



RAIN COMMODITIES LIMITED

Regd. Office: Rain Center, 34, Srinagar Colony,
Hyderabad – 500 073, Andhra Pradesh, India.
Tel: +91 40 40401234, Fax: +91 40 40401214

Website: www.raincommodities.com, Email: secretarial@priyacement.com

NOTICE

Dear Member,

August 13, 2012

POSTAL BALLOT

Notice pursuant to Section 192A of the Companies Act, 1956

NOTICE IS HEREBY GIVEN, pursuant to Section 192A(2) of the Companies Act, 1956, read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011, that the following Special Resolution under Section 77A of the Companies Act, 1956 (hereinafter referred to as **“the Act”**), seeking consent of the Members for buy-back of fully paid-up Equity Shares of the Company within the maximum limit prescribed under the said Act from open market through the Stock Exchanges as prescribed under the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 1998, including any amendments, statutory modification(s) or re-enactment, for the time being in force (hereinafter referred to as **“Buy-back Regulations”**) is proposed to be passed by Postal Ballot.

The Board of Directors of the Company at its meeting held on August 13, 2012 have, subject to the consent of Members of the Company, approved the proposal for the said buy-back. Under the provisions of Section 77A of the Act, the Company is required to obtain the approval of the Members by way of a Special Resolution for the buy-back of Equity Shares upto 25% of paid-up capital and free reserves and the said approval of Members is required to be obtained by means of voting by Postal Ballot as per Section 192A of the Act read with Companies (Passing of the Resolution by Postal Ballot) Rules, 2011. Accordingly, the Company seeks your consent to the proposed Special Resolution contained in this Notice.

The explanatory statement pertaining to the said Special Resolution setting out all material facts and reasons thereof along with a Postal Ballot form is annexed herewith. The Company has appointed Mr. D.V.M. Gopal, Practicing Company Secretary, as the Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner.

You are requested to carefully read the instructions printed in the Postal Ballot form and return the form duly completed and signed in the enclosed self-addressed postage pre-paid envelope so as to reach the Scrutinizer not later than 5.00 pm on September 28, 2012. The postage will be borne by the Company.

The Scrutinizer will submit his report to the Chairman of the Company or in his absence to the Managing Director of the Company, upon completion of the scrutiny of Postal Ballot forms in a fair and transparent manner and the result of the Postal Ballot will be announced on October 1, 2012 at 2.00 p.m. at the Registered Office of the Company. The result of the postal ballot will be

displayed at the said address and posted on the Company's website www.raincommodities.com besides being notified to the BSE Limited, The National Stock Exchange of India Limited (NSE) and Delhi Stock Exchange Limited.

The date of declaration of the result of the Postal Ballot shall be the date on which the resolution would be deemed to have been passed by the Members, if approved by requisite majority.

Proposed Special Resolution:

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

“RESOLVED THAT in accordance with Article 28a of the Articles of Association of the Company and pursuant to the provisions of Section 77A, 77AA, 77B and other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as **“the Act”**) and in compliance with the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 1998, including any amendments, statutory modification(s) or re-enactment, for the time being in force (hereinafter referred to as **“Buy-back Regulations”**) and, subject to such other approvals, permissions and sanctions as may be necessary, consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as **“the Board”** which expression shall include any Board Committee and / or any Director / Officer authorized by the Board for the purpose) for the purchase of the Company's fully paid-up Equity Shares with face value of ₹ 2 each to the extent of, but not exceeding 25% of the Company's fully paid-up Equity Shares at the price not exceeding ₹ 46/- (Rupees Fourty Six only) per Equity Share from the Open Market through the BSE Limited and / or The National Stock Exchange of India Limited (**“Buy-Back”**), subject to the condition that the aggregate amount to be expended by the Company for the said Buy-back shall not exceed ₹ 4,600 lakhs, i.e., within 25% of the Company's fully paid-up equity share capital and free reserves based on the audited financial statements of the Company as at December 31, 2011, less the amount utilized during the financial year 2012 for the buy-back which was approved by the Board on October 25, 2011.

FURTHER RESOLVED THAT the number of shares to be bought back shall be subject to a minimum of 31,75,000 Equity Shares (Minimum Offer Shares) and a maximum of 1,27,00,000 Equity Shares (Maximum Offer Shares).

FURTHER RESOLVED THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred as also to execute such documents, writings, etc., to any Committee of the Board or any other Director(s) or Executive(s)/Officer(s) of the Company as may be necessary to give effect to the aforesaid resolution, including but not limited to appointment of Merchant Bankers, Brokers, Bankers, Solicitors, Registrars, Depository Participants and other intermediaries / agencies for the implementation of the Buy-back, to make applications seeking approval of appropriate authorities and to initiate all necessary action for opening of accounts, preparation and issuance of various documents, including Public Announcement, Declaration of Solvency, and Certificate of Extinguishment of shares/share certificates required to be filed in connection

with the Buy-back and such other undertakings, agreements, papers, documents and correspondence as may be necessary in this regard, to the Securities and Exchange Board of India, BSE Limited, The National Stock Exchange of India Limited, Delhi Stock Exchange Limited, Registrar of Companies, National Securities Depository Limited, Central Depository Services (India) Limited and / or other authorities.

FURTHER RESOLVED THAT the Board in its absolute discretion, be and is hereby authorized to accept and make, in the interest of the Company, any alteration(s), modification(s) to the terms and conditions as it may deem necessary, concerning any aspect of the Buy-back, in accordance with the statutory requirements, including the decision of closure of Buy-back once the minimum number of shares are bought back and to do all such acts, deeds, matters and things in connection therewith and incidental thereto as the Board may deem necessary, expedient, proper or desirable and to settle all questions, difficulties or doubts that may arise in relation to the proposed Buy-back at any stage without requiring to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

By Order of the Board of Directors
For Rain Commodities Limited

Place : Hyderabad
Date : August 13, 2012

S. Venkat Ramana Reddy
Company Secretary

NOTES:

- a. The Explanatory Statement setting out all material facts as required under Section 173(2) of the Companies Act, 1956 in respect of Special Business of the Company is appended and forms part of the Notice.
- b. A Postal Ballot form along with self-addressed business reply envelope (postage to be borne by the Company) is sent herewith. The Members are requested to carefully read the instructions printed in the Postal Ballot form and return the said Postal Ballot Form (no other Form or photocopy of the Postal ballot form is permitted) duly completed with the Assent (for) or dissent (against), in the attached self addressed, postage prepaid envelope, so as to reach the Scrutinizer on or before 5.00 pm on September 28, 2012 to be eligible for being considered, failing which, it will be strictly treated as if no reply has been received from the Member. Facility of voting through electronic mode is not being provided by the Company. The Postal Ballot results will be published in newspapers and placed at the Registered Office and on the website of the Company at www.raincommodities.com.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 FORMING PART OF THE NOTICE.

As required under Section 173(2) read with Section 77A and other applicable provisions of the Companies Act, 1956 and the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998, (hereinafter called "**Buy-back Regulations**"), this Explanatory Statement contains relevant and material information, as detailed herein, to enable the Members to consider for approval the proposed Special Resolution on Buy-back of Company's Equity Shares:

1. The Board of Directors of the Company at its meeting held on August 13, 2012 have, subject to the approval of Members of the Company, approved the proposal for Buy-back of Equity Shares upto a maximum of 1,27,00,000 fully paid-up Equity Shares of ₹ 2 each (equivalent to 3.63% of Equity Shares of ₹ 2 each outstanding as on December 31, 2011) at the price not exceeding ₹ 46/- per Equity Share, subject further to the condition that the aggregate amount to be paid by the Company for the said Buy-back (including brokerage and other charges, if any) shall not exceed ₹ 4,600 lakhs i.e., within 25% of the paid-up capital and free reserves of the Company based on the audited financial statements as at December 31, 2011, reduced by the amount utilized during the financial year 2012 for the Buy-back which was approved by the Board on October 25, 2011.
2. The Buy-back is proposed considering the availability of Company's Free Reserves, cash balances, internal accruals/operating cash flows and funding requirements of the Company to fund its future plans. The Buy-back proposal is being implemented in keeping with the Company's desire to enhance overall shareholders' value. The Buy-back would lead to reduction in outstanding number of Equity Shares and may consequently increase earnings per equity share over a period of time. This would in turn lead to improvement in return on net worth and other financial ratios and contribute to maximization of overall shareholders' value.
3. The shares of the Company are proposed to be bought back from the open market through the BSE Limited and The National Stock Exchange of India Limited (hereinafter referred to as "**Stock Exchanges**").
4. The aggregate paid-up capital and free reserves of the Company as at December 31, 2011 is ₹ 33,099.09 lakhs and under the provisions of the Act, the funds deployed for buy-back shall not exceed 25% of the paid-up capital and free reserves of the Company in a financial year. Accordingly, the maximum amount that can be utilized in the present buy-back is ₹ 8,274.77 lakhs. However, the Company has utilized ₹ 1,835.33 lakhs in the financial year 2012 for the buy-back that was approved by the Board on October 25, 2011 and therefore the maximum amount available for buy back is ₹ 6,439.44 lakhs and aggregate amount proposed to be expended for the proposed Buy-back is ₹ 4,600 lakhs, which is 13.90 % of the paid up capital and free reserves of the Company as on December 31, 2011 and within the maximum amount as aforesaid. Further under the Act, the number of Equity Shares that can be bought back during the financial year shall not exceed 25% of the Paid-up Equity Capital of the Company. Accordingly, the maximum number of Equity Shares proposed to be bought back

are 1,27,00,000 Equity Shares being 3.63% of Equity shares of ₹ 2 each outstanding as at December 31, 2011. The Company has bought back 53,10,086 shares during the financial year 2012 which have been reduced from the maximum permissible limit of the shares to be bought back. The number of shares to be bought back shall be subject to a minimum of 31,75,000 Equity Shares (Minimum Offer Shares) and a maximum of 1,27,00,000 Equity Shares (Maximum Offer Shares).

The Buy-back is proposed to be funded out of the Company's current surplus and/or cash balances and/or internal accruals and that the Buy-back shall be from the members of the Company from the open market through Stock Exchanges in such manner as may be prescribed under the Act, the Regulations and on such terms and conditions as the Board of Directors may deem fit.

5. The maximum buy-back price of ₹ 46/- per share has been arrived at after considering various factors such as average price of the Equity Shares of the Company on the BSE Limited and The National Stock Exchange of India Limited, the net worth of the Company and the impact of the Buy-back on the earning per share of the Company.

The actual reduction in outstanding number of shares would depend upon the price at which the Equity Shares of the Company are traded at the Stock Exchanges as well as the total number of shares bought back by the Company from the open market. However, assuming the shares are purchased at the maximum price of ₹ 46/- per Equity Share and that the Company would be in a position to successfully purchase shares for an amount of ₹ 4,600 lakhs, as may be approved by the Members, the total number of shares that would be purchased at the maximum price in terms of the approval of the Members would be 1,00,00,000 Equity Shares and the outstanding shares would be accordingly reduced to that extent.

The Buy-back is proposed to be completed within the maximum period of twelve months from the date of passing of the said Special Resolution. Subject to a maximum price of ₹ 46/- per Equity Share for the buy-back and maximum validity period of twelve months, the time frame and the price will be determined by the Board.

6. Details of Promoter and Promoter Group holding as on the date of the notice is as below:

Category of Member	No. of Equity Shares Held	% of Existing Equity Share Capital
Promoters and Promoter Group	15,04,56,095	43.72
Total of Promoters and Promoter Group	15,04,56,095	43.72

None of the promoters, directors of the promoters, persons in promoter group and persons acting in concert have purchased or sold any shares or securities in the Company during the six months prior to the date of this notice.

7. The Promoters and Promoter Group will not participate in the Buy-back.
8. There will be no buyback from any persons through negotiated deals whether through the stock exchanges or through spot transactions or through any private arrangement.

9. In compliance with the provisions of the Companies Act, 1956, the Company will not issue any fresh Equity Shares within a period of six months after the completion of Buy-back except by way of bonus shares or in discharge of subsisting obligations such as stock options, etc.
10. The Company confirms that there are no defaults subsisting in the repayment of deposits; redemption of debentures or preference shares; or repayment of term loans to any financial institutions or banks.
11. The Board of Directors hereby confirms that it has made full inquiry into the affairs and prospects of the Company and that it has formed the opinion:
 - a. That immediately following the date of this Board Meeting and the date on which the results of the Postal Ballot will be declared, there will be no grounds on which the Company can be found unable to pay its debts;
 - b. That as regards the Company's prospects for the year immediately following the date of this Board Meeting as well as the year immediately following the date on which the results of the Postal Ballot will be declared approving the Buy-back of shares and having regard to the Board's intentions with respect to the management of the Company's business during that year and to the amount and character of the financial resources, which will, in the Board's view, be available to the Company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from the date of this Board Meeting as well as the year immediately following the date on which the results of the Postal Ballot will be declared approving the Buyback of shares;
 - c. In forming its opinion aforesaid, the Board has taken into account the liabilities as if the Company were being wound up under the provisions of the Act (including prospective and contingent liabilities); and
 - d. That the debt equity ratio of the Company after the Buy-back will be within the limit of 2:1 as prescribed under the Act.
12. The Company shall transfer from its free reserves a sum equal to the nominal value of its Equity Shares purchased through the Buy-back to the Capital Redemption Reserve Account and the details of such transfer shall be disclosed in its subsequent audited financial statements.
13. The Buy-back from non-resident members, Overseas Corporate Bodies (OCBs) and Foreign Institutional Investors (FIIs), and members of foreign nationality, if any, etc. shall be subject to such approvals as are required including approvals from the Reserve Bank of India under the Foreign Exchange Management Act, 1999 and the rules, regulations framed thereunder, if any.
14. The report dated August 13, 2012 received from M/s. Deloitte Haskins & Sells, Chartered Accountants, the Statutory Auditors of the Company addressed to the Board of Directors of the Company is reproduced below:

**TO THE BOARD OF DIRECTORS OF
RAIN COMMODITIES LIMITED**

Report under Clause (xi) of Part A of Schedule II of the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 1998

1. In connection with the proposed buy-back of Equity Shares of Rain Commodities Limited ("the Company"), as approved by the Board of Directors at its meeting held on August 13, 2012, in pursuance of the provisions of Sections 77A, 77AA and 77B of the Companies Act, 1956 ("the Act") and the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 1998, as amended from time to time ("the Buy-Back Regulations") and based on the information and explanations given to us and the records examined by us, we report that:
- (a) We have inquired into the state of affairs of the Company in relation to its audited accounts for the year ended December 31, 2011, which were approved by the Board of Directors at its meeting held on February 21, 2012 and adopted by the shareholders at the meeting held on April 25, 2012 and the unaudited financial results for the quarter and half year ended June 30, 2012 which were approved by the Board of Directors at its meeting held on August 13, 2012.
- (b) The Board of Directors, at its meeting held on August 13, 2012, has proposed, subject to shareholders approval, to buy-back the Company's Equity Shares for a maximum amount of ₹ 4,600 lakhs at a price not exceeding ₹ 46 per Equity Share. The amount of maximum permissible capital payment (including premium) towards the buy-back of equity shares, as computed by the Management and taken on record by the Board of Directors, has been properly determined in accordance with the provisions of Section 77A(2)(c) of the Companies Act, 1956 and set out in the table following:

Particulars	Amount* ₹ in lakhs
Paid up Equity Share Capital * 349,482,981 Equity Shares of ₹ 2 each fully paid-up (A)	6,989.66
Free Reserves * :	
Securities Premium	9,690.98
General Reserve	5,598.01
Profit and Loss Account	10,820.44
Total Free Reserves (B)	26,109.43
Total (A+B)	33,099.09
25% thereof being permissible limit for buy-back of equity shares with approval of Shareholders	8,274.77
Less: Amount spent during the current financial year (year ending December 31, 2012) for buy-back pursuant to earlier buy-back offer, vide Board resolution dated October 25, 2011	1,835.33
Amount available for buy-back	6,439.44
Amount approved by the Board of Directors for buy-back	4,600.00

* the amounts have been extracted from the standalone audited financial statements of the Company for the year ended December 31, 2011

- (c) The Board of Directors have resolved at its meeting held on August 13, 2012 and has formed its opinion as specified in Clause (x) of Part A of Schedule II of the Buy-Back Regulations that on reasonable grounds, the Company will not, having regard to its state of affairs, be rendered insolvent within a period of one year from the date of the Board Meeting held on August 13, 2012 and the date of passing of the special resolution by the shareholders of the Company through postal ballot under Section 192A of the Companies Act, 1956.

This report has been issued solely in connection with the proposed buy-back of Equity Shares of the Company in pursuance of the provisions of Sections 77A, 77AA and 77B of the Companies Act, 1956 and the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 1998, as amended from time to time (including disclosures in the postal ballot notice and the public announcement as required under the Buy-Back Regulations) and should not be used for any other purpose.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No.008072S)

K. Rajasekhar
Partner
(Membership No.23341)

HYDERABAD, August 13, 2012

15. All the material documents referred to in the Explanatory Statement such as Memorandum and Articles of Associations, relevant Board Resolution and Auditors' Report would be available for inspection at the Registered Office of the Company on all working days except Sunday and Public Holidays, between 11 a.m. and 5 p.m. upto the date of declaration of Postal Ballot results.

Your Directors recommend this Special Resolution for approval of the Members.

The Directors may be deemed to be concerned or interested in the resolution to the extent of shares held by them in the Company like any other Member.

By Order of the Board of Directors
For Rain Commodities Limited

Place : Hyderabad
Date : August 13, 2012

S. Venkat Ramana Reddy
Company Secretary