

BOARD OF DIRECTORS

Mr. N. Radhakrishna Reddy	Chairman
Mr. N. Jagan Mohan Reddy	Managing Director
Mr. N. Sujith Kumar Reddy	Executive Director
Mr. R. S. Vidyasagar	Nominee Director, IDBI Bank Limited
Mr. V. Prakash	Nominee Director, ICICI Bank Limited
Mr. P. Venugopal Reddy	Director
Mr. G. Krishna Prasad	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,
5th Floor, Gowra Grand,
S.P. Road,
Secunderabad - 500 003.

REGISTERED OFFICE

"Rain Center",
34, Srinagar Colony,
Hyderabad-500 073,
Andhra Pradesh, India.
Phone No.040-40401234
Fax No.040-40401214

INTERNAL AUDITORS

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

BANKS AND FINANCIAL INSTITUTIONS

IDBI Bank Limited
Life Insurance Corporation of India
Citibank
ICICI Bank Limited
Indian Bank

PLANTS

Unit-I

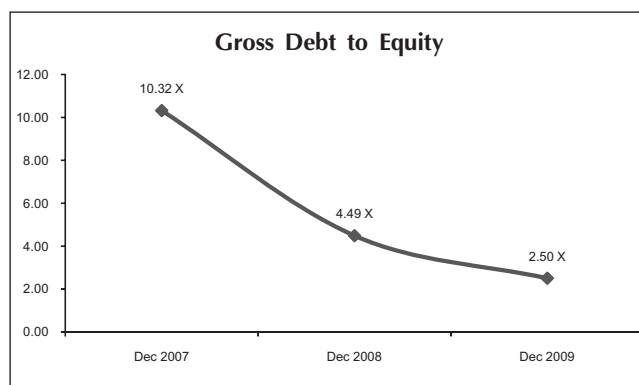
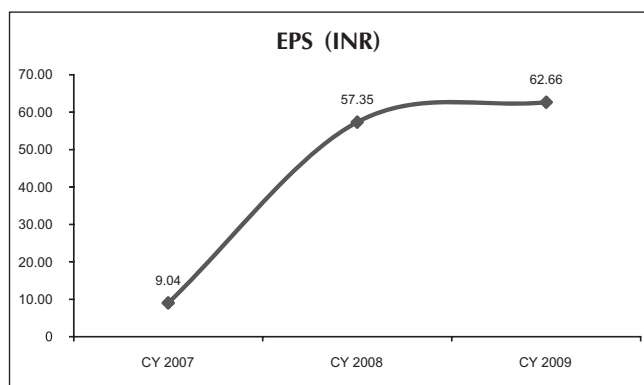
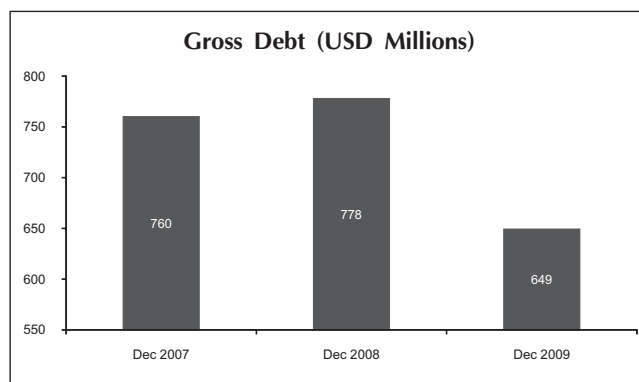
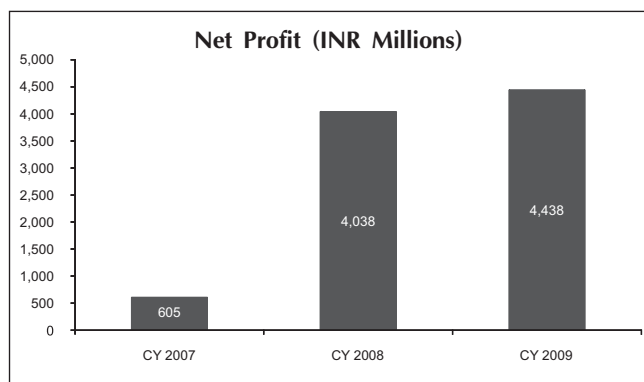
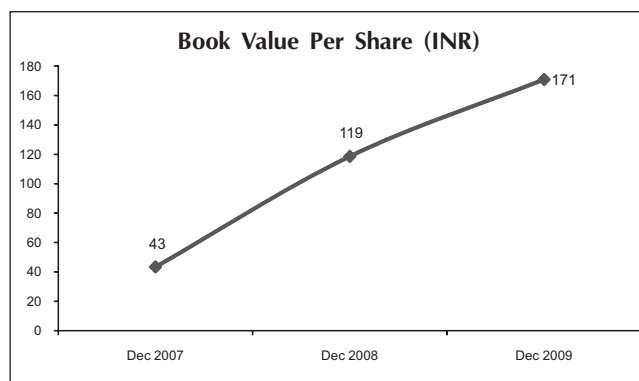
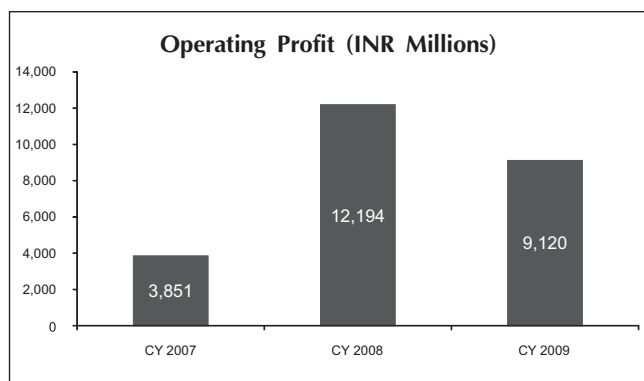
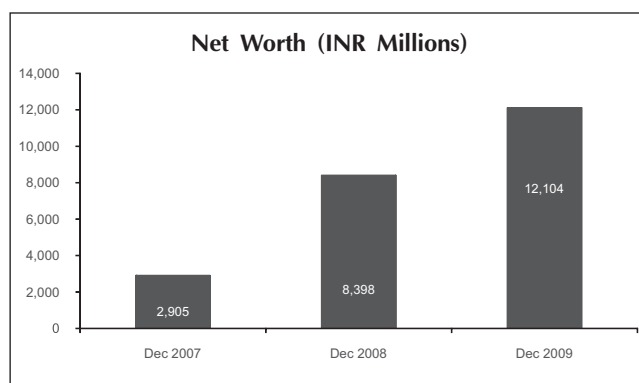
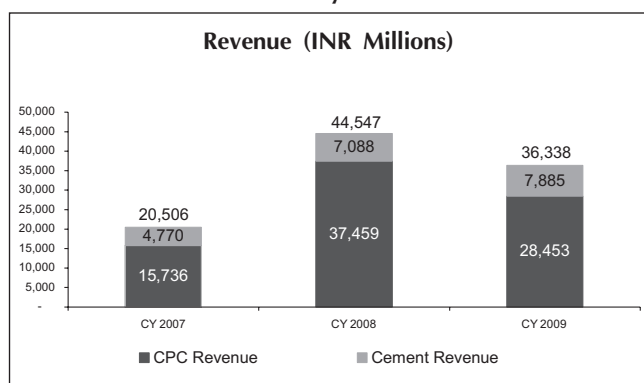
Ramapuram Village,
Mellacheruvu Mandal,
Nalgonda Dist,
Andhra Pradesh, India.

Unit - II

Boincheruvupalli Village,
Peapully Mandal,
Kurnool Dist,
Andhra Pradesh, India.

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Key Financial Indicators on a consolidated basis



Note: (1) Operating Profit is profit before Depreciation, Interest, Taxation and Exceptional Items.
 (2) Numbers in CY 2007 represents the annualized 9 months period ended December 31, 2007.

NOTICE

Notice is hereby given that the 35th Annual General Meeting of the Members of Rain Commodities Limited will be held on Monday, June 7, 2010 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, 2009, Profit and Loss Account for the Financial year ended on December 31, 2009 and reports of Directors and Auditors thereon.
2. To declare a dividend on equity shares for the Financial year ended on December 31, 2009.
3. To appoint a Director in place of Mr. N. Sujith Kumar Reddy, who retires by rotation and being eligible offers himself for re-appointment.

4. To appoint a Director in place of Mr. G. Krishna Prasad, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint M/s. Deloitte Haskins & Sells, Chartered Accountants, as the Statutory Auditors of the Company to hold office from the conclusion of this 35th Annual General Meeting until the conclusion of the 36th Annual General Meeting of the Company and to authorise the Board of Directors to fix the remuneration of Auditors.

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

Place : Hyderabad
Date : April 26, 2010

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 June 2, 2010 to June 7, 2010 (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

* 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 and December 31, 2008 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 @ 37% on the paid up Equity share capital i.e., Rs.3.70 per Equity Share as recommended by the Board of Directors, if declared by the Shareholders at the meeting, will be paid to those shareholders whose names appear on the Register of Members of the Company as on June 2, 2010 and also to the Beneficial Owners of equity shares held in electronic form on the said date as per the details furnished by the Depositories for this purpose.
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 May 31, 2010.
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**

Place : Hyderabad
Date : April 26, 2010

S. VENKAT RAMANA REDDY
COMPANY SECRETARY

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 35th Annual Report and the Audited Financial Statements for the Financial Year ended December 31, 2009.

FINANCIAL RESULTS

A) STANDALONE:

The Standalone performance for the Financial Year ended December 31, 2009 is as under:

	(Rs. in thousands)	
PARTICULARS	December 31, 2009	December 31, 2008
Net Sales	84,15,983	1,00,38,968
Profit before Interest, Depreciation, Amortization and Taxation	20,86,852	19,23,243
Less: Interest & Finance Charges	2,92,020	4,85,434
Profit before Depreciation, Exceptional Item and Taxation	17,94,832	14,37,809
Less: Depreciation and Amortisation	3,10,344	2,24,855
Profit before Exceptional Item and Taxation	14,84,488	12,12,954
Add: Exceptional Item	5,07,954	—
Profit before Taxation	19,92,442	12,12,954
Less: Provision for Taxation	4,45,789	3,62,417
Profit after Taxation	15,46,653	8,50,537
Profit brought forward	23,77,847	18,74,132
Profit available for appropriation	39,24,500	27,24,669
Appropriations:		
Transfer (from) Debenture Redemption Reserve	(80,975)	(62,029)
Transfer to Capital Redemption Reserve	—	12,000
Transfer to General Reserve	2,62,100	85,100
Proposed Dividend	2,62,088	2,66,465
Tax on Dividend	44,542	45,286
Surplus carried to Balance Sheet	34,36,745	23,77,847

B) CONSOLIDATED :

The Consolidated performance for the Financial Year ended December 31, 2009 is as under:

	(Rs. in thousands)	
PARTICULARS	December 31, 2009	December 31, 2008
Net Sales	3,63,38,164	4,45,47,203
Profit before Interest, Depreciation, Amortization and Taxation	91,20,353	1,21,94,272
Less: Interest & Finance Charges	22,59,658	42,34,255
Profit before Depreciation, Exceptional Item and Taxation	68,60,695	79,60,017
Less: Depreciation and Amortisation	12,26,483	10,60,226
Profit before Exceptional Item and Taxation	56,34,212	68,99,791
Add: Exceptional Items	5,13,354	(6,86,236)
Profit before Taxation	61,47,566	62,13,555
Less: Provision for Taxation	17,14,356	21,75,684
Profit after Taxation before Minority Interests	44,33,210	40,37,871
Minority Interests	5,211	–
Profit after Taxation	44,38,421	40,37,871
Profit brought forward	52,17,495	15,26,446
Less: Adjustment on account of change in holding in subsidiary	(25,928)	–
Profit available for appropriation	96,29,988	55,64,317
Appropriations:		
Transfer (from) Debenture Redemption Reserve	(80,975)	(62,029)
Transfer to Capital Redemption Reserve	–	12,000
Transfer to General Reserve	4,62,100	85,100
Proposed Dividend	4,55,821	2,66,465
Tax on Dividend	77,467	45,286
Surplus carried to Balance Sheet	87,15,575	52,17,495

OPERATIONS

During the period under review, the Company has achieved a turnover of Rs.84,15,983 (in thousands), including turnover of Rs.5,31,319 (in thousands) from trading in Carbon Products, earned a Net Profit of Rs.15,46,653 (in thousands) and production was recorded at 23,72,299 Metric tonnes.

OUTLOOK FOR CEMENT INDUSTRY

Outlook for the cement industry continues to be moderate in 2010. Growth in the housing sector and infrastructure projects is likely to provide support to the prices and hedge against any demand slowdown in the near future. The Brown Field cement capacity expansion of 1.5 million tons at Kurnool unit completed in 2008, got stabilized during the second quarter of 2009 and resulted in improved capacity utilization during the current year. With the initiatives taken by the Government of India for infrastructure development, cement demand is expected to rise further in 2010.

The irrigation and housing projects being undertaken by the Government of Andhra Pradesh will further increase the demand in the state, where the Company sells a major portion of its produce.

However, with the new Cement Greenfield and Brownfield expansions commencing operations, Cement supply is expected to be far higher than the demand resulting in lower capacity utilizations and reduced sales realizations.

In these conditions, the management continues to concentrate on cost reduction in power, other inputs and freight, such as increased use of domestic coal and optimizing the freight cost by setting up Fly Ash Handling and Cement Packing Unit at Bellary, accelerated repayments of debt in order to reduce the interest cost and optimizing the working capital.

PACKING PLANT

The Karnataka Power Corporation Limited (KPCL) has granted permission to collect Dry Fly Ash from its Thermal Power Station, located at Kuditini Village, Bellary Dist., Karnataka for a period of 10 years.

In order to optimize the freight cost, the Company is setting-up a Packing Unit at the said location with a capacity of packing 6 lakh tonnes of Cement per annum with a capital expenditure of Rs.1,000 lakhs.

OVERVIEW OF CALCINED PETROLEUM COKE (CPC) BUSINESS

Rain CII Carbon (India) Limited is a wholly owned subsidiary of Rain Commodities Limited. Rain CII Carbon (India) Limited in turn has wholly owned subsidiaries namely Moonglow Company Business Inc, Rain CII Carbon LLC, CII Carbon Corporation and majority owned subsidiaries Rain CII Carbon Mauritius Limited, Zhenjiang Xin Tian Tansu Company Limited.

Rain CII Carbon (India) Limited is operating a 100% Export Oriented Unit (EOU) in Visakhapatnam, Andhra Pradesh, India with an installed capacity of 480,000 tonnes per annum of Calcined Petroleum Coke (CPC) and also generates 49MW of electricity from its co-generation plant.

Rain CII Carbon (India) Limited has recorded a turnover of Rs.88,861 lakhs and net profit of Rs.12,355 lakhs for the financial year ended December 31, 2009.

Rain CII Carbon (India) Limited's wholly owned subsidiary Rain CII Carbon LLC, USA is operating seven Calcined Petroleum Coke plants in USA, with an aggregate capacity of 1,895,000 tonnes per annum. Further, Rain CII Carbon LLC also generates electricity/steam in three of its plants, through waste-heat recovery.

Rain CII Carbon LLC, USA has recorded a turnover of Rs.2,20,843 lakhs and net profit of Rs.18,288 lakhs for the financial year ended December 31, 2009.

During the year under review Rain CII Carbon LLC had acquired a calcining plant in China with a capacity of 20,000 tonnes per annum.

OUTLOOK FOR CALCINED PETROLEUM COKE (CPC) INDUSTRY

Aluminum industry, the largest consumer industry of CPC, was growing at about 5% per annum globally in the past ten years. However, in the year 2009 due to global economic downturn that coupled with unprecedented decline in the Aluminum metal prices resulted in substantial reduction of global aluminum production. The demand for CPC was also reduced in the similar percentage. In these circumstances management took a holistic response by initiating various actions including curtailment of CPC production, overhead rationalization and working capital improvement.

The world demand, particularly in automotive and commercial transportation, for aluminum is likely to grow from 2010. The demand for global primary aluminum is expected to grow at about 10% in 2010 and is expected to get doubled in next fifteen years. Accordingly, the outlook for CPC industry would be moderate in the year 2010 and become strong from the year 2011 onwards.

The performance of the Group, being the world's largest calciner with operations in both US and Asia, in CPC Industry would be stable in the medium term with improved availability of raw-materials and the long term relationship with both the Aluminum Smelters and the Petroleum Refineries.

CERTIFIED EMISSION REDUCTIONS

The waste heat recovery facility in the Calcined Petroleum Coke Plant of Rain CII Carbon (India) Limited, a wholly owned subsidiary is approved as a Project under Clean Development Mechanism by United Nations Framework Convention on Climate Change on July 12, 2007 and is

eligible for 164,777 Certified Emission Reductions per annum for a period of ten years from July 12, 2007.

DIVIDEND

The Board of Directors of the Company has recommended a Dividend @ 37% on the Paid up Equity Share Capital of the Company, i.e., Rs.3.70 per Equity Share for the financial year ended December 31, 2009.

TRANSFERRED TO GENERAL RESERVE

It is proposed to transfer Rs.2,621 lakhs to the General Reserves of the Company, constituting 16.95% of the profits made during the year.

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.

JOINT VENTURE

Pursuant to the approval of Board of Directors at their meeting held on April 23, 2009, the Company has sold 17,250,000 shares (including 75,000 shares held by Rain Commodities (USA) Inc., a wholly owned subsidiary) held in Petroleum Coke Industries Company, Kuwait (Joint Venture) to AL-Mal Investment Company, Kuwait for a consideration of Rs.7,658 lakhs. With this sale, the Company has divested its entire equity holding of 11.50% in Petroleum Coke Industries Company, Kuwait.

By Selling the stake in Petroleum Coke Industries Company, Kuwait, the Company has made a profit of Rs.5,080 lakhs.

SUBSIDIARY COMPANIES

The Ministry of Corporate Affairs (MCA), Government of India vide their letter No.47/710/2009-CL-III, Dated December 4, 2009 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 CII Carbon (India) Limited, Rain CII Carbon (Vizag) Limited (formerly Rain Calciner Limited), Rain CII Carbon LLC, Rain CII Carbon Mauritius Limited, Rain Global Services HK Limited, Rain Global Services LLC, Rain Commodities (USA) Inc., CII Carbon Corporation, Zhenjiang Xin Tian Tansu Company Limited, and Moonglow Company Business Inc (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 CII Carbon (India) Limited, Rain CII Carbon (Vizag) Limited (formerly Rain Calciner Limited), Rain CII Carbon LLC, Rain CII Carbon Mauritius Limited, Rain Global Services HK Limited, Rain Global Services LLC, Rain Commodities (USA) Inc., CII Carbon Corporation, Zhenjiang Xin Tian Tansu Company Limited and Moonglow Company Business Inc.

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. Sujith Kumar Reddy and Mr. G. Krishna Prasad, Directors of the Company who retires by rotation and being eligible offer themselves for reappointment.

AUDITORS

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

M/s. Deloitte Haskins & Sells, Chartered Accountants have confirmed that their appointment, if made, shall be in accordance with the provisions of Section 224(1B) of the Companies Act, 1956.

COST AUDIT

As per the Government's directive, the Company's Cost records in respect of Cement for the Financial Year ended December 31, 2009 are being audited by Cost Auditor M/s. Sagar & Associates, Practising Cost Accountants, who are appointed by the Board with the approval of the Central Government.

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, 2009, 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, 2009 and of Profit and Loss Account of the Company for the period ended December 31, 2009;
- (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, 2009 on a going concern basis.

AUDIT COMMITTEE

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

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 (CSR) 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.

As part of Corporate Social Responsibility, the Company has undertaken following activities:

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.

The Company has made donation to Hrudaya Cure A Little Heart Foundation, which is established for providing the medical treatment to the poor children who are suffering with heart diseases. The Foundation also educates the public about the causes, prevention and eradication of heart diseases in children. 16 Children have undergone heart surgery with the financial assistance provided by the Company.

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**

N. Radhakrishna Reddy
Chairman

N. Jagan Mohan Reddy
Managing Director

Place: Hyderabad
Date : April 26, 2010

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, 2009.

A. CONSERVATION OF ENERGY.

(a) Energy conservation measures taken:

Unit - I (Ramapuram)

1. Changed the Cement Mill from Open Circuit to Closed Circuit
2. Installed mechanical unloading of fly ash system.

Unit - II (Sreepuram)

1. Installed a Variable Frequency Drives (VFD) for Cooler Fans II and III.
2. Installed MIS for energy metering of the entire plant.
3. Installation of fly ash feeding system in Line-2 cement mill section for PPC cement production is under progress.

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

Unit - I (Ramapuram)

1. Proposal to install Coal mill duo- liners (Aqua Duo) plates to improve production.
2. Proposal to install Coal mill dynamic separator to improve production and power saving.
3. Proposal to install high efficiency compressors to reduce energy consumption.

4. Proposal to install VFD panels for cooler fan -4 and fan-5 to reduce energy consumption.
5. Proposal to install high efficiency motors to reduce power consumption.
6. Proposal to install energy efficiency CFL lamps to reduce power consumption.
7. Proposal to install high-capacity raw mill fan to improve production.
8. Proposal for a spare bucket elevator to handle excess capacity of mill discharge.

Unit - II (Sreepuram)

1. Proposal for installing a belt bucket elevator for Line 1 blending silo.
2. Proposal for replacing the Line-1 ESP worn out inlet duct with new fabricated one.
3. Proposal for retrofitting the Line-2 raw coal ring granulator with hammer crusher.
4. Proposal for replacing the Line-1 raw mill inlet worn out hot air duct with new fabricated one.

(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.

Unit - I (Ramapuram)

1. Power consumption has been reduced by 2.25 Kwh per tone of Cement.

Unit - II (Sreepuram)

1. Power consumption has been reduced by 15.00 Kwh per tonne of Cement.

(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, 2009 to
December 31, 2009** January 1, 2008 to
December 31, 2008

A. Power and Fuel Consumption

1. ELECTRICITY

a) Purchased		
➤ Unit (No.) (Kwh)	223,409,075	187,841,740
➤ Total Amount (Rs.)	890,980,927	622,060,021
➤ Rate/Unit (Rs.)	3.99	3.31
b) Own Generation		
i) Through Generator		
➤ Units (No.) (Kwh)	1,694,296	48,695
➤ Units per Litre of Diesel Oil (No)	3.31	3.49
➤ Cost/Unit (Rs.)	7.10	21.21
ii) Through Steam turbine/Generator		
➤ Units (Nos.) (Kwh)	Nil	Nil
➤ Units per litre of fuel Oil & Gas	Nil	Nil
➤ Cost/Unit (Rs.)	Nil	Nil

2. COAL

➤ Quantity (Tonnes)	363,545	335,042
➤ Total Amount (Rs.)	1,405,206,722	839,383,000
➤ Average Rate (Rs.)	3,865	2,505

3. FURNACE OIL

➤ Quantity (KL)	512,351	6,415
➤ Total Amount (Rs.)	12,030,029	101,998
➤ Average Rate (Rs.)	23.48	15.90

4. Other Fuels (HSD OIL & LUB OIL)

➤ Quantity (Liters)	3,344,088	5,094,557
➤ Total Amount (Rs.)	114,683,064	195,741,099
➤ Average Rate (Rs.)	34.29	38.42

5. Consumption per Metric tonne of Cement Production

➤ Production (Cement)	2,372,299	2,185,113
➤ Electricity (Kwh)	90.05	89.46
➤ Furnace Oil (KL)	0.22	0.0052
➤ Coal (%)	15.32	16.90

B. TECHNOLOGY ABSORPTION:

Efforts made in technology absorption as per Form B:

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, ADAPTATION AND INNOVATION

1. Efforts, in brief, made towards technology absorption, adaptation and innovation : At Unit-I situated at Ramapuram Village, the Manufacturing process is based on know-how from ONODA Engineering Consulting Company Limited, Japan.

At Unit-II situated at Sreepuram Village the plant and equipment is supplied by FL Smidth., as per the FLS & Fuller Technology.
2. Benefits derived as a result of the above efforts, : The usage of imported technology and upgradation according to eg. Product development, import substitution, etc. the changes in the Technology has resulted into increased productivity and reduction in the energy consumption.
3. In case of imported technology (imported during : Technology has been imported during the Year the last 5 years reckoned from the beginning of 2008 at Unit-II. the Financial year), following information may be furnished
 - a) Technology imported : FL Smidth Denmark, Through FLS India
 - b) Year of Import : 2008
 - c) Has Technology been fully absorbed : Yes
 - d) If not fully absorbed, area where this has : Not applicable not taken place reasons therefor and future plans of action

C FOREIGN EXCHANGE EARNINGS AND OUTGO:

- a) Activities relating to exports; initiatives taken to increase exports; development of new export markets for production and service and export plans : The Company is engaged in manufacturing of Cement and the entire cement produced is sold with in India.

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

	January 1, 2009 to December 31, 2009	January 1, 2008 to December 31, 2008
(i) Foreign Exchange earned	8,23,879	NIL
(ii) Foreign Exchange Used	17,83,024	26,41,697

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

Place: Hyderabad
Date : April 26, 2010

N. Radhakrishna Reddy
Chairman

N. Jagan Mohan Reddy
Managing Director

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, 2009

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	1,38,36,000	B.Com	17 Years	22.03.1992	First Employment
2.	Mr. D. S. N. Varaprasad (50 Years)	Chief General Manager (Works) - Unit-II	24,09,708	L.M.E	30 Years	16.10.2007	The KCP Limited As Chief Executive (Unit Head)

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.
- None of the above are related to each other.

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

Place: Hyderabad
Date : April 26, 2010

N. Radhakrishna Reddy
Chairman

N. Jagan Mohan Reddy
Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

A. CEMENT

CEMENT INDUSTRY STRUCTURE AND DEVELOPMENT

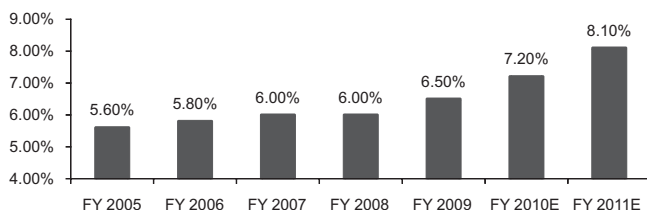
The Indian Cement industry - comprising of 148 large cement plants and more than 360 mini cement plants, is the world's second largest cement producer. The industry's capacity at the beginning of the year 2009-10 was 219 million tonnes. The demand for cement, being a derived demand, depends primarily on the industrial activity, real estate business, construction 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 100 million tonnes is likely to be on stream by March 2012, 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.

OPPORTUNITIES AND THREATS

Opportunities

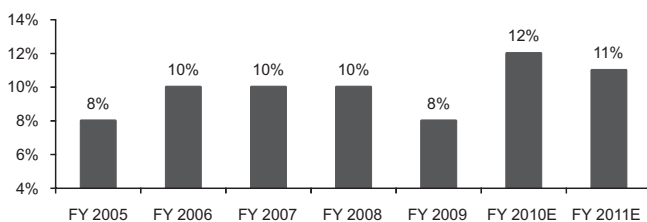
Despite apprehensions about the impact of inflation and slowdown in Industrial production and overall economic scenario, the demand prospect for the cement sector remains positive with the growth in Infrastructure, Housing, Roads, Ports, Power, Urban Housing and Irrigation Projects.

Infrastructure spending as a % of GDP



Source: Planning Commission and Management Estimate

Cement Demand YOY Growth rate %



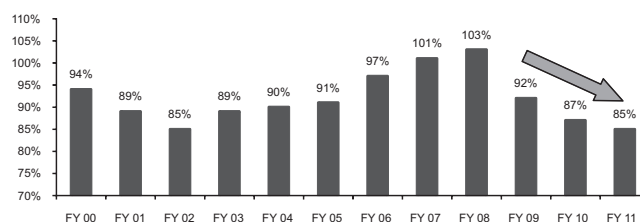
Source: CMA and Management Estimate

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

Threats

With the commissioning of about 100 million tonnes of new cement capacities during 2010-12, the Indian cement capacity utilizations are expected to moderate from the high levels of FY 2008.

Annual Capacity Utilizations

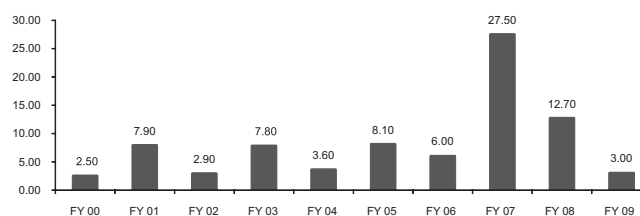


Source: CMA and Management Estimate

Furthermore, with the sharp slowdown in real estate and the capital-starved infrastructure sector, coupled with a broad economic downturn may see the industry face considerable pressure on profitability.

Earlier, the cement sector had seen a 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.

Trend in Pan-India average Annual Cement Prices (Rs./Bag)



Source: CMA and Management Estimate

RISKS AND CONCERNS

Though the overall industry looks moderate, political uncertainties, rising energy prices and high growth of inflation among others, may affect the cement industry.

The shortage of coal is a bottleneck for the industry with a prospective effect on power generation, a

major input for cement production. The other major concern is the rising freight cost.

OUTLOOK OF CEMENT INDUSTRY

Outlook for the cement industry continues to be moderate in 2010. Growth in the housing sector and infrastructure projects is likely to provide support to the prices and hedge against any demand slowdown in the near future. The Brown Field cement capacity expansion of 1.5 million tons at Kurnool unit completed in 2008, got stabilized during the second quarter of 2009 resulted in improved capacity utilization during the current year. With the initiatives taken by the Government of India for infrastructure development, cement demand is expected to rise further in 2010. The irrigation and housing projects being under taken by the Government of Andhra Pradesh will further increase the demand in the state, where the Company sells a major portion of its produce.

However, with the new cement Greenfield and Brownfield expansions commencing operations, cement supply is expected to be far higher than the demand resulting in lower capacity utilizations and reduced sales realizations.

In these conditions, the management continues to concentrate on cost reduction in power, other inputs and freight, such as increased use of domestic coal and optimizing the freight cost by setting up Fly Ash collection and Cement Packing Unit at Bellary, accelerated repayments of debt in order to reduce the interest cost and optimizing the working capital.

B) CALCINED PETROLEUM COKE (CPC)

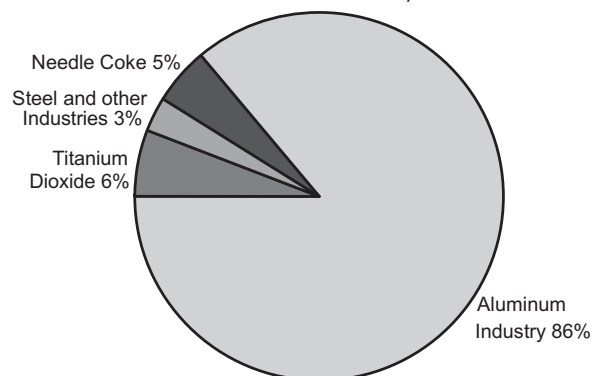
CPC INDUSTRY STRUCTURE AND DEVELOPMENT

Calcined Petroleum Coke (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 2009 is estimated to be about 22.5 million tonnes, US and China accounts for approximately 56% of the total capacity. With the consolidation of CPC industry happened in 2007, viz. acquisition of CII Carbon L.L.C by Rain Group and Great Lakes Carbon by Oxbow Carbon, now two large calciners Rain and Oxbow controls a market share of more than 20% of global CPC industry.

The demand for CPC is primarily depend on the growth in demand for Aluminum, as more than 85% of global CPC production is consumed by Aluminum

industry. The global primary Aluminum production capacity as at January 1, 2010 is about 49.2 million tonnes (Indian Aluminum capacity of 1.5 million tons). The increase in demand for Aluminum will have a proportionate increase in demand for CPC.

World CPC Demand by end use



Source: Management Estimate

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) through Greenfield and Brownfield expansions.

Demand for primary aluminium is expected to improve in 2010. The market surplus in the world outside China experienced in 2009 is expected to continue in 2010 but at a somewhat lower level depending on developments in demand and the strength of economic developments in general. China is expected to produce a slight surplus of metal in 2010.

In China, demand for primary Aluminum grew strongly throughout 2009 led by various stimulus policies implemented by Chinese government. Correspondingly, production increased and most of the previous curtailed capacity has been restarted. With additional new capacity coming on stream, production in China reached an all time high of around 16.5 million tonnes in the fourth quarter on an annual basis. China imported 1.4 million tonnes of primary aluminium in 2009.

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. Industry analysis indicates that there was an increase of unreported

stocks throughout the year. Much of the metal in stock is owned by financial investors, who are taking advantage of low interest rates, inexpensive warehousing and the contango in the aluminium forward market.

OUTLOOK OF CALCINED PETROLEUM COKE INDUSTRY

Aluminum industry, the largest consumer industry of CPC, was growing at about 5% per annum globally in the past ten years. However, in the year 2009 due to global economic downturn that coupled with unprecedented decline in the Aluminum metal prices resulted in substantial reduction of global aluminum production. The demand for CPC was also reduced in the similar percentage, in those situations management took a holistic response by initiating various actions including curtailment of CPC production, overhead rationalization and working capital improvement.

The world demand, particularly in automotive and commercial transportation, for aluminum is likely to grow from 2010. The demand for global primary aluminum is expected to grow at about 10% in 2010 and is expected to get doubled in next fifteen years. Accordingly, the outlook for CPC industry would be moderate in the year 2010 and become strong from the year 2011 onwards.

The performance of the Group, being the world's largest calciner with operations in both US and Asia, in CPC Industry would be stable in the medium term with improved availability of raw-materials and the long term relationship with both the Aluminum Smelters and the Petroleum Refineries.

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 turnover of Rs.84,15,983 (in thousands) and a cement production of 23,72,299 Metric Tonnes.

During the year the Company has earned a profit after tax of Rs.15,46,653 (in thousands).

The Earnings per share of the Company as on December 31, 2009 was Rs.21.83 (Basic) and Rs.21.83 (diluted).

The Paid up Share Capital of the Company as on December 31, 2009 is Rs. 70,83,45,790 comprising of 7,08,34,579 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, 2009, the Company had an 800 strong employee base.

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**

N. Radhakrishna Reddy
Chairman

N. Jagan Mohan Reddy
Managing Director

Place: Hyderabad
Date : April 26, 2010

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 two are Wholetime Directors, one is a Non-Executive Promoter Director and four are Non-Executive Independent Directors. The following is the composition of the Board as on December 31, 2009:

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	Executive Director	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. V. Prakash	Nominee Director	Independent Director -Nominee of ICICI Bank Limited

Other Directorships:

The number of directorships and memberships in the committees held by the Directors as on December 31, 2009 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	-	-
Mr. N. Jagan Mohan Reddy	9	-	-
Mr. N. Sujith Kumar Reddy	5	-	-
Mr. G. Krishna Prasad	4	1	-
Mr. P. Venugopal Reddy	3	-	-
Mr. R. S. Vidyasagar	2	1	-
Mr. V. Prakash	-	-	-

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

Board Meetings:

During the period from January 1, 2009 to December 31, 2009, 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 10, 2009, March 10, 2009, March 28, 2009, April 23, 2009, July 29, 2009 and October 22, 2009.

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, 2009 to December 31, 2009 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 17, 2009
Mr. N. Radhakrishna Reddy	6	Yes
Mr. N. Jagan Mohan Reddy	6	Yes
Mr. N. Sujith Kumar Reddy	6	Yes
Mr. G. Krishna Prasad	5	Yes
Mr. P. Venugopal Reddy	6	Yes
Mr. R. S.Vidyasagar	3	Absent
Mr. V. Prakash	5	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. Sujith Kumar Reddy**

Mr. N. Sujith Kumar Reddy (39 Years) has a degree in Commerce. He has more than 17 years of experience in the manufacturing industry. Presently, he is also on the board of PCL Financial Services Limited, Nivee Property Developers Private Limited, Arunachala Holdings Limited, Apeetha Enterprises Limited and Nivee Holdings Limited.

Mr. N. Sujith Kumar Reddy holds 20,05,754 equity shares in the Company as on December 31, 2009.

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

- **Mr. G. Krishna Prasad**

Mr. G. Krishna Prasad (41 Years) holds a Bachelor's degree in Electronics Engineering from India and a Masters degree in Computer Science from Wayne State University, Detroit. He worked earlier with Ford Motor Company in Detroit prior to starting his companies in India. Mr. G. Krishna Prasad is at present Managing Director in Emergency Dictation Software Services Private Limited and Tecra Systems Private Limited and Director in Srinija Infrastructure Pvt. Limited and Rain CII Carbon (India) Limited.

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. V. Prakash - Member

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 along with the Board Agenda.

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 is correct, sufficient and credible.
- (ii) Recommending to the Board, the appointment, reappointment and, if required the replacement or removal 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 judgement 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
- 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, 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 before the audit commences, about the nature and scope of audit as well as post audit discussion 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, 2009 to December 31, 2009, 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 10, 2009, March 10, 2009, April 23, 2009, July 29, 2009 and October 22, 2009.

Name of the Director	No. of Meetings Attended
Mr. P. Venugopal Reddy	5
Mr. G. Krishna Prasad	4
Mr. R. S.Vidyasagar	3
Mr. V. Prakash	5

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/achievement 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. V. Prakash - Member

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, 2009 to December 31, 2009, Remuneration Committee Meeting was held once on March 10, 2009.

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

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, 2009 to December 31, 2009 are as follows:

Name of the Director	(Rs.)
Mr. N. Radhakrishna Reddy	30,000
Mr. P. Venugopal Reddy	50,000
Mr. G. Krishna Prasad	50,000
Mr. R. S.Vidyasagar*	35,000
Mr. V. Prakash**	55,000

* Paid to IDBI Bank Limited

** Paid to ICICI Bank Limited

The Remuneration paid to the Whole-time Directors during the period from January 1, 2009 to December 31, 2009 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	1,38,36,000
Total	1,38,36,000

Mr. N. Jagan Mohan Reddy has been appointed as Managing Director without any remuneration.

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, 2009:

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

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, 2009 to December 31, 2009, the Company has received and resolved 307 complaints and there were no pending complaints. 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	Venue	Time
December 31, 2008	June 17, 2009	KLN Prasad Auditorium, FAPCCI, Red Hills, Hyderabad, Andhra Pradesh.	11.00 am
December 31, 2007	June 25, 2008	KLN Prasad Auditorium, FAPCCI, Red Hills, Hyderabad, Andhra Pradesh.	11.00 am
March 31, 2007	August 3, 2007	KLN Prasad Auditorium, FAPCCI, Red Hills, Hyderabad, Andhra Pradesh.	11.00 am

Special Resolutions passed during the previous three Annual General Meetings:

- (i) 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
- (ii) 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.
- (iii) 32nd Annual General Meeting - August 3, 2007 - No special resolutions were passed.

Special resolution passed last year through postal ballot

Special Resolution was passed on June 17, 2009 by the Company's members through postal ballot to seek Members' approval to commence the Buyback of the equity shares of the Company.

The Board had appointed Mr. S. Chidambaram, Practicing Company Secretary as Scrutinizer to conduct the Postal Ballot voting process in a fair and transparent manner.

The procedure for Postal Ballot is as per section 192A of the Companies Act, 1956 and Rules made there under namely Companies (Passing of the Resolution by Postal Ballot) Rules, 2001.

The scrutiniser submitted a report to the Chairman and the results of the voting conducted through postal ballot were as under:

Sl. No.	Particulars	No. of valid postal ballot forms received	Total Votes Polled	Votes casted in favor of the resolution (%)	Votes casted against the resolution (%)	Result
1.	Special Resolution for Buyback of Equity Shares of the Company	809	3,84,28,905	3,84,14,387 (99.96%)	11,158 (0.03%)	The Resolution was passed with requisite majority.

The aforesaid results were declared by the Chairman to the members at the 34th Annual General Meeting held on June 17, 2009.

No Special Resolution requiring a Postal Ballot is being proposed for the ensuing AGM.

5. DISCLOSURES:

a) Related party transactions:

During the financial year ended December 31, 2009, 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 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.

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 companywide 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, 2009, 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 : 35th Annual General Meeting
Date : June 7, 2010
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, 2010 to December 31, 2010
Tentative Schedule for considering Financial Results
For the Quarter ending March 31, 2010 : April 26, 2010
For the Quarter ending June 30, 2010 : July, 2010 / August, 2010
For the Quarter ending September 30, 2010 : October, 2010 / November, 2010
For the Quarter/Year ending December 31, 2010 : February, 2011
- c) Dates of Book Closures : June 2, 2010 to June 7, 2010
(both days inclusive)
- d) Dividend Payment Date : On or after June 7, 2010
- 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

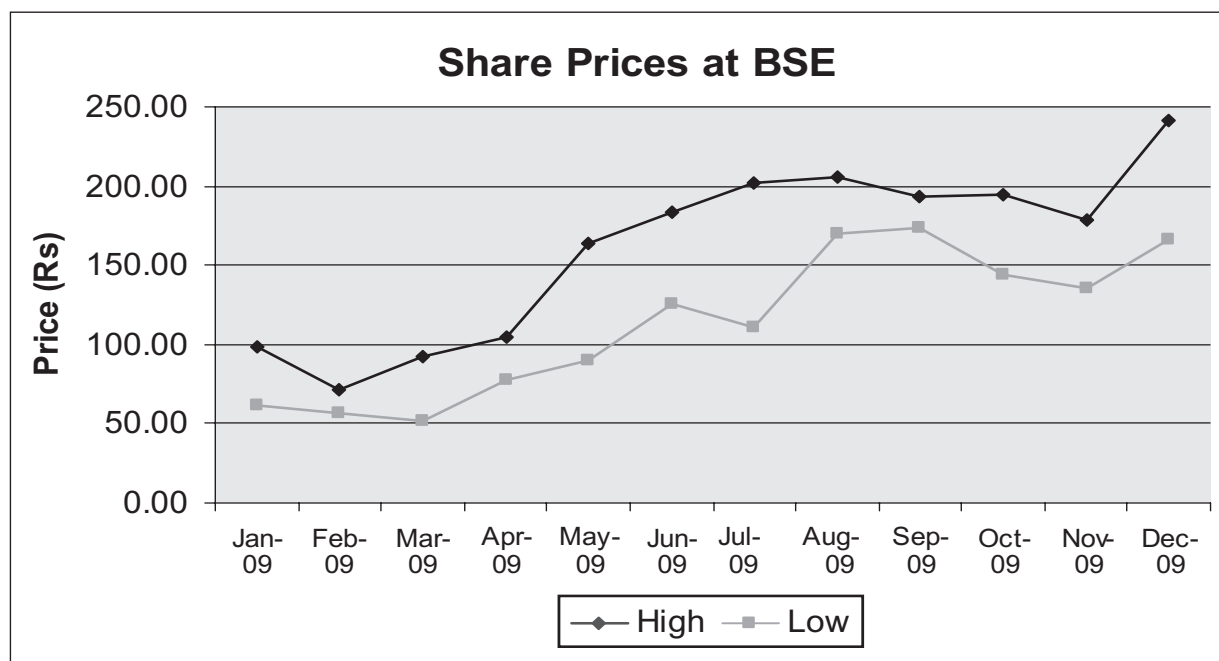
* The Company has applied to the Delhi Stock Exchange for voluntary delisting of its shares

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, 2009 to December 31, 2009**

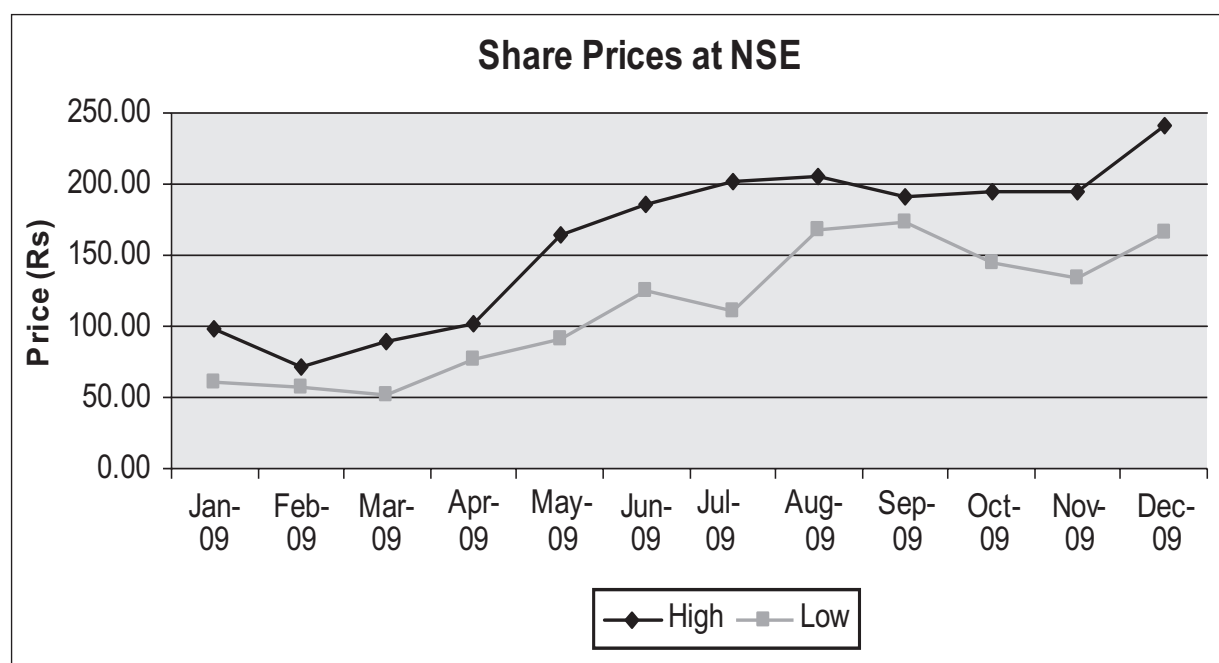
BOMBAY STOCK EXCHANGE LIMITED (BSE)

Month	High (Rs.)	Low (Rs.)	No. of Shares traded
January, 2009	98.05	61.55	2,94,261
February, 2009	72.00	57.05	1,72,136
March, 2009	91.85	52.25	18,07,544
April, 2009	105.10	78.00	13,32,521
May, 2009	164.00	90.05	7,80,897
June, 2009	183.90	125.50	6,92,523
July, 2009	202.15	110.50	15,39,746
August, 2009	205.95	169.50	5,75,838
September, 2009	192.80	173.05	3,65,097
October, 2009	195.00	144.10	10,63,557
November, 2009	178.00	135.40	4,01,152
December, 2009	241.10	166.50	1,36,57,289

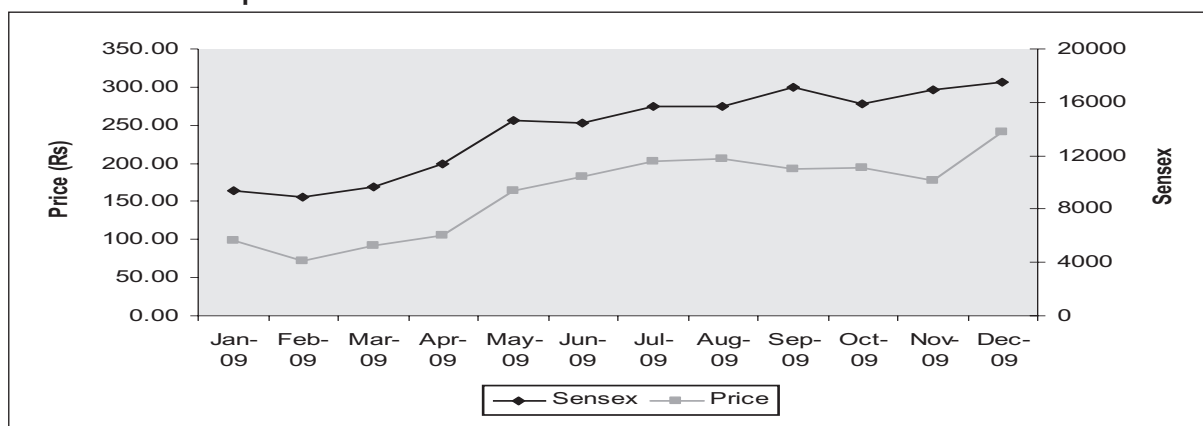


NATIONAL STOCK EXCHANGE OF INDIA LIMITED (NSE)

Month	High (Rs.)	Low (Rs.)	No. of Shares traded
January, 2009	97.40	61.25	4,17,196
February, 2009	71.85	57.90	2,11,708
March, 2009	89.95	52.50	23,74,424
April, 2009	102.00	77.50	17,41,940
May, 2009	164.80	90.20	9,96,517
June, 2009	185.00	125.40	10,27,441
July, 2009	202.25	111.05	21,04,892
August, 2009	205.80	168.20	8,33,939
September, 2009	191.95	173.55	7,65,151
October, 2009	194.40	144.05	20,28,562
November, 2009	195.00	134.50	6,97,484
December, 2009	241.30	166.15	1,12,28,468

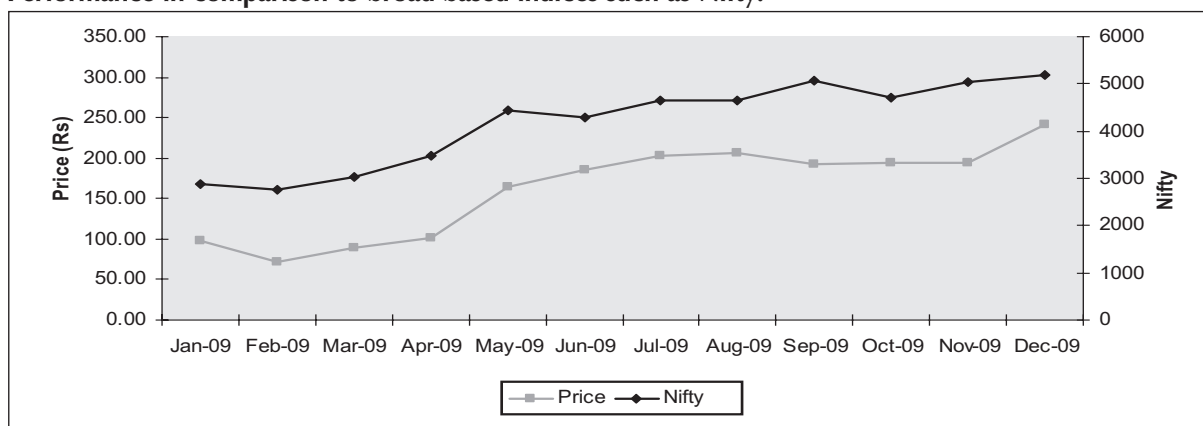


g) Performance in comparison to broad based indices such as BSE Sensex:



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 # 91-40-23420815-28; 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.

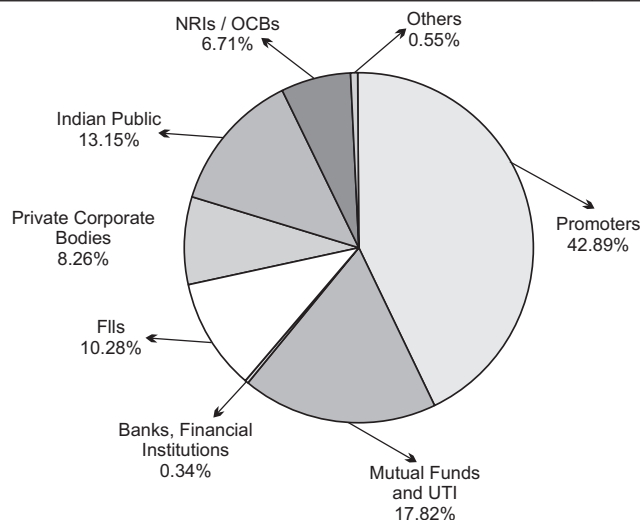
Any transferee who wishes to demat the shares may approach a Depository participant along with a duly filled Demat Request Form, who shall, on the basis of the Share Certificate, generate a demat request and send the same to the Registrar and Share transfer Agents(RTA). On receipt, the Depository Registrar 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, 2009:

Sl.No.	Category	No. of Equity Shares held	Percentage of shareholding
1.	Promoters/Directors/ Associates	30,383,816	42.89
2.	Mutual Funds and UTI	12,622,452	17.82
3.	Banks, Financial Institutions, Insurance Companies (Central/State Government Institutions/ Non-Government Institutions)	242,698	0.34
4.	FII's	7,281,243	10.28
5.	Private Corporate Bodies	5,849,558	8.26
6.	Indian Public	9,317,765	13.15
7.	NRIs / OCBs	4,749,976	6.71
8.	Others (Clearing Members)	387,071	0.55
	TOTAL	70,834,579	100.00



Distribution of Share holding as on December 31, 2009:

Nominal Value (in Rs.)	Holders		Amount	
	Number of shareholders	% to Total No. of Shareholders	In Rupees	% to Total paid up capital
1 - 5,000	46,361	93.25	52,455,930	7.41
5,001 - 10,000	1,768	3.56	13,460,100	1.90
10,001 - 20,000	773	1.55	11,139,220	1.57
20,001 - 30,000	273	0.55	7,026,310	0.99
30,001 - 40,000	76	0.15	2,688,740	0.38
40,001 - 50,000	121	0.24	5,550,340	0.78
50,001 - 1,00,000	125	0.25	9,127,670	1.29
1,00,00 and above	226	0.45	606,897,480	85.68
TOTAL	49,723	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, 2009, 5,12,40,116 equity shares were dematerialised representing 72.34% 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

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 # 91-40-23420815-28; Fax # 91-40-23420814 / 23420857

Email id: ussingh@karvy.com

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

Place: Hyderabad
Date: April 26, 2010

N. Radhakrishna Reddy
Chairman

N. Jagan Mohan Reddy
Managing Director

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, 2009.

for **RAIN COMMODITIES LIMITED**

Place: Hyderabad
Date : April 26, 2010

N. Jagan Mohan Reddy
Managing Director

CERTIFICATE OF COMPLIANCE FROM AUDITORS AS STIPULATED UNDER CLAUSE 49 OF THE LISTING AGREEMENT 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 31st December, 2009, 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 conditions 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 the efficiency or effectiveness with which the management has conducted the affairs of the company.

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

Place: Hyderabad
Date : April 26, 2010

K. Rajasekhar
Partner
Membership No.23341

CEO AND CFO CERTIFICATE

We hereby certify that :

- a) We have reviewed financial statements and the cash flow statement for the Financial year ended December 31, 2009 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.
- e) We further declare that all board members and senior managerial personnel have affirmed compliance with the code of conduct for the current financial year.

For **RAIN COMMODITIES LIMITED**

Place: Hyderabad
Date : March 17, 2010

N. Jagan Mohan Reddy
Managing Director

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

AUDITORS' REPORT

TO THE MEMBERS OF
RAIN COMMODITIES LIMITED

1. We have audited the attached Balance Sheet of Rain Commodities Limited as at December 31, 2009, the Profit and Loss Account for the year ended on that date and the Cash Flow Statement 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 of India in terms of sub-section (4A) of Section 227 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 that:
 - (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 appears from our examination of those books;
 - (c) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 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, 2009;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
5. On the basis of written representations received from the directors as on December 31, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on December 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

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

K. Rajasekhar
Partner
Membership No.: 23341

Place : Hyderabad
Date : March 17, 2010

ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph 3 of the Auditors' Report of even date to the Members of Rain Commodities Limited]

The nature of the Company's business/ activities during the year is such that paragraphs 4 (vi), (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 its fixed assets except for certain items of fixed assets, the quantitative details of which, we are informed, are in the process of being compiled.
- (b) Some of the fixed assets have been physically verified by the management in accordance with a programme of verification which provides for verification of all the fixed assets at reasonable intervals, having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) The fixed assets disposed off during the year, in our opinion, do not constitute substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

(ii) In respect of its inventories:

- (a) As explained to us, inventories were physically verified during the year by the management at reasonable intervals.
- (b) In our opinion and according to the information and explanations 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 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) (a) According to the information and explanations given to us, the company has granted unsecured loans to wholly owned subsidiary companies

covered in the Register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 1,503,260 thousands and the year - end balance of the loan granted to such company was Rs.1,503,260 thousands.

- (b) In our opinion and according to the information and explanations given to us, the terms and conditions of such interest free loans are not, prima facie, prejudicial to the interest of the company.
- (c) In respect of the loans granted to such wholly owned subsidiaries, terms of repayment have not been stipulated and accordingly paragraphs 4 (iii) and (iv) are not applicable.
- (d) 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 covered in the register maintained under Section 301 of the Companies Act, 1956 and accordingly paragraphs 4 iii(f) to 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 explanation that some of the items purchased are of special nature for which suitable alternate sources do not exist for obtaining comparable quotations, there are adequate internal control systems commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control systems.

- (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 in Section 301 of the Companies Act, 1956 maintained under the said section have been so entered during the year.

- (b) in our opinion and having regard to our comments in paragraph (iv) above, and according to the information and explanations

given to us, the transactions made during the year in pursuance of such contracts or arrangements and exceeding a value of rupees five lacs in respect of any party, other than loans to parties referred to in paragraph (iii) (a) above, have been made at prices, which are 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 company 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 and records maintained by the Company relating to the production of cement pursuant to the order made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.

(viii) In respect of statutory dues:

- (a) According to the information and explanations given to us, the Company has been generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and any other material statutory dues applicable to it with the appropriate authorities during the year. There are no dues relating to investor education and protection fund.
- (b) According to the information and explanation given to us, no undisputed amounts payable in respect of income tax, service tax, wealth tax, sales tax, customs duty, excise duty and cess were outstanding as at December 31, 2009 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, details of dues of sales tax, excise duty and income tax which have not been deposited as at December 31, 2009 on account of any dispute are given below:

Name of the Statute	Nature of dues	Amount (in Rs. Thousands)	Period to which the amount relates	Forum where pending
Andhra Pradesh General Sales Tax Act, 1957	Sales tax	4,108	1994-95	Sales Tax Appellate Tribunal
		12,911	1996-97	
		17,626	1997-98	
		13,529	1997-98	
Central Sales Tax Act, 1956	Sales tax	1,460	1995-96	Commissioner (Appeals)
		1,311	1996-97	
Central Excise Act, 1944	Excise duty	2,747	2005-06	Commissioner (Appeals)
		1,145	2005-06	
Andhra Pradesh VAT Act, 2005	Sales tax	58,381	2007-08	High Court of Judicature of Andhra Pradesh
		95,408	2008-09	
		33,678	2009-10	
Income tax Act, 1961	Income tax	22,527	Assessment Year 2004-05	Commissioner of Income Tax (Appeals)

- (ix) The Company does not have accumulated losses and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (x) 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 repayment of dues to banks.
- (xi) In our opinion, the terms and conditions on which the Company has given guarantee for loans taken by its subsidiary from banks are not prima facie prejudicial to the interests of the Company.
- (xii) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, term loans availed by the Company were prima facie applied for the purposes for which the loans were obtained.
- (xiii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, funds raised on short term basis have prima facie not been used during the year for long term investment.
- (xiv) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

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

K. Rajasekhar
Partner
Membership No.: 23341

Place : Hyderabad
Date : March 17, 2010

BALANCE SHEET AS AT DECEMBER 31, 2009

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

	SCHEDULE	As at December 31, 2009	As at December 31, 2008
SOURCES OF FUNDS			
Shareholders' Funds			
a) Capital	A	708,346	708,346
b) Reserves and Surplus	B	5,494,169	4,254,146
		6,202,515	4,962,492
Loan Funds			
a) Secured Loans	C	2,144,512	4,264,364
b) Unsecured Loans	D	754,966	654,120
		2,899,478	4,918,484
Deferred Tax Liability (net)		409,505	434,441
TOTAL		9,511,498	10,315,417
APPLICATION OF FUNDS			
Fixed Assets			
a) Gross Block	E	5,608,479	5,178,858
b) Less: Depreciation		609,330	300,528
c) Net Block		4,999,149	4,878,330
d) Capital Work In Progress		116,679	304,266
		5,115,828	5,182,596
Investments	F	2,440,356	2,405,850
Current Assets, Loans and Advances			
a) Inventories	G	827,017	616,699
b) Sundry Debtors	H	113,445	1,470,138
c) Cash and Bank balances	I	135,670	115,118
d) Other Current Assets	J	632	3,239
e) Loans and Advances	K	2,627,320	2,348,482
		3,704,084	4,553,676
Less : Current Liabilities and Provisions			
a) Liabilities	L	1,212,645	1,481,302
b) Provisions	M	536,125	345,403
		1,748,770	1,826,705
Net Current Assets		1,955,314	2,726,971
TOTAL		9,511,498	10,315,417
Notes	U		

Schedules A to M and U form an integral part of the Balance Sheet

For and on behalf of the Board of Directors

Per our report attached
for **Deloitte Haskins & Sells**
Chartered Accountants

N. Jagan Mohan Reddy
Managing Director

N. Sujith Kumar Reddy
Executive Director

K. Rajasekhar
Partner
Place: Hyderabad
Date : March 17, 2010

S. Venkat Ramana Reddy
Company Secretary

G.N.V.S.R.R. Kumar
VP-Finance & Accounts
Place: Hyderabad
Date : March 17, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2009

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

	SCHEDULE	Year ended December 31, 2009	Year ended December 31, 2008
INCOME			
Sales (Gross)	N	10,439,711	12,355,848
Less: Excise duties and taxes on sales		2,023,728	2,316,880
Sales (Net)		8,415,983	10,038,968
Other Income	O	67,242	40,520
		8,483,225	10,079,488
EXPENDITURE			
Payment and Benefits to Employees	P	243,773	242,632
Manufacturing Expenses	Q	4,143,579	6,031,393
(Increase) / Decrease in stock in trade	R	(176,348)	(21,758)
Administrative, Selling and other Expenses	S	2,185,369	1,903,978
		6,396,373	8,156,245
GROSS OPERATING PROFIT		2,086,852	1,923,243
Interest and Finance Charges	T	292,020	485,434
PROFIT BEFORE EXCEPTIONAL ITEM, DEPRECIATION AND TAXATION		1,794,832	1,437,809
Depreciation and Amortisation		310,344	224,855
PROFIT BEFORE EXCEPTIONAL ITEM AND TAXATION		1,484,488	1,212,954
Exceptional Item (Refer Note III of Schedule U)		507,954	-
PROFIT BEFORE TAXATION		1,992,442	1,212,954
Provision for Taxation			
- Current Tax		469,528	166,821
- Deferred Tax		(24,936)	190,824
- Fringe Benefit Tax		1,197	4,772
PROFIT AFTER TAXATION		1,546,653	850,537
Surplus brought forward from Previous Year		2,377,847	1,874,132
PROFIT AVAILABLE FOR APPROPRIATION		3,924,500	2,724,669
APPROPRIATIONS			
Transfer (from) / to Debenture Redemption Reserve		(80,975)	(62,029)
Transfer to Capital Redemption Reserve		-	12,000
Transfer to General Reserve		262,100	85,100
Proposed Dividend		262,088	266,465
Tax On Dividend		44,542	45,286
SURPLUS CARRIED TO BALANCE SHEET		3,436,745	2,377,847
Earnings Per Share - Basic - Rs.		21.83	12.08
Earnings Per Share - Diluted - Rs.		21.83	12.08
Notes	U		

Schedules N to U form an integral part of the Profit and Loss Account

For and on behalf of the Board of Directors

Per our report attached
for **Deloitte Haskins & Sells**
Chartered Accountants

N. Jagan Mohan Reddy
Managing Director

N. Sujith Kumar Reddy
Executive Director

K. Rajasekhar
Partner

S. Venkat Ramana Reddy
Company Secretary

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

Place: Hyderabad
Date : March 17, 2010

Place: Hyderabad
Date : March 17, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2009

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

	Year ended December 31, 2009	Year ended December 31, 2008
A. Cash Flow from Operating Activities		
Net Profit before exceptional item and taxation	1,484,488	1,212,954
Adjustments for :		
Depreciation	310,344	224,855
Discount On Issue of Debentures Amortised	31,950	25,560
Unrealized Loss/ (Gain) on Foreign Exchange Fluctuation	(2,895)	1,572
Interest on deposits with Banks and others	(8,539)	(21,399)
Provision for doubtful debts	3,174	458
Interest and finance charges	259,463	403,696
Liability No Longer Required Written Back	(13,359)	(2,592)
Loss on Sale / Retirement of Fixed Assets	3,562	11,761
Dividend from Current Investments	(7,936)	-
Profit from sale of Investments	-	(150)
	<u>575,764</u>	<u>643,761</u>
Operating profit before Working Capital changes	2,060,252	1,856,715
Adjustments for :		
Sundry Debtors	1,353,519	(1,037,487)
Inventories	(210,318)	(317,051)
Loans and Advances	(248,671)	(1,016,042)
Current Liabilities and Provisions	(262,992)	201,980
	<u>631,538</u>	<u>(2,168,600)</u>
Cash Generated from Operations	2,691,790	(311,885)
Income Tax paid	(234,442)	(201,705)
Net cash flow from/(used in) Operating activities	2,457,348	(513,590)
B. Cash Flow from Investing activities		
Purchase of Fixed Assets	(269,169)	(1,065,073)
Proceeds from sale of Fixed Assets	3,101	10,098
Sale of Long Term Investments	764,563	1,272
Purchase of Current Investments	(975,000)	-
Redemption of Current Investments	686,251	-
Loans to Subsidiaries	(80,759)	-
Investment in Subsidiary Companies	-	(600)
Proceeds from maturity of Long Term Deposits	-	5,511
ICDs given	(500)	-
ICDs repaid	500	-
Interest received	11,116	19,348
Dividend received	5,570	-
Net cash flow from/(used in) Investing activities	145,673	(1,029,444)

CASH FLOW (Contd.)

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

	Year ended December 31, 2009	Year ended December 31, 2008
C. Cash Flow from Financing activities		
Proceeds from long term borrowings	-	866,771
Repayment of long term borrowings (including debentures)	(1,483,393)	(446,650)
Proceeds from / (Repayment) of Working capital borrowings (net)	(636,459)	999,326
Sales tax deferment	100,846	138,918
Interest paid	(260,795)	(411,978)
Proceeds from / (Repayment) of Unsecured Loan	-	(120,000)
Payment of Dividend [including dividend tax paid Rs.44,542 (December 31,2008: Rs.33,520)]	(302,700)	(235,961)
Proceeds from issue of additional equity shares	-	911,393
Buy back of equity shares	-	(178,848)
Net cash flow from/(used in) Financing activities	(2,582,501)	1,522,971
Net (Decrease)/Increase in Cash and Cash equivalents	20,520	(20,063)
Cash and Cash equivalents - Opening Balance*	114,606	134,669
Cash and Cash equivalents - Closing Balance*	135,126	114,606
*includes money held on margin money deposit accounts		
Supplementary Information		
Cash and Bank Balance	135,670	115,118
Less: Long term deposits with Scheduled Banks considered as investment.	544	514
	135,126	114,604

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.
- Comparative figures of the previous year have been regrouped where necessary to conform to those of the current year.
- Cash and cash equivalents includes restricted cash balance Rs.67,918 (December 31,2008 - Rs.105,190).

For and on behalf of the Board of Directors

Per our report attached
for **Deloitte Haskins & Sells**
Chartered Accountants

N. Jagan Mohan Reddy
Managing Director

N. Sujith Kumar Reddy
Executive Director

K. Rajasekhar
Partner

S. Venkat Ramana Reddy
Company Secretary

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

Place: Hyderabad
Date : March 17, 2010

Place: Hyderabad
Date : March 17, 2010

SCHEDULES TO THE BALANCE SHEET

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

	As at December 31, 2009	As at December 31, 2008
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 (December 31, 2008 :72,034,579) Equity shares of Rs.10/- each	708,346	720,346
Less : Buy back of 1,200,000 Equity Shares of Rs. 10/- each	—	12,000
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, without payment being received in cash	<u>708,346</u>	<u>708,346</u>
B. RESERVES AND SURPLUS		
Securities Premium Account		
As at the commencement of the year	1,097,372	302,194
Add: Premium received on issue of equity shares	—	962,026
	1,097,372	1,264,220
Less: Utilisation against buy back of equity shares	—	(166,848)
	<u>1,097,372</u>	<u>1,097,372</u>
Capital Reserve		
As at the commencement of the year	417,725	382,991
Add: On Forfeiture of equity share warrants	—	34,734
	<u>417,725</u>	<u>417,725</u>
Capital Redemption Reserve		
As at the commencement of the year	12,000	—
Transferred from Profit and Loss Account	—	12,000
	<u>12,000</u>	<u>12,000</u>
Debenture Redemption Reserve		
As at the commencement of the year	80,975	143,004
Less: Transferred to Profit and Loss Account	(80,975)	(62,029)
	<u>—</u>	<u>80,975</u>
General Reserve		
As at the commencement of the year	268,227	183,127
Add: Transferred from Profit and Loss Account	262,100	85,100
	<u>530,327</u>	<u>268,227</u>
Profit and Loss Account	<u>3,436,745</u>	<u>2,377,847</u>
	<u>5,494,169</u>	<u>4,254,146</u>

SCHEDULES TO THE BALANCE SHEET

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

	As at December 31, 2009	As at December 31, 2008
C. SECURED LOANS*		
Debentures		
11,278,000, 9.39% Redeemable Non - Convertible Debentures of Rs. 100 each.	-	323,900
Term Loans		
- Banks	1,417,766	2,510,592
- Financial Institutions	233,333	300,000
Working Capital Loans **		
- Banks	493,413	1,129,872
	<u>2,144,512</u>	<u>4,264,364</u>
** includes buyers' credit availed by the Company from banks in whose favour letters of undertaking have been issued	370,417	1,037,112

***Notes:**

1. Term Loans are :

- a) Secured by pari passu first charge on all immovable and movable properties excluding book debts, stocks of finished and semi-finished goods of the company.
 - b) Secured by additional security of farm land at Nellore and land owned by certain Directors.
 - c) Secured by personal guarantee of certain promoter Directors.
2. Cash Credit is secured by exclusive first charge on the whole of the present and future stocks of raw materials, goods in process, manufactured goods, stores and spares, book debts, outstanding - monies, receivables and claims belonging to the company.

D. UNSECURED LOANS

Other than short term

Sales Tax Deferment	754,966	654,120
	<u>754,966</u>	<u>654,120</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/AMORTISATION				NET BLOCK		
		As at December 31, 2008	Additions/ adjustments* during the year	Deletions during the year	As at December 31, 2009	Upto December 31, 2008	For the year	On Deletions	Upto December 31, 2009	As at December 31, 2009	As at December 31, 2008
I.	INTANGIBLE ASSETS										
	Software	882	-	882	-	882	-	882	-	-	-
II.	Tangible Assets										
	Land - Free Hold	59,567	44	355	59,256	-	-	-	-	59,256	59,567
	Land - Mining (See Note below)	20,577	990	2,285	19,282	235	163	8	390	18,892	20,342
	Buildings	679,795	112,877	-	792,672	32,401	23,564	-	55,965	736,707	647,394
	Railway Siding	1,802	-	1,802	-	185	52	237	-	-	1,617
	Plant and Machinery	4,260,505	264,386	1,951	4,522,940	248,489	273,232	86	521,635	4,001,305	4,012,016
	Furniture and Fixtures	104,825	5,075	-	109,900	8,918	4,144	-	13,062	96,838	95,907
	Office Equipments	34,325	33,612	-	67,937	7,673	7,122	-	14,795	53,142	26,652
	Vehicles	16,580	20,842	930	36,492	1,745	2,067	329	3,483	33,009	14,835
	TOTAL	5,178,858	437,826	8,205	5,608,479	300,528	310,344	1,542	609,330	4,999,149	4,878,330
	Year ended Decemeber 31, 2008	2,056,623	3,169,488	47,253	5,178,858	101,068	224,855	25,395	300,528		

*adjustments include transfers inter-se

Note: Land Mining represents land used for Mining

SCHEDULES TO THE BALANCE SHEET

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

	As at December 31, 2009	As at December 31, 2008
F. INVESTMENTS		
(Unquoted)		
Long Term (at Cost)		
Trade Investments		
a) Andhra Pradesh Gas Power Corporation Limited 1,34,000 (December 31, 2008 - 1,34,000) Equity Shares of Rs. 10 each fully paid up #	16,000	16,000
b) Petroleum Coke Industries Company, Kuwait Nil (December 31, 2008 - 17,175,000) Equity shares of KD 0.10 each, fully paid up (17,175,000 sold during the year)	-	256,609
Subsidiary Companies		
a) Rain CII Carbon (India) Limited 29,805,000 (December 31, 2008 - 29,805,000) Equity Shares of Rs. 10 each fully paid up # #	2,128,104	2,128,104
b) Rain Commodities (USA) Inc. 20 (December 31, 2008 - 20) Common Stock at face value of USD 0.01 per share	4,445	4,445
c) Rain Calciner Limited 60,000 (December 31, 2008 - 60,000) Equity shares of Rs. 10 each fully paid up	600	600
Other than Trade		
Government Securities - National Savings Certificates (deposited with various Authorities)	92	92
Current Investments(at lower of cost and fair value)		
In Mutual Funds		
a) HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale Daily Dividend 2,343,581.77 units of Rs.10/- each (purchased during the year)	23,510	-
b) HDFC Floating Rate Income Fund - Short Term Wholesale Daily Dividend 10,573,468.93 units of Rs.10/- each (purchased during the year)	106,590	-
c) Kotak Floater Long Term Daily Dividend Reinvest 4,004,689.74 Units of Rs.10/- each (purchased during the year)	40,366	-
d) LIC Floating Rate Income fund Short Term Plan Daily Dividend Plan 12,064,927.08 units of Rs.10/- each (purchased during the year)	120,649	-
	<u>2,440,356</u>	<u>2,405,850</u>
# Pledged with banks for loans availed		
# # 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 redeemed :

	Purchased		Sold
	Number of Units	Cost	Number of Units
1) LIC MF Liquid Fund - Dividend Plan	6,375,790.133	70,007	6,375,790.133
2) LIC MF Savings plus Fund-Daily Dividend Plan	5,020,469.554	50,205	5,020,469.554
3) Axis Treasury Advantage Fund -Daily Dividend	50,282.522	50,282	50,282.522
4) UTI Treasury Advantage Fund -Institutional Plan (Daily Dividend option) - Re - Investment	50,405.243	50,416	50,405.243
5) Kotak Liquid Regular Weekly Dividend	498,762.851	5,000	498,762.851
6) Kotak Floater Long Term - Daily Dividend	496,041.588	5,000	496,041.588
7) Reliance Liquid Fund - Treasury Plan Institutional Option - Daily Dividend option	654,208.718	10,001	654,208.718
8) Reliance Medium Term Fund - Daily Dividend	585,843.567	10,015	585,843.567
9) HDFC Liquid Fund Premium plan -Dividend - Daily Reinvest	36,709,088.695	450,046	36,709,088.695
10) HDFC Floating Rate Income Fund - Short Term Plan - Wholesale option - Dividend Reinvestment - Daily	4,464,000.00	45,001	4,464,000.00
11) HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Daily Dividend	27,912,076.958	280,000	27,912,076.958
12) SBI - Magnum Insta Cash Fund - Daily Dividend Option	14,926,371.089	250,021	14,926,371.089
13) SBI-SHF-Ultra Short Term Fund - Institutional Plan - Daily Dividend.	25,096,958.737	251,105	25,096,958.737

SCHEDULES TO THE BALANCE SHEET

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

	As at December 31, 2009	As at December 31, 2008
G. INVENTORIES		
Stores and Spares (including packing material)*	118,391	63,953
Raw Materials *	29,187	67,911
Fuel*	359,949	336,704
Stock In Trade		
Work -in-Progress **	253,071	66,250
Finished Goods**	66,419	81,881
	<u>827,017</u>	<u>616,699</u>
Fuel includes goods in transit of	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	14,019	9,180
- Other debts	45,693	40,616
Unsecured		
Considered Good		
- Debts Outstanding for a period exceeding six months		
From Rain CII Carbon (India) Limited, Subsidiary Company*	–	391,323
- Other debts		
From Rain CII Carbon (India) Limited, Subsidiary Company*	–	956,260
From Others	53,733	72,759
Considered Doubtful		
- Debts Outstanding for a period exceeding six months	18,266	14,778
- Other debts	324	637
Less: Provision for doubtful debts	(18,590)	(15,415)
*Maximum amount outstanding during the year - Rs.402,457 (December 31, 2008 : Rs.1,347,583)	<u>113,445</u>	<u>1,470,138</u>
I. CASH AND BANK BALANCES		
Cash and Cheques on Hand	26,747	235
With Scheduled Banks		
On Current Accounts	40,461	9,179
On Fixed Deposit Accounts	544	514
On Margin Money Deposit Accounts *	55,831	97,033
- Dividend Accounts	12,087	8,157
	<u>135,670</u>	<u>115,118</u>
* Pledged with banks for guarantees issued		
J. OTHER CURRENT ASSETS		
Interest accrued on Deposits	632	3,239
	<u>632</u>	<u>3,239</u>

SCHEDULES TO THE BALANCE SHEET

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

	As at December 31, 2009	As at December 31, 2008
K. LOANS AND ADVANCES		
(Unsecured and Considered Good, unless otherwise stated)		
Loans to Employees	1,006	517
Loans to Subsidiaries *	1,503,260	1,422,501
Advance Recoverable in cash or in kind or for value to be received **	948,228	692,533
Balances with Government and Public Bodies	144,176	163,116
Deposits with Others	21,636	23,229
MAT credit entitlement	9,014	34,867
Advance Tax (net of provision for tax Rs.Nil (December 31, 2008 Rs.166,821))	-	11,719
	<u>2,627,320</u>	<u>2,348,482</u>
* Loans to subsidiaries comprise of interest free loans to wholly owned subsidiaries - Rain Commodities (USA) Inc., Rs.1,373,169 (December 31, 2008 Rs.1,292,410) [Maximum amount outstanding during the year - Rs.1,373,169; (December 31, 2008 - Rs.1,292,410)] - Rain Calciner Limited Rs.130,091 (December 31, 2008 Rs.130,091) [Maximum amount outstanding during the year - Rs.130,091; (December 31, 2008 - Rs.130,091)] ** includes capital advances Rs.83,471 (December 31, 2008 - Rs.64,541)		
L. CURRENT LIABILITIES		
Sundry Creditors		
- Dues to Micro and Small Enterprises	461	-
- Dues to other than Micro and Small Enterprises	538,855	829,352
Dues to Subsidiary Companies		
- Rain CII Carbon (India) Limited	158,094	240,000
- Rain CII Carbon LLC	-	52,130
- Rain Global Services LLC	158,533	19,050
Security and other deposits	133,579	130,875
Advance from Customers	50,349	67,073
Other Liabilities	155,457	128,103
Interest accrued but not due on loans	5,230	6,562
Unclaimed Dividends*	12,087	8,157
	<u>1,212,645</u>	<u>1,481,302</u>
* 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	38,391
Income Tax (net of advance tax Rs.679,890)	199,093	-
Fringe Benefit Tax	-	382
Proposed Dividend	262,088	262,088
Tax on Dividend	44,542	44,542
	<u>536,125</u>	<u>345,403</u>

SCHEDULES TO THE PROFIT AND LOSS ACCOUNT

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

	Year ended December 31, 2009	Year ended December 31, 2008
N. SALES		
Cement	9,830,488	9,391,557
Green Petroleum Coke	510,028	2,964,291
Pet Coke	21,291	-
Clinker	77,904	-
	<u>10,439,711</u>	<u>12,355,848</u>
O. OTHER INCOME		
Interest on deposits with Banks and Others (Gross)	8,539	21,399
[Tax deducted at Source - Rs. 1,759 (December 31, 2008 - Rs 4,402)]		
Dividends from Current investments	7,936	-
Profit on sale of long term investments	-	150
Scrap sales	23,821	11,516
Liability no longer required written back	13,359	2,592
Miscellaneous Income	13,587	4,863
	<u>67,242</u>	<u>40,520</u>
P. PAYMENTS AND BENEFITS TO EMPLOYEES		
Salaries, Wages and Bonus	200,782	194,544
Contribution to Provident Fund and Other Funds	15,986	28,478
Workmen and Staff Welfare Expenses	27,005	19,610
	<u>243,773</u>	<u>242,632</u>
Q. MANUFACTURING EXPENSES		
Raw materials consumed *	637,071	522,747
Purchase of goods for resale	516,704	2,941,084
Packing material	294,443	284,781
Stores and spare parts consumed	319,078	221,598
Power and Fuel	2,301,303	1,997,757
Repairs		
- Buildings	3,514	1,173
- Machinery	77,373	69,887
	<u>4,149,486</u>	<u>6,039,027</u>
Less: Captive consumption of cement	5,907	7,634
	<u>4,143,579</u>	<u>6,031,393</u>

*includes royalty and cess - Rs.166,931 (December 31, 2008 : Rs.115,884)

SCHEDULES TO THE PROFIT AND LOSS ACCOUNT

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

	Year ended December 31, 2009	Year ended December 31, 2008
R. (INCREASE)/DECREASE IN STOCK		
Opening Stock		
Work in Progress	66,250	90,882
Finished Goods	81,881	31,150
	<u>148,131</u>	<u>122,032</u>
Closing Stock		
Work in Progress	253,071	66,250
Finished Goods	66,419	81,881
	<u>319,490</u>	<u>148,131</u>
(Increase)/Decrease in Stock	(171,359)	(26,101)
Increase/(Decrease) in Excise Duty on Stock	(4,989)	4,343
	<u>(176,348)</u>	<u>(21,758)</u>
S. ADMINISTRATIVE, SELLING AND OTHER EXPENSES		
Rent	27,860	30,485
Rates and taxes	62,342	15,876
Repairs - Others	77,093	42,928
Insurance	9,990	8,457
Directors' sitting fees	220	45
Commission to Directors	5,000	4,200
Cash discounts	72,675	70,366
Selling and Distribution Expenses	1,739,697	1,608,376
Communication Expenses	11,340	10,724
Travelling and Conveyance	24,231	18,349
Legal and Professional Charges	26,508	23,603
Provision for Doubtful Debts	3,174	458
Loss on sale/ retirement of fixed asset	3,562	11,761
Miscellaneous Expenses	121,677	58,350
	<u>2,185,369</u>	<u>1,903,978</u>
T. INTEREST AND FINANCE CHARGES		
Interest		
-on Debentures	4,876	40,922
-on Term Loans	250,587	286,247
-Other	4,000	8,075
Amortisation of discount on issue of Debentures	31,950	25,560
Bank and Finance Charges	4,454	68,452
Loss/ (Gain) on Foreign exchange fluctuation	(3,847)	56,178
	<u>292,020</u>	<u>485,434</u>

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

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

Schedule-U: NOTES

I. Organization:

Rain Commodities Limited ('the Company') is engaged in the manufacture and sale of cement. The Company through its wholly owned subsidiaries - Rain CII Carbon (India) Limited (formerly Rain Industries Limited) and Rain CII Carbon LLC is engaged in the manufacturing and trading of Calcined Petroleum Coke and generation of Power through waste heat recovery.

II. Significant Accounting Policies

a) Basis of Accounting

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

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 period. Actual results could differ from those estimates.

c) Revenue Recognition

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

d) Fixed Assets and Depreciation

Fixed assets are stated at actual cost less accumulated depreciation. Cost includes

material cost, freight, installation cost, duties and taxes 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. Software is amortized evenly over a three-year period. 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 amortised over the estimated period of mining reserves.

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.

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

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

f) 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 of Provident Fund, administered and managed by the Government of India. The Company makes monthly contributions and has no further obligations under the plan beyond its contributions.

Defined Benefit Plans

The Company has a defined benefit Gratuity plan covering all its employees. Gratuity is covered under a Scheme of Life Insurance Corporation of India (LIC) and contributions in respect of such scheme are recognised 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).

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.

g) 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.

h) 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.

i) 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 realized gain/loss on account of foreign currency transactions are accounted in the Profit and Loss account.

j) Investments

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

III. Exceptional item represents profit on sale of long term investments in Petroleum Coke Industries Company, Kuwait.

IV. Loans & 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 shares of another entity 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 has initiated legal proceedings against these parties to recover the advance. Management is of the view, supported by legal advise, that the company's claim will result in a favourable outcome and that it has a good chance of recovering the advances paid.

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

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

V. Contingent liabilities not provided for in respect of:

	December 31, 2009 Amount	December 31, 2008 Amount
Matters under dispute:		
Sales Tax	57,046	73,246
Excise Duty	5,588	10,690
Income Tax	22,527	-
Bank guarantees	17,531	-
Corporate Guarantee issued on behalf of wholly owned subsidiaries :		
- Rain Commodities USA Inc., USD 90 million equivalent to	4,201,200	4,360,500
- Rain CII Carbon (India) Ltd	1,035,000	535,000

VI. Capital Commitments

Estimated amount of contracts remaining to be executed on capital accounts [net of capital advances - Rs.83,471 (December 31, 2008 - Rs.64,541)] not provided for Rs.79,009 (December 31,2008 - Rs.87,186).

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, 2009. 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 of storage facilities and an amount of Rs. 27,860 (December 31, 2008 - Rs. 30,485) paid under such agreements 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 forward/derivative contracts outstanding as at the balance sheet date.
- (b) The year end receivable and payables in foreign currency which are not covered by forward covers / derivative contracts are as follows.

	Currency	2009		2008	
		Foreign Currency (In Millions)	Rs. Thousands	Foreign Currency (In Millions)	Rs. Thousands
(i) Buyers Credit	USD	7.935	370,417	21.406	1,037,112
(ii) Interest accrued but not due	USD	0.047	2,196	-	-
(iii) Payables	USD	3.396	158,533	1.469	71,180

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

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

X. (a) Directors' Remuneration:

	Year ended December 31, 2009 Amount	Year ended December 31, 2008 Amount
Salary and Allowances	7,920	7,020
Contribution to Provident Fund	792	702
Other Benefits	124	323
Commission	5,000	4,200
Sitting Fees	220	45
TOTAL	14,056	12,290

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

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

	December 31, 2009 Amount	December 31, 2008 Amount
Profit before Taxation as per profit and loss account	1,992,442	1,212,954
Add: Depreciation as per books of account	310,344	224,856
Remuneration to whole time Directors	13,836	12,245
Sitting Fees	220	45
	2,316,842	1,450,100
Less: Depreciation as per Section 350 of the Companies Act, 1956	310,344	224,856
Profit on sale of immovable property or fixed asset of capital nature	394	-
Less: Profit on sale of investments -(exceptional item)	507,954	-
Net Profit in accordance with Section 349 of the Companies Act, 1956	1,498,150	1,225,244
Maximum Managerial Remuneration permissible	74,907	61,262
Total Remuneration restricted to	13,836	12,245

XI. Earnings per Share (EPS)

	Year ended December 31, 2009	Year ended December 31, 2008
a. Profit after Tax	1,546,653	850,537
b. Weighted average number of equity shares of Rs.10 each outstanding during the year (Nos)	70,834,579	70,411,284
Earnings per Share		
c. Basic and diluted - [a/b] - (Rs.)	21.83	12.08

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

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

XII. Taxation :

- (a) Current Tax includes income tax amounting to Rs.95,046 on sale of long term investments during the year and excluding reversal of earlier years of Rs.42,992 (December 31,2008 Rs.NIL).

(b) **Deferred Tax :**

	December 31, 2009 Amount	December 31, 2008 Amount
Deferred Tax Liability - on account of depreciation	450,931	452,730
Deferred Tax Asset - on account of fiscal differences and others	41,426	18,289
Deferred Tax Liability (Net)	409,505	434,441

XIII. Auditors' Remuneration

	Year ended December 31, 2009 Amount	Year ended December 31, 2008 Amount
Audit Fees	1,500	1,500
Tax Audit Fees	-	-
Limited Review Fees	450*	450
Other services	1,815*	1,731
Out of Pocket expenses	31*	12

* includes limited review fees Rs.150, other services Rs.270 and out of pocket expenses Rs.31 paid to Previous auditors.

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 disclosed 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, 2009	Year ended December 31, 2008
Cement	Mt.	Installed Capacity	2,900,000	2,900,000
		Actual Production	2,372,299	2,185,113

(b) **Particulars of Stocks**

Cement	December 31, 2009		December 31, 2008	
	Qty (Mt)	Amount	Qty (Mt)	Amount
Opening Stock	30,339	81,881	15,617	31,150
Closing Stock	32,208	66,419	30,339	81,881

(c) Particulars of Sales (Gross)

Sales	Year ended December 31, 2009		Year ended December 31, 2008	
	Qty (Mt)	Amount	Qty (Mt)	Amount
Cement	2,366,463	9,830,488	2,164,353	9,391,557
Green Petroleum Coke	79,587	510,028	218,129	2,964,291
Pet Coke	4,210	21,291	-	-
Clinker	34,909	77,904	-	-
TOTAL		10,439,711		12,355,848

Sales exclude 3,893 MT (December 31, 2008 : 4,593 MT) used for captive consumption.

(d) Details of Raw Materials Consumption

	Year ended December 31, 2009		Year ended December 31, 2008	
	Qty (Mt)	Amount	Qty (Mt)	Amount
Raw Materials Consumed:				
Limestone *	3,018,574	165,353	2,343,146	106,389
Gypsum	94,439	117,117	88,707	115,659
Iron ore	76,385	86,694	66,870	49,567
Laterite	90,673	119,019	28,606	5,688
Fly Ash	310,709	133,912	365,344	159,893
Bauxite	-	-	48,539	56,776
Others	-	14,976	-	28,775
TOTAL		637,071		522,747

*includes royalty and cess on limestone

(e) Details of Purchase of goods for resale

	Year ended December 31, 2009		Year ended December 31, 2008	
	Qty (Mt)	Amount	Qty (Mt)	Amount
Green Petroleum Coke	79,587	502,069	218,129	2,941,084
Pet Coke	4,210	14,635	-	-
TOTAL	83,797	516,704	218,129	2,941,084

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

	Year ended December 31, 2009		Year ended December 31, 2008	
	Amount	%	Amount	%
Imported	-	-	-	-
Indigenous	637,071	100.00	522,747	100.00
TOTAL	637,071	100.00	522,747	100.00

Stores and Spares

	Year ended December 31, 2009		Year ended December 31, 2008	
	Amount	%	Amount	%
Imported	277	0.09	-	-
Indigenous	318,801	99.91	221,598	100.00
TOTAL	319,078	100.00	221,598	100.00

(g) CIF Value of Imports

	Year ended December 31, 2009 Amount	Year ended December 31, 2008 Amount
Green Petroleum Coke	502,069	2,941,084
Coal and Fuel Grade Coke	136,963	513,314
Capital goods	31,481	5,027

(h) Expenditure in foreign currency

	Year ended December 31, 2009 Amount	Year ended December 31, 2008 Amount
Books and Periodicals	-	13

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

	Year ended December 31, 2009	Year ended December 31, 2008
Number of shareholders	435	422
Number of shares held	6,479,355	4,413,060
Year to which dividend relates	2008	2007
Amount of dividend remitted	23,974	18,500

XV. Related Party Disclosures

a) Names of related parties and description of relationship:	
(i) Subsidiaries	a) Rain CII Carbon (India) Limited ('RCCIL') b) Rain Commodities (USA) Inc. (RCUSA) c) Rain Calciner Limited d) Moonglow Company Business Inc, BVI ('Moonglow') (Subsidiary of RCCIL) e) Rain Global Services LLC. (RGS) (Subsidiary of RCUSA) f) Rain CII Carbon LLC, USA (RCC) (Subsidiary of RCCIL) g) Rain Global Services HK Limited (Subsidiary of RGS) h) Rain CII Carbon Mauritius Limited (RCCM) (Subsidiary of RCCIL) i) CII Carbon Corp. (Subsidiary of RCC) j) Zhenjiang Xin Tian Tansu Co. Ltd., (Subsidiary of RCC from August 3, 2009)
(ii) Enterprise where key managerial personnel along with their relatives exercise significant influence	a) Sujala Investments Private Limited ('Sujala')
(iii) Key Management Personnel	a) Mr. N. Radhakrishna Reddy, Chairman. b) Mr. N. Jagan Mohan Reddy, Managing Director. c) Mr. N. Sujith Kumar Reddy, Executive Director.

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

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

b) Transactions with related parties:

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				
- RCCIL				
Cement	1,416	—	—	—
Green Petroleum Coke	510,028	—	—	—
Purchases / Payables				
- RCCIL				
Power	547,657	—	—	158,094
GPC	20,962	—	—	
- RGS	336,365	—	—	158,533
- RCC	338,923	—	—	—
Rebate on Power Purchased				
- RCCIL	4,322	—	—	
Loan given				
- RCUSA	80,759			(1,373,169)
- Rain Calciner Limited	—	—	—	(130,091)
Rent received				
- RCCIL	774	—	—	—
Dividend Paid	—	27,947	21,459	—
Payment towards Advance received				
- RCCIL	240,000	—	—	—
Interest and Finance Charges				
- RCCIL	40,456	—	—	—
Managerial Remuneration	—	—	13,836	3,455
Freight and other Expenses				
- RCC	59,331	—	—	—
- RGS	37,710	—	—	—
Corporate Guarantee given on behalf of				
- RCCIL	500,000	—	—	1,035,000
- RCUSA - USD 90 million	—	—	—	4,201,200

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

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

Transactions with related parties (Contd.)

Year Ended December 31, 2008

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 / Receivables				
- RCCIL				
Cement	3,639	—	—	—
Green Petroleum Coke	2,964,291	—	—	(1,347,583)
Purchases / Payables				
- RCCIL	304,407	—	—	—
- RCC	2,941,084	—	—	52,130
Loan given				
- RC USA	654,840	—	—	1,292,410
- Rain Calciner	130,091	—	—	(130,091)
Loans repaid				
- Sujala	—	120,000	—	—
Rent received				
- RCCIL	567	—	—	—
Advance given/ (net)				
- RCCIL	350,000	—	—	—
Amount payable (on account of merger)				
- RCCIL	—	—	—	240,000
Interest expense				
- Sujala	—	2,458	—	—
Managerial Remuneration	—	—	12,245	4,200
Freight Expenses				
- RGS	19,050	—	—	19,050
Corporate Guarantee given on behalf of				
- RCCIL	—	—	—	535,000
- RCUSA	—	—	—	4,360,500

XVI. Employee Benefits
a) Defined Contribution Plans

The Company has recognized the following amounts in the Profit and Loss Account head Contribution to Provident and other funds.

Particulars	Year ended December 31, 2009 Amount	Year ended December 31, 2008 Amount
Provident Fund	12,511	11,751

b) Defined benefit plans

The following table sets forth the status of the Gratuity Plan of the Company and the amounts recognized in the Balance Sheet and Profit and Loss Account.

Amounts recognized in the Balance Sheet are as follows:

	December 31, 2009 Amount	December 31, 2008 Amount
Present value of funded obligation	28,750	35,301
Less: Fair Value of Plan Assets	11,714	10,659
Net Liability	17,036	24,642

Amounts recognized in the Profit and Loss Account (Schedule P) are as follows :

	Year ended December 31, 2009 Amount	Year ended December 31, 2008 Amount
Current Service Cost	3,692	2,292
Interest cost	2,230	1,907
Expected Return on plan assets	(987)	(826)
Net actuarial loss/(gain) recognized during the year	(10,604)	12,346
TOTAL	(5,669)	15,719

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

	Year ended December 31, 2009 Amount	Year ended December 31, 2008 Amount
Opening defined benefit obligation	35,301	20,339
Current service cost	3,692	2,292
Interest Cost	2,230	1,907
Actuarial loss/(gain)	(10,666)	11,979
Benefits Paid	(1,807)	(1,216)
Closing Defined Benefit Obligation	28,750	35,301

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

	Year ended December 31, 2009 Amount	Year ended December 31, 2008 Amount
Opening fair value of plan Assets	10,659	9,869
Expected Return on Plan Assets	987	826
Actuarial (loss)/gain	(62)	(367)
Contribution by employer	1,937	1,547
Benefits Paid	(1,807)	(1,216)
Closing Fair value of Plan Assets	11,714	10,659
Actual Return on Plan Assets	926	459

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

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

Major Category of plan assets as a percentage to fair value of plan assets:

	Year ended December 31, 2009	Year ended December 31, 2008
Insurer Managed Funds	100%	100%

Experience Adjustments

	9 months Period ended December 31, 2007 Amount	Year Ended December 31, 2008 Amount	Year Ended December 31, 2009 Amount
Defined Benefit Obligation	22,859	35,301	28,750
Plan Assets	9,869	10,659	11,714
Surplus/(Deficit)	(12,991)	(24,642)	(17,036)
Experience adjustment on Plan Liabilities	3,973	3,345	(3,194)
Experience adjustment on Plan Assets	(66)	(367)	(62)

Principal Actuarial assumptions used:

	Year ended December 31, 2009	Year ended December 31, 2008
Discount rates	7.60%	5.90%
Expected rate of return on plan assets	8.00%	7.50%
Expected salary increase rates	6.00%	10% for the first 2 years and 7% thereafter

The estimates of future salary increase considered in the actuarial valuation take into account factors like inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. The expected return on plan assets is based on actuarial expectation of the average long term rate of return expected on investments of the funds during the estimated term of the obligations. The principal actuarial assumptions used for the computation of defined plan are also used for the computation of compensated absence of long term benefit.

- XVII.** The following donations were made to political parties during the year : Lok Satta - Rs.200 and CPI (M-L) New Democracy party Rs.80.
- XVIII.** 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

N. Jagan Mohan Reddy
Managing Director

N. Sujith Kumar Reddy
Executive Director

S. Venkat Ramana Reddy
Company Secretary

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

Place: Hyderabad
Date : March 17, 2010

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

1. Name of the subsidiary	Rain CII Carbon (India) Limited	Rain CII Carbon (Vizag) Ltd. (formerly Rain Calciner Limited)	Rain Commodities (USA) Inc.	Rain CII Carbon LLC	Rain CII Carbon Mauritius Limited
2. Financial year ending of the Subsidiary	December 31, 2009	December 31, 2009	December 31, 2009	December 31, 2009	December 31, 2009
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 CII Carbon (India) Limited.	Rain Commodities Limited is holding 60,000 Equity Shares of Rs.10/- each Aggregating to Rs.6,00,000 representing 100% of the Total Paid up Equity Share Capital of Rain CII Carbon (Vizag) Limited (formerly Rain Calciner Limited)	Rain Commodities Limited is holding 20 Shares of USD 0.01 each representing 100% of the Total Paid up Share Capital of Rain Commodities (USA) Inc	The Company's wholly owned subsidiary namely Rain CII Carbon (India) Limited (RCCIL) is holding 50 Class-A Common Stock of USD 0.01 each and RCCIL's wholly owned subsidiary namely Moonglow Company Business Inc holds 898 Class-A Common Stocks of USD 0.01, the aggregate of the same represents 100% of the total paid up share capital of Rain CII Carbon LLC, USA. Further Company's subsidiary Rain Commodities (USA) Inc. hold 920 Class-B Common Stock of USD 0.01 without voting rights	The Company's step subsidiary namely Rain CII Carbon LLC, USA, is holding 4,95,000 ordinary Equity Shares of USD 1 each and Rain Commodities USA, Inc., subsidiary of the Company is holding 5,000 Equity Shares of USD 1 each, the aggregate of the same represent 100% of the Total Paid up Share Capital of Rain CII Carbon Mauritius 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.1,235,483 thousands	Loss of Rs.36 thousands	Profit of Rs.336,453 thousands	Profit of Rs. 18,28,785 thousands	Loss of Rs.1,188 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.	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	Loss of Rs.17,003 thousands	Loss of Rs.197 thousands	Loss of Rs.220,530 thousands	Profit of Rs.17,95,700 thousands	NIL

for and on behalf of the Board of Directors

Place: Hyderabad
Date: April 26, 2010

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

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

1. Name of the subsidiary	Rain Global Services LLC	Rain Global Services HK Limited	Moonglow Business Inc	CII Carbon Corporation	Zhenjiang Xin Tian Tansu Company Limited
2. Financial year ending of the Subsidiary	December 31, 2009	December 31, 2009	December 31, 2009	December 31, 2009	December 31, 2009
3. Holding Companies interest	The Company's wholly owned subsidiary namely Rain Commodities (USA) Inc. is holding 61 Equity Shares of USD 50 each representing 61% of the Total Paid up Share Capital of Rain Global Services LLC.	The Company's step subsidiary namely Rain Global Services LLC, USA is holding 1,000 Shares of USD 1 each representing 100% of the Total Paid up Share Capital of Rain Global Services HK Limited	The Company's wholly owned subsidiary namely Rain CII Carbon (India) Limited is holding 8,98,05,000 Equity Shares of USD.1/- each representing 100% of the Total Paid up Share Capital of Moonglow Company Business Inc.	The Company has not issued any shares.	The Company's step 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	Profit of Rs.60,964 thousands	NIL	NIL	NIL	Profit of Rs. 495 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.	NIL	NIL	NIL	NIL	NA (Since company was acquired on 17th August, 2009 during the current year only).
a. dealt with or provided for in the accounts of the holding Company	Loss of Rs.6,134 thousands	Loss of Rs.80 thousands	Loss of Rs.150 thousands	NIL	NA (Since company was acquired on 17th August, 2009 during the current year only).
b. not dealt with or provided for in the accounts of the holding Company					

for and on behalf of the Board of Directors

Place: Hyderabad
Date: April 26, 2010

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

Financial performance of Subsidiary Companies for the financial year ended 31st December, 2009

Rs. in thousands

Particulars	Rain CII Carbon (India) Limited	Rain CII Carbon (Vizag) Limited (Formerly Rain Calciner Ltd)	Rain Commodities (USA) Inc.	Rain CII Carbon LLC	Rain CII Carbon Mauritius Limited	Rain Global Services LLC	Rain Global Services HK Limited	Moonglow Company Business Inc	CII Carbon Corporation	Zhenjiang Xin Tian Tansu Company Limited
Capital	2,98,050	600	3,869	80,33,472	23,300	242	48	35,41,460	-	23,300
Reserves	34,23,969	(233)	1,15,923	42,52,408	(1,200)	54,830	(80)	6,50,474	-	600
Total Assets	1,04,38,369	1,30,503	4,482,554	3,42,09,284	23,300	3,64,508	47	41,91,934	-	65,800
Total Liabilities	1,04,38,369	1,30,503	4,482,554	3,42,09,284	23,300	3,64,508	47	41,91,934	-	65,800
Investments	38,56,687	-	42,94,941	-	23,300	48	-	41,91,864	-	-
Total Income	89,54,213	-	4,93,806	2,20,98,109	-	14,81,126	-	-	-	4,800
Profit/(loss) before Taxation	13,52,845	(36)	3,48,037	29,40,168	(1,200)	89,201	-	-	-	500
Provision for taxation	1,17,362	-	11,584	11,11,384	-	28,237	-	-	-	-
Profit/(loss) after Taxation	12,35,483	(36)	3,36,453	18,28,785	(1,200)	60,964	-	-	-	500
Proposed Dividend	193,733	-	-	-	-	-	-	-	-	-

Note: Exchange rate considered as on December 31, 2009: 1USD = Rs.46.68 for balance sheet items and 1USD= Rs.48.35 for income statement items

for and on behalf of the Board of Directors

Place: Hyderabad
Date: April 26, 2010

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

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.	0 1 - 1 6 9 3	State Code	0 1
Balance sheet Date	3 1 - 1 2 - 0 9		
	Date Month Year		

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

Public Issue	N I L	Right Issue	N I L
Bonus Issue	N I L	Private Placement	N I L

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

Total Liabilities	1 1 2 6 0 2 6 8	Total Assets	1 1 2 6 0 2 6 8
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SOURCES OF FUNDS

Paid-up Capital	7 0 8 3 4 6	Reserves & Surplus	5 4 9 4 1 6 9
Secured Loans	2 1 4 4 5 1 2	Unsecured Loans	7 5 4 9 6 6
Deferred Tax Liability	4 0 9 5 0 5		

APPLICATION OF FUNDS

Net Fixed Assets	5 1 1 5 8 2 8	Investments	2 4 4 0 3 5 6
Net Current Assets	1 9 5 5 3 1 4	Misc. Expenditure	N I L
Accumulated Losses	N I L		

IV Performance of Company (Rs in Thousands)

Turnover including other income	8 4 8 3 2 2 5	Total Expenditure	6 4 9 0 7 8 3
Profit/(Loss) Before Tax	1 9 9 2 4 4 2	Profit/(loss) After Tax	1 5 4 6 6 5 3
Earning per Share in Rs.	2 1 . 8 3	Dividend Rate %	3 7

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

Item Code No. (ITC Code)	2 5 2 3 2 9 . 0 1
Product Description	C E M E N T

For and on behalf of the Board of Directors

N. Jagan Mohan Reddy
Managing Director

N. Sujith Kumar Reddy
Executive Director

S. Venkat Ramana Reddy
Company Secretary

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

Place: Hyderabad
Date : March 17, 2010

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF RAIN COMMODITIES LIMITED

On the Consolidated Financial Statements of Rain Commodities Limited

1. We have audited the attached consolidated balance sheet of Rain Commodities Limited and its subsidiaries (the Group) as at December 31, 2009, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date, both annexed thereto. These financial statements have been approved by the Board of Directors of the Company. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 the Group's share of total assets of Rs. 33,747,133 thousands as at December 31, 2009, total revenues of Rs. 20,626,097 thousands for the year ended on that date, and net cash flows amounting to Rs. 357,482 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 report has been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries is based solely on the report of the other auditors.
4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements, notified under the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and on consideration of reports of the other auditors on separate financial statements of the subsidiaries and other financial information of the components, in our opinion, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at December 31, 2009;
 - (b) in case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date; and
 - (c) in case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

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

K. Rajasekhar
Partner

Place : Hyderabad
Date : March 17, 2010

Membership No. 23341

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2009

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

	Schedule Reference	As at December 31, 2009	As at December 31, 2008
I. SOURCES OF FUNDS			
Shareholders' Funds			
Capital	A	708,346	708,346
Reserves and Surplus	B	11,395,717	7,689,900
		12,104,063	8,398,246
Minority Interest		20,809	-
Loan Funds			
Secured Loans	C	17,858,684	24,964,544
Unsecured Loans	D	12,453,394	12,727,376
		30,312,078	37,691,920
Deferred Tax Liability (Net)		2,260,229	2,441,259
TOTAL		44,697,179	48,531,425
II. APPLICATION OF FUNDS			
Fixed Assets	E		
Gross Block		37,452,908	37,976,741
Less: Depreciation		3,294,308	2,165,776
Net Block		34,158,600	35,810,965
Capital work in progress		233,320	549,260
		34,391,920	36,360,225
Investments	F	307,207	268,572
Current Assets, Loans and Advances			
Inventories	G	4,770,724	8,431,397
Sundry Debtors	H	4,479,413	4,767,576
Cash and Bank Balances	I	3,056,880	2,359,223
Other Current Assets	J	3,774	5,633
Loans and Advances	K	1,466,652	1,527,453
		13,777,443	17,091,282
Less: Current Liabilities and Provisions			
Current Liabilities	L	2,661,019	4,401,735
Provisions	M	1,118,372	786,919
		3,779,391	5,188,654
Net Current Assets		9,998,052	11,902,628
TOTAL		44,697,179	48,531,425
Notes	U		

Schedules A to M and U form an integral part of the Consolidated Balance Sheet

For and on behalf of the Board of Directors

Per our report attached
for **Deloitte Haskins & Sells**
Chartered Accountants

N. Jagan Mohan Reddy
Managing Director

N. Sujith Kumar Reddy
Executive Director

K. Rajasekhar
Partner

S. Venkat Ramana Reddy
Company Secretary

T. Srinivasa Rao
Vice President - Finance

Place: Hyderabad
Date : March 17, 2010

Place: Hyderabad
Date : March 17, 2010

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2009

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

	Schedule Reference	Year ended December 31, 2009	Year ended December 31, 2008
I. INCOME			
Sales (Gross)	N	38,851,238	47,420,166
Less: Excise Duty and Taxes on Sales		2,513,074	2,872,963
Sales (Net)		36,338,164	44,547,203
Other Income	O	140,792	483,003
		36,478,956	45,030,206
II. EXPENDITURE			
Payments and Benefits to Employees	P	1,685,406	1,426,906
Manufacturing Expenses	Q	21,710,472	28,899,817
(Increase)/ Decrease in stock in trade	R	461,215	(828,798)
Administrative, Selling and Other Expenses	S	3,501,510	3,338,009
TOTAL		27,358,603	32,835,934
III. GROSS OPERATING PROFIT		9,120,353	12,194,272
Interest and Finance Charges	T	2,259,658	4,234,255
IV. PROFIT BEFORE EXCEPTIONAL ITEM		6,860,695	7,960,017
Depreciation and Amortization		1,226,483	1,060,226
V. PROFIT BEFORE EXCEPTIONAL ITEM AND TAXATION		5,634,212	6,899,791
Exceptional Items (Refer Note III of Schedule U)		513,354	(686,236)
- Profit on Sale of PCIC (Refer Note III of Schedule U)			-
VI. PROFIT BEFORE TAXATION		6,147,566	6,213,555
Provision for Taxation			
- Current Tax		1,690,834	1,597,319
- Deferred Tax		21,725	571,423
- Fringe Benefit Tax		1,797	6,942
VII. PROFIT AFTER TAXATION BEFORE MINORITY INTERESTS		4,433,210	4,037,871
Minority Interests		5,211	-
VIII. NET PROFIT		4,438,421	4,037,871
Profit brought forward		5,217,495	1,526,446
Less: Adjustment on account of change in holding in subsidiary		(25,928)	-
IX. AVAILABLE FOR APPROPRIATIONS		9,629,988	5,564,317
APPROPRIATIONS			
- Transfer (from) / to Debenture Redemption Reserve		(80,975)	(62,029)
- Transfer to Capital Redemption reserve		-	12,000
- Transfer to General Reserve		462,100	85,100
- Dividend paid		-	-
- Proposed Dividend		455,821	266,465
- Tax on Dividend		77,467	45,286
X. BALANCE CARRIED TO BALANCE SHEET		8,715,575	5,217,495
Earnings Per Share - Basic (Rs.)		62.66	57.35
Earnings Per Share - Diluted (Rs.)		62.66	57.35
Notes	U		

Schedules N to U form an integral part of the Consolidated Profit and Loss Account.

For and on behalf of the Board of Directors

Per our report attached
for **Deloitte Haskins & Sells**
Chartered Accountants

K. Rajasekhar
Partner

Place: Hyderabad
Date : March 17, 2010

N. Jagan Mohan Reddy
Managing Director

S. Venkat Ramana Reddy
Company Secretary

N. Sujith Kumar Reddy
Executive Director

T. Srinivasa Rao
Vice President - Finance

Place: Hyderabad
Date : March 17, 2010

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2009

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

	Year ended December 31, 2009	Year ended December 31, 2008
A. Cash Flow from Operating Activities		
Net Profit before Taxation and Exceptional items	5,634,212	6,899,791
Adjustments for :		
Depreciation	1,226,483	1,060,226
Discount On Issue of Debentures Amortised	31,950	25,560
Unrealized Loss/ (Gain) on Foreign		
Exchange Fluctuation	(319,315)	3,044,341
Interest on deposits with Banks and others	(31,383)	(35,035)
Provision for doubtful debts	3,174	458
Interest and Finance charges	2,298,746	2,423,727
Liability No Longer Required Written Back	(13,359)	(2,592)
Loss on Sale of Fixed Asset/ Fixed Assets Written off	3,562	11,761
Dividend from Current Investments	(7,936)	—
Loss on Disposal of Investment in Subsidiary	91	—
	<u>3,192,013</u>	<u>6,528,446</u>
Operating profit before Working Capital changes	8,826,225	13,428,237
Adjustments for :		
Sundry Debtors	306,358	(2,448,672)
Inventories	3,660,667	(4,972,057)
Loans and Advances	(88,704)	(309,923)
Current Liabilities and Provisions	(1,911,649)	(53,672)
	<u>1,966,672</u>	<u>(7,784,324)</u>
Cash Generated from Operations	10,792,897	5,643,913
Income Tax paid (net of refund)	(1,311,934)	(1,715,805)
Net cash from operating activities	9,480,963	3,928,108
B. Cash Flow from Investing activities		
Purchase of Fixed Asset	(409,385)	(1,737,845)
Proceeds from sale of Fixed Assets	12,230	10,098
Sale of Investments	765,788	—
Purchase of Current Investments	(975,000)	—
Redemption of Current Investments	686,251	—
Investment in a Subsidiary (See Note 2)	(9,736)	(600)
ICDs given	(500)	—
ICDs repaid	500	—
Proceeds from maturity of long term deposits	—	5,511
Interest Received	35,083	47,982
Dividend Received on Current Investment	5,570	—
	<u>110,801</u>	<u>(1,674,854)</u>
Net Cash from / (used in) Investing Activities	110,801	(1,674,854)

CONSOLIDATED CASH FLOW (Contd.)

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

	Year ended December 31, 2009	Year ended December 31, 2008
C. Cash Flow from Financing activities		
Proceeds from Long term borrowings	–	866,771
Repayment of Long term borrowings (including debentures)	(3,252,101)	(1,558,313)
Proceeds from / (Repayment) of Working capital borrowings (net)	(3,129,620)	1,742,388
Sales tax deferment	100,846	138,918
Interest paid	(2,302,292)	(2,258,498)
Proceeds from / (Repayment) of Unsecured Loan	–	(120,000)
Payment of Dividend (including dividend tax paid Rs.44,542 (December 31,2008: Rs.33,520)	(302,700)	(235,961)
Proceeds from issue of Equity Shares	–	911,993
Buy back of Equity Shares	–	(178,848)
Net Cash used in Financing Activities	(8,885,867)	(691,550)
Net (Decrease)/Increase in Cash and Cash equivalents	705,897	1,561,705
Cash and Cash equivalents - Opening Balance*	2,358,709	797,004
Cash and Cash equivalents on acquisition of Subsidiary (See note 3)	598	–
Cash and Cash equivalents - Closing Balance*	3,065,204	2,358,709
Cash and Cash Equivalent comprise:		
Cash and Bank Balance	3,056,336	2,358,709
Unrealized (Loss)/Gain on Foreign Currency		–
Cash & Cash Equivalents	(8,868)	–
	3,065,204	2,358,709
*includes money held on margin money deposit accounts Rs. 146,786 (December 31, 2008 - Rs. 172,293)		
Supplementary Information		
Cash and Bank Balance	3,056,880	2,359,223
Less : Long term deposits with Scheduled Banks considered as investment.	544	514
	3,056,336	2,358,709

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.
- Represents cash paid in the current year for investing in Zhenjiang Xin Tian Tansu Co. Limited. In the previous year, investment was made in Rain Calcliner Limited.
- Cash and cash equivalents includes Rs.598 of Zhenjiang Xin Tian Tansu Co. Limited acquired consequent to it becoming a subsidiary during the year and is included in the closing cash and cash equivalents.
- Comparative figures of the previous year have been regrouped where necessary to conform to those of the current year.
- Cash and cash equivalents include restricted cash balance Rs.158,873 (December 31, 2008 Rs.180,450).

For and on behalf of the Board of Directors

Per our report attached
for **Deloitte Haskins & Sells**
Chartered Accountants

K. Rajasekhar
Partner

Place: Hyderabad
Date : March 17, 2010

N. Jagan Mohan Reddy
Managing Director

S. Venkat Ramana Reddy
Company Secretary

N. Sujith Kumar Reddy
Executive Director

T. Srinivasa Rao
Vice President - Finance

Place: Hyderabad
Date : March 17, 2010

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

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

	As at December 31, 2009	As at December 31, 2008
Schedule-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 (December 31, 2008 :72,034,579) Equity shares of Rs.10/- each)	708,346	720,346
Less : Buy back of 1,200,000 Equity Shares of Rs. 10/- each	–	12,000
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, without payment being received in cash	<u>708,346</u>	<u>708,346</u>
Schedule-B. RESERVES AND SURPLUS		
Securities Premium Account		
As at the commencement of the year	1,097,372	302,194
Add: Premium received on issue of equity shares	–	962,026
	<u>1,097,372</u>	<u>1,264,220</u>
Less: Utilisation against buy back of equity shares	–	(166,848)
	<u>1,097,372</u>	<u>1,097,372</u>
Capital Reserve		
As at the commencement of the year	37,468	2,734
Add: On forfeiture of equity share warrants	–	34,734
	<u>37,468</u>	<u>37,468</u>
Capital Redemption Reserve		
As at the commencement of the year	12,000	–
Transfer from Profit and Loss Account	–	12,000
	<u>12,000</u>	<u>12,000</u>
Debenture Redemption Reserve		
As at the commencement of the year	80,975	143,004
Less: Transferred to Profit and Loss Account	(80,975)	(62,029)
	<u>–</u>	<u>80,975</u>
General Reserve		
As at the commencement of the year	268,227	183,127
Add: Transferred from Profit and Loss Account	462,100	85,100
	<u>730,327</u>	<u>268,227</u>
Foreign Currency Translation Reserve	802,975	976,363
Profit and Loss Account	8,715,575	5,217,495
	<u>11,395,717</u>	<u>7,689,900</u>

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

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

	As at December 31, 2009	As at December 31, 2008
Schedule-C. SECURED LOANS*		
Debentures		
11,278,000, 9.39% Redeemable Non - Convertible Debentures of Rs. 100 each	–	323,900
Term Loans		
- Banks		
Foreign Currency Loans	14,586,587	16,980,393
Rupee Loans	1,417,766	2,510,592
- Financial Institutions	233,333	300,000
Working Capital Loans*		
- Banks	1,620,998	4,849,659
	<u>17,858,684</u>	<u>24,964,544</u>
*includes buyer's credit availed by the Company from banks in whose favour letters of undertaking have been issued	1,303,415	2,290,602

Schedule-D. UNSECURED LOANS

Other than short term

11.125% (2015) Senior Subordinated Notes	10,969,800	11,385,400
10.000% (2018) Junior Subordinated Notes	728,628	687,856
Sales Tax Deferment	754,966	654,120
	<u>12,453,394</u>	<u>12,727,376</u>

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

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

Schedule-E. FIXED ASSETS

Description	GROSS BLOCK (At Cost)				DEPRECIATION/AMORTISATION				NET BLOCK	
	As at December 31, 2008	Adjustment for currency translation	Additions during the year	Deletions during the year	As at December 31, 2009	Adjustment for currency translation	For the year	On Deletions	As at December 31, 2009	As at December 31, 2008
I. INTANGIBLE ASSETS										
Goodwill (on consolidation)	20,826,810	(939,909)	2,035	-	19,888,936	-	-	-	19,888,936	20,826,810
Software	882	-	-	882	-	-	-	882	-	-
	20,827,692	(939,909)	2,035	882	19,888,936	-	-	882	19,888,936	20,826,810
II. TANGIBLE ASSETS										
Land - Free Hold	305,322	(8,978)	44	355	296,033	-	-	-	296,033	305,322
Land - Mining	20,958	-	990	2,285	19,663	611	163	8	18,897	20,347
Land - Leasehold	-	-	260,171	260,171	-	-	-	-	-	-
Buildings (Refer Note 1 below)	2,733,156	(48,587)	231,564	8,384	2,907,749	236,911	141,104	109	373,413	2,496,245
Railway Siding	2,220	-	-	1,802	418	606	52	240	418	1,614
Plant and Machinery	13,888,308	(245,414)	486,958	48,288	14,081,564	1,891,878	1,067,154	43,371	2,867,297	11,996,430
Furniture and Fixtures	117,262	(450)	5,373	-	122,185	13,354	6,642	-	19,866	103,908
Office Equipments	57,349	-	34,391	-	91,740	18,282	8,419	-	26,701	39,067
Vehicles	24,474	-	21,102	956	44,620	3,252	2,949	354	5,847	21,222
	17,149,049	(303,429)	1,040,593	322,241	17,563,972	2,164,894	1,226,483	44,082	3,294,308	14,984,155
TOTAL	37,976,741	(1,243,338)	1,042,628	323,123	37,452,908	2,165,776	1,226,483	44,964	3,294,308	35,810,965
Year ended December 31, 2008	28,755,772	5,343,537	3,925,087	47,655	37,976,741	1,023,625	1,060,226	26,096	2,165,776	

Notes:

1. Includes Buildings constructed on leasehold land and depreciated over the lease period.
2. Additions to Goodwill (on consolidation) during the current year 2009 represents the goodwill arising on consolidation of new subsidiary Zhenjiang Xin Tian Tansu Co. Limited
3. Land Mining represents land used for Mining.

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

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

	As at December 31, 2009	As at December 31, 2008
Schedule-F. INVESTMENTS		
(Unquoted)		
Long Term - At Cost		
Trade Investments		
a) Andhra Pradesh Gas Power Corporation Limited 134,000 (December 31, 2008 - 134,000) Equity Shares of Rs. 10 each fully paid up #	16,000	16,000
b) Petroleum Coke Industries Company, Kuwait Nil (December 31, 2008 - 17,175,000) Equity shares of KD 0.10 each, fully paid up (17,175,000 sold during the year)	-	252,480
Other than Trade		
Government Securities - National Savings Certificates (deposited with various Authorities)	92	92
Current Investments(at lower of cost and fair value)		
In Mutual Funds		
a) HDFC Cash Management Fund - Treasury Advantage Plan -Wholesale Daily Dividend 2,343,581.77 units of Rs.10/- each (purchased during the year)	23,510	-
b) HDFC Floating Rate Income Fund - Short Term Wholesale Daily Dividend 10,573,468.93 units of Rs.10/- each (purchased during the year)	106,590	-
c) Kotak Floater Long Term Daily Dividend Reinvest 4,004,689.74 Units of Rs.10/- each (purchased during the year)	40,366	-
d) LIC Floating Rate Income Fund Short Term Plan Daily Dividend Plan 12,064,927.08 units of Rs.10/- each (purchased during the year)	120,649	-
	<u>307,207</u>	<u>268,572</u>
# Pledged with banks for loans availed		

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

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

	As at December 31, 2009	As at December 31, 2008
Schedule-G. INVENTORIES		
Stores and Spare Parts (including Packing Material)*	353,277	235,949
Raw Materials *	2,453,690	5,766,185
Fuels - Coal, Coke *	359,949	336,704
Work-in-Progress **	253,762	67,492
Finished Goods **	1,350,046	2,025,067
	<u>4,770,724</u>	<u>8,431,397</u>
Raw Material includes goods in transit	146,972	423,512
Fuel includes goods in transit	154,983	-
* at cost or below		
** at lower of cost and net realisable value		
Schedule-H. SUNDRY DEBTORS		
(Considered good, unless otherwise stated)		
Secured		
Considered Good		
- Debts Outstanding for a period exceeding six months	14,019	9,180
- Other debts	45,693	40,616
Unsecured		
Considered Good		
- Debts Outstanding for a period exceeding six months	2,147	1,362
- Other Debts *	4,417,554	4,716,418
Considered Doubtful		
- Debts Outstanding for a period exceeding six months	18,266	14,778
- Other debts	324	637
Less: Provision for doubtful debts	(18,590)	(15,415)
	<u>4,479,413</u>	<u>4,767,576</u>
*Includes unbilled revenue of	17,973	18,311
Schedule-I. CASH AND BANK BALANCES		
Cash and Cheques on Hand	27,525	1,010
With Banks		
- On Current Accounts	1,703,758	1,474,251
- On Deposit Accounts	1,166,724	703,512
- On Margin Money Deposit Accounts*	146,786	172,293
- On Dividend Account	12,087	8,157
	<u>3,056,880</u>	<u>2,359,223</u>
* Pledged with banks for guarantees issued		
Schedule-J. OTHER CURRENT ASSETS		
Interest accrued on Deposits	3,774	5,633
	<u>3,774</u>	<u>5,633</u>

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

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

	As at December 31, 2009	As at December 31, 2008
Schedule-K. LOANS AND ADVANCES		
(Unsecured and Considered Good, unless otherwise stated)		
Loans to Employees	1,006	517
Advances recoverable in cash or kind or for value to be received*	1,269,777	1,220,631
Balance with Government and Public Bodies, etc.	165,219	173,128
Deposits with Others	21,636	23,229
MAT Credit entitlement	9,014	34,867
Advance Tax (Net of Provision for tax)	–	75,081
	<u>1,466,652</u>	<u>1,527,453</u>

*includes capital advances Rs. 109,232 (December 31, 2008 - Rs. 254,809)

Schedule-L. CURRENT LIABILITIES

Sundry Creditors	1,918,225	3,802,612
Security and other deposits	133,579	130,875
Advances and Deposits from Customers	67,619	83,107
Other Liabilities	352,210	193,220
Interest accrued but not due on loans	177,299	183,764
Unclaimed Dividends*	12,087	8,157
	<u>2,661,019</u>	<u>4,401,735</u>

* There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund.

Schedule-M. PROVISIONS

Retirement Benefits	308,744	479,337
Income Tax (net of advance tax)	276,340	–
Fringe Benefit Tax (net of advance tax)	–	952
Proposed Dividend	455,821	262,088
Dividend Tax	77,467	44,542
	<u>1,118,372</u>	<u>786,919</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, 2009	Year ended December 31, 2008
Schedule-N. SALES		
Calcined Petroleum Coke	26,759,318	35,897,588
Cement	9,829,071	9,387,918
Green Petroleum Coke	1,102,041	613,681
Clinker	77,904	-
Energy	1,082,904	1,520,979
	<u>38,851,238</u>	<u>47,420,166</u>
Schedule-O. OTHER INCOME		
Interest on fixed deposits (gross)	31,383	39,309
[Tax deducted at source Rs. 2,494 (December 31, 2008 - Rs.6,165)]		
Income from Sale of Certified Emission Reductions (CERs) (Refer Note IV, Schedule U)	59,990	-
Scrap sales	23,821	11,516
Liability no longer required Written back	13,359	400,780
Dividend from Current Investments	7,936	-
Miscellaneous Income	4,303	31,398
	<u>140,792</u>	<u>483,003</u>
Schedule-P. PAYMENTS AND BENEFITS TO EMPLOYEES		
Salaries, Wages and Bonus	1,371,581	1,123,429
Contribution to Provident Fund and Other Funds	284,212	281,319
Workmen and Staff Welfare Expenses	29,613	22,158
	<u>1,685,406</u>	<u>1,426,906</u>
Schedule-Q. MANUFACTURING EXPENSES		
Raw Materials Consumed *	16,780,897	22,286,604
Purchase of Goods for Resale	480,486	1,379,217
Packing Material Consumed	294,443	284,781
Consumption of Stores and Spare Parts (incl fuel)	985,825	1,276,854
Water Charges	21,635	25,760
Power and Fuel	2,058,712	2,092,699
Repairs		
- Buildings	4,795	10,367
- Plant and Machinery	1,089,586	1,551,169
	<u>21,716,379</u>	<u>28,907,451</u>
Less: Captive consumption of Cement	5,907	7,634
	<u>21,710,472</u>	<u>28,899,817</u>

* Includes royalty and cess - Rs.166,931 (December 31, 2008 - Rs.115,884)

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, 2009	Year ended December 31, 2008
Schedule-R. (INCREASE)/DECREASE IN STOCK*		
Opening Stock		
Finished Goods	2,025,067	1,157,840
Work in Progress	67,492	91,463
	<u>2,092,559</u>	<u>1,249,303</u>
Closing Stock		
Finished Goods	1,350,046	2,025,067
Work in Progress	253,762	67,492
	<u>1,603,808</u>	<u>2,092,559</u>
(Increase)/Decrease in Stock	488,751	(843,256)
Increase/(Decrease) in Excise Duty on Stock	(27,536)	14,458
	<u>461,215</u>	<u>(828,798)</u>
Schedule S. ADMINISTRATIVE, SELLING AND OTHER EXPENSES		
Rent	104,043	90,748
Rates and taxes	136,807	112,774
Repairs - Others	86,548	215,212
Insurance	169,310	141,476
Director's sitting fees	660	545
Cash Discounts	72,675	70,366
Commission to Directors	22,700	11,020
Rebate on power sales	49,445	61,407
Selling and Distribution Expenses	1,880,421	1,744,243
Communication Expenses	33,806	28,488
Travelling and Conveyance	93,439	102,921
Legal and Professional Charges	157,644	110,698
Provision for Doubtful Debts	3,174	458
Loss on Sale of Fixed Asset/Written off	3,562	11,761
Loss on Sale of Investment in Subsidiary	91	—
Miscellaneous	687,185	635,892
	<u>3,501,510</u>	<u>3,338,009</u>
Schedule-T. INTEREST AND FINANCE CHARGES		
Interest:		
- on Debentures	4,876	40,922
- on Term Loans	2,073,221	2,398,531
- on others (including interest on buyer's credit)	98,931	224,783
Amortisation of discount on issue of Debentures	31,950	25,560
Bank and Finance Charges	135,421	201,517
Loss/ (Gain) on Foreign Exchange Fluctuation	(84,741)	1,342,942
	<u>2,259,658</u>	<u>4,234,255</u>

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-U. CONSOLIDATED NOTES TO ACCOUNTS

I. Organization:

Rain Commodities Limited ('the Company') is engaged in the manufacture and sale of cement. The Company through its wholly owned subsidiaries - Rain CII Carbon (India) Limited and Rain CII Carbon LLC. is engaged in the manufacturing and trading of Calcined Petroleum Coke and generation of Power through waste heat recovery.

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 in all material aspects with the accounting principles generally accepted in India, Accounting Standards notified under section 211(3C) of the Companies Act, 1956 and the relevant provisions thereof.

The Consolidated Financial Statements relate to Rain Commodities Limited and its subsidiary companies.

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 between group companies are eliminated.

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

Name of the Company	Relationship	Country of Incorporation	Percentage of Voting Power	
			December 31, 2009	December 31, 2008
1. Rain CII Carbon (India) Limited. (RCCIL)	Subsidiary	India	100.00	100.00
2. Rain Commodities (USA) Inc. (RCUSA)	Subsidiary	United States of America	100.00	100.00
3. Rain CII Carbon LLC. (RCC)	Subsidiary	United States of America	100.00	100.00
4. Moonglow Company Business Inc. (Moonglow)	Subsidiary of RCCIL	British Virgin Island	100.00	100.00
5. Rain CII Carbon Mauritius Limited. (RCCML)	Subsidiary of RCC	Mauritius	100.00	100.00
6. Rain Global Services LLC. (RGS)	Subsidiary of RCUSA.	United States of America	61.00	100.00
7. Rain Global Services HK Limited (RGSHKL)	Subsidiary of RGS	Hong Kong	61.00	100.00
8. Rain Calciner Limited. (RCL)	Subsidiary	India	100.00	100.00
9. Zhenjiang Xin Tian Tansu Co. Ltd (from August 3, 2009)	Subsidiary of RCCML	China	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

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, 2009	December 31, 2008
Balance sheet items	46.68	48.45
Revenue items	48.35	43.51

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 period. 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 despatch of goods to customers. Gross sales include excise duty and sales tax recovered and are net of trade discounts.

d) Fixed Assets and Depreciation

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. Software is amortized evenly over a three-year period. 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 amortised over the estimated period of mining reserves.

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.

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

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

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 of Superannuation covered under a scheme administered and managed by ICICI Prudential 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 revised 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 plan based on pay-as-you-go policy. The Group sponsors two defined benefit postretirement 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. The liability as at the balance sheet date is provided based on the actuarial valuation carried out in accordance with the applicable Accounting Standards in the United States of America.

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 revised 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 amortised as expense or income over the life of the contract. Any profit or loss arising on cancellation or renewal of such a forward contract is recognized in the 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 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, with effect from January 1, 2009. 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. As such the translation gain of similar amount on the aforesaid foreign currency loan will no longer be recognized in the profit and loss account, as in earlier years.

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. Exceptional item

- (a) Exceptional item for the current year represents profit on sale of long term investments in Petroleum Coke Industries Company, Kuwait.
- (b) During the previous year, the Group recorded write-down of inventory by Rs.686,236 which was disclosed as an Exceptional Item.

IV. On July 12, 2007, the Co-Generation facility of the Group entity was registered with United Nations Framework Convention on Climate Change (UNFCCC). UNFCCC had issued 79,535 Certified Emission Reductions (CERs) generated during the period from July 12, 2007 to December 31, 2007. During the current year, the Group entity has sold these 79,535 CERs and accordingly recognised the revenue which is included in Schedule O - Other Income. Further, the Company has filed the required documents with UNFCCC for issuance of further 151,933 CERs generated during the year ended December 31, 2008. The Group recognises revenue from sale of CERs on conclusion of the CER sale to ultimate buyers.

V. Loans & Advances include an amount of Rs.120,500 (Rupees Twelve crores and five lakhs) paid as advance by the Company to certain parties in accordance with the terms of a Memorandum of Understanding (MOU) dated December 6, 2007 to acquire shares of another entity 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 has initiated

legal proceedings against these parties to recover the advance. Management is of the view, supported by legal advise, that the company's claim will result in a favourable outcome and that it has a good chance of recovering the advances paid.

- VI.** In accordance with the lease deed dated November 24, 2008 entered by the Group entity with the Andhra Pradesh Industrial Infrastructure Corporation Limited (APIIC), land admeasuring 43.36 acres in AP SEZ at Atchutapuram Mandal, Visakhapatnam was allotted to it on lease basis for a period of 33 years. The lease premium for the above land was Rs. 260,160 and in the previous year the Group entity paid 50% of the lease premium as an advance amounting to Rs. 130,091 (including processing fee of Rs.11). Balance 50% premium was payable on April 30, 2010.

During the current year, the Group entity took possession of the above land and as operations had not commenced, subsequently surrendered it to APIIC. Accordingly, the cost of lease hold land has been deleted from the gross block of fixed assets and the advance paid to APIIC i.e. Rs.130,191 disclosed under Schedule K : Loans and Advances as Advances recoverable. The above lease with APIIC has since then been cancelled.

- VII.** During the year there has been a change in the basis of valuation of CPC inventories of the Indian subsidiary from FIFO basis to weighted average cost basis. The impact of the change, however, is not material.

VIII.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, 2009 is Rs. 436,319 (December 31, 2008 - Rs. 467,100) 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. 11,780.

b) Others

	December 31, 2009 Amount	December 31, 2008 Amount
Matters under dispute:		
Sales Tax	57,046	73,246
Excise Duty	5,588	10,690
Income tax	22,527	22,527
Claims against the Company not acknowledged as debts		
Bank guarantees outstanding* (counter guaranteed by the holding company)	395,222	226,401
Customers' bills discounted under Letters of Credit	316,012	-
Corporate Guarantee issued by Company on behalf of wholly owned subsidiaries :		
- Rain Commodities USA Inc., USD 90 million equivalent to	4,201,200	4,360,500
- Rain CII Carbon (India) Ltd	1,035,000	535,000
Corporate Guarantee issued by Rain CII Carbon (India) Limited on behalf of Rain CII Carbon LLC, USA - USD 150 million equivalent to	7,002,000	7,267,500

[*includes bank guarantees given to AP Transco - Rs. 146,958 (December 31, 2008- Rs.146,958)]

- IX.** Estimated amount of contracts remaining to be executed on capital accounts [net of capital advances - Rs. 109,232 (December 31, 2008 - Rs. 254,798)] not provided for Rs. 128,969 (December 31, 2008 - Rs. 112,184).
- X.** The Group has entered into various operating lease agreements for assets comprising of storage facilities and an amount of Rs. 104,043 (December 31, 2008 - Rs. 90,748) paid under such agreements have been charged to revenue. These agreements are cancellable in nature and there is no restriction in respect of such leases.
- XI.** The Group purchases derivative contracts to hedge the foreign currency risks on forecasted cash flows where the counter party is a Bank. The Group purchases derivative contracts to mitigate the risk of changes in foreign exchange rates on export sales realization, import raw material payments and loan repayments. The marked to market liability of Rs. 73,537 as on December 31, 2009 (December 31, 2008 - Rs. 264,125) has been recognized in the profit and loss account and is included in Current Liabilities.

Further the Group has also entered into derivative contracts with respect to natural gas price risks covering 130,000 MMBTU as on December 31, 2009 (December 31, 2008 - 31,500 MMBTU). The Group has provided the marked to market liability against such contracts amounting to Rs. 1,400 as on December 31, 2009 (December 31, 2008 - Rs. 1,163).

a) Details of derivative/forward contracts outstanding are as under

Particulars	2009		2008	
	USD Millions	Rs. Thousands	USD Million	Rs. Thousands
Principal cross currency swaps	-	-	6.378	309,010
Interest rate swap	26.262	1,232,250	52.801	2,558,210
Forward	6.700	312,760	6.000	290,700

(b) The year end receivables and payables in foreign currency not covered by a forward/derivative contract without considering the net investment hedge are as follows:

	Currency	2009		2008	
		Foreign Currency (In Millions)	Rs. Thousands	Foreign Currency (In Millions)	Rs. Thousands
(i) Sales Receivables	USD	2.130	99,561	5.760	279,185
(ii) Payables	USD	8.636	403,122	28.629	1,387,341
(iii) Expenses	USD	0.100	4,431	0.510	24,819
(iv) Foreign currency loans (including buyer's credit)	USD	120.435	5,622,088	161.476	7,766,588
(v) Interest Payable on foreign currency loans	USD	0.257	11,842	0.070	3,840
(vi) Bank Balances	USD	15.720	733,668	2.400	116,165

(c) 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, 2009 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.152,654. As such the translation gain of similar amount on the aforesaid foreign currency loan will no longer be recognized in the profit and loss account, as in earlier years.

XII. Earnings per Share (EPS)

	Year ended December 31, 2009 Amount	Year ended December 31, 2008 Amount
a. Profit after Taxation	4,438,421	4,037,871
b. Weighted average number of equity shares of Rs 10 each outstanding during the year (Nos.)	70,834,579	70,411,284
Earnings per Share		
c. Basic and Diluted - [a]/[b] - (Rs.)	62.66	57.35

XIII. Taxation

- a) Current Tax includes income tax amounting to Rs.95,046 on sale of long term investments during the year and excluding reversal of earlier years of Rs.42,992.

b) **Deferred Tax:**

	December 31, 2009 Amount	December 31, 2008 Amount
Deferred Tax Liability		
- on account of depreciation / Others A	2,457,198	2,524,333
Deferred Tax Asset		
-on account of unabsorbed losses / depreciation	149,883	64,785
-on account of other fiscal differences	47,086	18,289
Total B	196,969	83,074
Deferred Tax Liability (Net) A-B	2,260,229	2,441,259

Note: In view of the unabsorbed business losses of one of the Group entity, deferred tax asset has been computed after providing a valuation allowance of Rs. 188,657 (December 31, 2008 - Rs. 119,566).

c) **Minimum Alternative Tax (MAT):**

In view of unabsorbed business losses of one of the Group entity, MAT Credit entitlement amounting to Rs. 299,105 (December 31, 2008 - Rs. 85,043) has not been recognised.

XIV. Auditors' Remuneration

	Year ended December 31, 2009 Amount	Year ended December 31, 2008 Amount
Audit Fees	11,921	12,901
Other Services	11,085*	6,194
Out of pocket expenses	121*	57
	23,127	19,152

* 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 of the Company.

Note:

- 1) Remuneration of auditors of subsidiaries ('other auditors') included above Rs. 16,604 (2008: Rs. 11,659)
- 2) The above excludes payments made by the Company to the auditors amounting to Rs. 626 for services rendered in the past year.

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

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

XV. 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.

b) Transactions with related parties

Year Ended December 31, 2009

Nature of Transactions	Enterprises where Key Managerial Personnel along with their relatives exercise significant influence	Key Management Personnel	Balance
Loan repaid - Sujala	–	–	–
Interest expense - Sujala	–	–	–
Managerial Remuneration	–	39,071	10,063
Dividend paid	27,947	21,459	–

Year ended December 31, 2008

Nature of Transactions	Enterprises where Key Managerial Personnel along with their relatives exercise significant influence	Key Management Personnel	Balance
Loan repaid - Sujala	120,000	–	–
Interest expense - Sujala	2,458	–	–
Managerial Remuneration	–	12,245	4,200

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

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

XVI. Segmental Reporting
I. Business Segment

	Year ended December 31, 2009			Year ended December 31, 2008		
	Carbon Products	Cement	Total	Carbon Products	Cement	Total
Revenue						
External Sales (net of excise duties and taxes on sales)	28,454,917	7,883,247	36,338,164	37,462,411	7,084,792	44,547,203
Inter- Segment Sales	557,054	1,417	558,471	304,841	3,639	308,480
Total Sales	29,011,971	7,884,664	36,896,635	37,767,252	7,088,431	44,855,683
Less Eliminations	557,054	1,417	558,471	304,841	3,639	308,480
Total Revenue	28,454,917	7,883,247	36,338,164	37,462,411	8,145,843	44,547,203
Result						
Segment Result	6,043,812	1,709,266	7,753,078	9,016,376	1,634,667	10,651,043
Operating Profit	–	–	7,753,078	–	–	10,651,043
Interest Expenses (net)	–	–	2,259,658	–	–	4,234,255
Unallocated income	–	–	(140,792)	–	–	(483,003)
Exceptional item	–	–	(513,354)	–	–	686,236
Profit Before Taxation			6,147,566			6,213,555
Taxation						
– Current	–	–	1,690,834	–	–	1,597,319
– Deferred	–	–	21,725	–	–	571,423
– Fringe Benefit Tax	–	–	1,797	–	–	6,942
Profit After Taxation before Minority Interest			4,433,210			4,037,871
Segment Assets	40,852,711	7,602,758	48,455,469	46,674,439	6,935,695	53,610,134
Unallocated Corporate Assets	–	–	21,101	–	–	109,948
Total Assets	40,852,711	7,602,758	48,476,570	46,674,439	6,935,695	53,720,082
Segment Liabilities	3,541,345	1,044,416	4,585,761	4,756,898	547,536	5,304,434
Unallocated Corporate Liabilities	–	–	3,074,857	–	–	2,749,768
Total Liabilities	3,541,345	1,044,416	7,660,618	4,756,898	547,536	8,054,202
Capital Expenditure	140,234	269,169	409,403	672,772	1,065,072	1,737,845
Depreciation	916,139	310,344	1,226,483	835,370	224,856	1,060,226

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

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

II. Geographic Segment

	Revenue from external customers	Segment Assets	Revenue from external customers	Segment Assets
	December 31, 2009		December 31, 2008	
India	11,346,307	14,142,900	11,042,369	16,203,187
Outside India	24,991,857	34,312,569	33,504,834	37,406,947
	36,338,164	48,455,469	44,547,203	53,610,134

XVII. 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

N. Jagan Mohan Reddy
Managing Director

N. Sujith Kumar Reddy
Executive Director

S. Venkat Ramana Reddy
Company Secretary

T. Srinivasa Rao
Vice President - Finance

Place: Hyderabad
Date : March 17, 2010

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)	☐ Savings ☐ Current ☐ 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.	
No. of Equity Shares held	

* DP ID:	
* 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 35th Annual General Meeting of the Members of the Company to be held on Monday, the
7th day of June, 2010 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 2010.

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

35th Annual General Meeting, 7th June, 2010 at 11:00 A.M.

Regd. Folio No.	
No. of Equity Shares held	

* DP ID:	
* Client ID:	

Name of the Shareholder	
Name of Proxy	

I/We hereby record my / our presence at the 35th Annual General Meeting of the members of the Company held on Monday, the 7th day of June, 2010 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.

