRICITY		
a) Purchased		
➤ Units (Kwh)	62,293,943	223,409,075
➤ Total Cost (Rs.)	253,281,168	890,980,927
➤ Rate/Unit (Rs.)	4.07	3.99
b) Own Generation		
i) Through diesel Generator		
➤ Units (Kwh)	199,955	1,694,296
➤ Units per Litre of Furnace Oil/HSD (No)	2.28	3.31
➤ Cost/Unit (Rs.)	11.18	7.10
ii) Through Steam turbine/Generator		
➤ Units (Kwh)	Nil	Nil
➤ Units per litre of fuel Oil / Gas	Nil	Nil
➤ Cost/Units (Rs.)	Nil	Nil
2 COAL		
➤ Quantity (Tonnes)	99,175	363,545
➤ Total Cost (Rs.)	349,920,839	1,405,206,722
➤ Average Rate (Rs.)	3,528	3,865
3 FURNACE OIL		
➤ Quantity (Liters)	80,155	512,351
➤ Total Cost (Rs.)	1,961,328	12,030,029
➤ Average Rate (Rs.)	24.47	23.48
4 Other Fuels (HSD OIL & LUB OIL)		
➤ Quantity (Liters)	565,336	3,344,088
➤ Total Cost (Rs.)	23,563,641	114,683,064
➤ Average Rate (Rs.)	41.68	34.29
5 Consumption per Metric tonne of Cement Production		
➤ Production (Cement)	707,641	2,372,299
➤ Electricity (Kwh)	87.88	90.05
➤ Furnace Oil (Liters)	0.11	0.22
➤ Coal (%)	14.01	15.32
➤ HSD (Liters)	0.80	1.41

B. TECHNOLOGY ABSORPTION:

Efforts made in technology absorption as per Form B:

* Note: As per the Scheme of Arrangement approved by the Hon'ble High Court of Andhra Pradesh on December 29, 2010, the Cement business that was being carried on by the Company is transferred to Rain Cements Limited, a wholly owned subsidiary with effect from April 1, 2010 (appointed date). Hence, the details given are for 3 months i.e., January 1, 2010 to March 31, 2010, accordingly the same are not comparable with the previous year figures.

FORM - B

Form for disclosure of particulars with respect to absorption

RESEARCH AND DEVELOPMENT (R&D):

1. Specific areas in which R & D carried out by the Company : Nil
2. Benefits derived as a result of the above R & D. : Nil
3. Future plan of action : Nil
4. Expenditure on R&D : Nil

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

1. Efforts, in brief, made towards technology absorption, adaptation and innovation : Nil
2. Benefits derived as a result of the above efforts, e.g. Product improvement, Cost reduction, Product development, import substitution, etc. : Nil.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the Financial year), following information may be furnished : Nil
 - a) Technology imported : Nil
 - b) Year of Import : Nil
 - c) Has Technology been fully absorbed : Nil
 - d) If not fully absorbed, area where this has not taken place reasons there for and future plans of action : Nil

C FOREIGN EXCHANGE EARNINGS AND OUTGO:

- a) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services and export plans : The Company is engaged in manufacturing of Cement and Trading in Green Petroleum Coke (GPC).

- b) Total foreign exchange used and earned : (Rs. In thousands)

	January 1, 2010 to December 31, 2010	January 1, 2009 to December 31, 2009
(i) Foreign Exchange earned	1,423,899	823,879
(ii) Foreign Exchange Used	854,035	1,783,024

On behalf of the Board of Directors
for **RAIN COMMODITIES LIMITED**

Sd/-

N. Radhakrishna Reddy
Chairman

Sd/-

N. Jagan Mohan Reddy
Managing Director

Place: Hyderabad
Date : February 25, 2011

Annexure to the Directors Report

Statement of particulars of employees pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 (as amended) and forming part of the Directors' Report for the Financial year ended December 31, 2010

Sl. No	Name of the Employee & (Age)	Designation/ Nature of Duty	Gross Remuneration (Rupees)	Qualification	Experience in years	Date of commencement of employment	Particulars of last employment
1.	Mr. N. Sujith Kumar Reddy (39 years)	Executive Director	8,867,251	B.Com	18 Years	22.03.1992	First Employment

Notes:

- Gross Remuneration includes salary, taxable allowances, commission, value of perquisites as per the Income-tax Rules, 1962 and Company's contribution to provident fund.
- The nature of employment is contractual.

Place: Hyderabad
Date : February 25, 2011

By order of the Board
for **RAIN COMMODITIES LIMITED**

Sd/-
N. Radhakrishna Reddy
Chairman

Sd/-
N. Jagan Mohan Reddy
Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

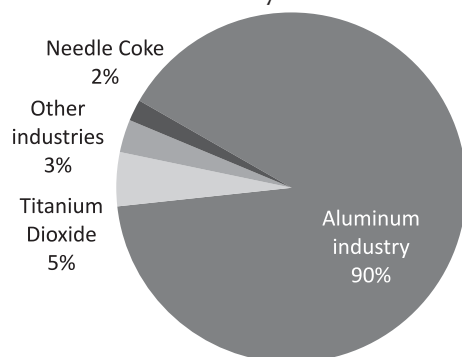
A) CALCINED PETROLEUM COKE ("CPC")

CPC INDUSTRY STRUCTURE AND DEVELOPMENT

CPC is an essential component of carbon anode for the Aluminum industry and is also used as a source of carbon for the Titanium Dioxide and Steel industries. The world CPC capacity at the beginning of the year 2010 is estimated to be about 25.6 million tonnes, US and China accounts for approximately 62% of the total capacity. With the consolidation of CPC industry in 2007, now two large calciners, including Rain Group, controls a market share of about 20% of global CPC capacity.

The growth in demand for CPC is primarily depend on the growth in production and demand for Aluminum, as about 90% of global CPC production is consumed by Aluminum industry.

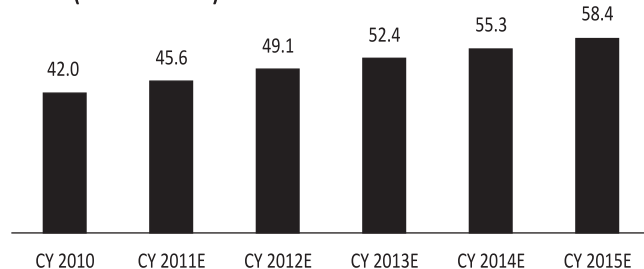
World CPC Demand by end use



Source: Industry and Management Estimate

The world demand for Aluminum, particularly in automotive, construction and commercial transportation is likely to grow at about 9% in 2011 and is expected to grow at an average Compounded Annual Growth Rate (CAGR) of 7% between 2011 and 2015.

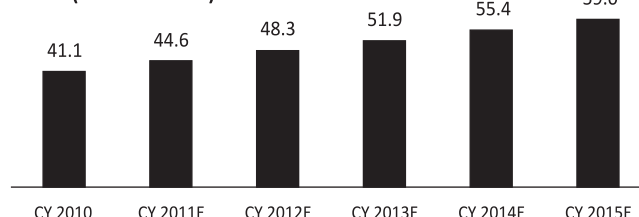
World Aluminum Consumption Growth CY 2010 to CY 2015E (million tonnes)



Source: Industry and Management Estimate

In line with the demand, even the global primary Aluminum production is also growing at an average CAGR of 7% between 2010 and 2015.

World Aluminum Consumption Growth CY 2010 to CY 2015E (million tonnes)

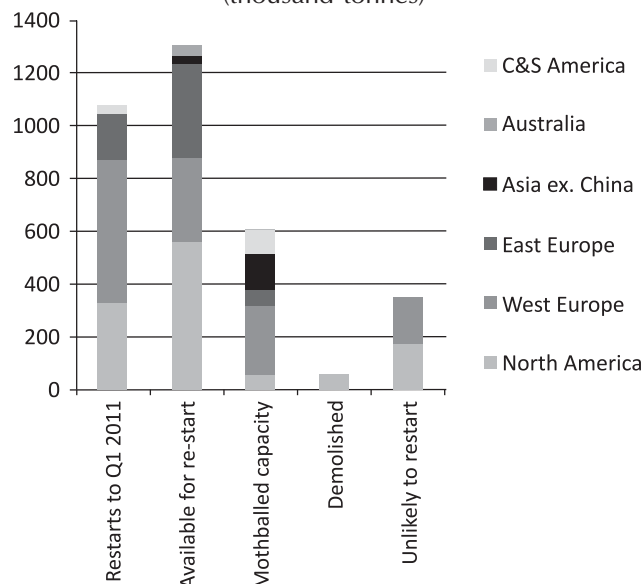


Source: Industry and Management Estimate

With the expected robust growth in the Aluminum industry, the predominant end user industry for CPC, the outlook for CPC industry is expected to be strong from the year 2011 onwards.

Demand for CPC is expected to be strong in near term with the expected ramp-ups in Aluminum capacities in Middle East and Asia (especially in India and China) through Greenfield and Brownfield expansions supported by restarts of idle capacities in the North America and Europe.

Restarts of idle capacities (thousand tonnes)



RISKS AND CONCERNS

Increased level of London Metal Exchange ("LME") inventory volumes is the most concerning factor for the Aluminum industry at this point of time.

LME stocks increased from 2.3 million tonnes in the beginning of the year 2009 to around 4.6 million tonnes by the end of the year 2009. During 2010, we have seen a modest decline in inventory balances at LME, in spite of new Aluminum smelters commencing operations in Middle East and in India. Industry analysis indicates that much of the metal in stock is owned by financial investors, who are taking advantage of low interest rates and aluminium forward market.

OUTLOOK FOR CALCINED PETROLEUM COKE ("CPC") INDUSTRY

Calcined Petroleum Coke is produced from Green Petroleum Coke ("GPC"), a byproduct of Crude Oil Refining. CPC is an essential component of carbon anode for the Aluminum industry and is also used as a source of carbon for the Titanium Dioxide and Steel industries. Aluminium Industry which contributes about 90% of total world demand for CPC was growing at about 5% per annum globally in the past ten years, with an exception to 2009. In 2009, Aluminum industry has witnessed substantial reduction in global aluminum production due to global economic downturn coupled with unprecedented decline in the Aluminum metal prices. However, the recovery in the aluminum industry started in the last quarter of 2009 has shown improvement throughout 2010 both in the form of increase in Aluminum metal price and Global Aluminum production and consumption. During 2010, the primary Aluminum price at London Metal Exchange ("LME") has averaged about US\$ 2,200 and the world primary Aluminum production has increased by over 11%.

The world demand for Aluminum, particularly in automotive, construction and commercial transportation is likely to grow at about 9% in 2011 and is expected to grow at an average Compounded Annual Growth Rate ("CAGR") of 7% between 2011 and 2015. With the expected robust growth in the Aluminum industry, the predominant end user of CPC, the outlook for CPC industry is expected to be strong from 2011 onwards.

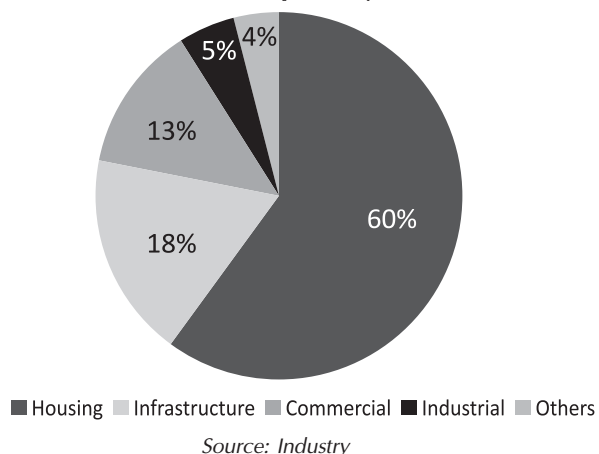
The performance of the Rain Group, being one of the leading producers of CPC with operating facilities in United States, India and China is expected to be reasonably strong in the medium term with improved demand from the growing Aluminum industry and the long term relationship with both the Aluminum Smelters and the Crude Oil Refineries.

B) CEMENT

CEMENT INDUSTRY STRUCTURE AND DEVELOPMENT

The Indian Cement industry - comprising of 142 large cement plants and more than 365 mini cement plants is the world's second largest cement producer after China. The industry's capacity at the beginning of the year 2010-11 was 234 million tonnes. The demand for cement, being a derived demand, depends primarily on the general industrial activity, real estate activity and investment in the infrastructure sector. Indian cement industry is globally competitive because the industry has witnessed healthy trends such as continuous technology upgradation and cost controlling. An additional capacity of around 75million tonnes is likely to be on stream by March 2013, resulting in supply exceeding the demand. Cement capacity utilization is expected to improve sharply after Financial Year 2012 with the expected strong demand coupled with limited capacity additions after 2012.

Cement consumption by sector

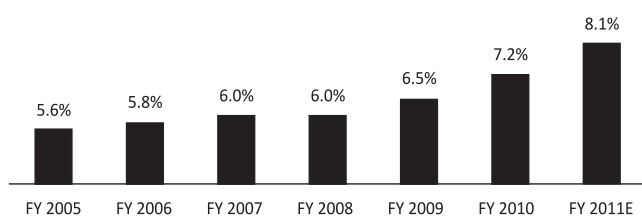


OPPORTUNITIES AND THREATS

Opportunities

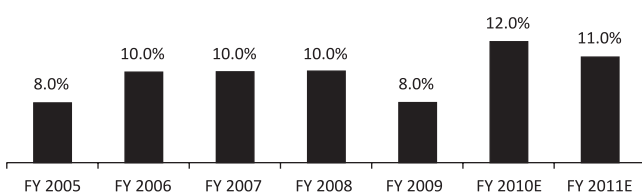
Despite apprehensions about the impact of inflation and slowdown in Industrial production and overall economic scenario, the demand prospect for the Cement sector remains positive with the growth in Infrastructure, Housing, Roads, Ports, Power, Urban Housing and Irrigation Projects. The Government's thrust towards Infrastructure development, which accounts for about 20% of total Indian Cement consumption, is expected to lead the infrastructure spending of more than 10% of Indian GDP by 2017.

Infrastructure spending as a % of GDP



Source: Planning Commission and Management Estimate

Cement Demand YOY Growth rate %



Source: CMA and Management Estimate

Cement demand is likely to remain robust in the near term, driven by the Housing and Infrastructure sectors and supported by growth in Commercial Construction and Industrial Expansion, which will correspondingly be aided by rising population, changing demographics, reduction in average size of household, higher disposable income and better financing avenues.

Threats

With the commissioning of about 100 million tonnes of new cement capacities during 2008-10, the Indian Cement capacity utilizations are expected to slowdown from the high levels of 2008-09. Earlier, the Cement sector had seen a constant rise in prices driven by strong demand, coupled with optimum capacity utilizations, but management feel the robust demand growth alone is not enough to arrest the decline in the average cement realizations and margin erosions, when capacity build is far in excess of demand growth.

RISKS AND CONCERNS

Though the overall industry looks moderate in near to long term, the political unrest, rising energy prices and high growth of inflation among others, may affect the Cement industry.

The shortage of domestic coal is a bottleneck for the industry with a prospective effect on power generation, a major input for Cement production. Further, the increased dependence on imported coal and pet coke as an alternative to the domestic coal would expose the Indian Cement industry to price

fluctuations in International markets. The other major concern is the rising freight cost with the increase in diesel prices.

OUTLOOK FOR CEMENT INDUSTRY

The Indian Cement industry has witnessed massive capacity additions of over 100 Million tons during the past three to four years which has resulted in significant pressure on price realization and also capacity utilization during 2010, with average national gross Cement prices correcting by about 14% between April and August 2010. The decline in price was even higher in the Southern Region that witnessed majority of the added capacity, mostly due to the large lime-stone reserves and the strong demand growth over the past few years. Driven by renewed demand and seasonal factors, prices have recovered from October 2010 from these exaggerated lows. However, with the rising surplus capacity over the next few quarters due to new expansions commencing operations, there is a concern on the capacity utilizations and the sustainability of the sales realizations.

The increased thrust on infrastructure development by Government of India and the projected growth in the housing sector combined with the increasing per capita income and the favorable monsoon in 2010 is expected to provide support to the cement prices and hedge against the transitory oversupply situation. With the initiatives taken by the Government of India for infrastructure development, Cement demand is expected to rise further in 2011. The irrigation and housing projects, initiated taken by the Government of Andhra Pradesh, although temporarily going on a slower pace, are expected to increase the demand in the State of Andhra Pradesh, where the Company sells a major portion of its production. The management expects that the supply demand gap would narrow down in next couple of years, as there are no major capacity expansions post FY 2011-12.

In these market conditions, the management is continuing to concentrate on controlling costs, including (i) reduction in the cost of fuel with increased use of domestic coal, (ii) optimizing the freight cost by setting up Fly Ash Handling and Cement Packing facility at Bellary in the state of Karnataka and (iii) reduction in the interest cost by accelerating the pre-payments of debt and by optimizing the working capital.

With the commencement of operations at Fly Ash Handling and Cement Packing facility in Bellary;

there will be improvement in the Cement-Clinker Blend Ratio resulting in reduction in the per tonne cost of cement and improvement in operating margins.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has adequate internal control systems and procedures with regards to purchase of stores, raw materials including components, plant and machinery equipment, sale of goods and other assets.

The Company has clearly defined roles and responsibilities for all managerial positions and all operating parameters are monitored and controlled.

The Company has appointed M/s. Ernst & Young Private Limited as the Internal Auditors and they will submit a report on a quarterly basis to the Audit Committee for its review and recommendation.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

OPERATIONS

During the year under review the Company has achieved a standalone Net sales of Rs.3,324,826 (in thousands) and a consolidated Net sales of Rs. 37,455,280 (in thousands)

During the year the Company has incurred a loss of Rs.1,860,355 (in thousands) on a standalone basis and achieved Net profit of Rs.2,407,168 (in thousands) on a consolidated basis.

The Earnings per share of the Company as on December 31, 2010 is (Rs.26.26) (Basic) and (Rs.26.26) (diluted) (standalone) and Rs.33.98 (Basic) and Rs.33.98 (diluted) (Consolidated).

The Paid up Share Capital of the Company as on December 31, 2010 is Rs. 708,345,790 comprising of 70,834,579 equity shares of Rs.10/- each fully paid-up.

HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATIONS

The Company believes that the quality of its employees is the key to its success in the long run and is committed to provide necessary human resource development and training opportunities to equip them with skill, enabling them to adapt to contemporary technological advancements. Industrial relations during the year continued to be cordial and the Company is committed to maintain good industrial relations through negotiations and meetings.

As on December 31, 2010, the Company had 763 employees.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be forward-looking statements. Actual results may differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws, statutes and other incidental factors.

On behalf of the Board of Directors
for **RAIN COMMODITIES LIMITED**

Sd/-
N. Radhakrishna Reddy
Chairman

Sd/-
N. Jagan Mohan Reddy
Managing Director

Place: Hyderabad
Date : February 25, 2011

REPORT ON CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges in India, compliance with the requirements of Corporate Governance is set out below:

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :

Rain Commodities Limited ("RCOL"/the "Company") is committed to implement sound corporate governance practices with a view to bring about transparency in its operations and maximize shareholder value. The Company's core philosophy on the code of Corporate Governance is to ensure:

- Fair and transparent business practices;
- Accountability for performance;
- Compliance of applicable statute;
- Transparent and timely disclosure of financial and management information;
- Effective management control and monitoring of executive performance by the Board; and
- Adequate representation of promoter, executive and independent directors on the Board.

2. BOARD OF DIRECTORS :

The present Board of Directors ("Board") comprises of seven Directors of whom one is a Whole-time Director, two are Non-Executive Promoter Directors and four are Non-Executive Independent Directors.

S.No.	Name of the Director	Designation	Category
1	Mr. N. Radhakrishna Reddy	Chairman	Non - Executive Director (Promoter)
2	Mr. N. Jagan Mohan Reddy	Managing Director	Executive Director (Promoter)
3	Mr. N. Sujith Kumar Reddy*	Director	Non - Executive Director (Promoter)
4	Mr. G. Krishna Prasad	Director	Independent Director
5	Mr. P. Venugopal Reddy	Director	Independent Director
6	Mr. R. S.Vidyasagar	Nominee Director	Independent Director - Nominee of IDBI Bank Limited
7	Mr. Yogesh Rastogi**	Nominee Director	Independent Director -Nominee of ICICI Bank Limited

* Mr. N. Sujith Kumar Reddy has resigned from the position of Executive Director but continues to be Director of the Company with effect from February 10, 2011.

** Mr. Yogesh Rastogi has been appointed as Nominee Director of ICICI Bank Limited in place of Mr. V. Prakash with effect from January 20, 2011.

Other Directorships:

The number of directorships and memberships in the committees held by the Directors as on December 31, 2010 are as under:

Name of the Director	No. of Other Directorships	Committee Membership of Other Companies	Committee Chairmanship of Other Companies
Mr. N. Radhakrishna Reddy	7	-	2
Mr. N. Jagan Mohan Reddy	10	1	-
Mr. N. Sujith Kumar Reddy	6	-	-
Mr. G. Krishna Prasad	4	1	-
Mr. P. Venugopal Reddy	3	-	-
Mr. R. S. Vidyasagar	1	1	-
Mr. V. Prakash (upto January 20, 2011)	-	-	-

None of the Directors hold Directorships in more than 15 companies.

Board Meetings:

During the period from January 1, 2010 to December 31, 2010, Six Board Meetings were held as against the minimum requirement of four meetings. The maximum time gap between any of the two meetings was not more than four months.

The dates on which the Board meetings were held are February 18, 2010, March 17, 2010, April 26, 2010, May 18, 2010, August 6, 2010 and November 3, 2010.

Attendance of Directors at the meetings:

The details of the attendance of the Directors at the Board meetings held during the period from January 1, 2010 to December 31, 2010 and at the last Annual General Meeting ("AGM") are given below:

Name of the Director	Board Meetings Attended	Attendance at last AGM held on June 7, 2010
Mr. N. Radhakrishna Reddy	6	Yes
Mr. N. Jagan Mohan Reddy	6	Yes
Mr. N. Sujith Kumar Reddy	6	Yes
Mr. G. Krishna Prasad	4	Yes
Mr. P. Venugopal Reddy	6	Yes
Mr. R. S.Vidyasagar	2	Absent
Mr. V. Prakash	3	Absent

Re-appointment of Directors

Brief resume of the Directors being reappointed, nature of their expertise in specific functional areas and name of Companies in which they hold directorship and the membership of the committees of the Board are furnished hereunder:

- **Mr. N. Radhakrishna Reddy**

Mr. N. Radhakrishna Reddy, aged about 68 years, is the Chairman of Rain Commodities Limited. Mr. Radhakrishna Reddy has more than 42 years of experience in Construction and Cement Industry. Currently, he is also on the board of Rain CII Carbon (Vizag) Limited, PCL Financial Services Limited, Arunachala Holdings Limited, PR Investments Limited, Apeetha Enterprises Limited, Lakshmi Sea Foods Limited and Rain Entertainments Private Limited. He has been a Director of the Company since 1984.

Mr. N. Radhakrishna Reddy holds 20,76,746 equity shares in the Company.

Mr. N Radhakrishna Reddy, Chairman is the father of Mr. N. Jagan Mohan Reddy, Managing Director and Mr. N. Sujith Kumar Reddy, Director. Other than the said Directors, Mr. N Radhakrishna Reddy is not related to any other Director

- **Mr. N. Jagan Mohan Reddy**

Mr. N. Jagan Mohan Reddy, aged about 44 years has a Bachelor's of Science degree in Industrial Engineering from Purdue University, U.S.A. He is the founder of Rain CII Carbon (Vizag) Limited (successor of Rain Calcining Limited) that has started operations in 1998. He was instrumental in the acquisition of Rain CII Carbon LLC (formerly CII Carbon LLC) in 2007, making the combined entity one of the leading producers of Calcined Petroleum Coke in the World. Rain Commodities Limited, has not only turned around in less than 2 years after Mr. N Jagan Mohan Reddy was appointed as the Managing Director, but also had doubled the Cement capacity to 3.16 Million Metric Tonnes per annum.

He is presently the Managing Director of Rain Commodities Limited and Director in Rain Cements Limited, Rain CII Carbon (Vizag) Limited, Sujala Investments Private Limited, Focus India Brands Private Limited, Rain Entertainments Private Limited, Moonglow Company Business Inc., Rain Commodities (USA) Inc, Rain CII Carbon LLC, USA, Rain Global Services LLC USA and Rain CII Carbon Mauritius Limited.

Mr. N. Jagan Mohan Reddy holds 17,17,348 equity Shares in the Company.

Mr. N. Jagan Mohan Reddy is son of Mr. N. Radhakrishna Reddy, Chairman and brother of Mr. N. Sujith Kumar Reddy, Director. Other than the said Directors, Mr. N Jagan Mohan Reddy is not connected to any other Director of the Company.

- **Mr. P. Venugopal Reddy**

Mr. P. Venugopal Reddy, (45 years), has a Masters degree in Commerce, Bachelor's Degree in Law and is a Chartered Accountant. Mr. P. Venugopal Reddy has over 12 years of experience in the areas of Audit, Finance and Accounts. At present, he is holding the Directorship of Coolroc Energy Limited, Coolrock Technologies Limited and Krishna Hydro Energy Limited.

Mr. P. Venugopal Reddy does not hold any equity shares in the Company and is not related to any Director of the Company.

3. Board Committees:

The Company currently has the following committees of the Board:

- a) Audit Committee;
- b) Remuneration Committee; and
- c) Shareholders'/Investors' Grievance Committee.

- a) **Audit Committee**

Composition, name of the members and Chairman

The Board of Directors of the Company has constituted an Audit Committee comprising of the following Non-Executive Independent Directors:

- Mr. P. Venugopal Reddy - Chairman
- Mr. G. Krishna Prasad - Member
- Mr. R.S. Vidyasagar - Member
- Mr. Yogesh Rastogi* - Member

* Mr. Yogesh Rastogi has been appointed as Nominee Director of ICICI Bank Limited in place of Mr. V. Prakash with effect from January 20, 2011.

The Vice President (F&A), Statutory Auditors, Internal Auditors and Cost Auditors are invited to attend the Audit Committee meetings and the Company Secretary acts as the Secretary of the Committee.

The minutes of the meetings of the Audit Committee are circulated to all the members of the Board.

Terms of Reference:

The terms of reference of the Audit Committee are as under:

- (i) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement are correct, sufficient and credible.
- (ii) Recommending to the Board, the appointment, reappointment and, if required the replacement of the statutory auditor and fixation of audit fees.
- (iii) Approval of payment to statutory auditors for any other services rendered by the statutory auditors
- (iv) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by management;

- d. Significant adjustments made in the financial statements arising out of audit findings;
 - e. Compliance with listing and other legal requirements relating to financial statements;
 - f. Disclosure of any related party transactions; and
 - g. Qualifications in the draft audit report.
- (v) Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
 - (vi) Reviewing with the management, performance of statutory and internal auditors and adequacy of internal control systems.
 - (vii) Reviewing the adequacy of internal audit function, reporting structure, coverage and frequency of internal audit.
 - (viii) Discussion with internal auditors any significant findings and follow-up thereon.
 - (ix) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control system of a material nature and reporting the matter to the Board.
 - (x) Discussion with statutory auditors prior to the commencement of audit, the nature and scope of audit and subsequent to audit to ascertain any areas of concern.
 - (xi) To look into the reasons for substantial defaults in the payment to debenture holders, shareholders (in case of non-payment of declared dividend) and creditors.
 - (xii) To review the functioning of the Whistle Blower mechanism.

Attendance of the members at the Audit Committee meetings:

During the period from January 1, 2010 to December 31, 2010, Five Audit Committee Meetings were held as against the minimum requirement of four meetings. The maximum time gap between any of the two meetings was not more than four months.

The dates on which the Audit Committee meetings were held are February 18, 2010, March 17, 2010, April 26, 2010, August 6, 2010 and November 3, 2010.

Name of the Director	No. of Meetings Attended
Mr. P. Venugopal Reddy	5
Mr. G. Krishna Prasad	4
Mr. R.S. Vidyasagar	1
Mr. V. Prakash	2

b) Remuneration Committee:

The Remuneration Committee has been constituted to formulate and recommend to the Board the remuneration package of the Managing Director and Executive Director, including performance bonus and perquisites payable to the whole-time Directors.

Composition, name of the members and Chairman

- Mr. P. Venugopal Reddy - Chairman
- Mr. G. Krishna Prasad - Member
- Mr. R.S. Vidyasagar - Member
- Mr. Yogesh Rastogi* - Member

* Mr. Yogesh Rastogi has been appointed as Nominee Director of ICICI Bank Limited in place of Mr. V. Prakash with effect from January 20, 2011.

All the members of the Committee are Independent and Non-Executive Directors.

Attendance of the members at the Remuneration Committee meetings:

During the period from January 1, 2010 to December 31, 2010, Remuneration Committee Meeting was held once on March 17, 2010.

Name of the Director	No. of Meetings Attended
Mr. P. Venugopal Reddy	1
Mr. G. Krishna Prasad	1
Mr. R. S.Vidyasagar	-
Mr. V. Prakash	1

Remuneration policy

The compensation of the executive directors comprises of fixed component and commission. The compensation is determined based on the remuneration prevailing in the industry and the performance of the Company. The remuneration package of the executive directors is periodically reviewed and suitable revision is recommended to the Board by the committee.

The executive directors are not paid sitting fees for any Board/Committee meetings attended by them.

Details of remuneration to all the Directors

The Details of sitting fees paid to the Non-Executive Directors for attending Board and Committee Meetings held during the period from January 1, 2010 to December 31, 2010 are as follows:

Name of the Director	(Rs.)
Mr. N. Radhakrishna Reddy	30,000
Mr. P. Venugopal Reddy	60,000
Mr. G. Krishna Prasad	45,000
Mr. R.S. Vidyasagar*	15,000
Mr. V. Prakash**	30,000

* Paid to IDBI Bank Limited

** Paid to ICICI Bank Limited

The Remuneration paid to the Whole-time Directors during the period from January 1, 2010 to December 31, 2010 is as follows:

Name of the Director and Designation	Salary, Perquisites and Commission (Rs.)
Mr. N. Jagan Mohan Reddy, Managing Director	-Nil-
Mr. N. Sujith Kumar Reddy, Executive Director	88,67,251
Total	88,67,251

Mr. N. Jagan Mohan Reddy has been appointed as Managing Director with remuneration with effect from February 10, 2011.

The Company does not have any stock option plan or performance linked incentive for the Executive Directors. The appointments are made for a period of five years on the terms and conditions contained in the respective resolutions passed by the Members in the General Meetings.

Shares held by Non-Executive Directors as on December 31, 2010:

Name of the Non-Executive Director	No. of Equity Shares held in the Company
Mr. N. Radhakrishna Reddy	20,76,746
Mr. N. Sujith Kumar Reddy*	20,05,754
Mr. G. Krishnaprasad	NIL
Mr. P. Venugopal Reddy	NIL
Mr. R. S.Vidyasagar	NIL
Mr. V. Prakash**	NIL
Mr. Yogesh Rastogi**	NIL

*Mr. N. Sujith Kumar Reddy has resigned from the position of Executive Director but continues to be Director of the Company with effect from February 10, 2011.

** Mr. Yogesh Rastogi has been appointed as Nominee Director of ICICI Bank Limited in place of Mr. V. Prakash with effect from January 20, 2011.

c) Shareholders/Investors' Grievance Committee:
Composition and brief terms of reference.

The Committee consists of the following:

- Mr. N. Radhakrishna Reddy - Chairman
- Mr. N. Jagan Mohan Reddy - Member
- Mr. N. Sujith Kumar Reddy - Member

The Shareholders/Investors Grievance Committee oversees and reviews all matters connected with the securities transfers and also looks into redressing of shareholders complaints like transfer of shares, non-receipt of annual reports/dividends etc. The Committee oversees the performance of the Registrar and Transfer agents and recommends measures for overall improvement in the quality of investor services.

Name and designation of Compliance Officer:

Mr. S. Venkat Ramana Reddy, Company Secretary

Email-id for Investor Grievances : secretarial@priyacement.com

Number of Shareholders complaints received so far.

During the period from January 1, 2010 to December 31, 2010, the Company has received and resolved 339 complaints and there were no pending complaints as at the year end. Number of complaints not resolved to the satisfaction of shareholders is Nil.

4. GENERAL BODY MEETINGS:

The details of date, location and time of the last three Annual General Meetings held are as under:

Financial year ended	Date	Time	Venue
December 31, 2009	June 7, 2010	11.00 am	KLN Prasad Auditorium, FAPCCI, Red Hills, Hyderabad, Andhra Pradesh.
December 31, 2008	June 17, 2009	11.00 am	KLN Prasad Auditorium, FAPCCI, Red Hills, Hyderabad, Andhra Pradesh.
December 31, 2007	June 25, 2008	11.00 am	KLN Prasad Auditorium, FAPCCI, Red Hills, Hyderabad, Andhra Pradesh.

Special Resolutions passed during the previous three Annual General Meetings:

- (i) 35th Annual General Meeting -June 7, 2010 - No special resolutions were passed.
- (ii) 34th Annual General Meeting -June 17, 2009 - Special Resolutions were passed for the following:
 - a) To raise the limit for investment by NRIs in the Share Capital of the Company.
 - b) To delist the equity shares of the company from the Delhi Stock Exchange Limited., New Delhi and the Hyderabad Stock Exchange Limited.
 - c) Buy back of equity shares of the company at a price not exceeding Rs.127 per equity share with the total aggregate amount to be expended not to exceed Rs. 51,52,13,727.
- (iii) 33rd Annual General Meeting - June 25, 2008 - Special Resolutions were passed for the following:
 - a) Amending the Articles of Association for including Articles for Buy-back of equity shares.
 - b) Amending the Memorandum of Association for including the new clauses in Main Object Clause III(A), Objects Incidental or Ancillary to the attainment of the Main Objects Clause III(B), Other Object Clause III(C) and Commencement of business.
 - c) Keeping the Statutory records with the Registrars and Share Transfer Agents instead of the Company's Registered Office.

Postal ballot:

No special resolution requiring a postal ballot was proposed last year. No Special resolution requiring a postal ballot is being proposed for the ensuing Annual General Meeting.

5. DISCLOSURES:**a) Related party transactions:**

During the financial year ended December 31, 2010, there were no materially significant related party transactions, which had potential conflict with the interests of the Company at large. The transactions with related parties are disclosed in the Note XV in Schedule U to the Annual Accounts of this Annual Report.

b) Details of non-compliance etc.:

A Statement of Compliance with all Laws and Regulations as certified by the Managing Director and Company Secretary is placed at periodic intervals for review by the Board.

There were no instances of non-compliance, penalty or strictures on any matter related to the capital markets, during the last three years.

c) Disclosure of Accounting Treatment:

The Company has followed the accounting standards notified under Companies (Accounting Standards) Rules, 2006 in the preparation of its financial statements.

d) Whistle Blower policy:

The Board of Directors of the Company at its meeting held on July 29, 2009 has adopted the Whistle Blower Policy and appointed an ombudsperson. Employees can report to the Management concerned unethical behavior, act or suspected fraud or violation of the Company's Code of Conduct policy.

The Audit Committee reviews periodically the functioning of whistle blower mechanism.

No employee has been denied access to the Audit Committee. A copy of the Whistle Blower Policy is also hosted on the website of the Company, www.priyacement.com.

e) Board Disclosures

(i) Risk Management

The Company has a Risk Management Policy which has been adopted by the Board of Directors. Currently, the Company's risk management approach comprises of the following:

- Governance of Risk
- Identification of Risk
- Assessment and control of Risk

The risks have been prioritized through a company wide exercise. Members of Senior Management have undertaken the ownership and are working on mitigating the same through co-ordination among the various departments, insurance coverage, security policy and personal accident coverage for lives of all employees.

The Company has appointed a Risk Officer and also put in place the risk management framework, which helps to identify various risks cutting across its business lines. The risks are identified and are discussed by the representatives from various functions.

Risk Officer will make a presentation periodically on risk management to the Board of Directors and the Audit Committee. The Board and the Audit Committee provide oversight and review the risk management policy periodically.

A detailed note on the risks is included in the Management Discussion and Analysis annexed to the Directors' Report.

f) Subsidiary Companies

The Company has a material unlisted subsidiary in India. An independent director of the Company is a director on the Board of this subsidiary. The Audit Committee of the Company reviews the financial statements of the subsidiary and the minutes of the Board meetings of this subsidiary are also periodically placed at the Board meeting of the Company.

g) Code of Conduct

The Board has laid down a Code of Conduct covering the ethical requirements to be complied with covering all the Board members and Senior Management Personnel of the Company. An affirmation of compliance with the code is received from them on an annual basis.

h) CEO and CFO Certification

The Managing Director and the Vice President (F&A) have given a Certificate to the Board as contemplated in Clause 49 of the Listing Agreement and is separately annexed.

- (i) Proceeds from public issues, rights issues, preferential issues etc.,** - During the financial year ended December 31, 2010, there were no proceeds from public issues, rights issues, preferential issues etc.
- (j) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause**

The Company has complied with all the mandatory requirements of the Clause 49 of the Listing Agreement. Whistle Blower policy and Remuneration Committee requirements have been adopted from non-mandatory requirements.

6. MEANS OF COMMUNICATION

a) Quarterly results

The quarterly results of the Company are published in accordance with the requirements of the listing agreement, in widely circulated newspapers like Business Standard (English daily) and Andhra Prabha (Telugu daily).

b) News releases, presentations etc:

Official news releases along with quarterly results are displayed on the Company's website: www.priyacement.com

c) Management Discussion and Analysis (MDA) Report

The report on MDA is annexed to the Directors' Report and forms part of this Annual Report.

7. GENERAL SHAREHOLDER INFORMATION

- a) Annual General Meeting : 36th Annual General Meeting
 Date : May 12, 2011
 Time : 11:00 a.m.
 Venue : KLN Prasad Auditorium, Federation of Andhra Pradesh Chambers of Commerce & Industry (FAPCCI), Red Hills, Hyderabad-500 004, Andhra Pradesh
- b) Financial Calendar : January 1, 2011 to December 31, 2011.
 Tentative Schedule for considering Financial Results
 For the Quarter ending March 31, 2011 : April, 2011/May, 2011
 For the Quarter ending June 30, 2011 : July, 2011 / August, 2011
 For the Quarter ending September 30, 2011 : October, 2011 / November, 2011
 For the Quarter/Year ending December 31, 2011 : February, 2012
- c) Dates of Book Closures : May 5, 2011 to May 12, 2011
 (both days inclusive)
- d) Dividend Payment Date : On May 27, 2011
- e) Listing on Stock Exchanges: Company's equity shares are listed at:

Name and Address of the Stock Exchange	Scrip Code
Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal street, Mumbai-400 001.	500339
National Stock Exchange of India Limited, Exchange Plaza, Floor 5, Plot # C/1, Bandra-Kurla Complex, Bandra (East), Mumbai - 400051	RAINCOM
The Delhi Stock Exchange Limited, DSE House, 3/1 Asaf Ali Road, New Delhi - 110002*	5019

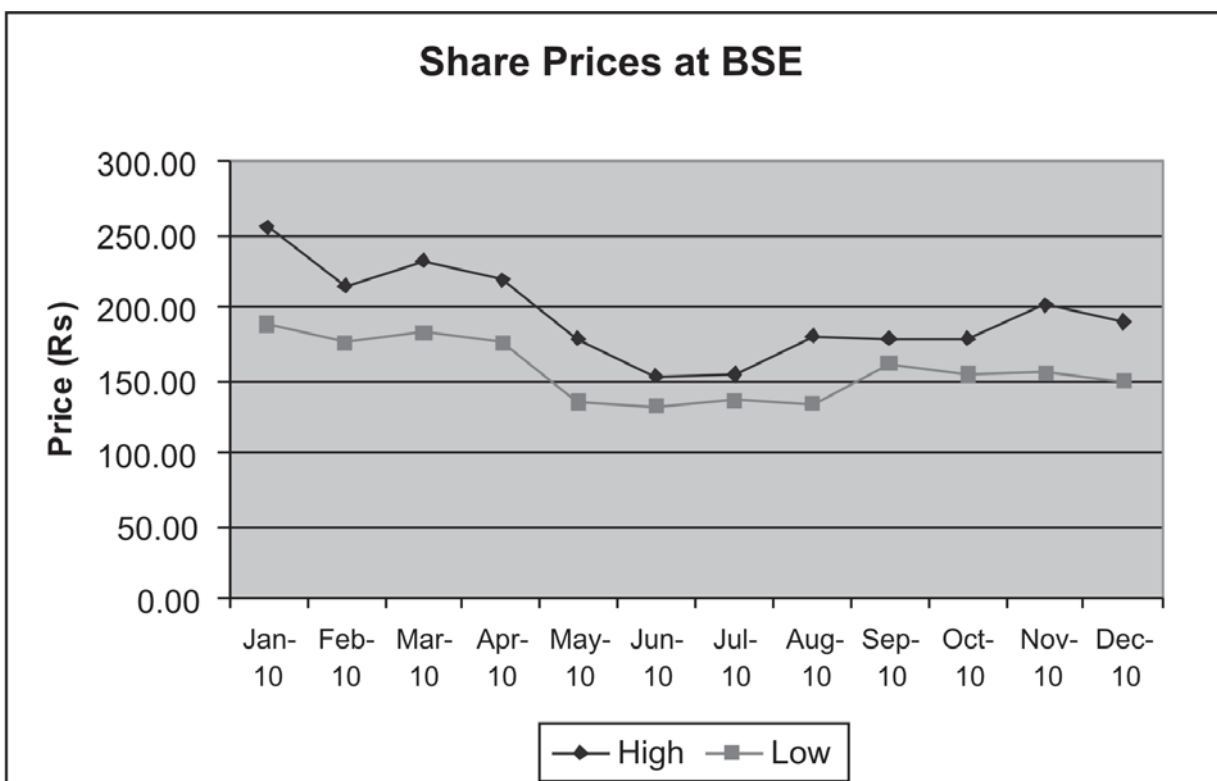
* The Company has applied to the Delhi Stock Exchange for voluntary delisting of its shares

The listing fees for the year 2010-11 have been paid to the above stock exchanges.

f) **Market Price Data: High and low during each month from January 1, 2010 to December 31, 2010**

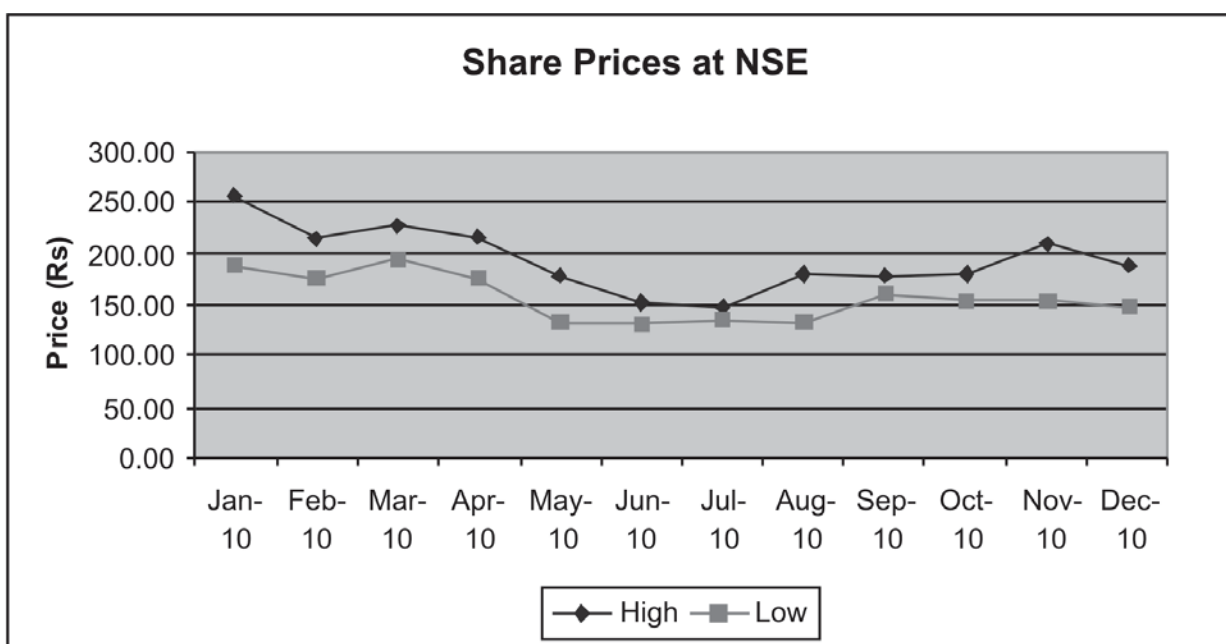
BOMBAY STOCK EXCHANGE LIMITED (BSE)

Month	High (Rs.)	Low (Rs.)	No. of Shares traded
January, 2010	255.70	188.05	16,02,287
February, 2010	215.00	176.00	18,40,262
March, 2010	231.20	182.50	21,60,456
April, 2010	218.95	175.00	10,11,522
May, 2010	178.00	134.80	15,69,691
June, 2010	151.60	131.80	15,71,557
July, 2010	153.50	136.00	8,00,966
August, 2010	180.15	133.05	37,88,627
September, 2010	178.30	160.15	13,19,737
October, 2010	178.75	154.20	4,69,317
November, 2010	202.00	154.35	21,06,076
December, 2010	190.00	149.00	3,39,559

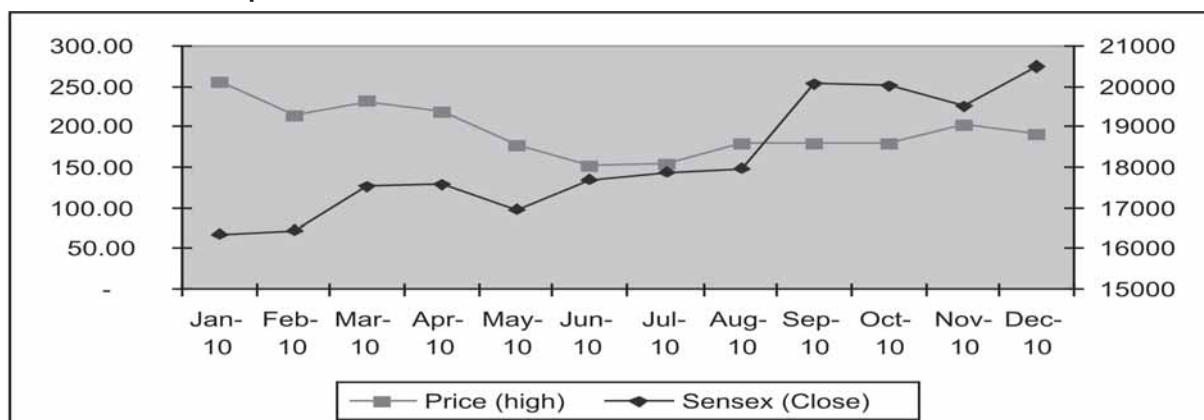


NATIONAL STOCK EXCHANGE OF INDIA LIMITED (NSE)

Month	High (Rs.)	Low (Rs.)	No. of Shares traded
January, 2010	257.00	188.00	33,71,408
February, 2010	214.80	175.40	34,04,197
March, 2010	227.40	194.00	47,51,136
April, 2010	217.50	175.10	36,45,171
May, 2010	177.80	132.60	34,04,919
June, 2010	151.75	131.00	26,15,257
July, 2010	146.90	136.00	12,70,955
August, 2010	180.00	133.05	74,92,294
September, 2010	177.95	160.10	19,75,700
October, 2010	179.00	154.50	10,23,551
November, 2010	211.00	155.25	43,91,423
December, 2010	187.70	148.25	10,09,313

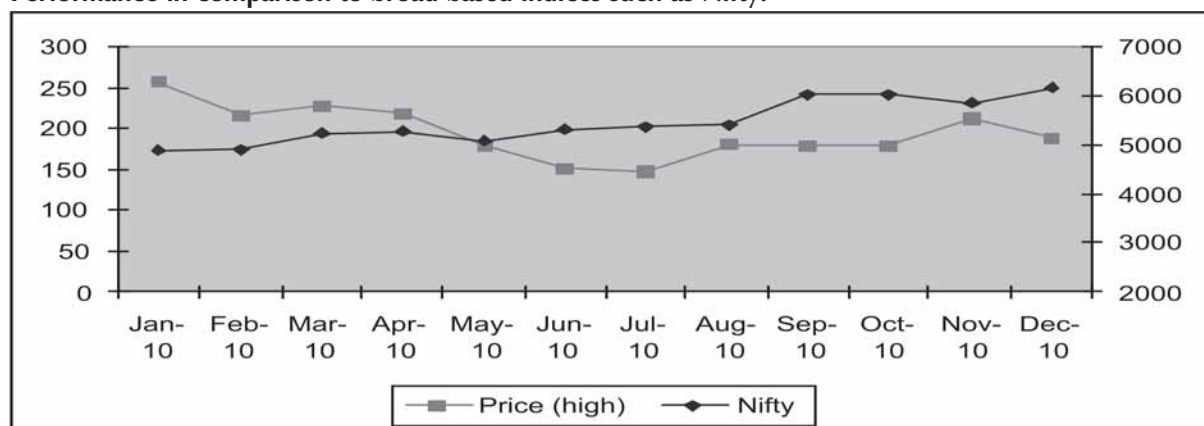


g) Performance in comparison to broad based indices such as BSE Sensex:



Comparison is done between the Share price- High and Sensex index close price.

Performance in comparison to broad based indices such as Nifty:



Comparison is done between the Share price- High and Nifty index close price.

h) Registrar & Share Transfer Agents:
(for Shares held in both Physical and Demat mode)

Karvy Computershare Private Limited

(Unit: Rain Commodities Limited)

Plot No.17 to 24, Vittal Rao Nagar,

Madhapur, Hyderabad - 500 081, Andhra Pradesh.

Phone # 91-40-4465500; Fax # 91-40-23420814 / 23420857

Email id: ussingh@karvy.com

i) Share transfer System:

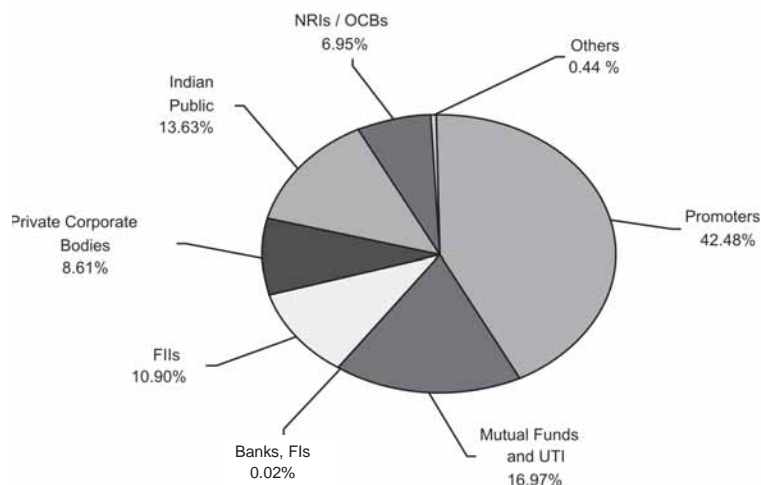
The Physical share transfers are processed and the share certificates are returned to the shareholders within a maximum period of one month from the date of receipt, subject to the documents being valid and complete in all respects.

Any transferee who wishes to demat the shares may approach a Depository participant along with a duly filled Demat Request Form, who shall, on the basis of the Share Certificate, generate a demat request and send the same to the Registrar and Share transfer Agents(RTA). On receipt, the Depository Registrar confirms the request.

All requests for Dematerialisation of shares are processed and the confirmation is given to the respective Depositories, i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), within 21 days of receipt.

j) Distribution of Share holding:
Share holding pattern as on December 31, 2010:

Sl.No.	Category	No. of Equity Shares held	Percentage of shareholding
1.	Promoters / Directors / Associates	30,091,219	42.48
2.	Mutual Funds and UTI	12,022,454	16.97
3.	Banks, Financial Institutions, Insurance Companies (Central / State Government Institutions / Non-Government Institutions)	14,425	0.02
4.	FIs	7,722,457	10.90
5.	Private Corporate Bodies	6,101,992	8.61
6.	Indian Public	9,653,496	13.63
7.	NRIs / OCBs	4,919,681	6.95
8.	Others (Clearing Members)	308,855	0.44
	TOTAL	70,834,579	100.00


Distribution of Share-holding as on December 31, 2010:

Nominal Value (in Rs.)	Holders		Amount	
	Number of shareholders	% to Total No. of Shareholders	In Rupees	% to Total paid up capital
1 - 5,000	43,783	93.18	50,826,380	7.18
5,001 - 10,000	1,735	3.69	13,416,520	1.89
10,001 - 20,000	701	1.49	10,227,850	1.44
20,001 - 30,000	237	0.50	6,078,480	0.86
30,001 - 40,000	65	0.14	2,330,570	0.33
40,001 - 50,000	120	0.26	5,525,170	0.78
50,001 - 1,00,000	129	0.27	9,356,350	1.32
1,00,001 and above	224	0.48	610,584,470	86.20
TOTAL	46,994	100.00	708,345,790	100.00

k) Dematerialisation of Shares & Liquidity

The Company's shares are available for dematerialisation on both the Depositories viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

As on December 31, 2010, 5,32,32,153 equity shares were dematerialised representing 75.15% of the total paid up equity share capital of the Company.

ISIN: INE855B01017

l) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity.

The Company has not issued any GDRs/ADRs and there are no outstanding warrants or any Convertible instruments.

m) Plants Location:

Unit-I : Ramapuram Village,
Mellacheruvu Mandal,
Nalgonda Dist,
Andhra Pradesh.

Unit - II : Boincheruvupalli Village,
Peapully Mandal,
Kurnool Dist,
Andhra Pradesh.

n) Address for Correspondence:

Company Secretary

Rain Commodities Limited

Regd. Off: "Rain Center", 34, Srinagar Colony,
Hyderabad - 500 073. Andhra Pradesh, India.

Phone No.040- 40401234, 040-40401259

Fax No. 040-40401214.

E-mail:secretarial@priyacement.com (for investor grievance)

Website: www.priyacement.com

o) Registrar and Share Transfer Agents (for shares held in both Physical and Demat Mode):

Karvy Computershare Private Limited

(Unit: Rain Commodities Limited)

Plot No.17 to 24, Vittal Rao Nagar,
Madhapur,

Hyderabad - 500 081, Andhra Pradesh.

Phone # 91-40-4465500; Fax # 91-40-23420814 / 23420857

Email id: ussingh@karvy.com

On behalf of the Board of Directors
for **RAIN COMMODITIES LIMITED**

Sd/-

N. Radhakrishna Reddy
Chairman

Sd/-

N. Jagan Mohan Reddy
Managing Director

Place: Hyderabad
Date: February 25, 2011

DECLARATION

As provided under Clause-49 of the Listing Agreement with the Stock Exchanges, the Board of Directors and the Senior Management Personnel have confirmed compliance with the Code of Conduct and Ethics for the financial year ended December 31, 2010.

for **RAIN COMMODITIES LIMITED**

Sd/-

N. Jagan Mohan Reddy
Managing Director

Place: Hyderabad
Date : February 25, 2011

CERTIFICATE OF COMPLIANCE FROM AUDITORS AS STIPULATED UNDER CLAUSE 49 OF LISTING AGREEMENTS WITH THE STOCK EXCHANGES IN INDIA

Certificate

To the Members of
Rain Commodities Limited

We have examined the compliance of conditions of Corporate Governance by Rain Commodities Limited for the year ended on December 31, 2010, as stipulated in clause 49 of the Listing Agreement of the said company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the condition of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the company.

For **Deloitte Haskins & Sells**
Chartered Accountants
ICAI Registration No. 008072S

Sd/-

K. Rajasekhar
Partner
Membership No. 23341

Secunderabad, February 25, 2011

CEO AND CFO CERTIFICATE

We hereby certify that :

- a) We have reviewed financial statements and the cash flow statement for the Financial Year ended 31st December, 2010 and that to the best of our knowledge and belief:
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee that there are no:
 - i) significant changes in internal control over financial reporting during the year;
 - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the company's internal control system over financial reporting.

For **RAIN COMMODITIES LIMITED**

Sd/-

N. Jagan Mohan Reddy
Managing Director

Sd/-

G.N.V.S.R.R. Kumar
Vice President (F&A)

Place: Hyderabad
Date : February 25, 2011

AUDITORS' REPORT

TO THE MEMBERS OF RAIN COMMODITIES LIMITED

1. We have audited the attached Balance Sheet of RAIN COMMODITIES LIMITED ("the Company") as at December 31, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
 - (a) we have 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 Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2010;
 - (ii) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on December 31, 2010 taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on December 31, 2010 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **Deloitte Haskins & Sells**

Chartered Accountants

Registration No. 008072S

Sd/-

K. Rajasekhar

Partner

Membership No.: 23341

Hyderabad, February 25, 2011

ANNEXURE TO AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

Having regard to the nature of the Company's business / activities / result, clauses 4(vi), (x), (xii), (xiii), (xiv), (xviii), (xix) and (xx) of CARO are not applicable to the Company.

(i) In respect of its fixed assets:

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) During the year, a substantial part of fixed assets of the Company was transferred pursuant to a Scheme of Arrangement (as detailed in Note III of Schedule U to the financial statements) to its wholly owned subsidiary. However such disposal has, in our opinion, not affected the going concern status of the Company.

(ii) In respect of its inventory:

- (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
- (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

(iii) In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties listed in the Register under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:

(a) The Company has granted unsecured loans aggregating Rs.2,670,396 thousands to its two wholly owned subsidiaries during the year. At the year-end, the outstanding balances of such loans aggregated Rs. 2,642,400 thousands and the maximum amount involved during the year was Rs. 2,642,400 thousands.

(b) Having regard to the Scheme of Arrangement (as detailed in note III of Schedule U to the financial statements), the rate of interest and other terms and conditions of such loans are, in our opinion, prima facie not prejudicial to the interests of the Company.

(c) The receipt of principal amounts and interest have been as per stipulations and there are no overdue amounts.

According to the information and explanations given to us, the Company has not taken any loan, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and accordingly clauses 4 (iii)(f) and 4(iii)(g) of CARO are not applicable.

(iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature for which suitable alternate sources do not exist for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any major weakness in such internal control system.

(v) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:

(a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.

(b) Where each of such transaction is in excess of Rs.5 lakhs (other than loans mentioned in para

- (iii) above) in respect of any party, having regard our comments in paragraph (iv) above, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (vii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 in respect of production of cement and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.
- (viii) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed dues, including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of income-tax, service tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues in arrears as at December 31, 2010 for a period of more than six months from the date they became payable.
 - (c) There are no dues of income-tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited as on December 31, 2010 on account of disputes.
 - (ix) In our opinion and according to the information and explanations given to us, having regard to the rollover of buyer's credits by the banks, the Company has not defaulted in the repayment of dues to banks.
 - (x) In our opinion and according to the information and explanations given to us, the terms and conditions of guarantees given by the Company for loans taken by its subsidiaries from banks are not prima facie prejudicial to the interests of the Company.
 - (xi) In our opinion and according to the information and explanations given to us, term loans have been applied for the purposes for which they were obtained.
 - (xii) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long- term investment.
 - (xiii) To the best of our knowledge and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For **Deloitte Haskins & Sells**
Chartered Accountants
Registration No. 008072S

Sd/-
K. Rajasekhar
Partner
Membership No.: 23341

Hyderabad, February 25, 2011

BALANCE SHEET AS AT DECEMBER 31, 2010

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

	Schedule Reference	As at December 31, 2010	As at December 31, 2009
SOURCES OF FUNDS			
Shareholders' Funds			
a) Capital	A	708,346	708,346
b) Reserves and Surplus	B	3,287,041	5,494,169
		3,995,387	6,202,515
Loan Funds			
a) Secured Loans	C	3,424,192	2,144,512
b) Unsecured Loans	D	—	754,966
		3,424,192	2,899,478
Deferred Tax Liability (net) (Refer Note XII of Schedule U)		13,384	409,505
TOTAL		7,432,963	9,511,498
APPLICATION OF FUNDS			
Fixed Assets			
a) Gross Block	E	147,588	5,608,479
b) Less: Depreciation		24,369	609,330
c) Net Block		123,219	4,999,149
d) Capital Work In Progress		—	116,679
		123,219	5,115,828
Investments	F	3,035,349	2,440,356
Current Assets, Loans and Advances			
a) Inventories	G	—	827,017
b) Sundry Debtors	H	927,101	113,445
c) Cash and Bank balances	I	76,409	135,670
d) Other Current Assets	J	22,502	632
e) Loans and Advances	K	3,897,341	2,627,320
		4,923,353	3,704,084
Less : Current Liabilities and Provisions			
a) Current Liabilities	L	269,001	1,212,645
b) Provisions	M	379,957	536,125
		648,958	1,748,770
Net Current Assets		4,274,395	1,955,314
TOTAL		7,432,963	9,511,498
Notes	U		

The above schedules form an integral part of the Balance Sheet

In terms of our report attached
for **Deloitte Haskins & Sells**
Chartered Accountants
Sd/-

K. Rajasekhar
Partner

Place: Hyderabad
Date : 25th February, 2011

For and on behalf of the Board of Directors

Sd/-
N. Jagan Mohan Reddy
Managing Director
Sd/-

S. Venkat Ramana Reddy
Company Secretary

Sd/-
N. Sujith Kumar Reddy
Director
Sd/-

G.N.V.S.R.R. Kumar
VP-Finance & Accounts

Place: Hyderabad
Date : 25th February, 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2010

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

	Schedule Reference	Year ended December 31, 2010	Year ended December 31, 2009
INCOME			
Sales (Gross)	N	3,849,683	10,439,711
Less: Excise duties and taxes on sales		524,857	2,023,728
Sales (Net)		3,324,826	8,415,983
Other Income	O	303,574	67,242
		<u>3,628,400</u>	<u>8,483,225</u>
EXPENDITURE			
Payments and Benefits to Employees	P	90,421	243,773
Manufacturing Expenses	Q	2,472,442	3,967,231
Administrative, Selling and other Expenses	R	609,551	2,185,369
		<u>3,172,414</u>	<u>6,396,373</u>
PROFIT BEFORE INTEREST, DEPRECIATION, EXCEPTIONAL ITEM AND TAXATION		455,986	2,086,852
Interest and Finance Charges	S	181,573	292,020
PROFIT BEFORE DEPRECIATION, EXCEPTIONAL ITEM AND TAXATION		274,413	1,794,832
Depreciation		83,243	310,344
PROFIT BEFORE EXCEPTIONAL ITEM AND TAXATION		191,170	1,484,488
Exceptional Items (Net) (Refer Note IV of Schedule U)		(1,994,989)	507,954
PROFIT/(LOSS) BEFORE TAXATION		(1,803,819)	1,992,442
Profit from Continuing Operations Before Taxation		209,118	4,859
Taxation	T	8,184	1,614
Profit from Continuing Operations After Taxation (Refer Note XVII of Schedule U)		<u>200,934</u>	<u>3,245</u>
(Loss)/Profit from Discontinuing Operations Before Taxation		(2,012,937)	1,987,583
Taxation	T	48,352	444,175
Profit/(Loss) from Discontinuing Operations After Taxation (Refer Note XVII of Schedule U)		(2,061,289)	1,543,408
PROFIT/(LOSS) AFTER TAXATION		(1,860,355)	1,546,653
Surplus brought forward from Previous Year		3,436,745	2,377,847
PROFIT AVAILABLE FOR APPROPRIATION		1,576,390	3,924,500
APPROPRIATIONS			
Transfer (from) / to Debenture Redemption Reserve		—	(80,975)
Transfer to General Reserve		—	262,100
Proposed Dividend		325,839	262,088
Tax on Dividend			
- of current year		54,118	44,542
- of earlier year		(33,184)	—
SURPLUS CARRIED TO BALANCE SHEET		1,229,617	3,436,745
Earnings Per Share Rs. (Face value of Rs. 10 each) (refer Note XI of Schedule U)			
Basic		(26.26)	21.83
Diluted		(26.26)	21.83
Notes	U		

The above schedules form an integral part of the Profit and Loss account

In terms of our report attached

for **Deloitte Haskins & Sells**
Chartered Accountants

Sd/-

K. Rajasekhar
Partner

Place: Hyderabad

Date : 25th February, 2011

For and on behalf of the Board of Directors

Sd/-

N. Jagan Mohan Reddy
Managing Director

Sd/-

S. Venkat Ramana Reddy
Company Secretary

Sd/-

N. Sujith Kumar Reddy
Director

Sd/-

G.N.V.S.R.R. Kumar
VP-Finance & Accounts

Place: Hyderabad

Date : 25th February, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2010

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

	Year ended December 31, 2010	Year ended December 31, 2009
A. Cash Flow from Operating Activities		
Net Profit/(Loss) before taxation	(1,803,819)	1,992,442
Adjustments for :		
Depreciation	83,243	310,344
Discount on Issue of Debentures Amortised	–	31,950
Unrealized Loss/ (Gain) on		
Foreign Exchange Fluctuation	(6,600)	(2,895)
Interest on deposits with Banks and others	(95,418)	(8,539)
Provision for doubtful debts	–	3,174
Interest and finance charges	148,609	259,463
Liability No Longer Required Written Back	(334)	(13,359)
(Profit)/Loss on Sale / retirement of Fixed Assets	(3,409)	3,562
Dividend from Current investments	(2,537)	(7,936)
Loss on transfer of cement business	1,995,200	–
Profit on sale of long term investment	(211)	(507,954)
Dividend from Subsidiary Company	(193,733)	–
	1,924,810	67,810
Operating profit before Working Capital changes	120,991	2,060,252
Adjustments for :		
Sundry Debtors	(883,123)	1,353,519
Inventories	88,439	(210,318)
Loans and Advances	(394,111)	(248,671)
Current Liabilities and Provisions	452,801	(262,992)
	(735,994)	631,538
Cash Generated from Operations	(615,003)	2,691,790
Income Tax paid	(301,650)	(234,442)
Net cash flow used in Operating activities	(916,653)	2,457,348
B. Cash Flow from Investing activities		
Purchase of Fixed Assets	(93,835)	(269,169)
Proceeds from sale of Fixed Assets	4,095	3,101
Sale of long term Investments	811	764,563
Purchase of long term investments	(902,800)	–
Purchase of current investments	(10,000)	(975,000)
Redemption of current investments	301,116	686,251
Loan to Subsidiary Companies	(1,820,396)	(80,759)
Loan repaid by Subsidiary Companies	1,511,256	–
Advance towards share application money	(315,000)	–
Loans given	(740,000)	(500)
Loans repaid	140,000	500
Interest received	72,891	11,148
Dividend received on Current Investments	2,537	5,570
Dividend received from Subsidiary Company	193,733	–
Net cash flow used in Investing activities	(1,655,592)	145,705

CASH FLOW (Contd.)

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

	Year ended December 31, 2010	Year ended December 31, 2009
C. Cash Flow from Financing activities		
Proceeds from borrowings	2,715,200	—
Repayment of borrowings	(347,788)	(1,483,393)
Proceeds from / (Repayment) of Working capital borrowings (net)	666,843	(636,459)
Sales tax deferment availed	26,253	100,846
Interest paid	(131,200)	(260,795)
Dividend paid (including dividend tax)	(269,995)	(302,700)
Rs.11,358 (December 31, 2009: Rs. 45,286)		
Net cash flow from Financing activities	2,659,313	(2,582,501)
Net (Decrease)/Increase in Cash and Cash equivalents	87,068	20,552
Cash and Cash Equivalent - Opening Balance		
- Cash and Bank Balances*	135,670	115,118
Cash and Cash Equivalent transferred as part of Scheme of Arrangement (refer Note III of Schedule U)	(146,329)	—
Cash and Cash Equivalent - Closing Balance		
- Cash and Bank Balances*	76,409	135,670

*includes money held on margin money and fixed deposit accounts

Notes:

1. The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on Cash Flow Statements.
2. Cash and cash equivalents includes restricted cash balance Rs. 76,409 (December 31, 2009 - Rs. 68,462)
3. Cash flow from Investing activities exclude Rs. 850,000 being consideration receivable for transfer of cement business pursuant to Scheme of Arrangement (Refer Note III of Schedule U) which is not due as at December 31, 2010.
4. Refer Note XVII for details of net cash flows attributable to discontinuing operations.

In terms of our report attached
for **Deloitte Haskins & Sells**
Chartered Accountants

Sd/-
K. Rajasekhar
Partner

Place: Hyderabad
Date : 25th February, 2011

For and on behalf of the Board of Directors

Sd/-
N. Jagan Mohan Reddy
Managing Director

Sd/-
S. Venkat Ramana Reddy
Company Secretary

Sd/-
N. Sujith Kumar Reddy
Director

Sd/-
G.N.V.S.R.R. Kumar
VP-Finance & Accounts

Place: Hyderabad
Date : 25th February, 2011

SCHEDULES TO THE BALANCE SHEET

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

	As at December 31, 2010	As at December 31, 2009
A. Capital		
Authorised		
118,000,000 Equity Shares of Rs. 10/- each	1,180,000	1,180,000
4,900,000 Redeemable Preference Shares of Rs. 100/- each	490,000	490,000
	<u>1,670,000</u>	<u>1,670,000</u>
Issued, subscribed and paid up		
70,834,579 Equity Shares of Rs.10/- each	708,346	708,346
Of the above 34,861,286 equity shares of Rs.10/- each were allotted to the shareholders of erstwhile Rain Calcining Limited pursuant to the Scheme of Arrangement between the Company and erstwhile Rain Calcining Limited in November, 2007, without payment being received in cash.	<u>708,346</u>	<u>708,346</u>
B. RESERVES AND SURPLUS		
Securities Premium Account	1,097,372	1,097,372
Capital Reserve	417,725	417,725
Capital Redemption Reserve	12,000	12,000
Debenture Redemption Reserve	—	80,975
Less: Transferred to Profit and Loss Account	—	(80,975)
	<u>—</u>	<u>—</u>
General Reserve		
As at the commencement of the year	530,327	268,227
Add: Transferred from Profit and Loss Account	—	262,100
	<u>530,327</u>	<u>530,327</u>
Profit and Loss Account	1,229,617	3,436,745
	<u>3,287,041</u>	<u>5,494,169</u>

SCHEDULES TO THE BALANCE SHEET

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

	As at December 31, 2010	As at December 31, 2009
C. SECURED LOANS*		
Term Loans		
- Banks		
Foreign currency Loans	2,688,600	–
Rupee Loans	–	1,417,766
- Financial Institutions	–	233,333
Working Capital Loans from banks		
- Buyers credit in foreign currency**	735,592	370,417
- Rupee Loans	–	122,996
	<u>3,424,192</u>	<u>2,144,512</u>

** buyers' credit is availed by the Company from banks in whose favour letters of undertaking are issued

*Notes:

1. Term Loans are secured by pari passu

- a) First Charge on all immovable and movable properties and
- b) Second Charge on all current assets relating to the Cement business transferred to Rain Cements Limited, pursuant to the Scheme of Arrangement (Refer Note III of Schedule U)

2. Buyer's credit is to be secured by a charge on the Current assets of Pet coke business of the Company.

D. UNSECURED LOANS

Sales Tax Deferment	–	754,966
	<u>–</u>	<u>754,966</u>

SCHEDULES TO THE BALANCE SHEET

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

E. FIXED ASSETS

Description	GROSS BLOCK (At Cost)					DEPRECIATION					NET BLOCK	
	As at December 31, 2009	Additions during the year	Deletions during the year	Transferred pursuant to Scheme of Arrangement**	As at December 31, 2010	Upto December 31, 2009	For the year	On Deletions	Transferred pursuant to Scheme of Arrangement**	Upto December 31, 2010	As at December 31, 2010	As at December 31, 2009
Land												
– Freehold	59,256	2,490	378	61,368	–	–	–	–	–	–	–	59,256
– Mining*	19,282	–	–	19,282	–	390	39	–	429	–	–	18,892
Buildings	792,672	42,630	–	752,531	82,771	55,965	7,191	–	56,017	7,139	75,632	736,707
Plant and Machinery	4,522,940	11,164	–	4,534,104	–	521,635	69,014	–	590,649	–	–	4,001,305
Furniture and Fixtures	109,900	38	–	63,594	46,344	13,062	3,052	–	2,859	13,255	33,089	96,838
Office Equipments	67,937	400	6	49,858	18,473	14,795	3,079	2	13,897	3,975	14,498	53,142
Vehicles	36,492	3,354	323	39,523	–	3,483	868	19	4,332	–	–	33,009
TOTAL	5,608,479	60,076	707	5,520,260	147,588	609,330	83,243	21	668,183	24,369	123,219	4,999,149
Year ended December 31, 2009	5,178,858	437,826	8,205	–	5,608,479	300,528	310,344	1,542	–	609,330		

* Land Mining represents land used for Mining purposes.

** Refer Note III of Schedule U

SCHEDULES TO THE BALANCE SHEET

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

	As at December 31, 2010	As at December 31, 2009
F. INVESTMENTS		
(Unquoted)		
Long Term (at Cost)		
Trade Investments		
a) Andhra Pradesh Gas Power Corporation Limited Nil (December 31, 2009 - 1,34,000) Equity Shares of Rs. 10 each fully paid up (Transferred during the year - Refer Note III of Schedule U)	–	16,000
Subsidiary Companies		
a) Rain Cements Limited (formerly Rain CII Carbon (India) Limited 29,805,000 Equity Shares of Rs. 10 each fully paid up #	2,128,104	2,128,104
b) Rain Commodities (USA) Inc 20 Common Stock at face value of USD 0.01 per share 20,000,000 (December 31, 2009 - Nil) Class B Redeemable Common stock of face value of USD 1 per share (subscribed during the year)	4,445 902,800	4,445 –
c) Rain CII Carbon (Vizag) Limited (formerly Rain Calciner Ltd.,) Nil (December 31, 2009 - 60,000) Equity shares of Rs. 10 each fully paid up (sold during the year)	–	600
Other than Trade		
Government Securities - National Savings Certificates (deposited with various Authorities) (Transferred during the year - Refer Note III of Schedule U)	–	92
Current Investments(at lower of cost and fair value)		
In Mutual Funds		
a) HDFC Cash Management Fund - Treasury Advantage Plan -Wholesale Daily Dividend Rs. Nil (December 31, 2009 -2,343,581.77 units) of Rs.10/- each (2,343,581.77 Units sold during the year)	–	23,510
b) HDFC Floating Rate Income Fund - Short Term Wholesale Daily Dividend Rs. Nil (December 31, 2009 - 10,573,468.93 units) of Rs.10/- each (10,573,468.93 Units sold during the year)	–	106,590
c) Kotak Floater Long Term Daily Dividend Reinvest Rs. Nil (December 31, 2009 - 4,004,689.74 Units) of Rs.10/- each (4,004,689.74 Units sold during the year)	–	40,366
d) LIC Floating Income plus fund Daily Dividend Plan Rs. Nil (December 31, 2009 - 12,064,927.08 units) of Rs.10/- each (12,064,927.08 Units sold during the year)	–	120,649
	3,035,349	2,440,356
# Pledged with banks for loan availed by a subsidiary		

SCHEDULES TO THE BALANCE SHEET

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

F. INVESTMENTS (Contd.)

During the year, the following current Investments were purchased and sold :

- (1) 19,374 Units of HDFC Cash Management Fund — Treasury Advantage Plan — Wholesale — Daily Dividend at cost of Rs. 194
- (2) 87,617 Units of HDFC Floating Rate Income fund — Short Term Plan — Wholesale option — Daily Dividend Reinvestment at cost of Rs. 883
- (3) 34,208 Units of Kotak Floater Rate Fund — Daily Dividend at cost of Rs. 344
- (4) 1,07,579 Units of LIC MF Floating Rate Fund — Short term plan — Daily Dividend Plan at cost of Rs. 1,075
- (5) 10,03,838 Units of LIC MF Savings Plus Fund — Daily Dividend Plan at cost of Rs. 10,038

	As at December 31, 2010	As at December 31, 2009
G. INVENTORIES		
Stores and Spares (including packing material)*	—	118,391
Raw Materials *	—	29,187
Fuel*	—	359,949
Stock In Trade		
Work -in-Progress **	—	253,071
Finished Goods**	—	66,419
	<u>—</u>	<u>827,017</u>
	<u>—</u>	<u>154,983</u>
Fuel includes goods in transit	—	
* at cost or below		
** at lower of cost and net realisable value		
H. SUNDRY DEBTORS		
(Considered good, unless otherwise stated)		
Secured		
Considered Good		
- Debts Outstanding for a period exceeding six months	—	14,019
- Other debts	—	45,693
Unsecured		
Considered Good		
- Debts Outstanding for a period exceeding six months		
From Rain CII Carbon (Vizag) Limited, Subsidiary Company*	172,725	—
- Other debts		
From Rain CII Carbon (Vizag) Limited, Subsidiary Company*	754,376	—
From Rain Cements Limited (formerly Rain CII Carbon (India) Limited)**	—	—
From Others	—	53,733
Considered Doubtful		
- Debts Outstanding for a period exceeding six months	—	18,266
- Other debts	—	324
Less: Provision for doubtful debts	—	(18,590)
* Maximum amount outstanding during the year - Rs.927,101 (December 31, 2009 : Rs.Nil)		
** Maximum amount outstanding during the year - Rs. Nil (December 31, 2009 : Rs.402,457)		
	<u>927,101</u>	<u>113,445</u>

SCHEDULES TO THE BALANCE SHEET

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

	As at December 31, 2010	As at December 31, 2009
I. CASH AND BANK BALANCES		
Cash and Cheques on Hand	–	26,747
With Scheduled Banks		
On Current Accounts	–	40,461
On Fixed Deposit Accounts	–	544
On Margin Money Deposit Accounts*	60,870	55,831
On Dividend Accounts	15,539	12,087
* Pledged with banks for guarantees issued		
	76,409	135,670
J. OTHER CURRENT ASSETS		
Interest accrued		
On Deposits	822	632
On Loans	21,680	–
	22,502	632
K. LOANS AND ADVANCES		
(Unsecured and Considered Good, unless otherwise stated)		
Loans to Employees	–	1,006
Loan to Subsidiary Company		
- Rain Commodities (USA) Inc *	1,792,400	1,373,169
- Rain CII Carbon (Vizag) Ltd **	–	130,091
- Rain Cements Limited (formerly Rain CII Carbon (India) Limited) ***	850,000	–
Loan to Others	600,000	–
Advance to Rain Cements Limited (formerly Rain CII Carbon (India) Limited) ****	336,774	–
Advance Recoverable in cash or in kind or for value to be received @	–	948,228
Advance towards Share Application money	315,000	–
Balances with Government and Public Bodies, etc.	–	144,176
Deposits with Others	–	21,636
MAT credit entitlement	–	9,014
Advance Tax (net of provision Rs.1,004,266 (Dec.31, 2009 - Rs.Nil))	3,167	–
	3,897,341	2,627,320
* [Maximum amount outstanding during the year - Rs.1,792,400 ; (Dec. 31,2009 - Rs.1,373,169)]		
** [Maximum amount outstanding during the year - Rs.130,091; (Dec. 31, 2009 - Rs.130,091)]		
*** [Maximum amount outstanding during the year - Rs.850,000; (Dec. 31,2009 - Rs. Nil)]		
**** [Maximum amount outstanding during the year - Rs. 336,774; (Dec. 31, 2009 - Rs.Nil)]		
@ includes capital advances Rs. Nil (Dec. 31, 2009 - Rs.83,471)		

SCHEDULES TO THE BALANCE SHEET

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

	As at December 31, 2010	As at December 31, 2009
L. CURRENT LIABILITIES		
Sundry Creditors		
- Due to Micro and Small Enterprises	–	461
- Due to other than Micro and Small Enterprises	7,600	538,855
Due to Subsidiaries		
- Rain Cements Limited (formerly Rain CII Carbon (India) Limited)	–	158,094
- Rain Global Services LLC	245,862	158,533
Security and other deposits	–	133,579
Advance from Customers	–	50,349
Other Liabilities	–	155,457
Interest accrued but not due on loans	–	5,230
Unclaimed Dividends*	15,539	12,087
	269,001	1,212,645
* There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund.		
M. PROVISIONS		
Gratuity and Compensated absences	–	30,402
Income Tax (Net of advance tax Rs.Nil (Dec 31, 2009: Rs.679,890))	–	199,093
Proposed Dividend	325,839	262,088
Tax on Dividend	54,118	44,542
	379,957	536,125

SCHEDULES TO THE PROFIT AND LOSS ACCOUNT

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

	Year ended December 31, 2010	Year ended December 31, 2009
N. SALES		
Cement	2,374,776	9,830,488
Green Petroleum Coke	1,413,865	510,028
Pet Coke	3,273	21,291
Clinker	57,769	77,904
	3,849,683	10,439,711
O. OTHER INCOME		
Interest (Gross) on Deposits with Banks and others	95,418	8,539
[Tax deducted at Source - Rs. 3,211 (December 31, 2009 - Rs. 1,759)]		
Dividends from Current investments	2,537	7,936
Dividends from Subsidiary Company	193,733	—
Profit on sale of fixed assets (net)	3,409	—
Scrap sales	5,253	23,821
Liability no longer required written back	334	13,359
Miscellaneous Income	2,890	13,587
	303,574	67,242
P. PAYMENTS AND BENEFITS TO EMPLOYEES		
Salaries, Wages and Bonus	72,935	200,782
Contribution to Provident Fund and Other Funds	8,750	15,986
Workmen and Staff Welfare Expenses	8,736	27,005
	90,421	243,773
Q. MANUFACTURING EXPENSES		
Raw Materials Consumed*	208,220	637,071
Purchase of goods for resale	1,407,138	516,704
(Increase)/Decrease in Work-in-process and Finished Goods		
Opening Stock		
Work in Process	253,071	66,250
Finished Goods	66,419	81,881
	319,490	148,131
Less: Transfer on account of Scheme of Arrangement (Refer Note III of Schedule U)		
Work in Process	265,048	—
Finished Goods	39,285	—
	304,333	—
Closing Stock		
Work in Process	—	253,071
Finished Goods	—	66,419
	—	319,490
	15,157	(171,359)
Increase/(Decrease) in Excise Duty on Finished Goods	(1,603)	(4,989)
Packing material Consumed	98,826	294,443
Stores and spare parts consumed	102,787	319,078
Power and Fuel	627,925	2,301,303
Repairs		
- Buildings	341	3,514
- Machinery	14,239	77,373
	2,473,030	3,973,138
Less: Captive consumption of cement	588	5,907
	2,472,442	3,967,231

*includes royalty and cess-Rs.58,505 (December 31, 2009 : Rs. 166,931)

SCHEDULES TO THE PROFIT AND LOSS ACCOUNT

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

	Year ended December 31, 2010	Year ended December 31, 2009
R. ADMINISTRATIVE, SELLING AND OTHER EXPENSES		
Rent	6,936	27,860
Rates and taxes	6,256	62,342
Repairs - Others	22,183	77,093
Insurance	2,824	9,990
Directors' sitting fees	180	220
Commission to Directors	–	5,000
Cash discounts	22,788	72,675
Selling and Distribution Expenses	515,478	1,739,697
Communication Expenses	3,035	11,340
Travelling and Conveyance	5,499	24,231
Legal and Professional Charges	11,416	26,508
Provision for Doubtful Debts	–	3,174
Loss on sale/ retirement of fixed asset	–	3,562
Miscellaneous Expenses	12,956	121,677
	609,551	2,185,369
S. INTEREST AND FINANCE CHARGES		
Interest		
-On Debentures	–	4,876
-On Term Loans	119,862	250,587
-Others	28,747	4,000
Amortisation of discount on issue of Debentures	–	31,950
Bank and Finance Charges	42,302	4,454
Loss/(Gain) on Foreign exchange fluctuation	(9,338)	(3,847)
	181,573	292,020
T. TAXATION*		
Current Tax	11,314	469,528
Taxation of earlier years	68,604	–
Deferred Tax Credit (refer Note XII of Schedule U)	(23,382)	(24,936)
Fringe Benefit Tax	–	1,197
	56,536	445,789
* Taxation includes (Refer Note XVII of Schedule U):		
Tax on Continuing Operations	8,184	1,614
Tax on Discontinuing Operations	48,352	444,175
	56,536	445,789

SCHEDULES TO THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT

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

SCHEDULE-U: NOTES TO ACCOUNTS

I. Basis of preparation of Financial Statements

Rain Commodities Limited ('the Company') follows the accrual basis of accounting. The financial statements are prepared on historical cost basis and to comply with accounting principles generally accepted in India, the Accounting Standards notified under Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

II. Significant Accounting Policies

a) Use of Estimates

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

b) Revenue Recognition

Sales are recognized on dispatch of goods to customers and upon transfer of title in goods to customers. Gross sales include excise duty and sales tax recovered and are net of trade discounts.

c) Fixed Assets, Depreciation, Impairment

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

Depreciation is provided on straight line method at the rates specified in Schedule XIV to the Companies Act, 1956 or based on the estimated economic useful lives which ever is higher.

Individual assets costing Rs.5,000 or below are entirely depreciated in the year of acquisition and put to use.

All Fixed assets are assessed for any indication of impairment, at the end of each financial year.

On such indication, the impairment loss, being the excess of carrying value over the recoverable value of the assets, is charged to the Profit and Loss Account in the respective financial years. The impairment loss recognized in the prior years is reversed in cases where the recoverable value exceeds the carrying value, upon reassessment in the subsequent years.

d) Inventories

Inventories are valued at cost or below. Raw materials cost is computed on the basis of weighted average cost per unit of measurement after providing for obsolescence, if any. 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. Stores and spares are valued at cost determined on weighted average basis, or below.

Goods in transit are valued at cost or below.

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

e) Employee Benefits

Defined contribution Plans

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

Defined Benefit Plans

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

SCHEDULES TO THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT

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

SCHEDULE-U: NOTES TO ACCOUNTS

Other long term employee benefits

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

f) Earnings Per Share (EPS)

The earnings considered in ascertaining the Company's EPS comprises the net profit after tax. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year.

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

g) Taxes on Income

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 differences between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods subject to consideration of prudence. Deferred tax assets are not recognized unless there is virtual certainty that there will be sufficient future taxable income available to realize such asset. Deferred tax assets and liabilities have been computed on the timing differences applying the enacted tax rates.

h) Foreign Currency Transactions

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

i) Investments

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

III. Scheme of Arrangement amongst the Company, Rain Cements Limited ('RCL') [Formerly Rain CII Carbon (India) Limited] and Rain CII Carbon (Vizag) Limited ('RCCVL') [Formerly Rain Calciner Limited]

The Company along with its subsidiaries is engaged in the business of manufacture and sale of cement and calcined petroleum coke and generation of power. The rationale for Scheme of Arrangement was as follows:

1. The nature of risk and returns associated with the Cement and CPC businesses carried on by the Company itself or through its subsidiaries, is distinct from each other and consequently each business or undertaking is capable of attracting different set of investors, strategic partners, lenders and other stakeholders.
2. Demerger of the cement business undertaking would assist in induction of joint venture partner and pursue inorganic and organic growth opportunities in cement business.
3. The Scheme would assist in creation of a global holding company in USA for the CPC business to enable fund raising, through either equity and / or debt, and to pursue inorganic and organic growth opportunities.

Pursuant to the Scheme of Arrangement amongst the Company, RCL and RCCVL, ('the Scheme') as approved by the shareholders of the Company in the Extraordinary General Meeting held on July 29, 2010 and subsequently sanctioned by the Hon'ble High Court of Judicature, Andhra Pradesh at Hyderabad on December 29, 2010, the Cement business of the Company has been transferred to and vested in RCL with effect from April 1, 2010.

The Scheme has been accordingly given effect to in these financial statements.

In accordance with the Scheme all the assets, liabilities, duties and obligations pertaining to the cement business were transferred to and vested in RCL with effect from April 1, 2010 for a consideration of Rs. 850,000 (Rupees Eighty Five Crores only) to be discharged by RCL by cash on or before March 31, 2011. In case of non-receipt of consideration before the due date, interest shall be charged on delayed receipt at mutually agreed rate of interest.

SCHEDULES TO THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT

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

SCHEDULE-U: NOTES TO ACCOUNTS

The values of such assets and liabilities of the Cement Business, which were transferred to and vested in RCL are given below:

Particulars	Amount	Amount
Assets		
Gross Block	5,520,260	
Less: Depreciation	<u>668,183</u>	
Net block		4,852,077
Capital Work in Progress		150,436
Investments		16,092
Inventories		738,578
Sundry Debtors		69,468
Cash and Bank Balances		146,329
Loans and Advances		1,178,230
Other Current Assets		<u>657</u>
TOTAL (A)		<u>7,151,867</u>
Liabilities		
Secured Loans		1,727,974
Unsecured Loans		781,219
Deferred Tax Liabilities (net)		372,740
Current Liabilities and Provisions		<u>1,424,734</u>
TOTAL (B)		<u>4,306,667</u>
Net Assets (A) -(B)		<u>2,845,200</u>

The assets and liabilities of the Cement business have been transferred at their net book values as on April 1, 2010. Rs. 1,995,200, being the loss on transfer of Cement Business (the excess of the net assets value over the consideration receivable) has been charged to the Profit and Loss Account and disclosed as Exceptional Item.

Assets, liabilities and licenses held in the name of the company are in the process of being transferred to in the name of RCL.

IV. Exceptional (Income) / Expense:

Nature of Expenses	Year ended December 31, 2010 Amount	Year ended December 31, 2009 Amount
Loss on transfer of the cement business to RCL pursuant to the Scheme of Arrangement [Refer Note III]	1,995,200	—
Profit on sale of investment in its wholly owned subsidiary Rain CII Carbon (Vizag) Limited [Formerly Rain Calcliner Limited]	(211)	—
Profit on sale of long term investment in Petroleum Coke Industries Company, Kuwait	—	(507,954)
TOTAL	1,994,989	(507,954)

SCHEDULES TO THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT

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

SCHEDULE-U: NOTES TO ACCOUNTS

V. Contingent liabilities not provided for in respect of:

	December 31, 2010 Amount	December 31, 2009 Amount
Matters under dispute:		
Sales Tax	–	57,046
Excise Duty	–	5,588
Income Tax	–	22,527
Bank guarantees	–	17,531
Corporate Guarantee issued on behalf of wholly owned subsidiaries :		
- Rain Commodities USA Inc., USD 87 million (December 31, 2009: USD 90 million) equivalent to	3,898,470	4,201,200
- Rain CII Carbon (Vizag) Limited [formerly Rain Calciner Limited]	1,135,000	–
- Rain Cements Limited [formerly Rain CII Carbon (India) Ltd]	–	1,035,000

VI. Capital Commitments

Estimated amount of contracts remaining to be executed on capital accounts [net of capital advances - Rs. Nil (December 31, 2009 - Rs.83,471)] not provided for Rs. Nil (December 31, 2009 - Rs.79,009).

VII. Micro and Small enterprises

There are no Micro and Small enterprises to whom the company owes dues, which are outstanding for more than 45 days as at December 31, 2010. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.

VIII. The Company has entered into various operating lease agreements for assets comprising storage facilities. The lease rentals amounting to Rs. 6,936 (December 31, 2009 - Rs.27,860) have been charged to revenue. These agreements are cancellable in nature and there is no restriction in respect of such leases.

IX. (a) There are no outstanding contracts outstanding forward exchange contracts as at the year end.
(b) The year end receivable and payables in foreign currency which are not covered by forward covers / derivative contracts are as follows:

	Currency	2010		2009	
		Foreign Currency (In Millions)	Amount	Foreign Currency (In Millions)	Amount
(i) Buyers Credit	USD	16.416	735,592	7.935	370,417
(ii) Interest accrued but not due	USD	–	–	0.047	2,196
(iii) Payables	USD	5.487	245,864	3.396	158,533
(iv) Term Loans	USD	60.00	2,688,600	–	–
(v) Loan Given	USD	40.00	1,792,400	–	–

SCHEDULES TO THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT

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

SCHEDULE-U: NOTES TO ACCOUNTS

X. (a) Directors' Remuneration:

	Year ended December 31, 2010 Amount	Year ended December 31, 2009 Amount
Salary and Allowances	7,920	7,920
Contribution to Provident Fund	792	792
Other Benefits	155	124
Commission	–	5,000
Sitting Fees	180	220
Total	9,047	14,056

The above does not include gratuity benefit and compensated absences since the salary is computed actuarially for all employees and the amount attributable to the managerial personal cannot be ascertained separately.

(b) Computation of Net Profit in accordance with section 309(5) of the Companies Act, 1956:

	December 31, 2010 Amount	December 31, 2009 Amount
Profit/(Loss) before taxation as per profit and loss account	(1,803,819)	1,992,442
Add: Depreciation as per books of account	83,243	310,344
Remuneration to whole time Directors	8,867	13,836
Sitting Fees	180	220
Loss on transfer of cement undertaking (exceptional item (Refer Note III))	1,995,200	
	283,671	2,316,842
Less: Depreciation as per Section 350 of the companies Act, 1956	83,243	310,344
Profit on sale of immovable property or fixed asset of capital nature	3,436	394
Profit on sale of investments - (exceptional item) (Refer Note III)	211	507,954
Net Profit in accordance with Section 349 of the companies Act, 1956	196,781	1,498,150
Maximum Managerial Remuneration permissible	9,839	74,907
Total Remuneration restricted to	8,867	13,836

XI. Earnings per Share (EPS)

	Year ended December 31, 2010	Year ended December 31, 2009
a. Profit/(Loss) after Tax	(1,860,355)	1,546,653
b. Weighted average number of equity shares of Rs.10 each outstanding during the year (Nos.)	70,834,579	70,834,579
Earnings/(Loss) per Share		
c. Basic and Diluted - [a/b] - (Rs.)	(26.26)	21.83

SCHEDULES TO THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT

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

SCHEDULE-U: NOTES TO ACCOUNTS

XII. Deferred Tax:

	December 31, 2010 Amount	December 31, 2009 Amount
Deferred Tax Liability - on account of depreciation	13,384	450,931
Deferred Tax Asset - on account of fiscal difference and others	–	41,426
Deferred Tax Liability (Net)	13,384	409,505

Note: Deferred Tax credit to the profit and loss account for the year ended December 31, 2010 (Refer Schedule T) is after considering the Deferred Tax Liability (net) of Rs.372,740 transferred to Rain Cements Limited pursuant to the Scheme of Arrangement (Refer Note III of Schedule U)

XIII. Auditors' Remuneration

	Year ended December 31, 2010 Amount	Year ended December 31, 2009 Amount
Audit Fees	1,000	1,500
Limited Review Fees	450	450
Other services	478	1,815
Out of Pocket expenses	42	31

XIV. Additional information pursuant to the provisions of paragraph 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956:

(a) Installed capacity and production

Licensed capacity not indicated due to abolition of industrial licenses. Installed capacity is as certified by the Management and relied on by the auditors, this being a technical matter.

Class of Goods	Unit	Particulars	Year ended December 31, 2010	Year ended December 31, 2009
Cement	Mt.	Installed Capacity p.a.	See Note Below	2,900,000
		Actual Production	707,641 (See Note Below)	2,372,299

Note: Pursuant to the Scheme of Arrangement (Refer Note III), the Cement Business undertaking has been transferred to and vested in Rain Cements Limited, with effect from April 1, 2010.

(b) Particulars of Stocks

Cement*	December 31, 2010		December 31, 2009	
	Qty (Mt)	Amount	Qty (Mt)	Amount
Opening Stock	32,208	66,419	30,339	81,881
Closing Stock	–	–	32,208	66,419

*Cement stock of 19,225 MT (Rs.39,285) as on March 31, 2010 transferred pursuant to Scheme of Arrangement (Refer note III of schedule U)

SCHEDULE-U: NOTES TO ACCOUNTS

(c) Particulars of Sales (Gross)

Sales	Year ended December 31, 2010		Year ended December 31, 2009	
	Qty (Mt)	Amount	Qty (Mt)	Amount
Cement	719,692	2,374,776	2,366,463	9,830,488
Green Petroleum Coke	142,689	1,413,865	79,587	510,028
Pet Coke	505	3,273	4,210	21,291
Clinker	27,763	57,769	34,909	77,904
TOTAL		3,849,683		10,439,711

Sales exclude damaged stock returned to factory and 279 MT (December 31, 2009: 3,893 MT) used for captive consumption.

(d) Details of Raw Materials Consumption

	Year ended December 31, 2010		Year ended December 31, 2009	
	Qty (Mt)	Amount	Qty (Mt)	Amount
Limestone *	882,075	58,493	3,018,574	165,353
Gypsum	25,681	33,197	94,439	117,117
Iron ore	19,341	22,693	76,385	86,694
Laterite	29,550	42,007	90,673	119,019
Fly Ash	100,419	43,491	310,709	133,912
Others		8,339		14,976
TOTAL		208,220		637,071

*includes royalty and cess on limestone

(e) Details of Purchase of goods for resale

	Year ended December 31, 2010		Year ended December 31, 2009	
	Qty (Mt)	Amount	Qty (Mt)	Amount
Green Petroleum Coke	142,689	1,404,068	79,587	502,069
Pet Coke	505	3,070	4,210	14,635
Total	143,194	1,407,138	83,797	516,704

(f) Value of Raw material, Stores and spare parts consumed

Raw Materials

	Year ended December 31, 2010		Year ended December 31, 2009	
	Amount	%	Amount	%
Imported	—	—	—	—
Indigenous	208,220	100.00	637,071	100.00
TOTAL	208,220	100.00	637,071	100.00

Stores and Spares

	Year ended December 31, 2010		Year ended December 31, 2009	
	Amount	%	Amount	%
Imported	6,169	6.00	277	0.09
Indigenous	96,618	94.00	318,801	99.91
TOTAL	102,787	100.00	319,078	100.00

SCHEDULES TO THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT

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

SCHEDULE-U: NOTES TO ACCOUNTS

(g) CIF Value of Imports

	Year ended December 31, 2010 Amount	Year ended December 31, 2009 Amount
Green Petroleum Coke	1,404,067	502,069
Coal and Fuel Grade Coke	–	136,963
Capital goods	4,072	31,481
Stores and spares	7,125	–

(h) Expenditure in foreign currency

	Year ended December 31, 2010 Amount	Year ended December 31, 2009 Amount
Interest on Term Loans	76,732	–
Legal and professional Charges	142	–

(i) Earnings in foreign currency

	Year ended December 31, 2010 Amount	Year ended December 31, 2009 Amount
Interest Income	55,721	–

(j) Dividends remitted in foreign currency to the non-resident shareholders

	Year ended December 31, 2010	Year ended December 31, 2009
Number of shareholders	420	435
Number of shares held	3,906,226	6,479,355
Year to which dividend relates	2009	2008
Amount of dividend remitted	14,453	23,974

SCHEDULES TO THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT

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

SCHEDULE-U: NOTES TO ACCOUNTS

XV. Related Party Disclosures

a) Names of related parties and description of relationship:	
(i) Subsidiaries	<ul style="list-style-type: none"> a) Rain Cements Limited [formerly Rain CII Carbon (India) Limited] ('RCL') b) Rain Commodities (USA) Inc ('RCUSA') c) Moonglow Company Business Inc, BVI ('Moonglow') (Subsidiary of RCL) d) Rain Global Services LLC ('RGS') (Subsidiary of RCUSA) e) RGS Egypt Ltd.(RGSE) (Subsidiary of RGS) f) Rain Global Services HK Limited (Subsidiary of RGS upto August 20, 2010) g) Rain Carbon (USA) LLC ('RCUSA1') (Subsidiary of RCUSA from September 15, 2010) h) Carbon Holdings USA LLC, USA ('CHUSA') with effect from April 12, 2010 i) CPC Holdings USA LLC ('CPCUSA') (Subsidiary of CHUSA with effect from April 12, 2010). j) Rain CII Carbon (Vizag) Limited ('RCCVL') (formerly Rain Calciner Limited) (Subsidiary upto May 14, 2010 and thereafter subsidiary of CPCUSA) k) Rain CII Carbon LLC, USA (RCC) (Subsidiary of Moonglow upto September 15, 2010 and subsidiary of CPCUSA thereafter) l) Rain CII Carbon Mauritius Limited ('RCCM') [Subsidiary of RCC] m) CII Carbon Corp. (Subsidiary of RCC) n) Zhenjiang Xin Tian Tansu Co. Ltd., (Subsidiary of RCCM)
(ii) Enterprise where key managerial personnel along with their relatives exercise significant influence	Sujala Investments Private Limited
(iii) Key Management Personnel	<ul style="list-style-type: none"> a) Mr. N. Radha Krishna Reddy, Chairman. b) Mr. N. Jagan Mohan Reddy, Managing Director. c) Mr. N. Sujith Kumar Reddy, Executive Director

SCHEDULES TO THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT

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

SCHEDULE-U: NOTES TO ACCOUNTS

**b) Transactions with related parties:
Year Ended December 31, 2010**

Nature of Transactions	Subsidiary Company	Enterprises where Key Managerial Personnel along with their relatives exercise significant influence	Key Management Personnel	Balance outstanding to/(from)
Sales / Receivable				
- RCL - (Cement)	544	—	—	—
- RCL - (GPC)	539,888	—	—	—
- RCCVL - (GPC)	873,977	—	—	(927,101)
Purchases / Payables				
- RCL (Power)	157,036	—	—	—
- RCC (GPC)	749,120	—	—	215,141
- RGS (GPC)	85,624	—	—	—
Rebate on Power Purchased				
- RCL	441	—	—	—
Loan given				
- RCUSA	1,820,396	—	—	(1,792,400)
Loans repaid				
- RCUSA	1,381,165	—	—	—
- RCCVL	130,091	—	—	—
Rent received				
- RCCVL	579	—	—	—
- RCL	189	—	—	—
Transfer of Cement business in accordance with Scheme of Arrangement (Refer Note III)				
- RCL	850,000	—	—	(850,000)
Interest Income				
- RCUSA	55,721	—	—	(13,789)
Managerial Remuneration	—	—	8,867	—
Freight and Other Expenses				
- RGS	92,575	—	—	—
- RCC	228,190	—	—	30,721
Corporate Guarantee given on behalf of				
- RCCVL	100,000	—	—	1,135,000
- RCUSA - USD 87 mln	537,720	—	—	3,898,470
Dividend Paid	—	27,947	21,459	—
Dividend Income received - RCL	193,733	—	—	—
Interest and Financial Charges Recovered				
- RCL	10,493	—	—	—
- RCCVL	10,391	—	—	—
Sale of Investment in RCCVL to CPCUSA	811	—	—	—
Reimbursement of Payment made on behalf of				
- RCL	336,774	—	—	(336,774)

SCHEDULES TO THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT

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

SCHEDULE-U: NOTES TO ACCOUNTS

Transactions with related parties (Contd.)

Year Ended December 31, 2009

Nature of Transactions	Subsidiary Company	Enterprises where Key Managerial Personnel along with their relatives exercise significant influence	Key Management Personnel	Balance outstanding to/(from)
Sales / Receivable				
- RCL		—	—	—
Cement	1,416	—	—	—
GPC	510,028	—	—	—
Purchases / Payables				
- RCL		—	—	—
Power	547,657	—	—	—
GPC	20,962	—	—	158,094
- RGS	336,365	—	—	158,533
- RCC	338,923	—	—	—
Rebate on Power Purchased				
- RCL	4,322	—	—	—
Loan given				
- RCUSA	80,759	—	—	(1,373,169)
- RCCVL	—	—	—	(130,091)
Rent received				
- RCL	774	—	—	—
Dividend Paid	—	27,947	21,459	—
Payment towards Advance received				
- RCL	240,000	—	—	—
Interest and Finance Charge				
- RCL	40,456	—	—	—
Managerial Remuneration	—	—	13,836	3,455
Freight and other Expenses				
- RCC	59,331	—	—	—
- RGS	37,710	—	—	—
Corporate Guarantee given on behalf of				
- RCL	500,000	—	—	1,035,000
- RCUSA - USD 90 mln	—	—	—	4,201,200

SCHEDULES TO THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT

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

SCHEDULE-U: NOTES TO ACCOUNTS

XVI. The following donations were made to political parties during the year: CPI - Rs.10 (Previous Year Lok Satta - Rs. 200 and CPI(ML) New Democracy Party Rs. 80)

XVII. Disclosures as required under Accounting Standard 24 - Discontinuing Operations

Pursuant to the Scheme of Arrangement (refer note III), the Company has discontinued its cement business with effect from April 1, 2010. Continuing operation comprises trading of green petroleum coke.

(A) Statement of revenue and expenses of Continuing and Discontinuing operations:

	Continuing Operations		Discontinuing Operations		Total	
	Year ended December 31,2010	Year ended December 31,2009	Year ended December 31,2010	Year ended December 31,2009	Year ended December 31,2010	Year ended December 31,2009
Income:						
Sales (Gross)	1,413,865	510,028	2,435,818	9,929,683	3,849,683	10,439,711
Less: Excise duties and taxes on sales	–	–	524,857	2,023,728	524,857	2,023,728
Sales (Net)	1,413,865	510,028	1,910,961	7,905,955	3,324,826	8,415,983
Other Income	291,723	7,937	11,851	59,306	303,574	67,242
	1,705,588	517,965	1,922,812	7,965,261	3,628,400	8,483,225
Payment / Expenditure						
Payment and Benefits to Employees	8,864	8,836	81,557	234,937	90,421	243,773
Manufacturing Expenses	1,401,306	499,104	1,071,136	3,468,127	2,472,442	3,967,231
Administrative, Selling and other Expenses	6,593	5,139	602,958	2,180,231	609,551	2,185,369
	1,416,763	513,079	1,755,651	5,883,295	3,172,414	6,396,373
Profit before Interest, Depreciation, Exceptional Item and Taxation	288,825	4,886	167,161	2,081,966	455,986	2,086,852
Interest and Finance Charges	74,775	(3,847)	106,798	295,867	181,573	292,020
Profit before Depreciation, Exceptional Item and Taxation	214,050	8,733	60,363	1,786,099	274,413	1,794,832
Depreciation	5,143	3,874	78,100	306,470	83,243	310,344
Profit / (Loss) Before Exceptional Item and Taxation	208,907	4,859	(17,737)	1,479,629	191,170	1,484,488
Exceptional item (Refer Note IV)	211	–	(1,995,200)	507,954	(1,994,989)	507,954
Profit / (Loss) Before Taxation	209,118	4,859	(2,012,937)	1,987,583	(1,803,819)	1,992,442
Taxation	8,184	1,614	48,352	444,175	56,536	445,789
Profit /(Loss) After Taxation	200,934	3,245	(2,061,289)	1,543,408	(1,860,355)	1,546,653

SCHEDULES TO THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT

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

SCHEDULE-U: NOTES TO ACCOUNTS

(B) Statement of assets and liabilities of continuing and discounting operations:

	Continuing Operations		Discontinuing Operations		Total	
	As at December 31,2010	As at December 31,2009	As at December 31,2010	As at December 31,2009	As at December 31,2010	As at December 31,2009
Total Assets	8,081,921	3,996,163	-	7,264,105	8,081,921	11,260,268
Total Liabilities	8,081,921	6,889,359	-	4,370,909	8,081,921	11,260,268

(C) Statement of Net Cash Flows attributable to Continuing and discounting Operations:

	Continuing Operations		Discontinuing Operations		Total	
	Year ended December 31,2010	Year ended December 31,2009	Year ended December 31,2010	Year ended December 31,2009	Year ended December 31,2010	Year ended December 31,2009
Net Cash Flow from / (Used in)						
Operating Activities	(514,429)	459,447	(402,223)	1,997,901	(916,652)	2,457,348
Investing Activities	(1,860,244)	(80,727)	204,651	226,432	(1,655,593)	145,705
Financing Activities	2,734,008	(969,395)	(74,695)	(1,613,106)	2,659,313	(2,582,501)

XVIII. Pursuant to the Scheme of Arrangement (refer note III), the cement business of the Company was transferred to Rain Cements Limited [Formerly Rain CII Carbon (India) Limited] with effect from April 1, 2010. The figures of the previous year represent the Cement and Green Petroleum Coke trading business for the full year, hence the figures of the previous year are not comparable with that of the current year.

For and on behalf of the Board of Directors

Sd/-
N. Jagan Mohan Reddy
Managing Director

Sd/-
N. Sujith Kumar Reddy
Director

Sd/-
S. Venkat Ramana Reddy
Company Secretary

Sd/-
G.N.V.S.R.R. Kumar
VP-Finance & Accounts

Place: Hyderabad
Date : 25th February, 2011

Statement pursuant to Section 212 of the Companies Act, 1956, relating to Subsidiary companies

1. Name of the subsidiary	Rain Cements Limited (formerly Rain CII Carbon (India) Limited)	Rain Commodities (USA) Inc. (RCUSA)	Moonglow Business Inc	Rain Carbon (USA) LLC
2. Financial year ending of the Subsidiary	December 31, 2010	December 31, 2010	December 31, 2010	December 31, 2010
3. Holding Companies interest	Rain Commodities Limited is holding 2,98,05,000 Equity Shares of Rs.10/- each Aggregating to Rs.29,80,50,000 representing 100% of the Total Paid up Equity Share Capital of Rain Cements Limited.	Rain Commodities Limited is holding 20 Class A Shares of USD 0.01 each and 2,00,00,000 Class B shares of USD 1.00 each representing 100% of the Total Paid up Share Capital of Rain Commodities (USA) Inc	The Company's wholly owned subsidiary namely Rain Cements Limited is holding 8,98,05,000 Equity Shares of USD 1.00 each representing 100% of the Total Paid up Share Capital of Moonglow Company Business Inc.	The Company's wholly owned subsidiary namely Rain Commodities (USA) Inc., is holding 1,81,82,000 shares of USD 1.00 each representing 100% of the total paid up share capital of Rain Carbon (USA) LLC.
4. The net aggregate of profits or losses for the current period of the subsidiary so far as it concerns the members of the holding company				
a. dealt with or provided for in the accounts of the holding Company	NIL	NIL	NIL	NIL
b. not dealt with or provided for in the accounts of the holding Company	Profit of Rs.2,64,328 thousands	Profit of Rs.1,89,159 thousands	NIL	NIL
5. The net aggregate of profits or losses for previous financial years of the subsidiary so far as it concerns the members of the holding Company.				
a. dealt with or provided for in the accounts of the holding Company	-	-	-	N.A (since the company was incorporated on 15th September, 2010 during the current year only)
b. not dealt with or provided for in the accounts of the holding Company	Profit of Rs.7,91,822 thousands	Profit of Rs.1,15,923 thousands	Loss of Rs.80 thousands	N.A

for and on behalf of the Board of Directors

Sd/-
N. Radhakrishna Reddy
 Chairman

Sd/-
N. Jagannathan Reddy
 Managing Director

Sd/-
G.N.V.S.R.R. Kumar
 VP - Finance & Accounts

Sd/-
S. Venkat Ramana Reddy
 Company Secretary

Place: Hyderabad
Date: February 25, 2011

Statement pursuant to Section 212 of the Companies Act, 1956, relating to Subsidiary companies

1. Name of the subsidiary	Carbon Holdings (USA) LLC	CPC Holdings (USA) LLC	Rain CII Carbon LLC	Rain CII Carbon (Vizag) Limited (formerly Rain Calciner Limited)
2. Financial year ending of the Subsidiary	December 31, 2010	December 31, 2010	December 31, 2010	December 31, 2010
3. Holding Companies interest	The Company's step down subsidiary namely Rain Carbon (USA) LLC is holding 1,81,82,000 equity shares of USD 1.00 each representing 100% of the total paid up share capital of Carbon Holdings (USA) LLC	The Company's step down subsidiary namely Carbon Holdings (USA) LLC is holding 18,18,18,500 equity shares of USD 1.00 each representing 100% of the total paid up share capital of CPC Holdings (USA) LLC	Rain Cements Limited is holding 50 Class A Shares of USD 0.01 each and CPC Holding (USA) LLC holds 1,818 Class A Shares of USD 0.01 each the aggregate of the same represents 100% of the total paid up share capital of Rain CII Carbon LLC, USA	The Company's wholly owned subsidiary namely CPC Holdings USA LLC is holding 71,80,000 equity shares of Rs.10/- each amount Aggregating to Rs.7,18,00,000 representing 100% of the Total Paid up Equity Share Capital of Rain CII Carbon (Vizag) Limited
4. The net aggregate of profits or losses for the current period of the subsidiary so far as it concerns the members of the holding company	NIL	NIL	NIL	NIL
a. dealt with or provided for in the accounts of the holding Company				
b. not dealt with or provided for in the accounts of the holding Company	Loss of Rs.5 thousands	Loss of Rs.13 thousands	Profit of Rs.9,50,613 thousands	Profit of Rs.3,86,787 thousands
5. The net aggregate of profits or losses for previous financial years of the subsidiary so far as it concerns the members of the holding Company.	NA (since the company was acquired on 17th May, 2010 during the current year only)	NA (since the company was acquired on 17th May, 2010 during the current year only)	-	-
a. dealt with or provided for in the accounts of the holding Company	NA	NA		
b. not dealt with or provided for in the accounts of the holding Company			Profit of Rs.36,24,485 thousands	Loss of Rs. 232 thousands

for and on behalf of the Board of Directors

Sd/-

Place: Hyderabad
Date: February 25, 2011

Sd/-

N. Radhakrishna Reddy
Chairman

Sd/-

N. Jagan Mohan Reddy
Managing Director

Sd/-

S. Venkat Ramana Reddy
Company Secretary

G.N.V.S.R.R. Kumar
VP - Finance & Accounts

Statement pursuant to Section 212 of the Companies Act, 1956, relating to Subsidiary companies

1. Name of the subsidiary	Rain Global Services LLC	RGS Egypt Limited	Rain CII Carbon Mauritius Limited	CII Carbon Corporation	Zhenjiang Xin Tian Tansu Company Limited
2. Financial year ending of the Subsidiary	December 31, 2010	December 31, 2010	December 31, 2010	December 31, 2010	December 31, 2010
3. Holding Companies interest	The Company's wholly owned subsidiary namely Rain Commodities (USA) Inc. is holding 61 Equity Shares of USD 1.00 each representing 61% of the total Paid up Share Capital of Rain Global Services LLC.	The Company's step down subsidiary namely Rain Global Services LLC is holding 510 equity shares of USD 1.00 each representing 51% of the total paid up share capital of RGS Egypt Limited.	The Company's step down subsidiary namely Rain CII Carbon LLC, USA, is holding 5,00,000 ordinary Equity Shares of USD 1.00 each representing 100% of the Total Paid up Share Capital of Rain CII Carbon Mauritius Limited.	The Company has not issued any Shares.	The Company's step down subsidiary namely Rain CII Carbon Mauritius Limited, is holding 5,00,000 Equity Shares of USD 1 each representing 100% of the Total Paid up Share Capital of Zhenjiang Xin Tian Tansu Company Limited.
4. The net aggregate of profits or losses for the current period of the subsidiary so far as it concerns the members of the holding company	NIL	NIL	NIL	NIL	NIL
a. dealt with or provided for in the accounts of the holding Company					
b. not dealt with or provided for in the accounts of the holding Company	Profit of Rs.26,439 thousands	Profit of Rs.8,126 thousands	NIL	NIL	Loss of Rs.12,468 thousands
5. The net aggregate of profits or losses for previous financial years of the subsidiary so far as it concerns the members of the holding Company.					
a. dealt with or provided for in the accounts of the holding Company	–	N.A (since the company was acquired on 30th September, 2010 during the current year only)	–	–	–
b. not dealt with or provided for in the accounts of the holding Company	Profit of Rs.54,830 thousands	N.A	Loss of Rs.1,188 thousands	–	Profit of Rs.500 thousands

for and on behalf of the Board of Directors

Sd/-

N. Radhakrishna Reddy
Chairman

Sd/-

N. Jagan Mohan Reddy
Managing Director

Sd/-

G.N.V.S.R.R. Kumar
VP - Finance & Accounts

Sd/-

S. Venkat Ramana Reddy
Company Secretary

Place: Hyderabad
Date: February 25, 2011

Financial performance of Subsidiary Companies for the financial year ended December 31, 2010

Particulars	Rs. in thousands					
	Rain Cements Limited (formerly Rain CII Carbon (India) Limited)	Rain Commodities (USA) Inc.	Moonglow Company Business Inc	Rain Carbon (USA) LLC	Carbon Holdings (USA) LLC	CPC Holdings (USA) LLC
Capital	2,98,050	49,31,503	35,41,460	84,30,993	84,30,998	84,30,928
Reserves	56,96,519	2,40,553	4,82,695	(2,83,639)	(2,83,649)	(2,83,649)
Total Assets	1,09,60,973	95,63,066	40,24,005	81,47,354	82,36,969	82,36,899
Total Liabilities	1,09,60,973	95,63,066	40,24,005	81,47,354	82,36,969	82,36,899
Investments	38,72,784	81,47,491	40,23,938	81,47,354	81,47,287	82,36,885
Total Income	78,31,617	23,265	—	—	—	—
Profit/(loss) before Taxation	5,29,791	1,95,384	—	—	5	13
Provision for taxation	2,65,463	6,225	—	—	—	—
Profit/(loss) after Taxation	2,64,328	1,89,159	—	—	5	13
Proposed Dividend	—	—	—	—	—	—

Note: Exchange rate considered as on December 31, 2010: 1USD = Rs.44.81 for balance sheet items and 1USD= Rs.45.74 for income statement items

for and on behalf of the Board of Directors

Sd/-

N. Radhakrishna Reddy
Chairman

Sd/-

N. Jagan Mohan Reddy
Managing Director

Sd/-

G.N.V.S.R.R. Kumar
VP - Finance & Accounts

Sd/-

S. Venkat Ramana Reddy
Company Secretary

Place: Hyderabad
Date: February 25, 2011

Financial performance of Subsidiary Companies for the financial year ended December 31, 2010

Particulars	Rs. in thousands					
	Rain CII Carbon LLC	Rain CII Carbon (Vizag) Limited	Rain Global Services LLC	RGS Egypt Limited	Rain CII Carbon Mauritius Limited	CII Carbon Corporation
Capital	80,04,952	84,800	242	44,920	23,340	23,340
Reserves	47,17,093	9,93,305	60,151	8,126	(1,138)	(11,645)
Total Assets	3,59,75,081	81,91,610	10,98,632	5,69,323	23,340	81,005
Total Liabilities	3,59,75,081	81,91,610	10,98,632	5,69,323	23,340	81,005
Investments	—	—	22,853	—	23,340	—
Total Income	2,51,51,673	66,41,279	11,28,821	2,01,522	—	11,199
Profit/(loss) before Taxation	15,28,311	4,57,212	389	8,126	—	(12,365)
Provision for taxation	5,77,698	70,425	(26,050)	—	—	(103)
Profit/(loss) after Taxation	9,50,613	3,86,787	26,439	8,126	—	(12,468)
Proposed Dividend	—	—	26,021	—	—	—

Note: Exchange rate considered as on December 31, 2010: 1USD = Rs.44.81 for balance sheet items and 1USD= Rs.45.74 for income statement items

for and on behalf of the Board of Directors

Place: Hyderabad	Sd/-	Sd/-	Sd/-
Date: February 25, 2011	N. Radhakrishna Reddy Chairman	N. Jagan Mohan Reddy Managing Director	G.N.V.S.R.R. Kumar VP - Finance & Accounts
			S. Venkat Ramana Reddy Company Secretary

For the Year ended December 31, 2010

**INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

I Registration Details

Registration No. State Code
CIN No.
Balance sheet Date
Date Month Year

II Capital raised during the year (Rs. In Thousands)

Public Issue Right Issue
Bonus Issue Private Placement

III Position of Mobilisation and Deployment of Funds (Rs. In Thousands)

Total Liabilities Total Assets

SOURCES OF FUNDS

Paid-up Capital Reserves & Surplus
Secured Loans Unsecured Loans
Deferred Tax Liability

APPLICATION OF FUNDS

Net Fixed Assets Investments
Net Current Assets Misc. Expenditure
Accumulated Losses

IV Performance of Company (Rs in Thousands)

Turnover Total Expenditure
Profit/(Loss) Before Tax Profit/(loss) After Tax
Earning per Share in Rs. Dividend Rate %

V Generic Names of Three Principal Products/Services of Company (as per monetary term)

Item Code No. (ITC Code)
Product Description

For and on behalf of the Board of Directors

Sd/-
N. Jagan Mohan Reddy
Managing Director

Sd/-
N. Sujith Kumar Reddy
Director

Sd/-
S. Venkat Ramana Reddy
Company Secretary

Sd/-
G.N.V.S.R.R. Kumar
Vice President (F&A)

Place: Hyderabad
Date : February 25, 2011

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF RAIN COMMODITIES LIMITED

1. We have audited the attached Consolidated Balance Sheet of RAIN COMMODITIES LIMITED ("the Company") and its subsidiaries (the Company and its subsidiaries constitute ("the Group") as at December 31, 2010 the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets (net) of Rs. 34,909,639 thousands as at December 31, 2010, total revenues (net) of Rs. 22,025,378 thousands and net cash inflows amounting to Rs. 1,472,047 thousands for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the reports of the other auditors.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and on consideration of the separate audit reports on individual financial statements of the Company and its aforesaid subsidiaries, to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at December 31, 2010;
 - (ii) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date and
 - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No.: 008072S)
Sd/-
K. Rajasekhar
Partner
(Membership No. 23341)

Hyderabad, February 25, 2011

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2010

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

	Schedule Reference	As at December 31, 2010	As at December 31, 2009
I. SOURCES OF FUNDS			
Shareholders' Funds			
Capital	A	708,346	708,346
Reserves and Surplus	B	13,225,132	11,395,717
		13,933,478	12,104,063
Minority Interest		58,689	20,809
Loan Funds			
Secured Loans	C	29,341,321	17,858,684
Unsecured Loans	D	2,440,117	12,453,394
		31,781,438	30,312,078
Deferred Tax Liability			
(Net) (refer Note XI of Schedule T)		2,173,410	2,260,229
TOTAL		47,947,015	44,697,179
II. APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	E	36,691,734	37,452,908
Less: Depreciation		4,308,188	3,294,308
Net Block		32,383,546	34,158,600
Capital Work In Progress		560,677	233,320
		32,944,223	34,391,920
Investments	F	16,097	307,207
Current Assets, Loans and Advances			
Inventories	G	7,452,408	4,770,724
Sundry Debtors	H	5,615,922	4,479,413
Cash and Bank Balances	I	3,638,587	3,056,880
Other Current Assets	J	10,309	3,774
Loans and Advances	K	2,673,301	1,466,652
		19,390,527	13,777,443
Less : Current Liabilities and Provisions			
Current Liabilities	L	3,525,613	2,661,019
Provisions	M	878,219	1,118,372
		4,403,832	3,779,391
Net Current Assets		14,986,695	9,998,052
TOTAL		47,947,015	44,697,179
Notes to the Accounts	T		

The above schedules form an integral part of the Balance Sheet

In terms of our report attached
for **Deloitte Haskins & Sells**
Chartered Accountants

Sd/-

K. Rajasekhar
Partner

Place: Hyderabad

Date : February 25, 2011

For and on behalf of the Board of Directors

Sd/-

N. Jagan Mohan Reddy
Managing Director

Sd/-

S. Venkat Ramana Reddy
Company Secretary

Sd/-

N. Sujith Kumar Reddy
Director

Sd/-

T. Srinivasa Rao
Vice President - Finance

Place: Hyderabad

Date : February 25, 2011

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2010

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

	Schedule Reference	Year ended December 31, 2010	Year ended December 31, 2009
I. INCOME			
Sales (Gross)	N	40,219,369	38,851,238
Less: Excise duties and taxes on sales		2,764,089	2,513,074
Sales (Net)		37,455,280	36,338,164
Other Income	O	280,788	140,792
		<u>37,736,068</u>	<u>36,478,956</u>
II. EXPENDITURE			
Payments and Benefits to Employees	P	1,589,576	1,685,406
Manufacturing Expenses	Q	24,513,286	22,171,687
Administrative, Selling and Other Expenses	R	3,953,107	3,501,510
		<u>30,055,969</u>	<u>27,358,603</u>
III. PROFIT BEFORE INTEREST, DEPRECIATION, EXCEPTIONAL ITEM AND TAXATION		7,680,099	9,120,353
Interest and Finance Charges	S	1,896,229	2,259,658
IV. PROFIT BEFORE DEPRECIATION, EXCEPTIONAL ITEM AND TAXATION		5,783,870	6,860,695
Depreciation		1,156,847	1,226,483
V. PROFIT BEFORE EXCEPTIONAL ITEM AND TAXATION		4,627,023	5,634,212
Exceptional Items (Net) (Refer Note IV of Schedule T)		(1,249,392)	513,354
VI. PROFIT BEFORE TAXATION		3,377,631	6,147,566
Provision for Taxation			
- Current Tax		702,008	1,690,834
- Taxation of earlier years (net)		51,372	-
- Deferred Tax (net)		197,540	21,725
- Fringe Benefit Tax		-	1,797
VII. PROFIT AFTER TAXATION BEFORE MINORITY INTERESTS		2,426,711	4,433,210
Minority Interests		(19,543)	5,211
VIII. NET PROFIT		2,407,168	4,438,421
Surplus brought forward from Previous Year		8,715,575	5,217,495
Less: Adjustment on account of:			
- Change in holding in subsidiary		-	(25,928)
- Receipt of dividend (including tax thereon) from subsidiary		227,632	-
IX. PROFIT AVAILABLE FOR APPROPRIATIONS		11,350,375	9,629,988
APPROPRIATIONS			
- Transfer (from) / to Debenture Redemption Reserve		-	(80,975)
- Transfer to General Reserve		-	462,100
- Proposed Dividend		351,860	455,821
- Tax on Dividend		54,118	77,467
X. SURPLUS CARRIED TO BALANCE SHEET		10,944,397	8,715,575
Earnings Per Share Rs. (Face value of Rs. 10 each) (refer Note X of Schedule T)			
Basic		33.98	62.66
Diluted		33.98	62.66
Notes to Accounts	T		

The above schedules form an integral part of the Profit and Loss Account

In terms of our report attached
for **Deloitte Haskins & Sells**
Chartered Accountants

Sd/-
K. Rajasekhar
Partner

Place: Hyderabad
Date : February 25, 2011

For and on behalf of the Board of Directors

Sd/-
N. Jagan Mohan Reddy
Managing Director

Sd/-
S. Venkat Ramana Reddy
Company Secretary

Sd/-
N. Sujith Kumar Reddy
Director

Sd/-
T. Srinivasa Rao
Vice President - Finance

Place: Hyderabad
Date : February 25, 2011

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2010

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

	Year ended December 31, 2010	Year ended December 31, 2009
A. Cash Flow from Operating Activities		
Net Profit before taxation	3,377,631	6,147,566
Adjustments for :		
Depreciation	1,156,847	1,226,483
Discount On Issue of Debentures Amortised	—	31,950
Premium on Redemption of Senior Subordinated Notes (Refer Note IV of Schedule T)	1,582,778	—
Unrealized Gain on Foreign Exchange Fluctuation	(533,277)	(319,315)
Interest on deposits with Banks and others	(65,164)	(31,383)
Provision for Doubtful Debts	5,205	3,174
Interest and Finance Charges	1,917,107	2,177,028
Liability No Longer Required Written Back	(29,611)	(13,359)
(Profit)/Loss on Sale/retirement of Fixed Assets	(3,364)	3,562
Dividend from Current Investments	(7,249)	(7,936)
Loss on Disposal of Investment in Subsidiary	—	91
Profit on Sale of Long Term Investment	—	(513,354)
Settlement of claims in respect of Sale of Investments in Earlier Years (Refer Note IV of Schedule T)	(392,960)	—
	3,630,312	2,556,941
Operating profit before Working Capital Changes	7,007,943	8,704,507
Adjustments for :		
Sundry Debtors	(656,731)	306,358
Inventories	(2,665,209)	3,660,667
Loans and Advances	17,252	(88,704)
Current Liabilities and Provisions	444,343	(1,911,649)
	(2,860,345)	1,966,672
Cash Generated from Operations	4,147,598	10,671,179
Income Tax paid (net of refund)	(970,521)	(1,311,934)
Net cash from Operating Activities	3,177,077	9,359,245
B. Cash Flow from Investing Activities		
Purchase of Fixed Asset	(717,853)	(409,385)
Proceeds from Sale of Fixed Assets	36,815	12,230
Sale of Long Term Investments	—	765,788
Proceeds from Settlement of claims in respect of Sale of Investments in Earlier Years (Refer Note IV of Schedule T)	53,081	—
Purchase of Long Term Investments (See note 2)	(22,914)	(9,736)
Purchase of Current Investments	(1,807,000)	(975,000)
Redemption of Current Investments	2,098,117	686,251
Advance towards Share Application Money	(315,000)	—
Loans Given	(740,000)	(500)
Loans Repaid	140,000	500
Interest Received	70,892	35,113
Dividend Received on Current Investment	7,249	5,570
Net Cash from/(used in) Investing Activities	(1,196,613)	110,831

CONSOLIDATED CASH FLOW (Contd.)

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

	Year ended December 31, 2010	Year ended December 31, 2009
C. Cash Flow from Financing Activities		
Proceeds from Issue of Shares by a subsidiary	896	—
Proceeds from Borrowings	20,787,104	—
Repayment of Borrowings	(18,543,568)	(3,252,101)
Repayment of Working Capital Borrowings (net)	(16,980)	(3,129,620)
Sales Tax Deferment Availed	101,526	100,846
Interest paid	(1,934,983)	(2,180,574)
Premium on Redemption of Senior Subordinated Notes (Refer Note IV of Schedule T)	(1,582,778)	—
Dividend paid [including Dividend Tax Rs. 43,534 (December 31, 2009: Rs. 44,542)]	(302,171)	(302,700)
Net Cash from/(used in) Financing Activities	(1,490,954)	(8,764,149)
Net Increase in Cash and Cash equivalents	489,510	705,927
Cash and Cash equivalents - Opening Balance*	3,056,880	2,359,223
Cash and Cash equivalents on acquisition of Subsidiary (See note 3)	85,221	598
Cash and Cash equivalents - Closing Balance*	3,631,611	3,065,748
Cash and Cash Equivalent comprise:		
Cash and Bank Balance	3,638,587	3,056,880
Unrealized (Gain)/Loss on Foreign Currency		
Cash & Cash Equivalents	(6,976)	8,868
	3,631,611	3,065,748

*includes money held on margin money deposit accounts

Notes

- The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard- 3 on Cash Flow Statements.
- Includes cash paid in the current year Rs. 22,909 for investing in RGS Egypt Limited. The previous year amount represents investment made in Zhenjiang Xin Tian Tansu Co. Limited.
- Cash and cash equivalents includes Rs. 85,221 of RGS Egypt Limited acquired consequent to it becoming a subsidiary during the year. In the previous year, Cash and cash equivalents includes Rs. 598 of Zhenjiang Xin Tian Tansu Co. Limited acquired consequent to it becoming a subsidiary during the previous year.
- Cash and cash equivalents include restricted cash balance Rs. 132,343 (December 31, 2009 Rs. 158,873).
- Comparative figures of the previous year have been regrouped where necessary to conform to those of the current year.

In terms of our report attached
for **Deloitte Haskins & Sells**
Chartered Accountants
Sd/-

K. Rajasekhar
Partner

Place: Hyderabad
Date : February 25, 2011

For and on behalf of the Board of Directors
Sd/-
N. Jagan Mohan Reddy
Managing Director
Sd/-
S. Venkat Ramana Reddy
Company Secretary

Sd/-
N. Sujith Kumar Reddy
Director

Sd/-
T. Srinivasa Rao
Vice President - Finance
Place: Hyderabad
Date : February 25, 2011

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

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

	As at December 31, 2010	As at December 31, 2009
A. Capital		
Authorised		
118,000,000 Equity Shares of Rs. 10/- each	1,180,000	1,180,000
4,900,000 Redeemable Preference Shares of Rs. 100/- each	490,000	490,000
	<u>1,670,000</u>	<u>1,670,000</u>
Issued, subscribed and paid up		
70,834,579 Equity shares of Rs. 10/- each	708,346	708,346
Of the above 34,861,286 equity shares of Rs. 10/- each were allotted to the shareholders of erstwhile Rain Calcining Limited pursuant to the Scheme of Arrangement between the Company and erstwhile Rain Calcining Limited in November 2007, without payment being received in cash		
	<u>708,346</u>	<u>708,346</u>
B. RESERVES AND SURPLUS		
Securities Premium Account	1,097,372	1,097,372
Capital Reserve	37,468	37,468
Capital Redemption Reserve	12,000	12,000
Debenture Redemption Reserve		
As at the commencement of the year	–	80,975
Less: Transferred to Profit and Loss Account	–	(80,975)
	<u>–</u>	<u>–</u>
General Reserve		
As at the commencement of the year	730,327	268,227
Add: Transferred from Profit and Loss Account	–	462,100
	<u>730,327</u>	<u>730,327</u>
Foreign Currency Translation Reserve	403,568	802,975
Profit and Loss Account	10,944,397	8,715,575
	<u>13,225,132</u>	<u>11,395,717</u>

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

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

	As at December 31, 2010	As at December 31, 2009
C. SECURED LOANS		
Term Loans		
Banks		
Foreign Currency Loans	9,018,856	14,586,587
Rupee Loans	494,000	1,417,766
Financial Institutions	166,667	233,333
8.000% (2018) Senior Secured Notes	17,924,000	–
Working Capital Loans from Banks		
Buyers' credit in foreign currency*	1,483,855	1,303,415
Others	253,943	317,583
	<u>29,341,321</u>	<u>17,858,684</u>

*Buyers' credit is availed by the Company from banks in whose favour letters of undertaking are issued

D. UNSECURED LOANS

Other than short term

11.125% (2015) Senior Subordinated Notes	713,599	10,969,800
10.000% (2018) Junior Subordinated Notes	769,388	728,628
Sales Tax Deferment	856,492	754,966
Others	100,638	–
	<u>2,440,117</u>	<u>12,453,394</u>

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

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

E. FIXED ASSETS

Description	GROSS BLOCK (At Cost)					DEPRECIATION/AMORTISATION					NET BLOCK	
	As at December 31, 2009	Adjustment for currency translation	On Acquisition (Refer Note 4 below)	Additions during the year	Deletions during the year	As at December 31, 2010	As at December 31, 2009 translation	On Acquisition (Refer Note 4 below)	For the year	On Deletions	As at December 31, 2010	As at December 31, 2009
I. INTANGIBLE ASSETS												
Goodwill (on consolidation)	19,888,936	(788,437)	-	24,537	-	19,125,036	-	-	-	-	-	19,888,936
	19,888,936	(788,437)	-	24,537	-	19,125,036	-	-	-	-	-	19,888,936
II. TANGIBLE ASSETS												
Land												
- Freehold	296,033	(9,500)	-	5,920	575	291,878	-	-	-	-	-	296,033
- Mining (Refer Note 1 below)	19,663	-	-	-	-	19,663	766	-	157	-	923	18,897
- Leasehold (Refer Note 2 below)	-	-	-	77,435	-	77,435	-	-	552	-	552	-
Buildings (Refer Note 3 below)	2,907,749	(52,646)	37,748	100,725	414	2,993,162	(6,221)	8,749	142,883	92	518,732	2,534,336
Railway Siding	418	-	-	-	-	418	418	-	-	-	418	-
Plant and Machinery	14,081,564	(257,376)	47,274	220,369	194,738	13,897,093	(59,552)	34,306	990,723	122,088	3,710,686	11,214,267
Furniture and Fixtures	122,185	(140)	3,536	1,473	-	127,054	(48)	2,854	5,046	-	27,718	102,319
Office Equipments	91,740	(444)	-	10,122	3,202	98,216	(128)	-	12,502	2,962	36,113	65,039
Vehicles	44,620	(7)	2,928	14,560	322	61,779	(6)	2,241	4,984	20	13,046	38,773
	17,563,972	(320,113)	91,486	430,604	199,251	17,566,698	(65,955)	48,150	1,156,847	125,162	4,308,188	14,269,664
Total	37,452,908	(1,108,550)	91,486	455,141	199,251	36,691,734	(65,955)	48,150	1,156,847	125,162	4,308,188	34,158,600
Year ended December 31, 2009	37,976,741	(1,243,338)	-	1,042,628	323,123	37,452,908	(52,987)	-	1,226,483	44,964	3,294,308	

Notes

- 1) Land Mining represents land used for Mining
- 2) Represents land admeasuring 11 acres 82 cents taken on lease from Visakhapatnam Port Trust till October 27, 2022, in respect of which the lease deed is in the process of being executed.
- 3) Includes Buildings constructed on leasehold land and depreciated over the lease period.
- 4) Received on acquisition of RCS Egypt Limited.

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

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

	As at December 31, 2010	As at December 31, 2009
F. INVESTMENTS		
(Unquoted)		
Long Term - At Cost		
Trade Investments		
a) Andhra Pradesh Gas Power Corporation Limited 134,000 Equity Shares of Rs. 10 each fully paid up	16,000	16,000
Other than Trade		
Government Securities - National Savings Certificates (deposited with various Authorities)	97	92
Current Investments (at lower of cost and fair value)		
In Mutual Funds		
a) HDFC Cash Management Fund - Treasury Advantage Plan -Wholesale Daily Dividend Rs. Nil (December 31, 2009 -2,343,581.77 units) of Rs.10/- each (2,343,581.77 Units sold during the year)	—	23,510
b) HDFC Floating Rate Income Fund - Short Term Wholesale Daily Dividend Rs. Nil (December 31, 2009 - 10,573,468.93 units) of Rs.10/- each (10,573,468.93 Units sold during the year)	—	106,590
c) Kotak Floater Long Term Daily Dividend Reinvest Rs. Nil (December 31, 2009 - 4,004,689.74 Units) of Rs.10/- each (4,004,689.74 Units sold during the year)	—	40,366
d) LIC Floating Income plus fund Daily Dividend Plan Rs. Nil (December 31, 2009 - 12,064,927.08 units) of Rs.10/- each (12,064,927.08 Units sold during the year)	—	120,649
	16,097	307,207

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

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

	As at December 31, 2010	As at December 31, 2009
G. INVENTORIES		
Stores and Spare Parts (including packing material)*	445,839	353,277
Raw Materials *	4,194,177	2,453,690
Fuel*	273,959	359,949
Stock In Trade		
Work-in-Progress **	257,553	253,762
Finished Goods **	2,280,880	1,350,046
	<u>7,452,408</u>	<u>4,770,724</u>
Raw Material includes goods in transit	–	146,972
Fuel includes goods in transit	61,666	154,983
* at cost or below		
** at lower of cost and net realisable value		
H. SUNDRY DEBTORS		
(Considered good, unless otherwise stated)		
Secured		
Considered Good		
- Debts Outstanding for a period exceeding six months	15,699	14,019
- Other debts	53,832	45,693
Unsecured		
Considered Good		
- Debts Outstanding for a period exceeding six months	258	2,147
- Other Debts*	5,546,133	4,417,554
Considered Doubtful		
- Debts Outstanding for a period exceeding six months	17,581	18,266
- Other debts	5,650	324
Less: Provision for doubtful debts	(23,231)	(18,590)
	<u>5,615,922</u>	<u>4,479,413</u>
*Includes unbilled revenue	20,819	17,973
I. CASH AND BANK BALANCES		
Cash and Cheques on Hand	29,156	27,525
With Banks		
- On Current Accounts	2,966,593	1,703,758
- On Fixed Deposit Accounts	510,495	1,166,724
- On Margin Money Deposit Accounts*	116,804	146,786
- On Dividend Accounts	15,539	12,087
	<u>3,638,587</u>	<u>3,056,880</u>
* Pledged with banks for guarantees issued		
J. OTHER CURRENT ASSETS		
Interest accrued		
On Deposits	2,418	3,774
On Loans	7,891	–
	<u>10,309</u>	<u>3,774</u>

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

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

	As at December 31, 2010	As at December 31, 2009
K. LOANS AND ADVANCES		
(Unsecured and Considered Good, unless otherwise stated)		
Loans to Employees	1,311	1,006
Loans to Others	600,000	–
Advance towards Share Application money	315,000	–
Advances recoverable in cash or kind or for value to be received*	1,505,722	1,269,777
Balance with Government and Public Bodies, etc.	175,889	165,219
Deposits with Others	20,441	21,636
Incentives Receivables	54,938	–
MAT Credit entitlement	–	9,014
	<u>2,673,301</u>	<u>1,466,652</u>
* includes capital advances Rs. 41,903 (December 31, 2009 - Rs. 109,232)		
L. CURRENT LIABILITIES		
Sundry Creditors	2,715,596	1,918,225
Security and other deposits	150,457	133,579
Advance from Customers	76,179	67,619
Other Liabilities	406,544	352,210
Interest accrued but not due on loans	161,298	177,299
Unclaimed Dividends*	15,539	12,087
	<u>3,525,613</u>	<u>2,661,019</u>
* There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund.		
M. PROVISIONS		
Gratuity and Compensated absences	380,968	308,744
Income Tax (net of advance tax)	91,273	276,340
Proposed Dividend	351,860	455,821
Tax on Dividend	54,118	77,467
	<u>878,219</u>	<u>1,118,372</u>

SCHEDULES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

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

	Year ended December 31, 2010	Year ended December 31, 2009
N. SALES		
Calcined Petroleum Coke	28,702,405	26,759,318
Cement	9,141,395	9,829,071
Green Petroleum Coke	1,106,229	1,102,041
Energy	1,133,328	1,082,904
Clinker	136,012	77,904
	40,219,369	38,851,238
O. OTHER INCOME		
Interest on deposits with Banks and others (Gross)	65,164	31,383
[Tax deducted at source Rs. 4,466 (December 31, 2009- Rs. 2,494)]		
Income from Sale of Certified Emission Reductions (CERs)	85,076	59,990
Dividends from Current Investments	7,249	7,936
Profit on sale of fixed assets (net)	3,364	–
Scrap sales	16,612	23,821
Liability no longer required written back	29,611	13,359
Incentives towards sales tax and power tariff	54,938	–
Miscellaneous Income	18,774	4,303
	280,788	140,792
P. PAYMENTS AND BENEFITS TO EMPLOYEES		
Salaries, Wages and Bonus	1,281,801	1,371,581
Contribution to Provident Fund and Other Funds	278,548	284,212
Workmen and Staff Welfare Expenses	29,227	29,613
	1,589,576	1,685,406

SCHEDULES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

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

	Year ended December 31, 2010	Year ended December 31, 2009
Q. MANUFACTURING EXPENSES		
Raw Materials Consumed *	17,838,664	16,780,897
Purchase of Goods for Resale	2,347,375	480,486
(INCREASE)/DECREASE IN STOCKS		
Opening Stock		
Work in Progress	253,762	67,492
Finished Goods**	1,502,966	2,025,067
	<u>1,756,728</u>	<u>2,092,559</u>
Closing Stock		
Work in Progress	257,553	253,762
Finished Goods	2,280,880	1,350,046
	<u>2,538,433</u>	<u>1,603,808</u>
(Increase)/Decrease in Stocks	(781,705)	488,751
Increase/(Decrease) in Excise Duty on Stock	60,083	(27,536)
Packing Material Consumed	352,403	294,443
Stores and Spare Parts Consumed	1,245,346	985,825
Water Charges	20,667	21,635
Power and Fuel	2,018,798	2,058,712
Repairs		
- Buildings	7,072	4,795
- Plant and Machinery	1,416,269	1,089,586
	<u>24,524,972</u>	<u>22,177,594</u>
Less: Captive consumption of Cement	11,686	5,907
	<u><u>24,513,286</u></u>	<u><u>22,171,687</u></u>

* includes royalty and cess - Rs. 198,440 (December 31, 2009 - Rs. 166,931)

** includes stock received on acquisition of RGS Egypt Limited - Rs. 152,920 (December 31, 2009 - Rs. Nil)

SCHEDULES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

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

	Year ended December 31, 2010	Year ended December 31, 2009
R. ADMINISTRATIVE, SELLING AND OTHER EXPENSES		
Rent	101,921	104,043
Rates and Taxes	131,238	136,807
Repairs - Others	93,068	86,548
Insurance	155,621	169,310
Directors' Sitting Fees	660	660
Commission to Directors	17,980	22,700
Cash Discounts	75,496	72,675
Rebate on Power Sales	36,726	49,445
Selling and Distribution Expenses	2,155,831	1,880,421
Communication Expenses	31,964	33,806
Travelling and Conveyance	101,142	93,439
Legal and Professional Charges	245,364	157,644
Provision for Doubtful Debts	5,205	3,174
Loss on Sale/ Retirement of Fixed Asset	–	3,562
Loss on Sale of Investment in Subsidiary	–	91
Miscellaneous Expenses	800,891	687,185
	3,953,107	3,501,510
S. INTEREST AND FINANCE CHARGES		
Interest:		
- on Debentures	–	4,876
- on Term Loans	1,848,298	2,073,221
- Others (including interest on buyers' credit)	68,809	98,931
Amortisation of discount on issue of Debentures	–	31,950
Bank and Finance Charges	205,898	135,421
Gain on Foreign Exchange Fluctuation	(226,776)	(84,741)
	1,896,229	2,259,658

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

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

Schedule T. CONSOLIDATED NOTES TO ACCOUNTS

I. Background:

Rain Commodities Limited ('the Company' or 'RCOL') along with its subsidiaries ('the Group' or 'Rain Group') is engaged in the business of manufacture and sale of Calcined Petroleum Coke ('CPC') and Cement and generation of Energy (steam and electricity) through waste heat recovery.

The financial statements have been prepared after considering the impact of the Scheme of Arrangement, amongst the Company, Rain Cements Limited (Formerly Rain CII Carbon (India) Limited) and Rain CII Carbon (Vizag) Limited (formerly Rain Calcliner Limited) approved by the Hon'ble High Court of judicature, Andhra Pradesh at Hyderabad on December 29, 2010 (Refer Note III).

II. Principles of Consolidation & Significant Accounting Policies

a) Basis of preparation of Consolidated Financial Statements

The financial statements are prepared under the historical cost convention on an accrual basis of accounting, to comply with the accounting principles generally accepted in India, Accounting Standards notified under Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

The Consolidated Financial Statements relate to the Rain Group.

These financial statements have been prepared in accordance with the Accounting Standard 21 - "Consolidated Financial Statements" ('AS -21').

All inter company transactions, balances and unrealized surplus and deficits on transactions amongst group companies are eliminated.

The Companies considered in the consolidated financial statements which along with Rain Commodities Limited constitute the group ("the Group") are:

Name of the Company	Relationship	Country of Incorporation	Percentage of Voting Power	
			December 31, 2010	December 31, 2009
1. Rain Cements Limited (RCL) (formerly Rain CII Carbon (India) Limited)	Subsidiary	India	100.00	100.00
2. Moonglow Company Business Inc. (Moonglow)	Subsidiary of RCL	British Virgin Island	100.00	100.00
3. Rain Commodities (USA) Inc. (RCUSA)	Subsidiary	United States of America	100.00	100.00
4. Rain Carbon (USA) LLC (RCUSA1) (From September 15, 2010)	Subsidiary of RCUSA	United States of America	100.00	—
5. Carbon Holdings (USA) LLC (CHUSA) (From May 17, 2010)	Subsidiary of RCUSA1	United States of America	100.00	—
6. CPC Holdings (USA) LLC (CPCUSA) (From May 17, 2010)	Subsidiary of CHUSA	United States of America	100.00	-
7. Rain CII Carbon (Vizag) Limited (RCCVL) (Formerly Rain Calcliner Limited)*	Subsidiary of CPCUSA	India	100.00	100.00
8. Rain CII Carbon LLC (RCC)**	Subsidiary of CPCUSA	United States of America	100.00	100.00

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

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

SCHEDULE T. CONSOLIDATED NOTES TO ACCOUNTS

Name of the Company	Relationship	Country of Incorporation	Percentage of Voting Power	
			December 31, 2010	December 31, 2009
9. Rain CII Carbon Mauritius Limited (RCCML)***	Subsidiary of RCC	Mauritius	100.00	100.00
10. CII Carbon Corporation (CIICC)	Subsidiary of RCC	United States of America	100.00	100.00
11. Zhenjiang Xin Tian Tansu Co. Ltd (ZXTTCL)***	Subsidiary of RCCML	China	100.00	100.00
12. Rain Global Services LLC (RGS)	Subsidiary of RCUSA	United States of America	61.00	61.00
13. Rain Global Services HK Limited (RGSHKL)****	Subsidiary of RGS	Hong Kong	–	61.00
14. RGS Egypt Limited (From October 1, 2010)	Subsidiary of RGS	Egypt	51.00	–

* CPCUSA has acquired 100% of equity in RCCVL from RCOL during the current year.

** CPCUSA has acquired 97.8% of equity in RCC from RCL during the current year.

*** RCC has acquired the balance 1% shares of RCCML from RCUSA during the current year.

**** De-registered on August 20, 2010.

The ownership interest as given above has been calculated based on the effective interest of Rain Commodities Limited in the various companies after considering the investments made by its subsidiaries.

The exchange rates adopted for converting 1 USD into Indian Rupees of the foreign subsidiaries with respect to:

	December 31, 2010	December 31, 2009
Balance sheet items	44.81	46.68
Revenue items	45.74	48.35

b) Use of Estimates

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

c) Revenue Recognition

- Calcined Petroleum Coke - Sales are recognized on dispatch of goods to customers. Sales are inclusive of excise duty, as applicable.
- Energy (Power/Steam) - Sale of energy is exclusive of electricity duty payable to the State Government and recognized in accordance with contract terms.
- Cement - Sales are recognized on dispatch of goods to customers. Gross sales include excise duty and sales tax recovered and are net of trade discounts.

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

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

SCHEDULE T. CONSOLIDATED NOTES TO ACCOUNTS

d) Fixed Assets, Depreciation, Impairment

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

Depreciation on buildings and plant and machinery is computed on straight line method at the rates specified in Schedule XIV to the Companies Act, 1956 or based on the remaining estimated economic useful lives determined by an independent valuer, whichever is higher. Depreciation on other assets is computed on straight line method at the rates specified in schedule XIV to the Companies Act, 1956.

The cost of land used for mining is amortized over the estimated period of mining reserves.

Leasehold land is amortized over the period of the lease.

Individual assets costing Rs. 5,000 or below are entirely depreciated in the year of acquisition and put to use.

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

e) Inventories

Inventories are valued at cost or below. Raw materials cost is computed on the basis of weighted average cost per unit of measurement after providing for obsolescence, if any. 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. Stores and spares are valued at cost on weighted average basis or below.

Goods in transit are valued at cost or below.

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

f) Employee Benefits

Defined contribution Plans

Contributions paid/payable under defined contribution plans are recognized in the Profit and Loss Account each year. Contribution plans comprises Superannuation covered under a scheme administered and managed by ICICI Prudential Life Insurance Company Limited and Provident Fund administered and managed by the Government of India. The Company makes monthly contributions and has no further obligations under the plan beyond its contributions.

The Group has established separate group savings plan for all hourly and salaried employees in the United States of America. Employer contributions are made at the discretion of the employer.

Defined Benefit Plans

The Company has a defined benefit Gratuity plan covering all its employees working with in India. Gratuity is covered under a Scheme of Life Insurance Corporation of India (LIC) and contributions in respect of such scheme are recognized in the Profit and Loss Account. The liability as at the balance sheet date is provided for based on the actuarial valuation carried out in accordance with Accounting Standard 15 on 'Employee Benefits' (AS 15).

The Group has a defined benefit retirement plan covering all its employees in United States of America (the 'Pension Plan'). The Pension Plan covers hourly employees under which these employees are paid based on respective years of service and age. The Group contributes to the pension plan to at least meet the minimum requirements as required by law in the United States of America. The Group contributes to post retirement

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

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

SCHEDULE T. CONSOLIDATED NOTES TO ACCOUNTS

plan based on pay-as-you-go policy. The Group sponsors two defined benefit post retirement plans that cover certain employees in United States of America. One plan provides post retirement medical and dental benefits, the other plan provides life insurance benefits. Both plans are non contributory and neither is funded.

Other long term employee benefits

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

g) Segment Reporting

The group has considered business segment as the primary segment for reporting. The products considered as business segment are:

- Carbon Products (CPC/GPC and Power)
- Cement

The above business segments have been identified based on the nature of products, risks and return, organization structure and internal financial reporting.

The geographical segments considered for disclosures are:

- Sales within India - represents sales made to customers located within India
- Sales outside India - represents sales made to customers located outside India.

h) Earnings Per Share (EPS)

The earnings considered in ascertaining the Group's Earnings Per Share (EPS) comprise the net profit after tax. The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the year.

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

i) Taxes on Income

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

j) Foreign Currency Transactions

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

All subsidiaries of the Group are in the nature of non-integral operations in terms of Accounting Standard 11, "The effects of changes in foreign exchange rates". All monetary and non monetary assets and liabilities are translated at the rate prevailing on the balance sheet date. All revenue and expense transactions during the

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

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

SCHEDULE T. CONSOLIDATED NOTES TO ACCOUNTS

year are reported at average rate. The resultant translation adjustment is reflected as 'Foreign Currency Translation Reserve' and included under Reserves and Surplus Schedule.

As permitted by Accounting Standard 30, "Financial Instruments: Recognition and Measurement" ("AS 30"), the Group has designated the 'foreign currency loan' as a hedging instrument to hedge its net investment in a non-integral foreign operation. The translation gain on such foreign currency loan, determined as an effective net investment hedge, is recognized in Foreign Currency Translation Reserve included under Reserves and Surplus Schedule and would be transferred to profit and loss account upon sale or disposal of the investment in the non-integral foreign operations.

k) Investments

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

III. Scheme of Arrangement amongst the Company, RCL and RCCVL

The Company along with its subsidiaries is engaged in the business of manufacture and sale of CPC and cement and generation of energy. The rationale for Scheme of Arrangement was as follows:

1. The nature of risk and returns associated with the Cement and CPC businesses carried on by the Company itself or through its subsidiaries, is distinct from each other and consequently each business or undertaking is capable of attracting different set of investors, strategic partners, lenders and other stakeholders.
2. Demerger of the cement business undertaking would assist in induction of joint venture partner and pursue inorganic and organic growth opportunities in cement business.
3. The Scheme would assist in creation of a global holding company in USA for the CPC business to enable fund raising, through either equity and / or debt, and to pursue inorganic and organic growth opportunities.

Pursuant to the Scheme of Arrangement amongst the Company, RCL and RCCVL, ('the Scheme') as approved by the shareholders of the Company in the Extraordinary General Meeting held on July 29, 2010 and subsequently sanctioned by the Hon'ble High Court of Judicature, Andhra Pradesh at Hyderabad on December 29, 2010 and filed with the Registrar of Companies on February 10, 2011:

- a) the Cement business of the Company has been transferred to and vested in RCL with effect from April 1, 2010;
- b) the CPC and Power businesses of RCL have been transferred to and vested in RCCVL with effect from April 1, 2010.

The Scheme has been accordingly given effect to in the separate financial statements of the companies party to the Scheme, which have been considered for the purposes of consolidation.

A) Transfer of the Cement business of the Company to RCL

- i) In accordance with the Scheme, all the assets, liabilities, duties and obligations pertaining to the Cement business were transferred to and vested in RCL with effect from April 1, 2010 for a consideration of Rs. 850,000 (Rupees Eighty Five Crores only). Since RCL is a wholly owned subsidiary, there is no impact of the above transaction in the consolidated financial statements.
- ii) Assets, liabilities and licenses held in the name of Company are in the process of being transferred to in the name of RCL.

B) Transfer of the CPC and Power businesses of RCL to RCCVL

- i) In accordance with the Scheme, all the assets, liabilities, duties and obligations pertaining to the CPC and Power businesses were transferred to and vested in RCCVL with effect from April 1, 2010 for a consideration of Rs. 13,000 (Rupees One Crore Thirty Lakhs Only). Since RCCVL is a wholly owned subsidiary, there is no impact of the above transaction in the consolidated financial statements.

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

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

SCHEDULE T. CONSOLIDATED NOTES TO ACCOUNTS

- ii) Assets, liabilities and licenses held in the name of RCL are in the process of being transferred to in the name of RCCVL.

IV. Exceptional Items [Income / (Expense)]

	Year ended December 31, 2010 Amount	Year ended December 31, 2009 Amount
Profit on sale of long term investment in Petroleum Coke Industries Company, Kuwait	–	513,354
Premium on redemption of Senior Subordinated Notes and expenses incurred in connection with the issue of Senior Notes by RCC	(1,582,778)	–
Expenses incurred in connection with transfer of businesses amongst the Company, RCL and RCCVL pursuant to the Scheme of Arrangement [Refer Note III]		
• Professional charges incurred in connection with corporate restructuring	(5,376)	–
• Consent Fees paid/payable to the lenders	(37,198)	–
• Duties and taxes incurred in connection with the above corporate restructuring	(17,000)	–
Amounts received / receivable on settlement of claims in respect of sale of investments in earlier years of RCUSA	392,960	–
TOTAL	(1,249,392)	513,354

- V. Loans and Advances include an amount of Rs.120,500 (Rupees Twelve crores and five lakhs) paid as advance to certain parties in accordance with the terms of a Memorandum of Understanding (MOU) dated December 6, 2007 to acquire equity shares of M/s. Birla Cement and Industries Limited, which controls certain mining lease rights. Due to non-fulfillment of certain conditions and upon expiry of the validity period of the MOU, the Company had initiated legal proceedings against these parties to recover the advance. On December 1, 2010, the Company entered into a share purchase agreement with the shareholders of the said company and subsequently, after fulfillment of the conditions precedent to the agreement, which included withdrawal of legal proceedings against these parties, the equity shares of Birla Cement and Industries Limited have been transferred for a consideration of Rs. 120,500 on January 14, 2011. Consequently, Birla Cement and Industries Limited has become a wholly owned subsidiary of the Company.

VI. Contingent liabilities and commitments

a) Power

- (i) During 2002, the erstwhile Rain Calcining Limited had disputed the order of Andhra Pradesh Electricity Regulatory Commission ('APERC') in respect of wheeling charges before the Hon'ble High Court of Andhra Pradesh. The Hon'ble High Court of Andhra Pradesh had set aside the order of APERC. Transmission Corporation of Andhra Pradesh ('AP Transco') filed a Special Leave Petition in the Supreme Court of India against the order of the High Court. The final verdict of Supreme Court of India is awaited. The contingent liability computed on the basis of imputed cost till December 31, 2010 is Rs. 418,168 (December 31, 2009 - Rs. 436,319) as per the terms of the said APERC order.
- (ii) Other matters viz. operating charges for State Load Dispatch Centre, minimum energy/demand etc., which are under dispute/appeals Rs. 5,756 (December 31, 2009 - Rs. 11,780).

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

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

SCHEDULE T. CONSOLIDATED NOTES TO ACCOUNTS

b) Others

	December 31, 2010 Amount	December 31, 2009 Amount
Matters under dispute:		
Sales Tax	30,537	57,046
Excise Duty	4,444	5,588
Income tax	–	22,527
Bank guarantees*	290,769	395,222
Customers' bills discounted under Letters of Credit	–	316,012
Corporate Guarantee issued by the Company on behalf of wholly owned subsidiaries:		
RCUSA USD 87 million (December 31, 2009: USD 90 million)	3,898,470	4,201,200
RCCVL	1,135,000	–
RCL	–	1,035,000
Corporate Guarantee issued by RCL on behalf of RCC USD 26 million (December 31, 2009: USD 150 million)	1,165,060	7,002,000

[*includes bank guarantees given to AP Transco - Rs. 146,958 (December 31, 2009 - Rs.146,958)]

VII. Estimated amount of contracts remaining to be executed on capital accounts [net of capital advances - Rs. 20,645 (December 31, 2009 - Rs. 109,232)] not provided for Rs. 59,252 (December 31, 2009 - Rs. 128,969).

VIII. The Group has entered into various operating lease agreements for assets comprising of storage facilities and an amount of Rs. 101,921 (December 31, 2009 - Rs. 104,043) paid under such agreements have been charged to revenue. These agreements are cancelable in nature and there is no restriction in respect of such leases.

IX. Net Investment Hedge

The Group has designated the 'foreign currency loan' as a hedging instrument to hedge its net investment in a non-integral foreign operation, with effect from January 1, 2009. The translation gain for the year ended December 31, 2010 on such foreign currency loan, determined as an effective net investment hedge, recognized in the Foreign Currency Translation Reserve Account included under Reserves and Surplus Schedule is Rs.140,111 (year ended December 31, 2009 - 152,654).

X. Earnings per Share (EPS)

	Year ended December 31, 2010 Amount	Year ended December 31, 2009 Amount
a. Profit after Taxation	2,407,168	4,438,421
b. Weighted average number of equity shares of Rs. 10 each outstanding during the year (Nos.)	70,834,579	70,834,579
Earnings per Share		
c. Basic and Diluted - [a]/[b] - (Rs.)	33.98	62.66

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

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

SCHEDULE T. CONSOLIDATED NOTES TO ACCOUNTS

XI. Deferred Tax

	December 31, 2010 Amount	December 31, 2009 Amount
Deferred Tax Liability		
- on account of depreciation / Others A	2,393,480	2,457,198
Deferred Tax Asset		
-on account of unabsorbed losses / depreciation	126,900	149,883
-on account of other fiscal differences	93,170	47,086
TOTAL B	220,070	196,969
Deferred Tax Liability (Net) A-B	2,173,410	2,260,229

XII. Auditors' Remuneration

	Year ended December 31, 2010 Amount	Year ended December 31, 2009 Amount
Audit Fees	10,763	11,921
Other Services	7,281	11,085*
Out of pocket expenses	42	121*
	18,086	23,127

* includes tax audit fees Rs. 512, limited reviews fees Rs. 475, other services Rs. 270 and out of pocket expenses Rs. 121 paid to previous auditors.

Note: Remuneration of auditors of subsidiaries ('other auditors') included above Rs. 13,511 (2009: Rs. 16,604)

XIII. The Company recognizes income from sale of Certified Emission Reductions (CERs) on conclusion of CER sale to the ultimate buyers.

XIV. Related Party Disclosures

(a) Names of related parties and description of relationship:

(i) Enterprise where key managerial personnel along with their relatives exercise significant influence	a) Sujala Investments Private Limited ('Sujala')
(ii) Key Management Personnel	a) Mr. N. Radha Krishna Reddy Chairman b) Mr. N. Jagan Mohan Reddy Managing Director c) Mr. N. Sujith Kumar Reddy Executive Director (upto February 10, 2011)

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

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

SCHEDULE T. CONSOLIDATED NOTES TO ACCOUNTS

b) Transactions with related parties

Year Ended December 31, 2010

Nature of Transactions	Enterprises where Key Managerial Personnel along with their relatives exercise significant influence	Key Management Personnel	Balance
Managerial Remuneration	–	34,095	10,000
Dividend Paid	27,947	21,459	–

Year Ended December 31, 2009

Nature of Transactions	Enterprises where Key Managerial Personnel along with their relatives exercise significant influence	Key Management Personnel	Balance
Managerial Remuneration	–	39,071	10,063
Dividend Paid	27,947	21,459	–

XV. Segmental Reporting

I. Business Segment

	Year ended December 31, 2010			Year ended December 31, 2009		
	Carbon Products	Cement	Total	Carbon Products	Cement	Total
Revenue						
External Sales (net of excise duties and taxes on sales)	30,290,885	7,164,395	37,455,280	28,454,917	7,883,247	36,338,164
Inter- Segment Sales	409,093	1,069	410,162	557,054	1,417	558,471
Total Sales	30,699,978	7,165,464	37,865,442	29,011,971	7,884,664	36,896,635
Less Eliminations	409,093	1,069	410,162	557,054	1,417	558,471
Total Revenue	30,290,885	7,164,395	37,455,280	28,454,917	7,883,247	36,338,164
Result						
Segment Result	5,826,836	517,316	6,344,152	6,043,812	1,709,266	7,753,078
Operating Profit	–	–	6,344,152	–	–	7,753,078
Interest Expenses (net)	–	–	1,896,229	–	–	2,259,658
Unallocated income	–	–	(179,100)	–	–	(140,792)
Exceptional item	–	–	1,249,392	–	–	(513,354)
Profit Before Taxation			3,377,631			6,147,566
Taxation						
– Current Tax			702,008	–	–	1,690,834
– Of Earlier Years			51,372	–	–	–
– Deferred Tax			197,540	–	–	21,725
– Fringe Benefit Tax			–	–	–	1,797
Profit After Taxation before Minority Interest			2,426,711			4,433,210

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

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

SCHEDULE T. CONSOLIDATED NOTES TO ACCOUNTS
Business Segment (Contd.)

	Year ended December 31, 2010			Year ended December 31, 2009		
	Carbon Products	Cement	Total	Carbon Products	Cement	Total
Segment Assets	45,244,022	7,091,286	52,335,308	40,852,711	7,602,758	48,455,469
Unallocated Corporate Assets	–	–	15,539	–	–	21,101
Total Assets	45,244,022	7,091,286	52,350,847	40,852,711	7,602,758	48,476,570
Segment Liabilities	3,392,134	2,236,706	5,628,840	3,541,345	1,044,416	4,585,761
Unallocated Corporate Liabilities	–	–	2,686,200			3,074,857
Total Liabilities	3,392,134	2,236,706	8,315,040	3,541,345	1,044,416	7,660,618
Capital Expenditure	456,553	261,298	717,853	140,234	269,169	409,403
Depreciation	833,340	323,507	1,156,847	916,139	310,344	1,226,483

II. Geographic Segment

	Revenue from external customers	Segment Assets	Revenue from external customers	Segment Assets
	December 31, 2010		December 31, 2009	
India	11,465,613	15,823,949	11,346,307	14,142,900
Outside India	25,989,667	36,511,359	24,991,857	34,312,569
	37,455,280	52,335,308	36,338,164	48,455,469

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

For and on behalf of the Board of Directors

Sd/-

N. Jagan Mohan Reddy
Managing Director

Sd/-

S. Venkat Ramana Reddy
Company Secretary

Sd/-

N. Sujith Kumar Reddy
Director

Sd/-

T. Srinivasa Rao
Vice President - Finance

Place: Hyderabad
Date : February 25, 2011

ELECTRONIC CLEARING SERVICE (CREDIT CLEARING) MANDATE FORM FOR PAYMENT OF DIVIDEND

To,
Karvy Computershare Private Limited
(Unit: Rain Commodities Limited)
Plot No.17 to 24, Vittal Rao Nagar,
Madhapur, Hyderabad - 500 081.

Shareholder's authorisation to receive dividends through Electronic Credit Clearing Mechanism.

Registered Folio No. :	ECS Ref. No. : (for Office use only)
Name of the first/sole shareholder	
Bank Name	
Branch Address & Telephone No. of Branch	
Bank Account Number (As appearing on the Cheque Books)	
9 digit code number of the Bank and Branch appearing on the MICR cheque issued by the Bank. (Please attach a blank cancelled cheque, or a photocopy (xerox copy) of a cheque issued to you by your Bank, for verification of the above particulars)	
Account Type (Please tick the option)	<input type="checkbox"/> Savings <input type="checkbox"/> Current <input type="checkbox"/> Cash Credit
Bank Account Ledger Folio No. (If any)	
Effective date of this mandate	

I hereby, declare that the particulars given above are correct and complete. If the payment transaction is delayed or not effected at all for any reasons, including but not limited to incomplete or incorrect information, I will not hold Messrs. Rain Commodities Limited responsible. I agree to discharge the responsibility expected of me as a participant under the scheme.

I, further undertake to inform the Company of any subsequent change(s) in the above particulars.

Place : _____ Name of First Holder : _____

Date : _____ Signature of First Holder : _____

Note:

1. Please fill in the information in CAPITAL LETTERS in ENGLISH ONLY.
2. In case of shareholders holding the equity shares in demat form, the shareholders are requested to provide details to their respective Depository participants. Shareholders are also requested to note that changes, if any, intimated by the Demat Account holders directly to the Company will not be considered.

RAIN COMMODITIES LIMITED

Regd.Office: Rain Center, 34, Srinagar Colony, Hyderabad-500 073, Andhra Pradesh

PROXY FORM

Regd. Folio No.		* DP ID:	
No. of Equity Shares held		* Client ID:	

I/We
of..... being a member/members of
RAIN COMMODITIES LIMITED hereby appoint.....of
.....or failing him
of.....as my/our proxy to attend and vote for me/us and on
my/our behalf at the 36th Annual General Meeting of the Members of the Company to be held on Thursday, the
12th day of May, 2011 at 11:00 A.M. at KLN Prasad Auditorium, Federation of Andhra Pradesh Chambers of
Commerce & Industry (FAPCCI), Red Hills, Hyderabad-500 004, Andhra Pradesh.

Signed this day of 2011.

Please Affix
Re.1/-
Revenue
Stamp and sign
across

Note: (1) The Proxy need not be a member of the company.

(2) The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

* Applicable for investors holding shares in Electronic Form.

RAIN COMMODITIES LIMITED

Regd.Office: Rain Center, 34, Srinagar Colony, Hyderabad-500 073, Andhra Pradesh

ATTENDANCE SLIP

36th Annual General Meeting, 12th May, 2011 at 11:00 A.M.

Regd. Folio No.		* DP ID:	
No. of Equity Shares held		* Client ID:	

Name of the Shareholder	
Name of Proxy	

I/We hereby record my / our presence at the 36th Annual General Meeting of the members of the Company held on Thursday, the 12th day of May, 2011 at 11:00 A.M. at KLN Prasad Auditorium, Federation of Andhra Pradesh Chambers of Commerce & Industry (FAPCCI), Red Hills, Hyderabad-500 004, Andhra Pradesh.

SIGNATURE OF THE MEMBER OR THE PROXY ATTENDING THE MEETING

If Member, Please sign here

If Proxy, Please sign here

Note: This form should be signed and handed over at the Meeting Venue.

* Applicable for investors holding shares in electronic form.

