BOARD OF DIRECTORS

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

CHIEF FINANCIAL OFFICER
Mr. T. Srinivasa Rao

COMPANY SECRETARY
Mr. S. Venkat Ramana Reddy

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

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

BANKS
IDBI Bank Limited
Citibank
ICICI Bank Limited
Indian Bank

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

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

Business Vertical	Description of Business
Carbon Products Business	**Calcined Petroleum Coke:** ● Calcination of Green Petroleum Coke (a by-product of Petroleum Refinery) to produce Calcined Petroleum Coke ("CPC") ● Activities across USA and Asia **Co-generation of Energy through Waste-heat Recovery:** ● Co-generation of Energy (Steam and Electricity) through Waste-heat recovery generated in the calcination of Green Petroleum Coke. **Coal Tar Pitch@:** ● Distillation of Coal Tar (a by-product in manufacturing of Steel) to produce "Coal Tar Pitch". ● Activities across Europe and North America. **Carbon Chemicals@:** ● Conversion of chemicals, produced in the distillation of Coal Tar to produce value-added "Carbon Chemicals" **Trading in Petroleum Coke:** ● Trading of Fuel Grade Petroleum Coke, with activities in India, USA, Europe and Middle East .
Cement Business	● Production and Sale of Cement ● Activities spread across South India ● Marketed under the brand name **"Priya Cement"**

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

Acquisition Rationale

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

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

Competitive Strengths of the Combined Entity

Global leader in essential Carbon products for the Aluminum industry

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

Longstanding relationships with global customers

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

Favorable industry fundamentals supported by Aluminum production growth

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

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

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

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

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

Diversified geographic profile with advantaged freight and transport logistics

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

Increased product and market diversification

We expect the combined company to be more diversified across end markets. While the Aluminum industry will remain the primary end market for the combined company, with CPC and CTP sales together representing major portion of the revenues, our product offering will be diversified into other products such as energy, resins and modifiers, aromatic chemicals and superplasticizers. CPC and CTP prices are dependent on the demand dynamics of the Aluminum industry, while prices of resins and modifiers, super-plasticizers and other chemicals are driven primarily by broader macro-economic conditions. We expect these additional products will help mitigate our exposure to the Aluminum industry.

Industry leader in proprietary product development and R&D capabilities

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

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

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

Experienced and proven management team

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

Rain Group Operating Facilities

Facility	Product	Description
Visakhapatnam – Andhra Pradesh, India	CPC	• Two rotary kilns • Located in the Visakhapatnam Port Area • Proximity to new Aluminum Smelter plants • Integrated with Co-generation facility
Moundsville – West Virginia, USA	CPC	• Two rotary kilns • Dedicated barge dock facility
Lake Charles – Louisiana, USA	CPC	• Two rotary kilns • Dedicated deep-water terminal • Integrated with Co-generation facility (commissioned in CY 2012)
Robinson – Illinois, USA	CPC	• Two rotary kilns • Located adjacent to Marathon oil refinery
Chalmette – Louisiana, USA	CPC	• One rotary kiln • Dedicated deep-water terminal • Integrated with Co-generation facility
Gramercy – Louisiana, USA	CPC	• One rotary kiln • Dedicated deep-water terminal • Integrated with Co-generation facility
Norco – Louisiana, USA	CPC	• One rotary kiln • Located adjacent to Motiva oil refinery • Integrated with Co-generation facility
Purvis – Mississippi, USA	CPC	• One rotary kiln • Focused on specialty applications • Direct rail or truck shipments to customers
Zhenjiang, China	CPC	• One vertical shaft furnace • Entire GPC requirement is sourced locally
Adabeya - Suez, Egypt	Coke Trading	• Engaged in production of Slag Foaming Carbon Materials and Recarbonizers
Nalgonda – Andhra Pradesh, India	Cement	• One rotary kiln • Pit Head Lime Stone Mines • Markets the product under the brand “Priya Cement”
Kurnool – Andhra Pradesh, India	Cement	• Two rotary kilns • Pit Head Lime Stone Mines • Markets the product under the brand “Priya Cement”

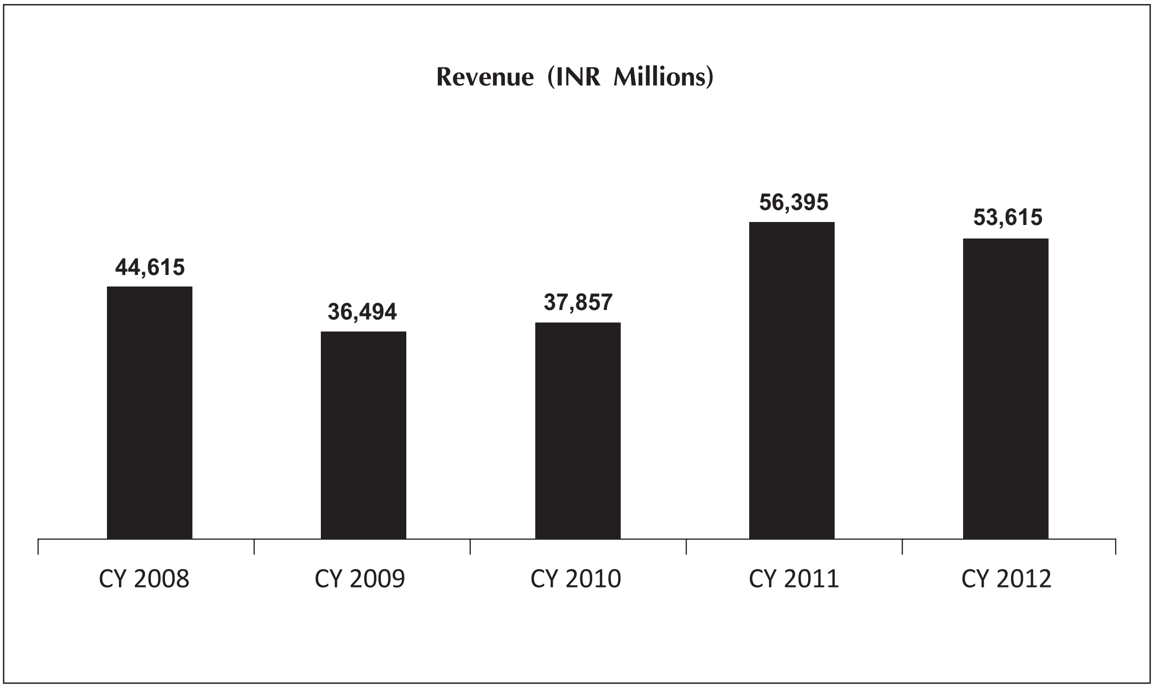
Ruetgers Operating Facilities

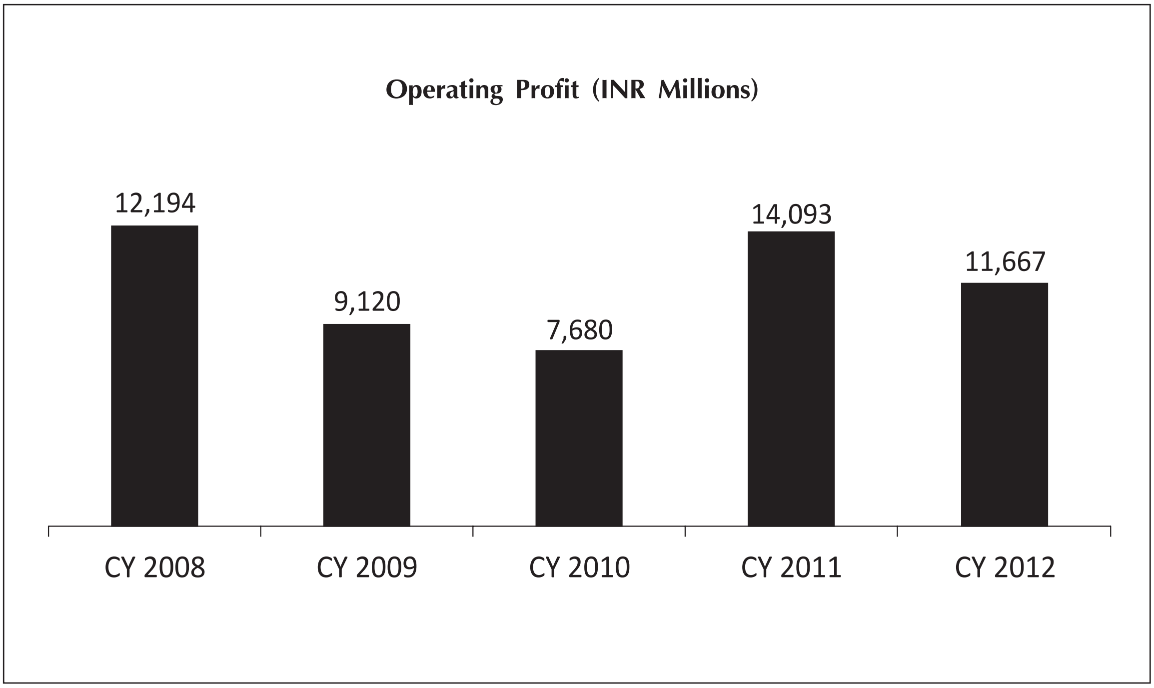
Facility	Product	Description
Castrop – Rauxel, Germany	Coal Tar Distillation	• Coal tar distillation (largest plant globally) with integrated downstream production operations • Dedicated river port and access via sea, rail and road
Zelzate, Belgium	Coal Tar Distillation	• Coal tar distillation with integrated downstream production operations • Transport access via sea and road
Hamilton, Canada	Coal Tar Distillation	• Serves as hub for North America and is the only coal tar distillation facility in Canada • Transport access via sea, rail and road
Cherepovets, Russia (under construction, expected to be operational in 2014)	Coal Tar Distillation	• Joint venture with Severstal in Russia • Focused on pitch supply to the North Atlantic, Russia and the Middle East • Transport access via sea, rail and road
Duisburg, Germany	Resins and Modifiers	• Downstream resins production • Dedicated river port
Uithoorn, The Netherlands	Resins and Modifiers	• Downstream resins production • New heat polymerization technology for tailor-made products
Candiac, Canada	Superplasticizers	• Downstream Superplasticizer production
Hanau, Germany		• Downstream regional producer of impregnated wood products
Kedzierzyn – Kozle, Poland	CTP	• Soft pitch production • Serves as hub for Eastern Europe
Shanghai, China	Representation Office	

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

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

KEY FINANCIAL INDICATORS ON A CONSOLIDATED BASIS

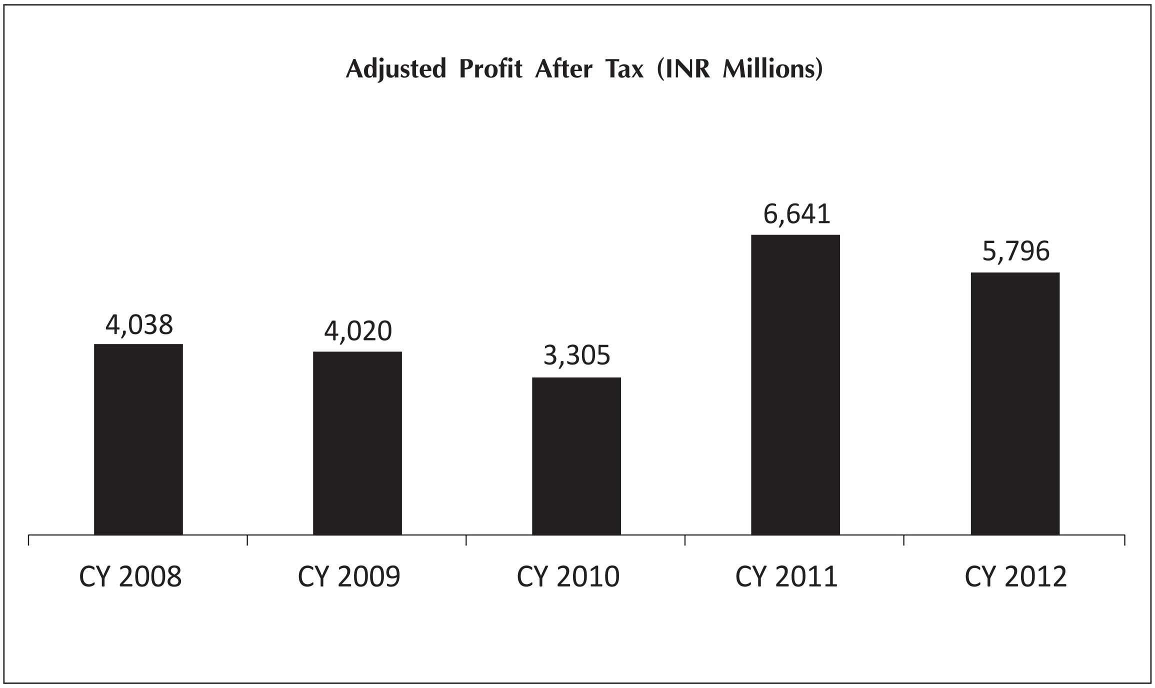


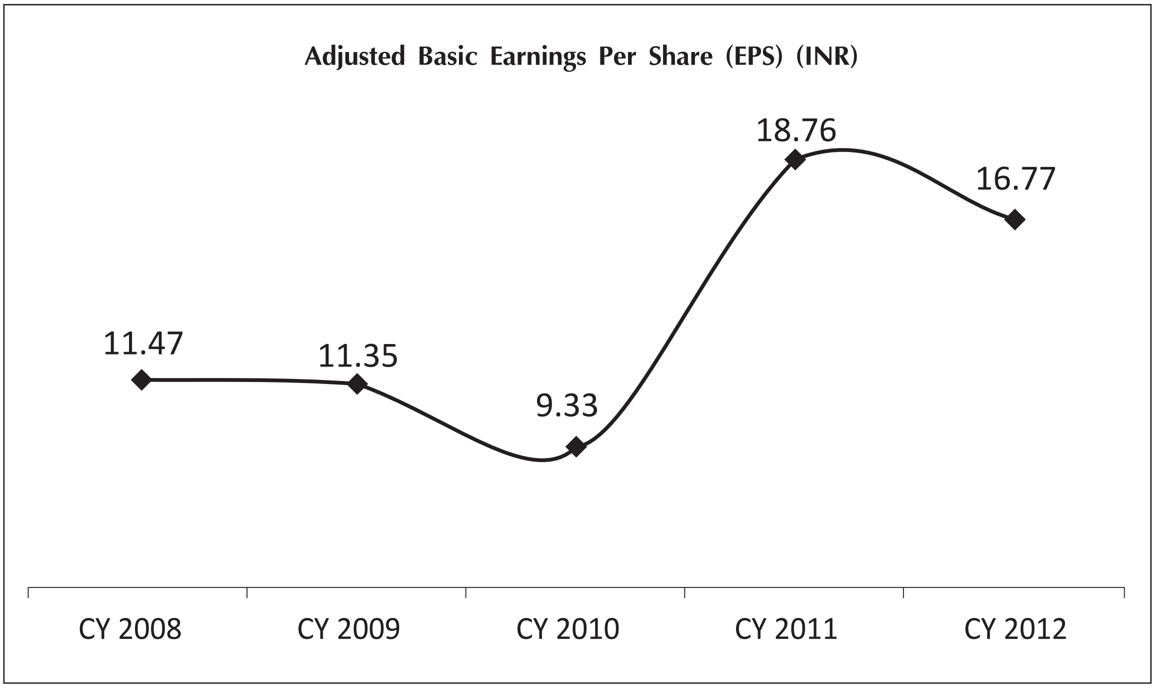


Notes:

(1) Revenue numbers for the previous years have been reclassified to correspond with the current year's classification / disclosure.

(2) Operating Profit is Profit before Exchange (Gain) / Loss, Depreciation, Interest, Taxation and Exceptional Items.





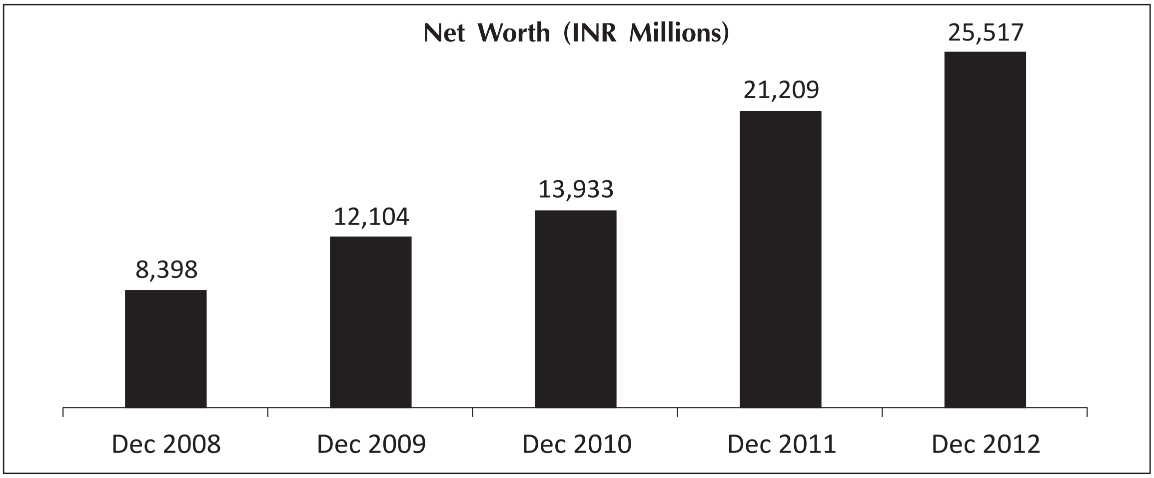
Note:

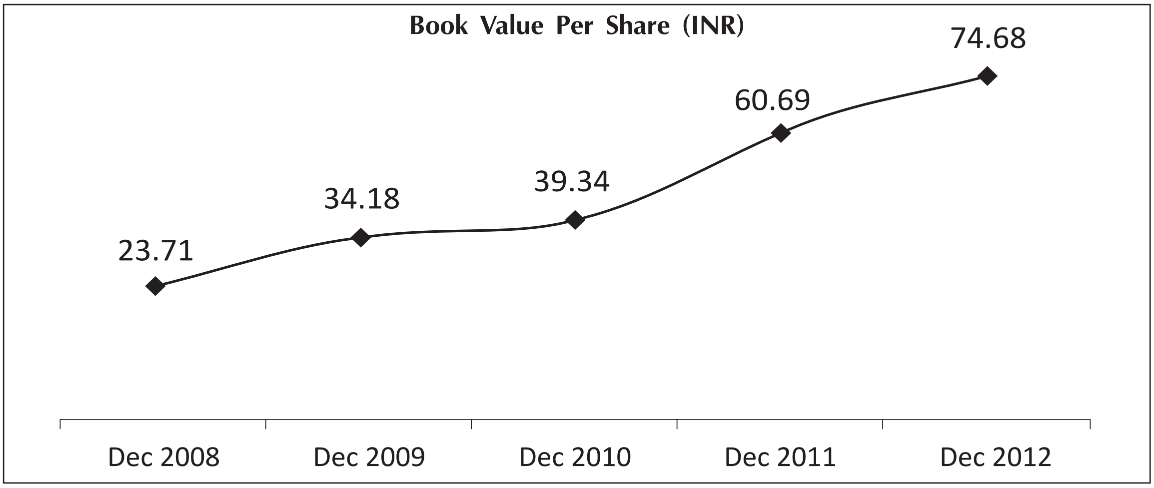
(1) EPS of the previous periods have been recomputed to give effect to the share split (in the ratio of 1:5) in CY 2011.

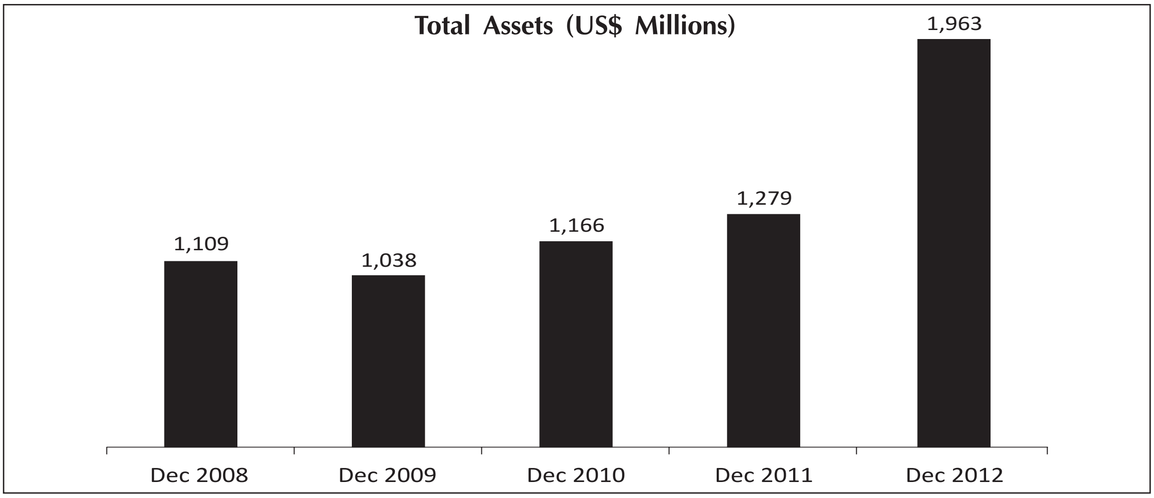
(2) Profit After Tax and Basic EPS of CY 2009 adjusted for exceptional profit of Rs. 513 Million (net of tax Rs. 418 Million) on sale of Investment in Petroleum Coke Industries Company, Kuwait.

(3) Profit After Tax and Basic EPS of CY 2010 adjusted for net exceptional expenditure of Rs. 1,249 million (net of tax Rs. 898 Million).

(4) Profit After Tax and Basic EPS of CY 2012 adjusted for one time expenditure of Rs. 1,789 million (net of tax Rs. 1,218 Million) incurred in-connection with the acquisition of Ruetgers.





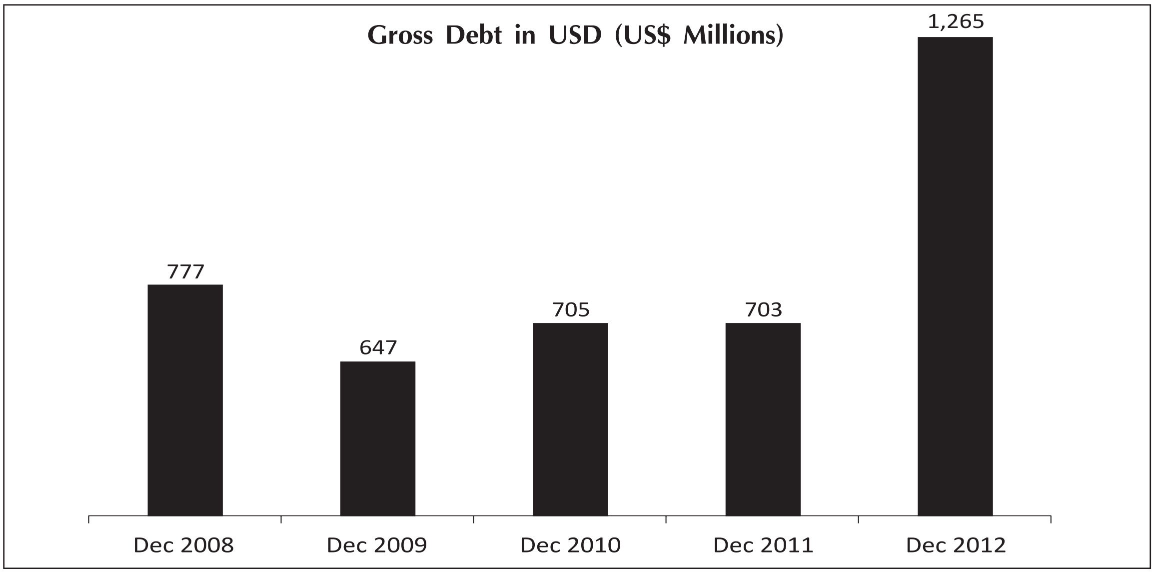


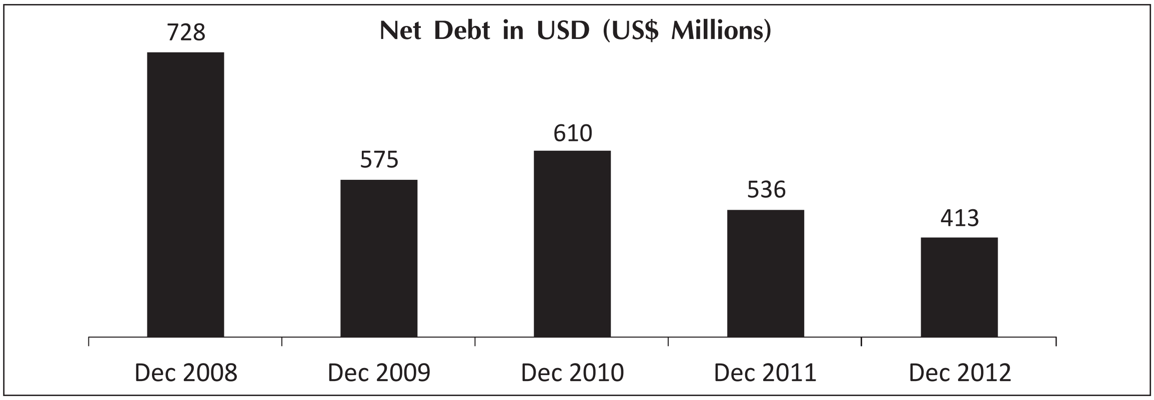
Notes:

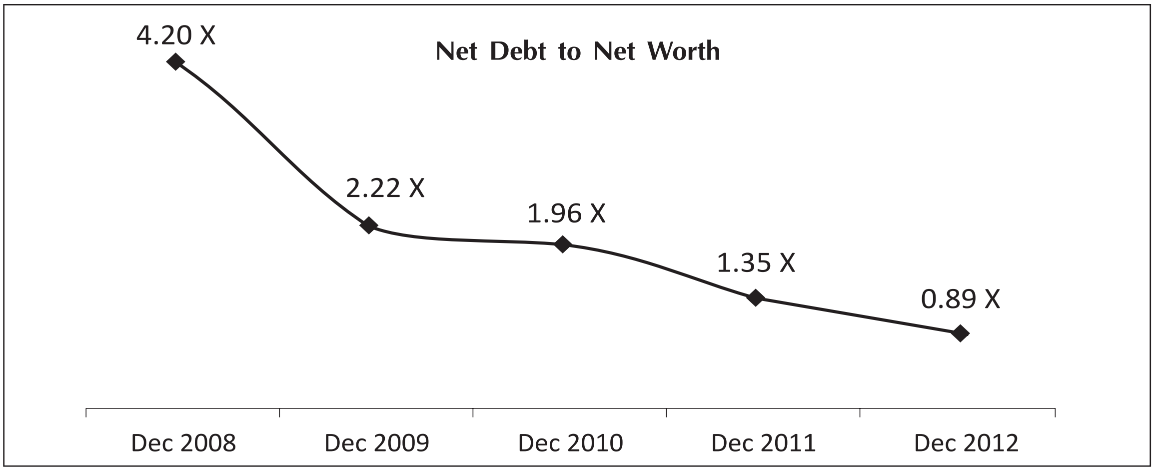
(1) Book Value Per share of the previous periods has been recomputed to give effect to the share split (in the ratio of 1:5) in the current financial year.

(2) The Total Assets as of December 31, 2012 includes US$ 677 Million of proceeds from issue of Senior Secured Notes.These proceeds are consigned to an Escrow Bank account and subsequently utilised for completion of Ruetgers acquisition.

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







Notes:

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

(2) The Gross Debt as of December 31, 2012 includes US$ 677 Million of Senior Secured Notes issued in relation to the acquisition of Ruetgers. The proceeds of which were consigned to an Escrow Bank account and subsequently utilised for completion of Ruetgers acquisition. As the bond issue proceeds are credited on December 31, 2012 and acquisition was completed on January 4, 2013, the net debt as of December 31, 2012 was significantly lower compared to gross debt.

NOTICE

Notice is hereby given that the 38th Annual General Meeting of the Members of Rain Commodities Limited will be held on Saturday, the April 27, 2013 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, 2012, Statement of Profit and Loss for the Financial Year ended on December 31, 2012 and reports of Directors and Auditors thereon.
2. To declare a dividend on equity shares for the Financial Year ended on December 31, 2012.
3. To appoint a Director in place of Mr. N. Radhakrishna Reddy, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. S.L. Rao, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint M/s. B S R & Associates, Chartered Accountants (ICAI Regn. No.116231W), as the Statutory Auditors of the Company to hold office from the conclusion of this 38th Annual General Meeting until the conclusion of the 39th Annual General Meeting of the Company in place of M/s. Deloitte Haskins & Sells, Chartered Accountants, retiring Auditors, who have not offered themselves for re-appointment as Auditors of the Company and to authorise the Board of Directors to fix the remuneration of Auditors.

SPECIAL BUSINESS:

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

   "**RESOLVED THAT** pursuant to the provisions of Section 314 and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the members of the Company be and is hereby accorded for the appointment of Mr. Jagan Mohan Reddy Nellore (Managing Director of the Company) as Chief Executive Officer of CPC Holdings USA, LLC., (CPCUSA), a step down wholly owned subsidiary company for a period of 5 years, w.e.f. April 27, 2013 at a Remuneration not exceeding 5% of the consolidated net profit of CPC Holdings USA, LLC and on such terms & conditions as may be decided by the Board of Directors of CPCUSA.

   FURTHER RESOLVED THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things and give such directions as may be necessary, in the best interest of the Company, for giving effect to the aforesaid resolution, including but not limited to signing and execution of necessary forms, papers, writings, agreements and documents including giving customary representations and warranties together with such indemnities as may be deemed necessary and expedient in its discretion."

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

Place: Hyderabad
Date : March 21, 2013

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 April 18, 2013 to April 27, 2013 (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	August 31, 2014
3	Rain Commodities Limited	March 31, 2007	35%	August 3, 2007	September 2, 2014
4	Rain Commodities Limited	December 31, 2007	28%	June 25, 2008	July 25, 2015
5	Rain Commodities Limited	December 31, 2008	37%	June 17, 2009	July 17, 2016
6	Rain Commodities Limited	December 31, 2009	37%	June 7, 2010	July 7, 2017
7	Rain Commodities Limited	December 31, 2010	46%	May 12, 2011	June 11, 2018
8	Rain Commodities Limited	December 31, 2011	55%	April 25, 2012	May 25, 2019

   * Rain Calcining Limited is amalgamated with the Company.

   The Shareholders who have not encashed the dividend warrant(s) so far for the Financial Year ended March 31, 2006 and March 31, 2007 of Rain Calcining Limited and in case of the Company for the Financial Year ended March 31, 2007, December 31, 2007, December 31, 2008, December 31, 2009, December 31, 2010 and December 31, 2011 are requested to make their claim to the Secretarial Department, Rain Commodities Limited, Rain Center, 34, Srinagar colony, Hyderabad - 500073, Andhra Pradesh, India.

4. The Company do not have demat suspense account.

5. Dividend on equity shares @ 55% on the paid up Equity share capital i.e., Rs.1.10 per Equity Share as recommended by the Board of Directors, if declared by the Shareholders at the 38th Annual General Meeting, will be paid to those shareholders whose names appear on the Register of Members of the Company as on April 17, 2013 and also to the Beneficial Owners of equity shares held in electronic form as per the details furnished by the Depositories for this purpose as on the close of business hours on April 17, 2013.

6. 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.

7. The above information should be made available to the Company's Registrar and Share Transfer Agent M/s. Karvy Computershare Private Limited, (Unit: Rain Commodities Limited), Plot No.17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081, Andhra Pradesh, India on or before April 10, 2013.

8. The Company's equity shares are Listed at (i) BSE Limited, Phiroze JeeJeebhoy Towers, Dalal Street, Mumbai-400 001, (ii) National Stock Exchange of India Limited, Exchange Plaza, Floor 5, Plot No. 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 2012 -13.

9. Members are requested to send all communication relating to shares (Physical and Electronic) to the Company's Registrar and 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 : March 21, 2013

S. VENKAT RAMANA REDDY
COMPANY SECRETARY

EXPLANATORY STATEMENT

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

ITEM NO.6

CPC Holdings USA LLC., ("CPCUSA") is a step down wholly owned subsidiary company of Rain Commodities Limited. CPCUSA is the Holding Company for the Companies engaged in the business of Manufacture and sale of Calcined Petroleum Coke and Coal Tar Pitch in India and Outside India. Major portion of consolidated revenue of Rain Commodities Limited is contributed by the Companies situated outside India.

Mr. Jagan Mohan Reddy Nellore is presently Managing Director of Rain Commodities Limited. It is proposed to appoint Mr. Jagan Mohan Reddy Nellore as Chief Executive Officer ("CEO") of CPCUSA to oversee the operations outside India and also to provide strategy and guidance to the Senior Management of Subsidiary Companies situated outside India.

The appointment of Mr. Jagan Mohan Reddy Nellore, Managing Director of the Company as CEO of CPCUSA shall be approved by members of the Company by way of Special Resolution in pursuance of the provisions of Section 314 of the Companies Act, 1956.

The Board of Directors recommends the special resolution for your approval.

Except Mr. Jagan Mohan Reddy Nellore, Mr. N. Radhakrishan Reddy and Mr. N. Sujith Kumar Reddy, no other Director is concerned or interested in this resolution.

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

Place : Hyderabad
Date : March 21, 2013

S. VENKAT RAMANA REDDY
COMPANY SECRETARY

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 38th Annual Report and the Audited Financial Statements for the Financial Year ended December 31, 2012.

FINANCIAL RESULTS

A) STANDALONE:

The Standalone performance for the Financial Year ended December 31, 2012 is as under:

(Rs. in thousands)

PARTICULARS	December 31, 2012	December 31, 2011
Revenue from operations	**690,888**	2,395,445
Profit before finance cost, depreciation and tax expense	**884,199**	645,449
Finance cost	**236,755**	305,997
Profit before depreciation and tax expense	**647,444**	339,452
Depreciation	**5,015**	5,142
Profit before tax expense	**642,429**	334,310
Tax expense	**78,689**	39,574
Profit After tax expense	**563,740**	294,736
Profit brought forward from earlier year	**1,082,044**	1,229,617
Profit available for appropriation	**1,645,784**	1,524,353
Appropriations:		
Proposed dividend	**371,189**	380,242
Tax on dividend	**(2,660)**	23,214
Transfer to general reserve	**56,374**	29,474
Transfer to capital redemption reserve	**15,564**	9,379
Surplus in Statement of Profit and Loss	**1,205,317**	1,082,044

B) CONSOLIDATED :

The Consolidated performance for the Financial Year ended December 31, 2012 is as under:

(Rs. in thousands)

PARTICULARS	December 31, 2012	December 31, 2011
Revenue from operations (net)	**53,614,485**	56,395,150
Profit before finance cost, depreciation and amortization.	**11,755,669**	13,657,564
Finance cost	**3,727,632**	2,455,560
Profit before depreciation and Tax expense	**8,028,037**	11,202,004
Depreciation and amortisation	**1,199,682**	1,129,391
Profit before tax expense	**6,828,355**	10,072,613
Provision for tax expense	**2,180,220**	3,425,533
Profit after tax expense before minority interests	**4,648,135**	6,647,080
Minority interest	**(70,647)**	(5,832)
Profit after tax expense	**4,577,488**	6,641,248
Profit brought forward from earlier year	**17,010,242**	10,944,397
Profit available for appropriation	**21,587,730**	17,585,645
Appropriations:		
Proposed dividend	**371,189**	380,242
Tax on dividend	**58,746**	61,895
Transfer to general reserve	**95,983**	149,908
Transfer to capital redemption reserve	**15,564**	9,379
Reversal of dividend Proposed in earlier year	**-**	(26,021)
Surplus in Statement of Consolidated Profit and Loss	**21,046,248**	17,010,242

OPERATIONS

During the period under review, the Company has achieved revenue from operations of Rs. 690,888 (in thousands) and net profit of Rs. 563,740 (in thousands) on a standalone basis. During the same period, the Company has achieved net revenue from operations of Rs. 53,614,485 (in thousands) and net profit of Rs. 4,577,488 (in thousands) on a consolidated basis.

OVERVIEW OF CARBON PRODUCTS BUSINESS

Rain Commodities Limited, through its wholly owned subsidiaries, is engaged in the business of production and sale of Calcined Petroleum Coke ("CPC"), Co-generation of Energy (Steam and/or Electricity) through Waste-heat recovery and trading of Fuel Grade Petroleum Coke.

Rain Group is currently operating seven CPC plants in United States, one CPC plant each in India and China. With the total CPC capacity of about 2.4 million tons, Rain Group is one of the leading producers of CPC in the World with a Global market share of about 8%.

Rain Group is well known for its ability to co-generate Energy from the waste heat recovered in the calcining process. Currently Rain Group is co-generating Energy at four of its CPC plants in the United States and one CPC plant in India.

In addition to the revenues generated from the sale of energy to third-parties, these co-generation facilities also reduce our energy costs and dependence on third party suppliers for sourcing electricity.

Rain Group owns and operates dedicated deep-water vessel loading terminals at three of the CPC facilities (Lake Charles, Chalmette and Gramercy) and a barge dock at West Virginia CPC facility in the Unites States. Rain Group also operates two full-service petroleum coke laboratories.

The Group has recorded net revenue of Rs. 44,356,811 (in thousands) from the Carbon Products Business during the financial year ended December 31, 2012 as compared to net revenue of Rs. 47,528,071 (in thousands) during the year ended December 31, 2011.

Rain Group has **diversified its end markets** with entry into Coal Tar distillation business through the acquisition of Belgium based Ruetgers Group ("Ruetgers") on January 4, 2013. Ruetgers is Europe's leading and world's second largest Coal Tar distiller and is a leading producer of Coal Tar Pitch ("CTP" or "Pitch"). Ruetgers also produces other Chemicals, Resins, Modifiers and Superplasticizers by further processing carbon products through its down-stream operations. With eight operating facilities spread across North America and Europe, Ruetgers currently has more than a million tons of Coal Tar distillation capacity. The ninth facility, a Joint Venture in Russia with about 300,000 tons of coal tar distillation capacity is under construction and is expected to commence operations in CY 2014.

OUTLOOK FOR CARBON PRODUCTS BUSINESS

Calcined Petroleum Coke ("CPC") is produced from Green Petroleum Coke ("GPC"), a by-product of Crude Oil Refining process, through a process known as "Calcining" that removes moisture and volatile matter from GPC at high temperature. The key raw material for Ruetgers is Coal Tar, a by-product by Steel producers in the conversion process of Coal into Metallurgical Coke.

Together, CPC and CTP comprise the critical component of Carbon Anodes used in the Aluminum smelting process. CPC and CTP are considered as essential materials for the Aluminum industry, as there are no known economically viable substitutes for these products.

As per the recent industry reports, approximately 77% of the world's CPC production and 80% of the world's CTP production is used in the production of Carbon Anodes in the Aluminum Smelting Process.

Demand for Aluminum is one of the most important determinants of CPC and CTP demand. World production of primary Aluminum totaled approximately 47.1 million metric tons in 2012 and is expected to grow to approximately 59.6 million metric tons by 2016, representing a compounded annual growth rate of 6.1%. The growth in the demand for Aluminum is expected to be driven by increasing use of light weight materials in many key industries such as transportation (including aerospace and automobiles), construction, packaging and consumer electronics. This demand growth is expected to be met through the addition of new Aluminum smelters, largely in Asia and the Middle East due to low cost structure in these regions, including low cost power, labor and raw materials.

The performance of Rain Group, being one of the leading producers of CPC and CTP with operating facilities across Globe is expected to be reasonably strong in the medium term with the continued demand from the growing Aluminum industry and the long term relationship with Aluminum Smelters, Crude Oil Refineries and Steel Producers.

OVERVIEW OF CEMENT BUSINESS

Rain Commodities Limited, through its wholly owned subsidiary, is engaged in the business of production and sale of Cement.

Rain Group is operating two fully integrated Cement plants in the state of Andhra Pradesh and one Fly Ash Handling and Cement Packing facility in the state of Karnataka.

Rain Group through its vast chain of dealer network sells Cement, under the brand name "**Priya Cement**", in the states of Andhra Pradesh, Tamil Nadu, Karnataka and Maharashtra

OUTLOOK FOR CEMENT INDUSTRY

The Indian Cement industry has witnessed massive capacity additions of approximately 100 million tons, CAGR of 13.6%, during FY 2009-2012, the growth in capacity addition is disproportionately high in South India. During the same period of FY 2009-2012, South Indian Cement Capacity has increased by approximately 55 million tons, representing a CAGR of 22.5%. This has resulted in significant pressure on price realization and also on capacity utilizations. Although the estimated capacity utilization, for FY 2012-2013, on Pan India basis is around 75% levels, South India's capacity utilization is estimated to fall below 60% level.

The increased thrust on infrastructure development by Government of India and the projected growth in the housing sector coupled with the increasing per capita income is expected to provide support to the Cement prices and hedge against the current oversupply situation. With the initiatives taken by the Government of India for infrastructure development coupled with many state elections in FY 2013 and central elections in FY 2014, Cement demand is expected to rise marginally during FY 2012-2014. The management expects that the supply demand gap would narrow down in next couple of years, as there are no major capacity expansions expected post FY 2013.

Considering these market conditions and continued excess capacity in South India, the management continues to concentrate on controlling costs by improving the Cement to Clinker blend ratio and trying to improve the capacity utilization and blended realization by entering into new market regions in Karnataka and Maharashtra.

DIVIDEND

The Board of Directors of the Company have recommended a Dividend @ 55% on the Paid up Equity Share Capital of the Company, i.e., Rs.1.10 per Equity Share for the financial year ended December 31, 2012.

BUYBACK OF EQUITY SHARES

The Board of Directors at their meeting held on August 13, 2012 have approved to buy back upto maximum of 1,27,00,000 equity shares and minimum of 31,75,000 equity shares of Rs. 2/- each at a price not exceeding Rs. 46 per equity share for a maximum amount not exceeding Rs. 46 Crores through open market operations on Stock Exchange.

The members of the Company have approved buyback of equity shares on October 1, 2012 through Postal Ballot.

The Buy-back commenced on October 22, 2012 and last date for completion of buy-back is March 25, 2013 or the date on which total maximum of 1,27,00,000 equity shares would have been bought back or total deployed amount of Rs. 46 cores is exhausted.

The Company has bought back 7,801,056 equity shares through electronic mode as on March 20, 2013 and incurred an amount of Rs.296,428.78 (in thousands) towards buy-back of shares.

The Board of Directors of the Company, during their meeting held on October 25, 2011, approved the buyback of 10,000,000 equity shares of Rs. 2/- each at maximum price of Rs. 41/- per share for an amount not exceeding Rs. 350,000,000. The Buyback Offer was opened on November 14, 2011 and closed on March 29, 2012. The Company has bought back 100% of maximum number of 10,000,000 equity shares approved by the Board of Directors and the amount invested for buyback is Rs.321,183.79 (in thousands).

LISTING OF EQUITY SHARES

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

(i) BSE Limited, Phiroze JeeJeebhoy Towers, Dalal Street, Mumbai-400 001;

(ii) National Stock Exchange of India Limited, Exchange Plaza, Floor 5, Plot No. 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 2012-13.

SUBSIDIARY COMPANIES

The Ministry of Corporate Affairs (MCA), New Delhi, vide its Circular No.51/12/2007-CL-III, dated February 8, 2011 and Circular No.5/12/2007-CL-III, dated February 21, 2011 has granted general exemption from attaching the annual accounts of the Subsidiary Companies to the Annual Report of the Holding Company under Section 212(8) of the Companies Act, 1956.

Based on the circular, the Board of Directors at its meeting held on February 20, 2013 gave their consent for not attaching the Subsidiary Companies' Financial Statements, Auditors Report and Directors Report to the Annual Report of the Company for the Financial Year ended December 31, 2012.

Your Company will provide copies 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 also kept at the registered office of the Company and the Subsidiary Companies, for inspection by any investor.

The information of Subsidiary Companies as required to be disclosed as per the directions given by MCA 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 Financial Statements of Rain Cements Limited; Rain CII Carbon (Vizag) Limited; Rain Coke Limited; Renuka Cement Limited; Rain Commodities (USA) Inc; Moonglow Company Business Inc, BVI; Rain Global Services LLC; RGS Egypt Limited; Rain Carbon USA, LLC; Carbon Holdings USA, LLC; CPC Holdings USA, LLC; Rain CII Carbon LLC; CII Carbon Corp; Rain CII Carbon Mauritius Limited; Zhenjiang Xin Tian Tansu Co. Ltd; Rain CTP Inc; Rain Escrow Corp; 9274 5520 Quebec Inc; Rain (0952853) Holdings Ltd.

FIXED DEPOSITS

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

DIRECTORS

Mr. N. Radhakrishna Reddy and Mr. S.L. Rao, Directors of the Company who retires by rotation and being eligible offer themselves for reappointment.

AUDITORS

M/s. Deloitte Haskins & Sells, Chartered Accountants, Statutory Auditors of the Company who retires at the ensuing Annual General Meeting have not offered themselves for re-appointment. Your Company proposes to appoint M/s. B S R & Associates, Chartered Accountants (ICAI Regn. No.116231W) as its Statutory Auditors from the conclusion of the 38th Annual General Meeting till the conclusion of the 39th Annual General Meeting.

M/s. B S R & Associates, 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.

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, 2012, the applicable accounting standards have been followed;

(ii) That the Directors have selected such accounting policies and applied them consistently and made judgments 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, 2012 and of statement of Profit and Loss of the Company for the period ended December 31, 2012;

(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, 2012 on a going concern basis.

AUDITORS REPORT

There are no qualifications in Auditors Report.

AUDIT COMMITTEE

Audit Committee consists of the following Directors namely Mr. S.L.Rao, Chairman, Mr. Dipankar Basu, Member, Mr. H.L.Zutshi, Member, Mr. Yogesh Rastogi, Member, Mr. E S Ravisekar, Member and Mr. G. Krishna Prasad, Member.

All the members of the Audit Committee are independent Directors.

CORPORATE GOVERNANCE

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

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

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

Education

In order to provide better educational facilities, Rain Cements Limited, a wholly owned subsidiary 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, Rain Cements Limited, a wholly owned subsidiary 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.

Rain Cements Limited, a wholly owned subsidiary has ambulance service facilities at its plant locations and also conducts medical camps regularly.

Environment

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

Pragnya Priya Foundation

Pragnya Priya Foundation is established under section 25 of the Companies Act, 1956 as a Non-Profit Organisation to grant donations to poor and the needy for meeting expenditure of education, medical treatments and any other charitable purpose; to establish, run, support and grant aid or other financial assistance to schools, colleges, libraries, reading rooms, universities, laboratories, research and other institutions of the like nature in India.

The Company through its subsidiaries namely Rain Cements Limited and Rain CII Carbon (Vizag) Limited contributed donation of Rs.50 lakhs each to the foundation for providing Scholarships to Economically Backward students as part of Corporate Social Responsibility.

The Pragnya Priya Foundation has disbursed Scholarships to 373 students for the period 2012-2013.

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. Jagan Mohan Reddy — Managing Director
N. Sujith Kumar Reddy — Director

Place: Hyderabad
Date : March 21, 2013

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, 2012.

A. CONSERVATION OF ENERGY.

(a) Energy conservation measures taken:

-Nil-

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

-Nil-

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

- N.A.-

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

FORM - A

Disclosure of particulars with respect to conservation of Energy

	Particulars	January 1, 2012 to December 31, 2012	January 1, 2011 to December 31, 2011
A.	**Power and Fuel Consumption**		
	1. ELECTRICITY		
	a) Purchased		
	➢ Units (Kwh)	N.A.	N.A.
	➢ Total Cost (Rs.)	N.A.	N.A.
	➢ Rate/Unit (Rs.)	N.A.	N.A.
	b) Own Generation		
	i) Through diesel Generator		
	➢ Units (Kwh)	N.A.	N.A.
	➢ Units per Litre of Furnace Oil/HSD (No)	N.A.	N.A.
	➢ Cost/Unit (Rs.)	N.A.	N.A.
	ii) Through Steam turbine/Generator		
	➢ Units (Kwh)	N.A.	N.A.
	➢ Units per litre of fuel Oil / Gas	N.A.	N.A.
	➢ Cost/Units (Rs.)	N.A.	N.A.
	2 COAL		
	➢ Quantity (Tonnes)	N.A.	N.A.
	➢ Total Cost (Rs.)	N.A.	N.A.
	➢ Average Rate (Rs.)	N.A.	N.A.
	3 FURNACE OIL		
	➢ Quantity (Liters)	N.A.	N.A.
	➢ Total Cost (Rs.)	N.A.	N.A.
	➢ Average Rate (Rs.)	N.A.	N.A.
	4 Other Fuels (HSD OIL & LUB OIL)		
	➢ Quantity (Liters)	N.A.	N.A.
	➢ Total Cost (Rs.)	N.A.	N.A.
	➢ Average Rate (Rs.)	N.A.	N.A.
	5 Consumption per Metric tonne of Cement Production		
	➢ Production (Cement)	N.A.	N.A.
	➢ Electricity (Kwh)	N.A.	N.A.
	➢ Furnace Oil (Liters)	N.A.	N.A.
	➢ Coal (%)	N.A.	N.A.
	➢ HSD (Liters)	N.A.	N.A.
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	:	N.A.
2.	Benefits derived as a result of the above R & D.	:	N.A.
3.	Future plan of action	:	N.A.
4.	Expenditure on R&D	:	N.A.

TECHNOLOGY ABSORPTION, ADOPTATION AND INNOVATION

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

C FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

b) Total foreign exchange used and earned :

(Rs. In thousands)

	January 1, 2012 to December 31, 2012	January 1, 2011 to December 31, 2011
(i) Foreign Exchange earned	**338,365**	271,746
(ii) Foreign Exchange Used	**1,667,400**	2,438,600

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

Place: Hyderabad
Date : March 21, 2013

N. Jagan Mohan Reddy
Managing Director

N. Sujith Kumar Reddy
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, 2012

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. Jagan Mohan Reddy (45 years)	Managing Director	26,829,019	B.S.I.E. (U.S.A)	20 Years	August 10, 1994	Managing Director Rain Calcining Ltd.
2.	Mr. T Srinivasa Rao (46 years)	Chief Financial Officer	5,499,965*	B.Com, FCA	22 Years	April 1, 2012	Vice President (Finance) Rain CII Carbon (Vizag) Ltd

Notes:

1. Gross Remuneration includes salary, taxable allowances, commission, value of perquisites as per the Income-tax Rules, 1962.
2. The nature of employment is contractual.
3. None of the above are related to each other.
4. *Remuneration particulars are for part of the Year i.e., from April, 2012 to December, 2012.

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

Place: Hyderabad
Date : March 21, 2013

N. Jagan Mohan Reddy
Managing Director

N. Sujith Kumar Reddy
Director

MANAGEMENT DISCUSSION AND ANALYSIS

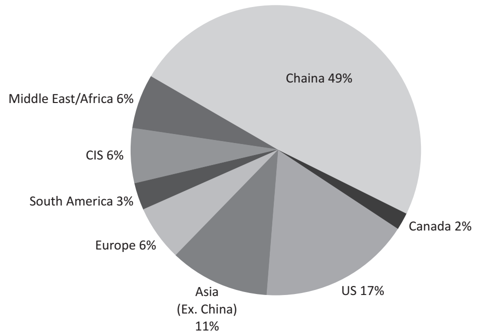
A) CARBON PRODUCTS

CPC INDUSTRY STRUCTURE AND DEVELOPMENT

Calcined Petroleum Coke ("CPC") is produced from Green Petroleum Coke ("GPC"), a by-product of Crude Oil Refining process, through a process known as "Calcining" that removes moisture and volatile matter from the GPC at high temperature. CPC is produced in two primary forms, Anode Grade CPC for use in the Aluminum Smelting process (representing approximately 77% of Global CPC production) and Industrial Grade CPC for use in the manufacturing of Titanium Dioxide and other industrial applications (representing approximately 23% of Global CPC production). For every 10 tons of Aluminum, approximately 4 tons of CPC is consumed in the Aluminum production process.

The World CPC production for 2012 is estimated to be about 26 million tons, China and US accounts for approximately 66% of the total World production.

World CPC Production - 2012 Estimated



We estimate that over 130 Oil Refineries world-wide produce and sell GPC in varying forms and qualities. Sale of GPC generally do not constitute a material portion of Refiners' revenues (typically about 1 to 2% of their total sales). The price of GPC depends on the quality and the market in which it will be used, and is largely driven by market supply and demand. A refinery typically realizes higher prices for GPC used in the production of Anode Grade CPC than that used in Industrial Grade CPC. However, the quality of GPC (whether anode-grade or industrial grade) cannot be modified by Refinery and the same largely depends on the type of crude being refined.

In general CPC and GPC prices move in parallel, as a result, CPC producers typically pass through GPC cost increases and decreases to their customers. However, there could be a timing lag for CPC prices to adjust to changes in GPC prices, as the frequency of CPC pricing changes is determined by individual customer contracts and typically ranges between three to six months.

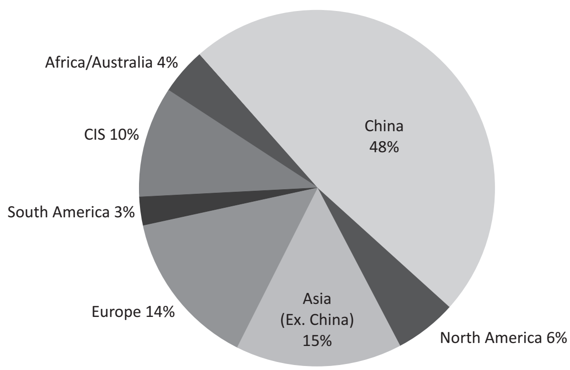
CTP INDUSTRY STRUCTURE AND DEVELOPMENT

Coal Tar is a liquid by-product produced by the Steel producers in the conversion process of Coal into Metallurgical Coke. During the production of Metallurgical Coke, known as "coking," 80% of the coal volume is processed into Metallurgical Coke. Metallurgical coke is used as an important reducing agent and energy source in blast furnaces for the production of pig iron and steel. Thus, the supply of Coal Tar is correlated to Pig Iron production, which in turn is driven by steel production. Coal Tar is considered as a by-product of the metallurgical coke and steel industries and is sold to Coal Tar distillers.

The Coal Tar distillation business can be grouped into two categories, the primary coal tar distillation business ("primary distillation") and the processing of selected co-products of primary distillation into more refined products ("downstream"). Primary distillation products include CTP, which represents approximately half of the distillation yield, naphthalene oil and aromatic oils. While the graphite and chemical industries are among the end users of CTP, approximately 80% of the world production of CTP is consumed in the Aluminum smelting process. For every 10 tons of Aluminum, approximately 1 ton of CTP is consumed in the Aluminum production process.

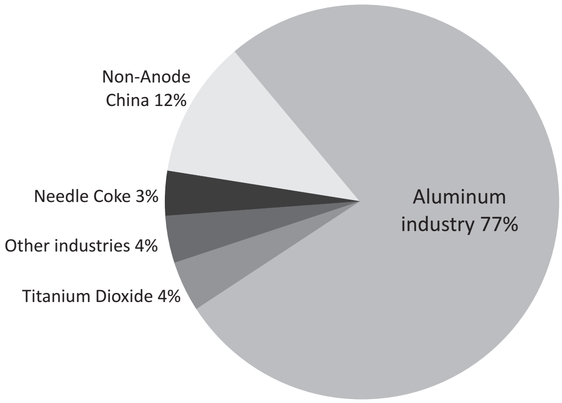
The World CTP production for 2012 is estimated to be about 6 million tons, China and North America accounts for approximately 54% of the total World production.

World CTP Production - 2012 Estimated

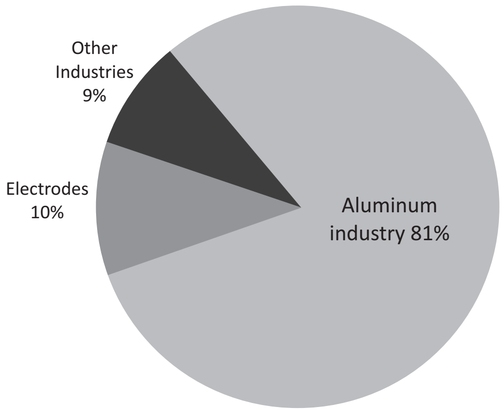


The growth in demand for both CPC and CTP is primarily depend on the growth in production and demand for Aluminum, as about 77% of global CPC production and about 80% of global CTP production is consumed by Aluminum industry for the production of Carbon Anodes in the Aluminum smelting process.

World CPC demand by end use



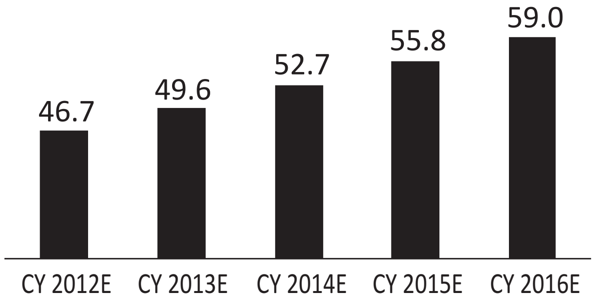
World CTP demand by end use



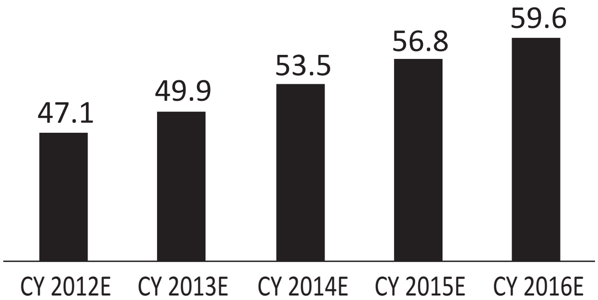
Source: Industry and Management

Demand for Aluminum is one of the most important determinants of CPC and CTP demand. According to the recent industry estimates, world demand for primary Aluminum totaled approximately 46.7 million metric tons in 2012 and is expected to grow to approximately 59.0 million metric tons by 2016, representing a compounded annual growth rate of 6.0%. The growth in the demand for Aluminum is expected to be driven by increasing use of light weight materials in many key industries such as transportation (including aerospace and automobiles), construction, packaging and consumer electronics. In line with the growing demand, even the global primary Aluminum production is also expected to grow at an average CAGR of 6.1% between 2012 and 2016, this production growth is expected to be met through the addition of new Aluminum smelters, largely in Asia and the Middle East due to a lower cost structure in these regions, including lower cost power, labor and raw materials.

World Aluminum Consumption Growth CY 2011 - 2016 (million tons)



World Aluminum Production Growth CY 2011 - 2016 (million tons)



Source: Industry and Management Estimate

Business and Growth Strategies

Leverage Rain Group's and Ruetgers' proven leadership to maximize efficiency across the combined company

We intend to maximize efficiencies and minimize costs across the combined company. Both Rain Group and Ruetgers have significant experience executing on cost reduction initiatives. Additionally, we intend to reduce administrative expenses by combining Rain Group's and Ruetgers' marketing, information technology, finance and accounting functions.

Expand on current market leadership positions in the Calcining and Coal Tar distillation industries

Current CPC market conditions favor a CPC supplier that can take advantage of the growth in demand for CPC while maintaining stable sources of GPC supply. We intend to expand our current market leading position by maintaining our long-term, strategic relationships with suppliers, seeking opportunities to enter into additional longer-term supply contracts and expanding our use of NTACs.

In the Coal Tar distillation industry, Ruetgers aims to use its leading market position and track record to selectively grow distillation capacities in its core markets. Ruetgers intends to continue investing in its facilities and developing its processes to further improve its operational reliability to grow its primary coal tar distillation activities in line with increases in customer demand.

To grow its CTP output, Ruetgers entered into the Russian JV, from which we expect to gain additional coal tar distillation capacity of 300,000 metric tons per year in 2014. We intend to leverage the Russian JV, which is logistically well-positioned to supply the Middle East, to provide the combined company with a reliable source of Coal Tar to expand market share in the Middle East, which is experiencing a steady increase in the demand for pitch.

Pursue higher-margin downstream product offerings and develop new products

We believe the scale of the combined company will provide us with a platform to continue to develop higher-margin downstream products. In addition to providing us with a long-term and reliable source of coal tar supply, the Russian JV offers us the flexibility to increase the volume of co-products resulting from primary coal tar distillation, which we plan to use to increase the production of higher-margin downstream products. The combined company intends to support process improvement and the development of new, higher margin products and technologies through its research and development initiatives, with a focus on performance, sustainability and utilization of alternative raw materials.

Continue to opportunistically grow in emerging markets

We intend to continue to opportunistically expand our footprint in emerging economies, including Asia. Aluminum smelting has grown substantially in China and India. The Acquisition better positions the combined company for expansion into these emerging markets. We believe the ability to supply our customers with multiple products helps solidify our existing relationships with Aluminum Smelters.

Increase profitability and free cash flow generation

We believe that we have demonstrated an ability to remain profitable throughout the recent economic cycle and at varying levels of Aluminum production and CPC capacity utilization. In particular, we believe our technology development, including our patented ICE technology, allows us to increase sales volumes and reduce costs as non-anode GPC alternatives are cheaper and more readily available than traditional anode grade GPC.

RISKS AND CONCERNS

The key limitations to increasing the supply of CPC include the location of suitable new sites to facilitate production in close proximity to refiners and the quantity of available suitable quality GPC. GPC is a by-product of the oil refining process and is not produced with a view toward meeting the supply needs of the World's Aluminum or Titanium producers. Changes in the economics of oil refiners over the past 15 to 20 years have resulted in a trend toward refining heavier and more Sour Crude oils. While refiners continue to build refining capacity (and therefore indirectly GPC production capacity), the worldwide supply of traditional Anode Grade GPC is expected to grow at lesser pace as refineries processing more Sour Crude oil, which results in lower quality, or fuel grade,GPC.

As a result, global CPC producers have experienced and may continue to experience a reduction in the availability of the quality raw materials they require. To economically and efficiently support growth in the Aluminum industry, Rain Group believes that smelters and calciners will need to continue to work together to expand the existing quality specifications for CPC, and allow for more non-traditional alternative coke blends in the Anode Grade CPC production process. RCC's patented ICE technology is one method of utilizing lower cost coke inputs in CPC blends without compromising the product quality.

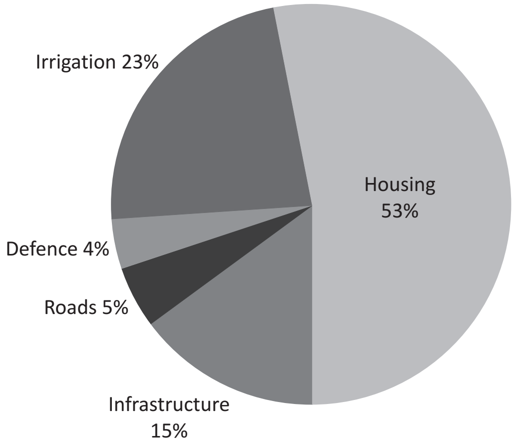
The principal consumers of Rain Group's CPC and CTP are primary Aluminum smelters. Although the Aluminum industry has experienced growth on a long-term basis, there may be cyclical periods of weak demand which could result in decreased primary Aluminum production. Rain Group' sales have historically declined during such cyclical periods of weak global demand for Aluminum.

B) CEMENT

CEMENT INDUSTRY STRUCTURE AND DEVELOPMENT

The Indian Cement industry with about 300 million tons of capacity is the world's second largest cement producer. The demand for Cement, being a derived demand, depends primarily on the general industrial activity, real estate activity and investment in the infrastructure sector. Indian Cement industry is globally competitive because the industry has witnessed healthy trends such as continuous technology up gradation and cost controlling. Due to the sub dued operating profits, as result of lower capacity utilizations, capped cement prices and constantly raising input costs, some of the companies have deferred their expansion plans. With strong demand coupled with limited capacity additions, the Cement capacity utilizations are expected to slowly improve after FY2013 and should see 80% mark by FY 15.

Cement Consumption by sector



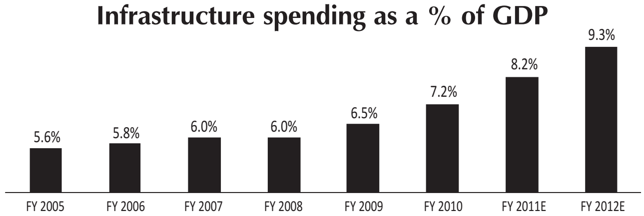
Source: Management Estimate and Industry

OPPORTUNITIES AND THREATS

Opportunities

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

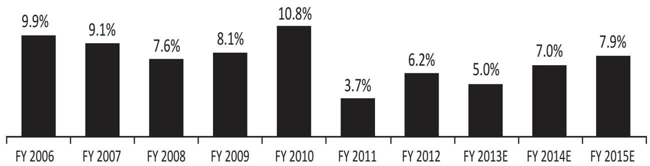
Infrastructure spending as a % of GDP



Source: Planning Commission and Management Estimate

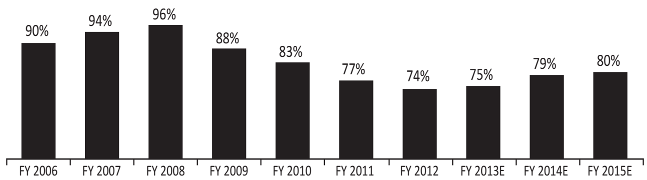
With the increased thrust on infrastructure development by Government of India, projected growth in the housing sector, increasing per capita income coupled with many state elections in FY 2013 and central elections in FY 2014 are expected to provide support to the Cement prices and help improve the Cement demand and capacity utilizations during near to long term.

Cement Demand YOY Growth rate %



Source: Management Estimate and Industry

Cement Industry Utilization Rates %



Source: Management Estimate and Industry

RISKS AND CONCERNS

The Indian Cement industry has witnessed massive capacity additions of approximately 100 million tons, CAGR of 13.6%, during FY 2009-2012, the growth in capacity addition is disproportionately high in South India. During the same period of FY 2009-2012, South Indian Cement Capacity has increased by approximately 55 million tons, representing a CAGR of 22.5%. This has resulted in significant pressure on price realization and also on capacity utilizations. Although the estimated capacity utilization, for FY 2012-2013, on Pan India basis is still around 75% levels, South India's capacity utilization is estimated to fall below 60% level.

Energy (Power and fuel) constitute more than 40% of the total operating costs of Cement industry. Rise in electricity prices coupled with hikes in Diesel and Domestic Coal Prices are causing constant increase in Energy costs. Further the severe energy shortage in the state of Andhra Pradesh is dampening the production and forcing the use of Diesel Generators and other high cost power sources.

Further the increased dependence on imported coal and pet coke as an alternative to the domestic coal is exposing the Indian Cement industry to price fluctuations in International markets and the depreciation of rupee is also resulting in higher costs thus adding further pressure on profitability.

Considering these market conditions and continued excess capacity in South India, the management continues to concentrate on controlling costs by improving the Cement to Clinker blend ratio and trying to improve the capacity utilization and blended realization by entering into new market regions in Karnataka and Maharashtra.

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

During the year under review the Company has achieved net revenue from operations of Rs. 690,888 (in thousands) on standalone basis and net revenue from operations of Rs. 53,614,485 (in thousands) on consolidated basis.

During the year the Company has achieved a net profit of Rs. 563,740 (in thousands) on standalone basis and achieved net profit of Rs. 4,577,488 (in thousands) on consolidated basis.

The Basic and Diluted Earnings Per Share of the Company as on December 31, 2012 is Rs. 1.65 on Standalone basis and Rs. 13.25 on Consolidated basis.

The Paid up Share Capital of the Company as on December 31, 2012 is Rs. 683,403 (in thousands) comprising of 341,701,602 Equity Shares of Rs. 2/- 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.

The Company employs approximately 1,324 employees directly and indirectly through its Subsidiary companies across United States, India and China.

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. Jagan Mohan Reddy	**N. Sujith Kumar Reddy**
Managing Director	Director

Place: Hyderabad
Date : February 20, 2013

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 Board of Directors along with its Committees provides leadership and guidance to the Company's management and supervises the Company's performance. As at December 31, 2012, the Board of Directors ("Board") comprises of Nine Directors, of which eight are Non-Executive Directors. The Company has a non-executive chairman and six independent directors comprise more than half the total strength of the Board.

The composition and category of the Board of Directors is as follows:

Sl. No.	Name of the Director	Designation	Category
1	Mr. N. Radhakrishna Reddy	Chairman	Non - Executive Director (Promoter)
2	Mr. N. Jagan Mohan Reddy	Managing Director	Executive Director (Promoter)
3	Mr. N. Sujith Kumar Reddy	Director	Non - Executive Director (Promoter)
4	Mr. S.L. Rao	Director	Independent Director
5	Mr. Dipankar Basu	Director	Independent Director
6	Mr. H.L. Zutshi	Director	Independent Director
7	Mr. G. Krishna Prasad	Director	Independent Director
8	Mr. E.S. Ravisekar	Nominee Director	Independent Director -Nominee of IDBI Bank Limited
9	Mr. Yogesh Rastogi	Nominee Director	Independent Director -Nominee of ICICI Bank Limited

Other Directorships:

The number of directorships and memberships in the committees of Other Companies held by the Directors as on December 31, 2012 are as under:

Name of the Director	No. of Other Directorships*	In Other Companies**	
		Membership	Chairmanship
Mr. N. Radhakrishna Reddy	9	-	-
Mr. N. Jagan Mohan Reddy	7	1	-
Mr.N. Sujith Kumar Reddy	9	-	-
Mr. S.L. Rao	5	2	3
Mr. Dipankar Basu	7	2	1
Mr. H.L. Zutshi	2	4	-
Mr. G. Krishna Prasad	4	-	1
Mr. E.S. Ravisekar	-	-	-
Mr. Yogesh Rastogi	1	-	-

* Includes directorships in the companies incorporated under the Companies Act, 1956

** Includes only Audit and Investor Grievances Committee

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

Board Meetings:

During the year ended December 31, 2012, Six Board Meetings were held as against the minimum requirement of four meetings. The maximum time gap between any of two consecutive meetings did not exceed four months.

The dates on which the Board meetings were held are February 21, 2012, April 25, 2012, August 13, 2012, September 27, 2012, October 1, 2012 and November 2, 2012.

Attendance of Directors at the meetings:

The details of the attendance of the Directors at the Board meetings held during the year ended December 31, 2012 and at the last Annual General Meeting (AGM) are given below:

Name of the Director	Number of Board Meetings		Attendance at AGM Held on April 25, 2012
	Held	Attended	
Mr. N. Radhakrishna Reddy	6	6	Yes
Mr. N. Jagan Mohan Reddy	6	5	Yes
Mr. N. Sujith Kumar Reddy	6	6	Yes
Mr. G. Krishna Prasad	6	5	Yes
Mr. Yogesh Rastogi	6	1	No
Mr. E.S. Ravisekar	6	4	Yes
Mr. S L Rao	6	4	Yes
Mr. Dipankar Basu	6	3	Yes
Mr. H L Zutshi	6	5	Yes

Profile of Board of Directors

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

- **Mr. N. Radhakrishna Reddy**

  Mr. N. Radhakrishna Reddy (70 years) is the Chairman of Rain Commodities Limited. He has more than 44 years of experience in Construction and Cement Industry. Currently, he is also on the board of Rain Cements Limited, Renuka Cement Limited, Rain Coke Limited, PCL Financial Services Limited, Arunachala Holdings Private Limited, PR Cement Holdings Limited, Apeetha Enterprises Private Limited, Lakshmi Sea Foods Limited, Rain Entertainments Private Limited and Pragnya Priya Foundation. He has been a Director of the Company since 1984.

  Mr. N. Radhakrishna Reddy holds 10,383,730 equity shares in the Company.

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

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

  Mr. N. Jagan Mohan Reddy (46 years) has a Bachelor of Science degree in Industrial Engineering from Purdue University, U.S.A. He is the founder of Rain CII Carbon (Vizag) Limited (successor of Rain Calcining Limited) that has started operations in 1998. He was instrumental in the acquisition of (i) Rain CII Carbon LLC (formerly CII Carbon LLC), a US based company, engaged in the business of manufacture and sale of Calcined Petroleum Coke (CPC) and generation of energy and (ii) RÜTGERS N.V., a Belgium-head quartered Coal Tar Pitch ("CTP") and Chemicals manufacturer.

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

  Mr. N. Jagan Mohan Reddy holds 8,586,740 equity Shares in the Company.

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

- **Mr. N. Sujith Kumar Reddy**

  Mr. N. Sujith Kumar Reddy, aged about 41 Years, holds a Bachelor's degree in Commerce. He has more than 18 years of experience in manufacturing and Construction Industry. He is the Managing Director of Rain Cements Limited, which manufactures and sells Cement under the brand name "Priya Cement". The Gross Turnover of Rain Cements Ltd is more than Rs.1,000 Crores. He is instrumental in doubling the Cement capacity to more than 3 million tons of Cement per annum and also building the strong dealer Network and increase of retail sales in Andhra Pradesh, Tamilnadu, Karnataka and Maharashtra States. He is also Director of Renuka Cement Limited, PCL Financial Services Limited, Arunachala Holdings Limited, Apeetha Enterprises Limited, Nivee Holdings Limited, Nivee Property Developers Private Limited, Rain Entertainments Private Limited and Pragnya Priya Foundation.

  Mr. N. Sujith Kumar Reddy holds 10,028,770 equity shares in the Company as on December 31, 2012.

  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, he is not related to any other Director.

- **Mr. Dipankar Basu**

  Mr. Dipankar Basu (77 Years) was previously the Chairman of State Bank of India until his retirement in August 1995. While serving as Chairman of State Bank of India, he served concurrently on the Boards of a number of SBI subsidiaries including those engaged in investment banking and fund management. Between 1996 and 1999, Mr. Basu served as a member of the Disinvestment Commission set up to advise the Government of India on public sector disinvestments. During 1997-98, Mr. Basu was a member of the Narasimham Committee on Banking Sector Reforms. Later, during 2004-06, he was a member of the Appointments Board constituted by Government of India for selection of Chairman and Executive Directors of Public Sector Banks. Mr. Basu brings with him long experience and wide knowledge of financial markets in India. He has several years of Board level experience in companies engaged in a wide spectrum of businesses - both financial and non-financial. He is currently on the Boards of Chambal Fertilizers & Chemicals Ltd, The Peerless General Finance & Inv. Co. Ltd, SBI Cards and Payment Services Pvt Ltd, Asian Paints Ltd, Deepak Fertilizers & Petrochemicals Corp. Ltd, Peerless Securities Limited and Rain CII Carbon (Vizag) Limited. He is at present a member of the Investment Advisory Committee of Army Group Insurance Fund and of the Empowered Committee on External Commercial Borrowings of Reserve Bank of India. Mr. Basu received his Master of Arts (Economics) degree from Delhi University.

- **Mr. S.L. Rao**

  Mr. S L Rao (77 Years) is an eminent economist, Distinguished Emeritus Fellow at The Energy & Resources Institute (TERI), New Delhi, Member, Board of Governors, Institute for Social and Economic Change, Bangalore, IIM Lucknow, IIM Kozikode, CUTS Institute for Regulation and Competition, and Trustee, Bangalore International Centre, Aga Khan Foundation, India and Dakshinachtra Museum. He is on a number of Advisory Committees including of the Competition Commission of India, the Indian Energy Exchange. He is on the Boards of Honeywell Automation India Limited, Kanoria Chemicals and Industries Ltd, Global Truastcap Finance Pvt Ltd, Insight Alpha Pvt Ltd, Rain Commodities Ltd and Rain CII Carbon Vizag Ltd. He has served for many years on other corporate and institutional Boards. He is on or has been Chairman or Member of Audit Committees and Remuneration Committees of their Boards.

  He was Director-General, National Council of Applied Economic Research, Delhi from 1990 to 1996 and was the first Chairman of the Central Electricity Regulatory Commission. He spent 28 years in management positions in Unilever, Warner Hindustan and Beardsell, five years as management consultant and designed and ran the National Management Programme (1987 to 1990). He is a columnist in the "Telegraph", Kolkata, "Financial Express"and "Deccan Herald". He is a widely read commentator on policy issues in many national and international publications. He has authored or edited 15 books; the last 3 were "Powering India" (Academic Foundation, 2011), "From Servants or Masters? Evolution of Professional Management in India" history of professional management in India" (Global Business Press, 2007), and "Governing Power", (TERI Press, 2004).

- **Mr. H L Zutshi**

  Mr. H L Zutshi (70 Years) was the Chairman & Managing Director of Hindustan Petroleum Corporation Ltd.(HPCL). HPCL is engaged in petroleum refining, marketing and exploration activities and has an annual turnover of over USD 20 billion. He retired from HPCL in May 2002. HPCL was the successor company of ExxonMobil in India, after the latter's activities was taken over by the Government of India in 1974.

  Mr. Zutshi was also the Chairman of Mangalore Refineries and Petrochemicals Ltd (MRPL) a joint venture company between Aditya Birla Group of companies and HPCL, South Asia LPG Ltd. a joint venture between HPCL and TOTAL of France, HINCOL a joint venture between COLAS SA of France and HPCL and an Exploration & Production company called Prize Petroleum joint venture between HPCL and HDFC, ICICI and TDFC.

  He was a member of the Government of India appointed expert Sub-Committee for developing a policy paper on deregulation etc, which provided inputs for the Hydro Carbon Vision 2025. He was formerly Chairman of the Petroleum, Coal, Fertilizer and related products Division Council of Bureau of Indian Standards (BIS), New Delhi, Convener of the Financial Services Sector task force of the Department of Public Enterprises, which fixed annual performance targets of the Financial Services PSU's. He was also Advisor Energy & Hydrocarbon to Mittal S.a.r.l, Luxomberg. He was formerly Independent Director on the Boards of MMTC, MECON Ltd and IDBI Bank Ltd.

Mr. Zutshi is presently Chairman and Managing Trustee of the Energy Research and Social Advancement Foundation, New Delhi and also an Independent Director on the Boards of Jaguar Overseas Limited, Rain CII Carbon (Vizag) Limited and Rain Commodities, Hyderabad.

Mr. Zutshi has had a brilliant academic record. He is an Honors Graduate in Mechanical Engineering and was trained in Management at the Administrative Staff College (Hyderabad), Indian Institute of Management (Ahmedabad) and Templeton College, Oxford University, UK.

- **Mr. G. Krishna Prasad**

  Mr. G. Krishna Prasad (43 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 Private Limited and Rain Cements Limited.

- **Mr. Yogesh Rastogi**

  Mr. Yogesh Kumar Rastogi (43 years) holds Bachelor's degree in Electrical Engineering from IIT Delhi and PGDM from IIM, Ahmedabad. He is the Nominee Director of ICICI Bank Limited. He is working with ICICI Bank Limited as General Manager, Zonal Head-South, Corporate Banking, ICICI Bank Limited, Hyderabad.

- **Mr. E.S. Ravisekar**

  Mr. E.S. Ravisekar (60 years) is a post graduate in Science, Economics and Commerce and also done his Ph.D. He is the Nominee Director of IDBI Bank Limited. He has retired from IDBI in December, 2012. Prior to his retirement, he was the Director of Jawaharlal Nehru Institute of Banking and Finance, Mumbai. He is having more than 38 years of experience in Project Finance, Recovery Department, Training and Operations Departments.

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:

- The Audit Committee was constituted by the Board with six Non- Executive Independent Directors, with Mr. S.L Rao as its Chairman.
- The Head of Finance and Accounts, Statutory Auditors and Internal Auditors attend the Audit Committee meetings on invitation 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.

Audit Committee meetings :

- Four Audit Committee Meetings were held during the year ended December 31, 2012. The maximum time gap between any of the two meetings was not more than four months.
- The Audit Committee meetings were held on February 21, 2012, April 25, 2012, August 13, 2012 and November 2, 2012.

Composition of the Audit Committee and the details of meetings held and attended by its members are given below:

Name of the Director	Designation	Number of Meetings	
		Held	Attended
Mr. S L Rao	Chairman	4	4
Mr. DipankarBasu	Member	4	2
Mr. H L Zutshi	Member	4	4
Mr. G. Krishna Prasad	Member	4	4
Mr. Yogesh Rastogi	Member	4	-
Mr. E.S. Ravisekhar	Member	4	4

Terms of Reference:

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

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending to the Board, the appointment, reappointment and if required the replacement of the statutory auditor and fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
    - ✓ 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;
    - ✓ Changes, if any, in accounting policies and practices and reasons for the same;
    - ✓ Major accounting entries involving estimates based on the exercise of judgment by management;
    - ✓ Significant adjustments made in the financial statements arising out of audit findings;
    - ✓ Compliance with listing and other legal requirements relating to financial statements;
    - ✓ Disclosure of any related party transactions; and
    - ✓ Qualifications in the draft audit report.
- Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing with the management, performance of statutory and internal auditors and adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, reporting structure, coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow-up thereon.
- 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.
- Discussion with statutory auditors prior to the commencement of audit, the nature and scope of audit and subsequent to audit to ascertain any areas of concern.

- 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.
- To review the functioning of the Whistle Blower mechanism.

b) Remuneration Committee:

Composition

- The Remuneration Committee has been constituted to formulate and recommend to the Board, the remuneration of the Managing Director, Whole-time Directors including performance bonus and perquisites.
- All the members of the Remuneration Committee are independent and Non-Executive Directors.

Remuneration Committee meetings

- During the year ended December 31, 2012, no Remuneration Committee Meetings were held.

Composition of the Committee is given below:

Name of the Director	Designation
Mr. S L Rao	Chairman
Mr. Dipankar Basu	Member
Mr. H L Zutshi	Member
Mr. G. Krishna Prasad	Member
Mr. Yogesh Rastogi	Member
Mr. E.S. Ravisekhar	Member

Remuneration policy

- The compensation of the executive directors comprises of fixed component and commission. The compensation is determined based on the remuneration prevailing in the industry and the performance of the Company. The remuneration package of the executive directors is periodically reviewed and suitable revision is recommended to the Board by the committee.
- The executive directors are not paid sitting fees for attending any meetings of Board/Committee.

Details of remuneration to all the Directors

Following are the details of sitting fees paid to the Directors for attending Board and Committee Meetings for the year ended December 31, 2012:

Name of the Director	Amount Rs.
Mr. N. Radhakrishna Reddy	1,20,000
Mr. G. Krishna Prasad	1,80,000
Mr. Yogesh Rastogi[1]	20,000
Mr. E.S. Ravisekar[2]	1,60,000
Mr. S L Rao	1,60,000
Mr. Dipankar Basu	1,00,000
Mr. H L Zutshi	1,80,000

[1] Paid to ICICI Bank Limited

[2] Paid to IDBI Bank Limited

The Remuneration paid to the Whole-time Directors during the year is as follows:

Name of the Director and Designation	Salary, Perquisites and Commission (Rs.)
Mr. N. Jagan Mohan Reddy, Managing Director	26,829,019

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

The number of equity shares of the Company held by Non-Executive Directors, as on December 31, 2012 is as follows:

Name of the Director	No. of Equity Shares (face value of Rs. 2 each) held in the Company
Mr. N. Radhakrishna Reddy	10,383,730
Mr. N. Sujith Kumar Reddy	10,028,770
Mr. G. Krishna Prasad	-NIL -
Mr. Yogesh Rastogi	-NIL -
Mr. E.S. Ravisekar	-NIL -
Mr. S L Rao	-NIL -
Mr. Dipankar Basu	140
Mr. H L Zutshi	-NIL -

c) **Shareholders/Investors' Grievance Committee:**

Composition

The Committee consists of the following Directors:

Name of the Director	Designation
Mr.N.Radhakrishna Reddy	Chairman
Mr. N. Jagan Mohan Reddy	Member
Mr. N. Sujith Kumar Reddy	Member

Terms of Reference

- 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 year ended December 31, 2012, the Company has received and resolved 367 complaints and there were no pending complaints as at the year end.
- Number of complaints not resolved to the satisfaction of shareholders is Nil.

4. GENERAL BODY MEETINGS:

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

Financial year ended December, 31	Date	Time	Venue
2011	April 25, 2012	11.00 AM	KLN Prasad Auditorium, FAPCCI, Red Hills, Hyderabad, Andhra Pradesh.
2010	May 12, 2011	11.00 AM	KLN Prasad Auditorium, FAPCCI, Red Hills, Hyderabad, Andhra Pradesh.
2009	June 7, 2010	11.00 AM	KLN Prasad Auditorium, FAPCCI, Red Hills, Hyderabad, Andhra Pradesh.

Special Resolutions passed during the previous three Annual General Meetings:

(i) 37th Annual General Meeting - April 25, 2012 - No special resolutions were passed.

(ii) 36th Annual General Meeting - May 12, 2011

i) Appointment of Mr. N. Jagan Mohan Reddy as Managing Director for a period of 5 years w.e.f. February 10, 2011 (i.e., from February 10, 2011 to February 9, 2016).

ii) Commission payable to the Non-Executive Directors per annum shall not exceed 1% of the net profits of the Company.

iii) To Sub-divide the Equity Shares of the Company of the face value of Rs. 10 each into Five Equity Shares of the face value of Rs.2 each.

iv) To Substitute the existing Clause V of the Memorandum of Association of the Company consequent to sub-division of Equity Shares of Rs.10 each into Five Equity Shares of Rs. 2 each.

v) To Substitute the existing Article No.6 of the Articles of Association of the Company consequent to sub-division of Equity Shares of Rs.10 each into Five Equity Shares of Rs. 2 each.

(iii) 35th Annual General Meeting - June 7, 2010 - No special resolutions were passed.

iv) Special resolution passed last year through postal ballot

Special Resolution was passed on October 1, 2012 through postal ballot to seek approval of Members to Buyback the equity shares of the Company.

The Board had appointed Mr. D.V.M. Gopal,, 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 Companies (Passing of the Resolution by Postal Ballot) Rules, 2001.

The scrutiniser submitted a report to the Chairman stating that the resolution has been duly passed by the members with requisite majority.

v) **Postal ballot:**

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

5. **DISCLOSURES:**

a) **Related party transactions:**

During the year ended December 31, 2012, 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 32 to the Annual Accounts.

b) **Details of non-compliance etc.:**

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

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

c) **Disclosure of Accounting Treatment:**

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

d) **Whistle Blower policy:**

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

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

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

e) **Board Disclosures - Risk Management**

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

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

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

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

Risk Officer will make a presentation periodically on risk management to the Board of Directors and the Audit Committee. The Board and the Audit Committee provides 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 two material unlisted subsidiaries in India. An independent director of the Company is a director on the Board of these subsidiaries. The Audit Committee of the Company reviews the financial statements of the subsidiaries and the minutes of the Board meetings of these subsidiaries 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 CFO 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 year ended December 31, 2012, 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.raincommodities.com

During the year ended December 31, 2012, the Company has not made any presentations to the investors/ analysts.

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 : 38th Annual General Meeting

Date : April 27, 2013

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, 2013 to December 31, 2013.
Tentative Schedule for considering Financial Results

For the Quarter ending March 31, 2013 : April/May, 2013

For the Quarter ending June 30, 2013 : July/August, 2013

For the Quarter ending September 30, 2013 : October /November, 2013

For the Quarter/Year ending December 31, 2013 : January /February, 2014

c) Dates of Book Closures : April 18, 2013 to April 27, 2013 (both days inclusive)

d) Dividend Payment Date : On May 10, 2013

e) Listing on Stock Exchanges: Company's equity shares are listed at:

Name and Address of the Stock Exchange	Scrip Code
BSE 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.

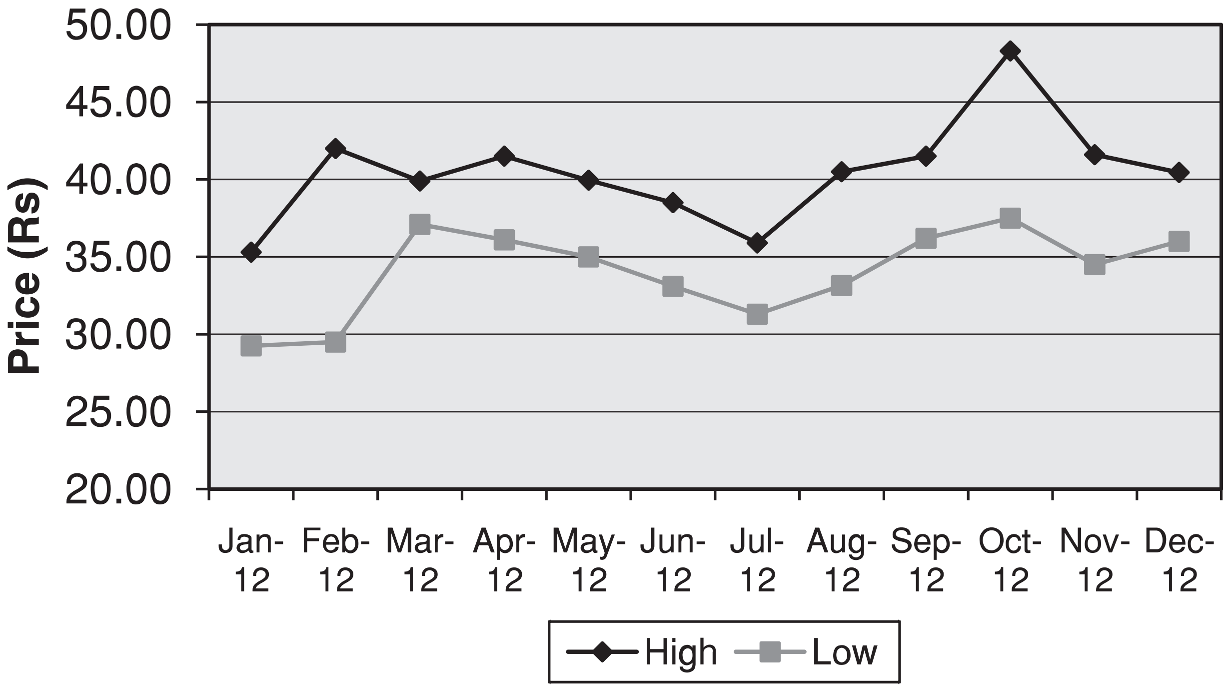
The listing fees for the year 2012-13 have been paid to the above stock exchanges.

f) **Market Price Data: High and low during each month from January 1, 2012 to December 31, 2012**

BSE LIMITED (BSE)

Month	High (Rs.)	Low (Rs.)	No. of Shares traded
January, 2012	35.30	29.25	9,36,249
February, 2012	42.00	29.50	44,56,466
March, 2012	39.90	37.10	11,32,145
April, 2012	41.50	36.10	11,36,581
May, 2012	39.95	35.00	6,65,953
June, 2012	38.50	33.10	5,44,917
July, 2012	35.90	31.30	3,21,910
August, 2012	40.50	33.15	9,73,419
September, 2012	41.50	36.20	5,62,726
October, 2012	48.30	37.50	30,13,559
November, 2012	41.60	34.50	13,20,517
December, 2012	40.45	36.00	12,20,360

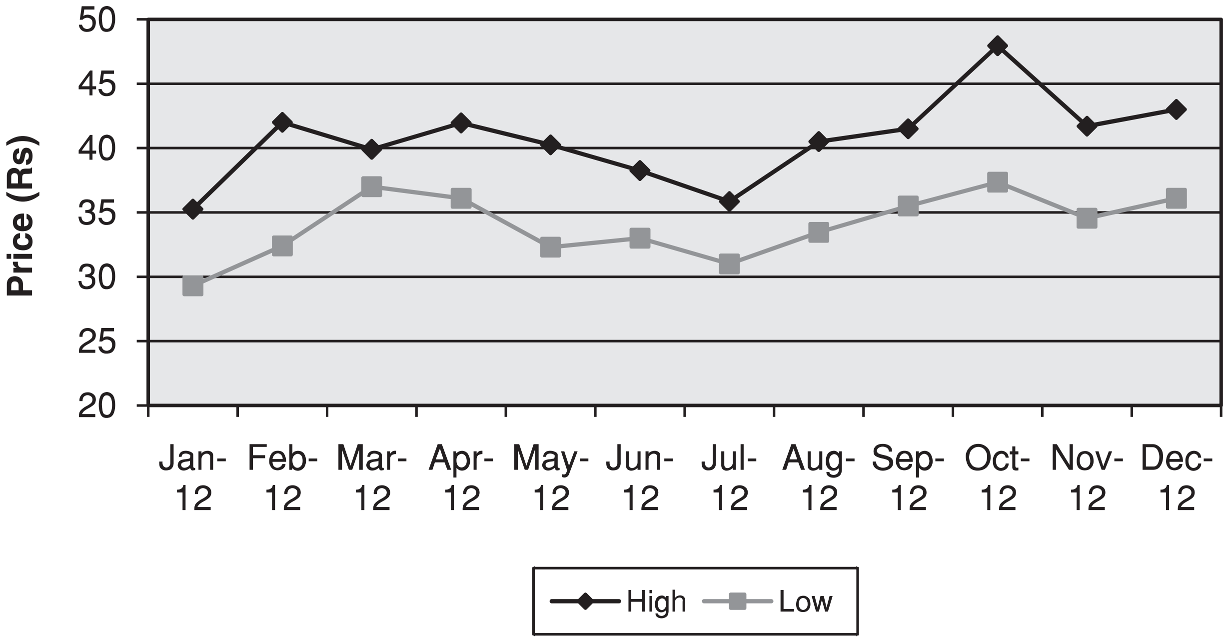
Share Prices at BSE



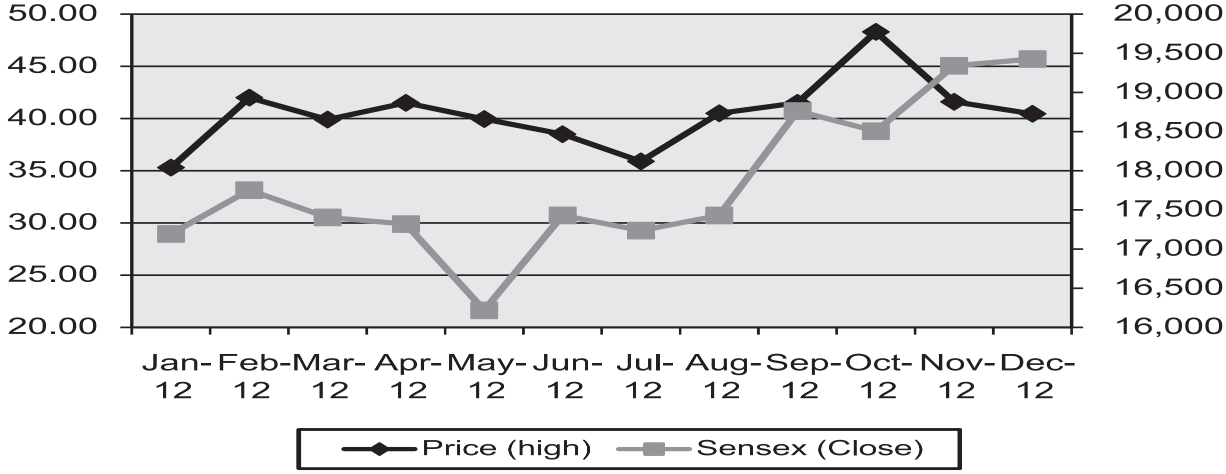
NATIONAL STOCK EXCHANGE OF INDIA LIMITED (NSE)

Month	High (Rs.)	Low (Rs.)	No. of Shares traded
January, 2012	35.25	29.30	31,93,769
February, 2012	42.00	32.40	1,67,02,799
March, 2012	39.90	37.00	59,60,369
April, 2012	41.95	36.10	24,37,388
May, 2012	40.25	32.30	14,69,614
June, 2012	38.25	33.00	17,86,421
July, 2012	35.85	31.00	15,15,067
August, 2012	40.50	33.45	23,86,883
September, 2012	41.50	35.50	17,19,184
October, 2012	47.95	37.35	80,15,690
November, 2012	41.70	34.55	34,10,927
December, 2012	43.00	36.10	35,80,460

Share Prices at NSE

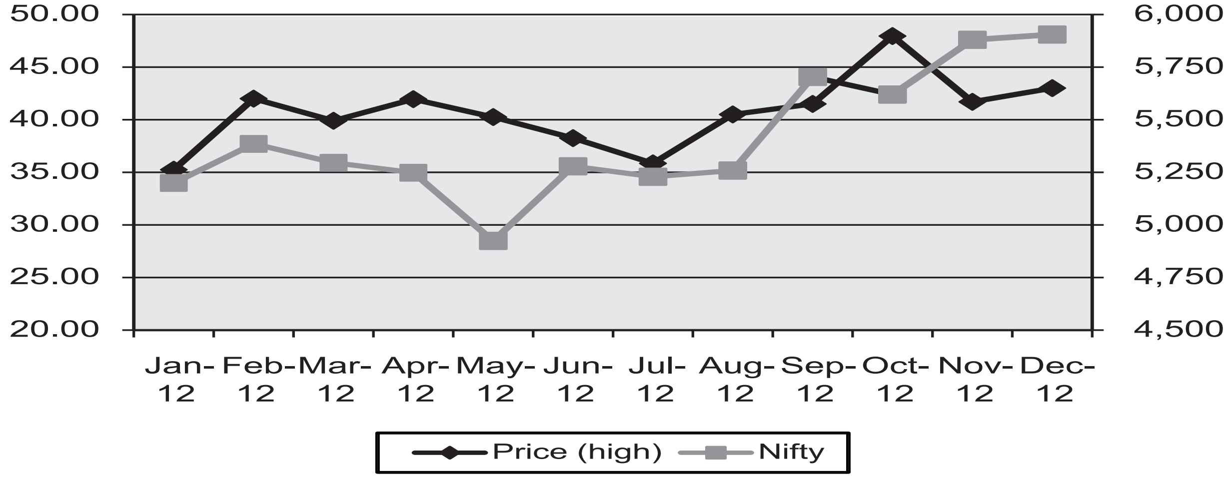


g) **Performance in comparison to broad based indices such as BSE Sensex:**



Comparative between the Share price- High and Sensex index close price.

Performance in comparison to broad based indices such as Nifty:



Comparative 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, VittalRao Nagar,
Madhapur, Hyderabad - 500 081,
Andhra Pradesh.
Phone # 91-40-44655189; Fax # 91-40-23420814 / 23420857
Email id: psrchmurthy@karvy.com

i) **Share transfer System and Dematerilisation of Shares:**

SEBI vide its Circular No. CIR/MIRSD/8 /2012, dated July 5, 2012 has reduced the time-line for registering the transfer of shares to 15 days, the Physical share transfers are processed and the share certificates are returned to the shareholders within a maximum period of 15 days 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.

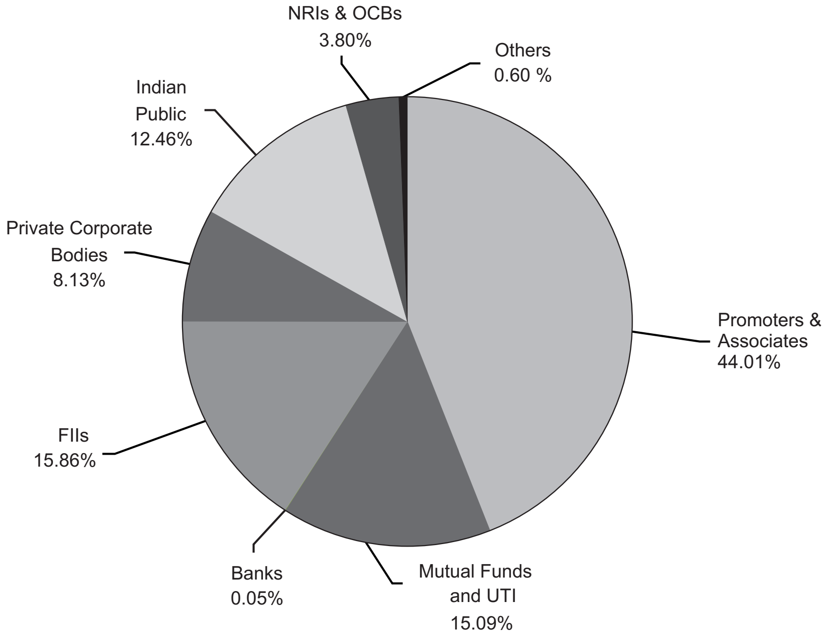
j) **Distribution of Share holding:**

Share holding pattern as on December 31, 2012:

Sl.No.	Category	No. of Equity Shares of face value of Rs. 2 each held	Percentage of shareholding
1.	Promoters / Directors / Associates	150,456,095	44.01
2.	Mutual Funds and UTI	51,596,235	15.09
3.	Banks, Financial Institutions, Insurance Companies (Central / State Government Institutions / Non-Government Institutions)	162,786	0.05
4.	FIIs	54,222,957	15.86
5.	Private Corporate Bodies	27,800,440	8.13
6.	Indian Public	42,548,511	12.46
7.	NRIs / OCBs	13,001,447	3.80
8.	Others (Clearing Members)	2,050,239	0.60
	TOTAL	**341,838,710**	**100.00**

Note:

- The Company has extinguished 2,334,185 equity shares till December 31, 2012 which were bought back under Buyback offer.
- 137,108 equity shares bought back are pending to be extinguished as on December 31, 2012.



Distribution of Share-holding as on December 31, 2012:

No. of shares slab	Holders		Amount	
	Number of shareholders	% to Total No. of Shareholders	Rs.	% to Total paid up capital
1 - 5,000	42,788	93.69	48,318,028	7.07
5,001 - 10,000	1,582	3.46	12,112,318	1.77
10,001 - 20,000	640	1.40	9,259,762	1.35
20,001 - 30,000	203	0.44	5,210,458	0.76
30,001 - 40,000	71	0.16	2,565,086	0.38
40,001 - 50,000	101	0.22	4,629,572	0.68
50,001 - 1,00,000	102	0.22	7,228,178	1.06
1,00,001 and above	181	0.40	594,354,018	86.93
TOTAL	**45,668**	**100.00**	**683,677,420**	**100.00**

k) **Dematerialisation of Shares & Liquidity**

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

As on December 31, 2012, 327,284,010 equity shares were dematerialised representing 95.74% of the total paid up equity share capital of the Company.

ISIN: INE855B01025

l) **Plant Locations:**

None

m) **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.

n) **Address for Correspondence:**

Company Secretary
Rain Commodities Limited
Regd. Off: "Rain Center", 34, Srinagar Colony,
Hyderabad - 500 073, Andhra Pradesh, India.
Phone No.040-40401234, 040-40401259
Fax No. 040-40401214.
E-mail: secretarial@priyacement.com (for investor grievance)

Website: www.raincommodities.com

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

Place : Hyderabad
Date : February 20, 2013

N. Jagan Mohan Reddy
Managing Director

N. Sujith Kumar Reddy
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, 2012.

for **RAIN COMMODITIES LIMITED**

Place: Hyderabad
Date : February 20 2013

N. Jagan Mohan Reddy
MANAGING DIRECTOR

CERTIFICATE OF COMPLIANCE FROM AUDITORS AS STIPULATED UNDER CLAUSE 49 OF 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 ("the Company") for the year ended on December 31, 2012, as stipulated in clause 49 of the Listing Agreement of the Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the 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 of the efficiency or effectiveness with which the management has conducted the affairs of the company.

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

K. Rajasekhar
Partner
(Membership No. 23341)

HYDERABAD, February 20, 2013

CEO AND CFO CERTIFICATE

We hereby certify that :

a) we have reviewed financial statements and the cash flow statement for the **Financial Year ended 31st December, 2012** 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 requiring disclosure in the notes to the financial statements; and

   iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the company's internal control system over financial reporting.

For **RAIN COMMODITIES LIMITED**

Place: Hyderabad	**N. JAGAN MOHAN REDDY**	**T. SRINIVASA RAO**
Date : 20th February, 2013	MANAGING DIRECTOR	CHIEF FINANCIAL OFFICER

AUDITORS' REPORT

TO THE MEMBERS OF
RAIN COMMODITIES LIMITED

1. We have audited the attached Balance Sheet of **RAIN COMMODITIES LIMITED** ("the Company") as at December 31, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:

   (a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;

   (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (d) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

   (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

   (i) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2012;

   (ii) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date and

   (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

5. On the basis of the written representations received from the Directors as on December 31, 2012 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on December 31, 2012 from being appointed as a director in terms of Section 274(1) (g) of the Companies Act, 1956.

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

K. Rajasekhar
Partner
(Membership No. 23341)

HYDERABAD, February 20, 2013

ANNEXURE TO THE AUDITORS' REPORT

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

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

(i) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) The Company has a regular programme of verification which provides for physical verification of all the fixed assets once in a period of two years. Accordingly no assets were due for verification during the year. In our opinion, the programme of verification is reasonable.

(c) The fixed assets disposed of during the year, in our opinion, do not constitute a substantial part of 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 inventory:

(a) As explained to us, during the year the Company primarily dealt with trading activities. The inventory purchased is sold to its customers on a high sea sale basis and no inventory was held by the Company during the year.

(b) Having regard to our comments in paragraph (a) above, clauses 4(ii)(a), 4(ii)(b) and 4(ii)(c) are not applicable.

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

(a) The Company had granted unsecured loans to three wholly owned subsidiaries amounting to ₹1,787,723 thousands during the current year. At the year-end, the outstanding balances of loans aggregated ₹3,012,825 thousands and the maximum amount involved during the year was ₹3,797,499 thousands.

(b) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie* not prejudicial to the interests of the Company.

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

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

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

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

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

(b) Where each of such transaction is in excess of ₹5 lakhs in respect of any party, having regard to our comments in paragraph (iv) above, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time.

(vi) In our opinion, the internal audit functions carried out during the year by a company appointed by the Management have been commensurate with the size of the Company and the nature of its business.

(vii) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Income-tax, Service tax, Sales tax, Wealth tax, Customs Duty, Excise Duty and other material statutory dues in arrears as at December 31, 2012 for a period of more than six months from the date they became payable.

(c) Details of dues of Income Tax, Sales tax, Wealth tax, Service tax, Custom Duty and Excise Duty which have not been deposited as on December 31, 2012 on account of any disputes are given below :

Statue	**Nature of Dues**	**Forum where Dispute is pending**	**Period to which the amount pertains**	**Amount involved (₹ in thousands)**
Income Tax Act, 1961	Income Tax	Commissioner of Tax (Appeals)	2007-2008	14,217

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks.

(ix) In our opinion and according to the information and explanations given to us, the terms and conditions of guarantees given by the Company for loans taken by its subsidiaries from banks are not *prima facie* prejudicial to the interests of the Company.

(x) In our opinion and according to the information and explanations given to us, term loans have been applied for the purposes for which they were obtained.

(xi) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.

(xii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

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

K. Rajasekhar
Partner
(Membership No. 23341)

HYDERABAD, February 20, 2013

BALANCE SHEET AS AT DECEMBER 31, 2012

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

	Note No.		**As at December 31, 2012**		As at December 31, 2011
A EQUITY AND LIABILITIES					
1. Shareholders' funds					
(a) Share capital	3	**683,403**		698,967	
(b) Reserves and surplus	4	**2,984,890**		3,050,047	
			3,668,293		3,749,014
2. Non-current liabilities					
(a) Long-term borrowings	5	**2,191,092**		3,195,960	
(b) Deferred tax liabilities (net)	6	**8,778**		9,309	
(c) Long-term Provisions	7	**1,946**		-	
			2,201,816		3,205,269
3. Current liabilities					
(a) Short-term borrowings	8	**332,279**		1,096,518	
(b) Trade payables	9	**15,331**		1,151	
(c) Other current liabilities	10	**1,124,574**		51,973	
(d) Short-term provisions	11	**472,581**		481,632	
			1,944,765		1,631,274
TOTAL			**7,814,874**		8,585,557
B ASSETS					
1 Non-current assets					
(a) Fixed assets	12		**111,558**		118,077
(b) Non-current investments	13	**3,035,949**		3,035,349	
(c) Long-term loans and advances	14	**2,385,226**	**5,421,175**	2,585,548	5,620,897
2. Current assets					
(a) Trade receivables	15	**344,500**		1,041,381	
(b) Cash and Bank balances	16	**1,100,185**		866,776	
(c) Short-term loans and advances	17	**801,877**		915,144	
(d) Other current assets	18	**35,579**		23,282	
			2,282,141		2,846,583
TOTAL			**7,814,874**		8,585,557
Corporate Information	1				
Significant Accounting Policies	2				

See accompanying notes forming part of the financial statements

For and on behalf of the Board of Directors

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

N. Jagan Mohan Reddy
Managing Director

N. Sujith Kumar Reddy
Director

K. Rajasekhar
Partner

S. Venkat Ramana Reddy
Company Secretary

T. Srinivasa Rao
Chief Financial Officer

Place: Hyderabad
Date : February 20, 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 2012

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

		Note No.	**For the year ended December 31, 2012**	For the year ended December 31, 2011
1.	**Revenue**			
	Revenue from operations	19	**690,888**	2,395,445
	Other Income	20	**946,101**	670,069
	Total revenue		**1,636,989**	3,065,514
2.	**Expenses**			
	Purchases of stock-in-trade	21	**680,612**	2,380,308
	Employee benefits expense	22	**41,258**	11,902
	Finance costs	23	**236,755**	305,997
	Depreciation expense	12	**5,015**	5,142
	Other expenses	24(a)	**30,920**	27,855
	Total expenses		**994,560**	2,731,204
3.	**Profit before tax (1-2)**		**642,429**	334,310
4.	**Tax expense**	24(b)	**78,689**	39,574
5.	**Profit for the year (3-4)**		**563,740**	294,736
	Earnings per share of Rs. 2/- each	28		
	Basic and Diluted (Rs.)		**1.65**	0.83
Corporate Information		1		
Significant Accounting Policies		2		

See accompanying notes forming part of the financial statements

For and on behalf of the Board of Directors

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

K. Rajasekhar
Partner

Place: Hyderabad
Date : February 20, 2013

N. Jagan Mohan Reddy
Managing Director

N. Sujith Kumar Reddy
Director

S. Venkat Ramana Reddy
Company Secretary

T. Srinivasa Rao
Chief Financial Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2012

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

		For the year ended December 31, 2012		For the year ended December 31, 2011	
A.	**Cash flow from operating activities**				
	Profit before taxation		**642,429**		334,310
	Adjustments for :				
	Depreciation expense	**5,015**		5,142	
	Interest income	**(279,538)**		(215,514)	
	Interest and other borrowing costs	**146,077**		118,464	
	Rental income	**(228)**		(844)	
	Liabilities/provisions no longer required written back	**-**		(6,500)	
	Dividend income	**(597,924)**		(426,911)	
	Loss on retirement of fixed assets	**1,558**		-	
	Unrealized exchange loss (net)	**39,193**		169,122	
			(685,847)		(357,041)
	Operating loss before working capital changes		**(43,418)**		(22,731)
	Adjustments for :				
	Trade receivables	**696,881**		(111,407)	
	Loans and advances	**(49)**		336,628	
	Trade payables, other current liabilities and provisions	**(563)**		(216,828)	
			696,269		8,393
	Cash generated from operations		**652,851**		(14,338)
	Income tax paid (net)		**(96,472)**		(159,078)
	Net cash flow from/(used in) operating activities		**556,379**		(173,416)
B.	**Cash flow from investing activities**				
	Purchase of fixed assets		**(54)**		-
	Purchase of long term investments		**(600)**		-
	Purchase of current investments		**-**		(62,500)
	Redemption of current investments		**-**		62,500
	Loan given to subsidiary companies		**(1,787,723)**		-
	Loan repaid by subsidiary companies		**969,520**		-
	Consideration received on transfer of Cement business (Refer Note (c) below)		**298,075**		551,925
	Loans repaid		**600,000**		-
	Refund of share application money		**315,000**		-
	Rent received		**228**		844
	Interest received		**267,363**		214,734
	Dividends received		**597,924**		426,911
	Net cash flow from investing activities		**1,259,733**		1,194,414

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2012 (Contd.)

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

	For the year ended December 31, 2012	For the year ended December 31, 2011
C. Cash flow from financing activities		
Proceeds from short term borrowings (net)	**(776,858)**	360,926
Finance cost	**(151,308)**	(113,886)
Dividend paid	**(378,605)**	(340,018)
Buy-back of equity shares	**(275,932)**	(137,653)
Net cash flow used in financing activities	**(1,582,703)**	(230,631)
Net Increase in Cash and cash equivalents (A+B+C)	**233,409**	790,367
Cash and Cash Equivalents - Opening Balance	**866,776**	76,409
Cash and Cash equivalents - Closing Balance	**1,100,185**	866,776

Notes:

a) The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on Cash Flow Statements.

b) Cash and cash equivalents includes restricted cash balance of Rs. 31,142 (December 31, 2011 - Rs. 24,759).

c) Pursuant to the Scheme of Arrangement in the financial year 2010 the Cement business was transferred by the Company for a consideration of Rs. 850,000. The consideration receivable was converted into an unsecured loan. During the current year, the Company has received Rs. 298,075 (December 31, 2011: Rs. 551,925) in accordance with the terms of agreement.

For and on behalf of the Board of Directors

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

N. Jagan Mohan Reddy
Managing Director

N. Sujith Kumar Reddy
Director

K. Rajasekhar
Partner

S. Venkat Ramana Reddy
Company Secretary

T. Srinivasa Rao
Chief Financial Officer

Place: Hyderabad
Date : February 20, 2013

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 1: Corporate Information

Rain Commodities Limited ('the Company') was incorporated on March 15, 1974 under the Companies Act, 1956. The Company is currently engaged in the business of trading of Petroleum Coke.

Note 2: Significant Accounting Policies

(a) Basis of accounting and preparation of financial statements

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

(b) Use of estimates

The preparation of the financial statements in conformity with the Indian GAAP requires the management to make 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. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made.

(c) Revenue Recognition

Sales are recognized on dispatch of goods and upon transfer of property in the goods to customers. Sales are inclusive of excise duty, as applicable.

(d) Other Income

Dividend income is recognized when the Company's right to receive dividend is established.

Interest income is recognized using the time proportion method, based on the transactional interest rates.

(e) Fixed Assets, Depreciation, Impairment

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

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

Individual assets costing rupees five thousand or below are fully 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 Statement of Profit and Loss in the respective financial years. The impairment loss recognized in prior years is reversed in cases where the recoverable value exceeds the carrying value, upon reassessment in the subsequent years.

(f) Inventories

Traded goods are valued at lower of weighted average cost and net realizable value. Goods in transit are valued at cost or below.

(g) 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 Statement of Profit and Loss. In respect of items covered by forward exchange contracts, the premium or discount arising at the inception of such a forward exchange contract 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 statement of profit and loss.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(h) Investment

Long term investments are carried at cost less provision for diminution, other than temporary, if any, in the value of such investments. Current investments are carried at the lower of cost and fair value.

(i) Employee Benefits

Defined Contribution Plans

Contributions paid/payable under defined contribution plans are recognized in the Statement of Profit and Loss each year. Contribution plans comprises Superannuation covered under a scheme administered and managed by ICICI Prudential Life Insurance Company Limited, and Provident Fund is 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 administered by Life Insurance Corporation of India (LIC). The liability as at the balance sheet date is provided based on an actuarial valuation carried out by an independent actuary, in accordance with Accounting Standard 15 on 'Employee Benefits' (AS 15).

Other Long Term Employee Benefits

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

(j) Earnings per share

The earnings considered in ascertaining the company's Earnings Per Share (EPS) comprise net profit after tax (and includes the post tax effect of any extra ordinary items). 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.

(k) 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 on unabsorbed depreciation and carry forward of losses 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 measured using the tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date.

(l) Borrowing Costs

Borrowing costs include interest and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction/development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets.

(m) Provisions and contingencies

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources wil be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the notes to the financial statements.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

	As at December 31, 2012		As at December 31, 2011	
	Number of Shares	**Amount**	Number of Shares	Amount
Note 3: Share capital				
Authorized:				
Equity Shares of Rs. 2 each	**590,000,000**	**1,180,000**	590,000,000	1,180,000
Redeemable preference shares of Rs. 100 each	**4,900,000**	**490,000**	4,900,000	490,000
TOTAL	**594,900,000**	**1,670,000**	594,900,000	1,670,000
Issued, subscribed and paid up				
Equity Shares of Rs. 2 each	**341,701,602**	**683,403**	349,482,981	698,967
TOTAL	**341,701,602**	**683,403**	349,482,981	698,967

Notes:

(i) Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the year

Particulars	For the year ended December 31, 2012		For the year ended December 31, 2011	
	Number of Shares	**Amount**	Number of Shares	Amount
As at beginning of the year	**349,482,981**	**698,967**	354,172,895	708,346
Less: Equity Shares bought back and extinguished during the year	**7,644,271**	**15,290**	3,723,675	7,447
	341,838,710	**683,677**	350,449,220	700,899
Less: Equity Shares bought back and pending to be extinguished	**137,108**	**274**	966,239	1,932
As at end of the year	**341,701,602**	**683,403**	349,482,981	698,967

(ii) Rights, preferences and restrictions attached to the equity shares

The Company has only one class of equity shares having a par value of Rs. 2 each per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to number of equity shares held by the shareholders.

During the year ended December 31, 2012, the amount of per share dividend recognized as distribution to equity shareholders was Rs. 1.10 (year ended December 31, 2011: Rs. 1.10).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

(iii) Shareholders holding more than 5% of the equity shares

Name of the Shareholder	As at December 31, 2012		As at December 31, 2011	
	Number of Shares	**%**	Number of Shares	%
Sujala Investments Private Limited	**37,766,675**	**11.05**	37,766,675	10.78
Reliance Capital Trustee Co. Limited (including all managed funds)	**31,634,505**	**9.25**	32,710,205	9.33
Focus India Brands Private Limited	**25,316,465**	**7.41**	25,316,465	7.22
Merrill Lynch Capital Markets Espana S.A. S.V.	**19,935,591**	**5.83**	-	-
HSBC Bank (Mauritius) Limited A/c CIR International	**18,150,000**	**5.31**	-	-
Anantha A.L. Reddy	**17,673,225**	**5.17**	17,673,225	5.04
Meghamala Enterprises Private Limited	**17,404,110**	**5.09**	-	-
ICICI Prudential discovery fund	**-**	**-**	17,750,000	5.06

(iv) Aggregate number of shares issued as fully paid up pursuant to contract without payment being received in cash during the period of five years immediately preceding the reporting date

	As at December 31, 2012	As at December 31, 2011
	Number of Shares	Number of Shares
Equity shares of Rs. 2 each (represents after subdivision of 34,861,286 Equity Shares of Rs. 10 each) allotted to the shareholders of erstwhile Rain Calcining Limited pursuant to the Scheme of Arrangement between the Company and erstwhile Rain Calcining Limited in November, 2007.	**174,306,430**	174,306,430

(v) Pursuant to the approval of the shareholders at the Annual General Meeting held on May 12, 2011, each equity share of the Company with a face value of Rs. 10 was sub-divided into five equity shares of Rs. 2 each, with effect from June 16, 2011, being the record date for the said sub-division.

(vi) Equity shares bought back (including pending extinguishment) during the last five years:

	As at December 31, 2012	As at December 31, 2011
	Number of Shares	Number of Shares
Aggregate no. of shares [Refer Notes (a), (b) & (c) below]	**18,471,293**	10,689,914

Note:

(a) 6,000,000 equity shares of Rs. 2 each fully paid-up (represents after sub-division of 1,200,000 equity shares of Rs. 10 each) were bought back from the shareholders pursuant to buyback of equity shares made during the year ended December 31, 2008.

(b) 10,000,000 equity shares of Rs. 2 each fully paid-up were bought back from the shareholders pursuant to buyback of equity shares during the period from November 14, 2011 to March 29, 2012 (Refer Note 25).

(c) 2,471,293 equity shares of Rs. 2 each fully paid-up were bought back from the shareholders pursuant to buyback of equity shares during the period from October 22, 2012 to December 31, 2012 (Refer Note 25).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

		As at December 31, 2012	As at December 31, 2011
Note 4: Reserves and surplus			
(a)	**Capital Reserve**	**417,725**	417,725
(b)	**Capital redemption reserve**		
	Opening balance	**21,379**	12,000
	Add: Transferred from surplus in Statement of Profit and Loss	**15,564**	9,379
	Closing balance	**36,943**	21,379
(c)	**Securities premium account**		
	Opening balance	**969,098**	1,097,372
	Less: Utilised towards buy back of equity shares	**260,368**	128,274
	Closing balance	**708,730**	969,098
(d)	**General reserve**		
	Opening balance	**559,801**	530,327
	Add: Transferred from surplus in Statement of Profit and Loss	**56,374**	29,474
	Closing balance	**616,175**	559,801
(e)	**Surplus in Statement of Profit and Loss**		
	Opening balance	**1,082,044**	1,229,617
	Add: Profit for the year	**563,740**	294,736
	Less: Proposed final dividend		
	(net of dividend on shares bought back) (Refer note 3(ii))	**371,189**	380,242
	Tax on dividend (net of eligible credit)	**(2,660)**	23,214
	Transfer to General Reserve	**56,374**	29,474
	Transfer to Capital Redemption Reserve	**15,564**	9,379
	Closing balance	**1,205,317**	1,082,044
	TOTAL	**2,984,890**	3,050,047

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

	As at December 31, 2012	As at December 31, 2011
Note 5: Long-term borrowings		
Term Loans		
From Banks		
- Secured (Refer (i) below)	**3,286,638**	3,195,960
Less: Current portion of Long-term borrowings disclosed under Note 10 - Other current liabilities	**1,095,546**	-
TOTAL	**2,191,092**	3,195,960

Notes:

(i) Term loans are secured by a pari passu:

(a) First charge on all immovable and movable properties and

(b) Second charge on all current assets of Rain Cements Limited, a wholly owned subsidiary of the Company.

(ii) The term loan of US$ 20 Million carries interest of 3 months Libor plus 300 basis points and is repayable to IDBI as a bullet payment in March 2013

The term loan of US$ 40 Million carries interest of 3 months Libor plus 400 bais points and is repayable to IDBI as below:

(a) 64% in 8 equal quarterly installments from April, 2014 to March, 2016

(b) 12% in April, 2016 and

(c) 24% in July, 2016

(iii) The term loans availed by the Company have been utilized for the purpose of investment in share capital and extending loan facilities to a subsidiary company, which is engaged in the business of Calcined Petroleum Coke, in accordance with the sanctioned terms. The investment in share capital is in the nature of net investment hedge and has been appropriately dealt with in the consolidated financial statements of the Company

(iv) The scheduled maturity of Long-term borrowings and total number of installments are summarised as below:

Borrowings Repayable	Number of Instalments	As at December 31, 2012
Term Loan from Banks		
IDBI Bank Ltd. - US$ 20 Million	1	**1,095,546**
IDBI Bank Ltd. - US$ 40 Million	10	**2,191,092**
TOTAL		**3,286,638**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

	As at December 31, 2012	As at December 31, 2011
Note 6: Deferred tax liabilities (net)		
A. Deferred tax liabilities		
- on account of depreciation	**9,742**	9,309
	9,742	9,309
B. Deferred tax assets		
- on account of employee benefits	**964**	-
	964	-
Deferred tax liabilities [A-B]	**8,778**	9,309

	As at December 31, 2012	As at December 31, 2011
Note 7: Long-term provisions		
Provision for employee benefits (Refer Note 30)		
- Compensated absences	**1,566**	-
- Gratuity	**380**	-
TOTAL	**1,946**	-

	As at December 31, 2012	As at December 31, 2011
Note 8: Short-term borrowings		
Term loans repayable on demand from banks		
- Secured [Refer Note (i) & (ii) below]	**332,279**	1,096,518
TOTAL	**332,279**	1,096,518

Notes:

(i) Loans repayable on demand from banks comprise buyer's credit denominated in foreign currency.

(ii) Secured by a charge on the current assets of the Company.

	As at December 31, 2012	As at December 31, 2011
Note 9: Trade payables		
Trade payables - other than Micro and Small enterprises	**15,331**	1,151
TOTAL	**15,331**	1,151

Note:

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, 2012 in accordance with the contractual obligations. The 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

	As at December 31, 2012	As at December 31, 2011
Note 10: Other current liabilities		
Current maturities of long-term debt (Refer Note below)	**1,095,546**	-
Interest accrued but not due on borrowings	**2,220**	7,451
Unpaid dividends	**25,646**	20,006
Other payables		
- Statutory remittances	**1,128**	-
- Rain Commodities (USA) Inc.	**-**	24,515
- Others	**34**	1
TOTAL	**1,124,574**	51,973

Notes:

Refer Note 5(i) - Long-term borrowings for details of security

	As at December 31, 2012	As at December 31, 2011
Note 11: Short Term Provisions		
Provision for employee benefits		
- Compensated absences	**1,025**	-
Provision - Others:		
- Provision for tax [net of advance tax Rs. 286,647 (December 31, 2011 Rs. 286,647)]	**38,237**	38,237
- Provision for Dividend	**372,836**	380,242
- Provision for tax on dividend	**60,483**	63,153
	472,581	481,632

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

Note 12: Fixed Assets

Description	Gross Block (At Cost/ Professional Valuation)				Depreciation				Net Block	
	As at December 31, 2011	Additions during the year	Deletions during the year	**As at December 31, 2012**	Up to December 31, 2011	For the year	On Deletions	**Upto December 31, 2012**	**As at December 31, 2012**	As at December 31, 2011
Buildings	82,771	-	-	**82,771**	8,488	1,349	-	**9,837**	**72,934**	74,283
Furniture and Fixtures	46,344	-	1,110	**45,234**	16,180	2,867	661	**18,386**	**26,848**	30,164
Office Equipments	18,473	54	2,084	**16,443**	4,843	799	975	**4,667**	**11,776**	13,630
TOTAL	147,588	54	3,194	**144,448**	29,511	5,015	1,636	**32,890**	**111,558**	118,077
Year ended December 31, 2011	147,588	-	-	**147,588**	24,369	5,142	-	**29,511**		

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

	As at December 31, 2012	As at December 31, 2011
Note 13: Non-current investments		
Investment in subsidiaries (unquoted)		
(a) Rain Cements Limited 29,805,000 (December 31, 2011 : 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, 2011 : 20) Common Stock at face value of US$ 0.01 per share fully paid up	**4,445**	4,445
20,000,000 (December 31, 2011 : 20,000,000) Class B Redeemable Common stock of face value US$ 1 per share fully paid up	**902,800**	902,800
(c) Rain Coke Limited 60,000 (December 31, 2011 : Nil) Equity Shares of Rs. 10 each fully paid up	**600**	-
TOTAL	**3,035,949**	3,035,349

	As at December 31, 2012	As at December 31, 2011
Note 14: Long-term loans and advances		
(a) Loans and advances to related parties		
Unsecured, considered good		
- Subsidiary Companies		
- Rain Commodities (USA) Inc. *	**2,191,092**	2,130,640
- Rain Cements Limited **	**-**	298,075
- Rain CII Carbon (Vizag) Limited ***	**20,000**	-
	2,211,092	2,428,715
(b) Advance income tax [net of provision for tax Rs 722,691 (December 31, 2011 Rs. 631,789)]	**174,085**	156,833
(c) Security deposit	**49**	-
TOTAL	**2,385,226**	2,585,548

Notes:

Disclosure as per Clause 32 of the Listing Agreement, with Stock Exchanges

* Maximum amount outstanding during the year Rs. 2,313,323 (December 31, 2011 : Rs. 2,130,640)

** Maximum amount outstanding during the year Rs. 1,052,958 (December 31, 2011 : Rs. 1,186,774)

*** Maximum amount outstanding during the year Rs. 431,218 (December 31, 2011: Rs. Nil)

	As at December 31, 2012	As at December 31, 2011
Note 15: Trade receivables		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
- Unsecured, considered good	**-**	440,921
Other Trade receivables		
- Unsecured, considered good	**344,500**	600,460
TOTAL	**344,500**	1,041,381

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

	As at December 31, 2012	As at December 31, 2011
Note 16: Cash and Bank balances		
Cash and cash equivalents		
Balances with banks		
- in current accounts	**220,689**	196,564
- in deposit accounts	**848,354**	645,453
Other Bank balances:		
- Balances held as margin money against guarantees and other commitments	**5,496**	4,753
- Unpaid dividend accounts	**25,646**	20,006
TOTAL	**1,100,185**	866,776

	As at December 31, 2012	As at December 31, 2011
Note 17: Short-term loans and advances (Unsecured, considered good)		
Loans and advances to related parties		
- Subsidiary Companies (Refer Note 14)		
- Rain Cements Limited	**561,733**	-
- Rain CII Carbon (Vizag) Limited	**240,000**	-
Prepaid expenses	**144**	144
Loans to others	**-**	600,000
Advance towards share application money	**-**	315,000
TOTAL	**801,877**	915,144

	As at December 31, 2012	As at December 31, 2011
Note 18: Other current assets		
Accruals		
- Interest accrued on deposits	**8,993**	15,392
- Interest accrued on Loans	**26,586**	7,890
TOTAL	**35,579**	23,282

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

	For the year ended December 31, 2012	For the year ended December 31, 2011
Note 19: Revenue from operations		
Sale of traded goods		
Petroleum Coke	**690,888**	2,395,445
TOTAL	**690,888**	2,395,445
Note 20: Other income		
Interest income		
- Interest from banks on:		
- deposits	**87,359**	27,226
- other balances	**713**	3,503
- Interest on loans	**191,466**	184,785
Dividend income:		
- from current investments (others)	**-**	496
- from long-term investments (subsidiaries)	**597,924**	426,415
Gain on foreign currency transactions and translations	**68,411**	20,300
Rental income from operating leases	**228**	844
Liabilities / provisions no longer required written back	**-**	6,500
TOTAL	**946,101**	670,069
Note 21 Purchases of stock-in-trade		
Petroleum Coke	**680,612**	2,380,308
TOTAL	**680,612**	2,380,308
Note 22: Employee benefits expense		
Salaries and wages	**35,900**	11,833
Contributions to provident and other funds	**5,350**	-
Staff welfare expenses	**8**	69
TOTAL	**41,258**	11,902
Note 23: Finance costs		
Interest expense on borrowings	**137,654**	112,348
Other borrowing costs	**8,423**	6,116
Net loss on foreign currency transactions and translations	**90,678**	187,533
TOTAL	**236,755**	305,997

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

	For the year ended December 31, 2012	For the year ended December 31, 2011
Note 24 (a): Other expenses		
Repairs and maintenance - Others	**320**	67
Rent	**300**	-
Insurance	**156**	11
Rates and taxes	**3,311**	16,051
Communication expenses	**1,405**	1,948
Travelling and conveyance	**288**	80
Advertisement	**2,273**	2,301
Legal and professional charges	**3,870**	3,289
Payments to auditors [Refer Note below]	**1,635**	1,709
Loss on retirement of fixed assets	**1,558**	-
Directors sitting fee	**920**	735
Commission to directors	**12,500**	-
Printing and Stationery	**1,107**	1,055
Miscellaneous expenses	**1,277**	609
TOTAL	**30,920**	27,855
Note:		
Payment to Auditors comprises (excluding Service Tax):		
As auditors - Statutory Audit	**900**	900
Limited Review Fee	**450**	450
Other Services	**275**	350
Reimbursement of Expenses	**10**	9
TOTAL	**1,635**	1,709
Note 24(b): Tax expenses		
Current Tax		
(i) Current tax for current year	**87,118**	43,649
(ii) Current tax credit relating to earlier years	**(7,898)**	-
Net current tax	**79,220**	43,649
Deferred Tax	**(531)**	(4,075)
	78,689	39,574

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

25. Buy-back of Equity Shares

The Board of Directors of the Company, during their meeting held on October 25, 2011, approved the buyback of 10,000,000 equity shares of Rs.2/- each at maximum price of Rs.41/- per share for an amount not exceeding Rs. 350,000. The board decided to implement the buyback offer through the open market purchases in the stock exchanges.

Pursuant to the offer, the Company commenced the buyback on November 14, 2011. During the year ended December 31, 2011, the Company has bought back 4,689,914 equity shares of Rs.2/- each aggregating Rs. 137,653 and extinguished 3,723,675 equity shares upto December 31, 2011 and the balance 966,239 equity shares were extinguished subsequent to the year end. The Company bought back and extinguished the balance 5,310,086 equity shares of Rs.2/- each aggregating Rs. 182,255 during the current financial year.

Further to the completion of the scheme of buyback approved by the board of directors on October 25, 2011, the Shareholders of the Company have approved another scheme for buyback of equity shares of Rs. 2/- each vide postal ballot on October 1, 2012 through open market transactions at a price not exceeding Rs.46/- per share for an amount not exceeding Rs. 460,000. The Company commenced the buyback of equity shares on October 22, 2012 and bought back 2,471,293 equity shares of Rs.2/- each aggregating Rs. 93,677 and extinguished 2,334,185 equity shares upto December 31, 2012 and the balance 137,108 equity shares were extinguished subsequent to the year end.

Accordingly, Rs. 15,564 (December 31, 2011: 9,379) has been reduced from paid-up equity share capital and in accordance with the provisions of Section 77A of the Companies Act, 1956, Rs. 260,368 (December 31, 2011: 128,274) has been utilized from securities premium account and Rs. 15,564 (December 31, 2011: 9,379) transferred to the capital redemption reserve from surplus in statement of profit and loss.

26. Contingent liabilities not provided for in respect of:

	December 31, 2012 Amount	December 31, 2011 Amount
Matters under dispute - Income Tax	**25,615**	85,362
Corporate Guarantee issued on behalf of wholly owned subsidiaries : - Rain Commodities USA Inc., US$ 100 million (December 31, 2011: US$ 125 million) equivalent to	**5,477,730**	6,658,250

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

27. (a) There are no outstanding forward exchange contracts as at the year end.

(b) The year end receivable and payables in foreign currency which are not covered by forward contracts / derivative contracts are as follows:

	Currency	**As at December 31, 2012**		As at December 31, 2011	
		Foreign Currency (In Millions)	**Amount**	Foreign Currency (In Millions)	Amount
(i) Short term Borrowing (including interest thereon)	US$	**6.11**	**334,499**	20.73	1,103,969
(ii) Trade Payables	US$	**-**	**-**	0.46	24,515
(iii) Trade Receivables	US$	**0.04**	**1,942**	-	-
(iv) Term Loans	US$	**60.00**	**3,286,638**	60.00	3,195,960
(v) Loans & Advances Given	US$	**40.00**	**2,191,092**	40.00	2,130,640

28. Earnings Per Share (EPS)

	Year ended December 31, 2012	Year ended December 31, 2011
a. Profit After Tax	**563,740**	294,736
b. Weighted average number of equity shares of Rs.2/- each outstanding during the year (Nos.)	**345,528,163**	354,009,317
(Refer Note below)		
Earnings Per Share		
c. Basic and Diluted - [a/b] - (Rs.)	**1.65**	0.83

Note: During the previous year 2011, equity shares of the Company with a face value of Rs.10/- each was sub-divided into 5 equity shares of Rs.2/- each.

29. The Company has entered into operating lease agreements for vehicles. The lease rentals of Rs. 300 (December 31, 2011 - Rs. Nil) were charged off in the Statement of Profit and Loss. These agreements are cancellable in nature.

30. Employee Benefits

a) Defined Contribution Plans

The Company has recognized the following amounts in Note 22 of the Statement of Profit and Loss:

Particulars	**Year ended December 31, 2012 Amount**	Year ended December 31, 2011 Amount
Provident Fund	**2,098**	-
Superannuation Fund	**67**	-
TOTAL	**2,165**	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

b) Defined Benefit Plans - Gratuity

The following table sets forth the status of the Gratuity plan of the Company and the amounts recognized in the Balance Sheet and Statement of Profit and Loss:

	Year ended December 31, 2012 Amount	Year ended December 31, 2011 Amount
Present value of funded obligation	**3,221**	-
Less: Fair Value of Plan Assets	**(2,841)**	-
Net Liability		
- Current	**-**	-
- Non current	**380**	-

Amounts recognized in Note 22 of Statement of Profit and Loss is as follows:

	Year ended December 31, 2012 Amount	Year ended December 31, 2011 Amount
Current service cost	**219**	-
Past service cost (Due to transfer of employees from subsidiaries)	**2,738**	-
Interest cost	**190**	-
Expected return on plan assets	**-**	-
Net actuarial loss	**18**	-
TOTAL	**3,165**	-

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

	Year ended December 31, 2012 Amount	Year ended December 31, 2011 Amount
Opening defined benefit obligation	**-**	-
Current service cost	**219**	-
Past service cost (Due to transfer of employees from subsidiaries)	**2,738**	-
Interest cost	**190**	-
Actuarial loss	**74**	-
Benefits paid	**-**	-
Closing defined benefit obligation	**3,221**	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

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

	Year ended December 31, 2012 Amount	Year ended December 31, 2011 Amount
Opening fair value of plan assets	**-**	-
Expected return on plan assets	**-**	-
Actuarial gain	**56**	-
Contribution by employer	**2,785**	-
Benefits paid	**-**	-
Closing fair value of plan assets	**2,841**	-
Actual return on plan assets	**56**	-

Major category of plan assets as a percentage to fair value of plan assets.

	Year ended December 31, 2012 Amount	Year ended December 31, 2011 Amount
Insurer Managed Funds	**100%**	-

Experience adjustments	**Year ended December 31, 2012 Amount**	Year ended December 31, 2011 Amount
Defined benefit obligations	**3,221**	-
Plan assets	**2,841**	-
Deficit	**(380)**	-
Experience adjustment on plan liabilities	**(15)**	-
Experience adjustment on plan assets	**56**	-

Principal actuarial assumptions used:

	Year ended December 31, 2012	Year ended December 31, 2011
Discount rates	**8.20%**	-
Expected rate of return on plan assets	**8.00%**	-
Expected salary increase rates	**6.00%**	-

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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

c) Defined Benefit Plans - Compensated absences

The following table sets forth the status of the compensated absences:

	Year ended December 31, 2012 Amount	Year ended December 31, 2011 Amount
Net Liability		
- Current	**1,025**	-
- Non current	**1,566**	-
TOTAL	**2,591**	-
Amounts recognized in Note 22 of Statement of Profit and Loss	**2,640**	-

The principal actuarial assumptions used for the computation of defined plan are also used for the computation of compensated absence of long term benefit.

31. Additional information to the financial statements:

(a) Particulars of revenue

	Year ended December 31, 2012 Amount	Year ended December 31, 2011 Amount
Petroleum Coke	**690,888**	2,395,445
TOTAL	**690,888**	2,395,445

(b) Details of purchases of stock-in-trade

	Year ended December 31, 2012 Amount	Year ended December 31, 2011 Amount
Petroleum Coke	680,612	2,380,308
TOTAL	680,612	2,380,308

(c) CIF value of imports

	Year ended December 31, 2012 Amount	Year ended December 31, 2011 Amount
Petroleum Coke	**680,612**	2,380,308
TOTAL	**680,612**	2,380,308

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

(d) Expenditure in foreign currency

	Year ended December 31, 2012 Amount	Year ended December 31, 2011 Amount
Interest on term loans	**135,271**	112,348
Interest on buyer's credit	**2,220**	48,755
Legal and professional charges	**-**	734
Rates and taxes	**-**	13,247

(e) Earnings in foreign currency

	Year ended December 31, 2012 Amount	Year ended December 31, 2011 Amount
Interest on loans	**103,980**	86,796
Dividend from subsidiary company	**219,400**	187,975

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

	Year ended December 31, 2012 Amount	Year ended December 31, 2011 Amount
Number of shareholders	**399**	416
Number of shares held (face value of Rs.2/- each)	**2,970,055**	2,622,522
Year to which dividend relates	**2011**	2010
Amount of dividend remitted	**3,267**	12,063

32. Related Party Disclosures

a) Names of related parties and description of relationship:	
(i) Subsidiaries	a) Rain Cements Limited (RCL) b) Rain Commodities (USA) Inc (RCUSA) c) Moonglow Company Business Inc, BVI (Moonglow) [Subsidiary of RCL] d) Renuka Cement Limited (RenCL) [Subsidiary of RCL] e) Rain Global Services LLC (RGS) (Subsidiary of RCUSA) f) Rain Global Services Egypt Ltd (RGSE) [Subsidiary of RGS] g) Rain Carbon USA, LLC (RCUSA1) [Subsidiary of RCUSA] h) Carbon Holdings USA, LLC (CHUSA) [Subsidiary of RCUSA1] i) CPC Holdings USA, LLC (CPCUSA) [Subsidiary of CHUSA]

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

Related Party Disclosures (Contd.)

a) Names of related parties and description of relationship:	
(i) Subsidiaries (Contd.)	j) Rain CII Carbon (Vizag) Limited (RCCVL) [Subsidiary of CPCUSA] k) Rain CII Carbon LLC (RCC) [Subsidiary of CPCUSA] l) CII Carbon Corp. (CII) [Subsidiary of RCC] m) Rain CII Carbon Mauritius Limited (RCCM) [Subsidiary of RCC] n) Zhenjiang Xin Tian Tansu Co. Ltd., (ZXXTCL) [Subsidiary of RCCM] o) Rain Coke Limited [Subsidiary of RCOL] from March 19, 2012 p) Rain CTP Inc. (Rain CTP) [Subsidiary of RCC] from October 15, 2012 q) Rain Escrow Corp [Subsidiary of RCC] from December 3, 2012 r) 9274 5520 Quebec Inc [Subsidiary of Rain CTP] from December 14, 2012 s) Rain (0952853) Holdings Ltd [Subsidiary of Rain CTP] from December 28, 2012
(ii) Enterprise where key managerial personnel along with their relatives exercise significant influence	a) Sujala Investments Private Limited b) Focus India Brands Private Limited c) Nivee Holdings Limited d) Arunachala Holdings Limited e) PCL Financial Services Limited f) Rain Entertainment Private Limited g) Nivee Property Developers Private Limited h) Pragnya Priya Foundation from January 25, 2012
(iii) Key Management Personnel	a) Mr. N. Radha Krishna Reddy Chairman b) Mr. N. Jagan Mohan Reddy Managing Director with effect from February 10, 2011 c) Mr. N. Sujith Kumar Reddy Executive Director upto February 10, 2011

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

b) Transactions with related parties:
Year Ended December 31, 2012

Nature of Transactions	Subsidiary Companies	Enterprises where Key Managerial Personnel along with their relatives exercise significant influence	Key Management Personnel	Balance outstanding To/(From)
Sales / Receivables				
- RCL - (GPC)	344,500	-	-	(344,500)
- RCCVL - (GPC)	346,388	-	-	-
Purchases / Payables				
- RGS (GPC)	680,612	-	-	-
Loan given				
- RCUSA	51,060	-	-	(2,213,035)
- RCL	1,305,445	-	-	(561,733)
- RCCVL	431,218	-	-	(264,643)
Loan repaid				
- RCL	1,041,787	-	-	-
- RCUSA	54,590	-	-	-
- RCCVL	171,218	-	-	-
Rent received				
- RCCVL	228	-	-	-
Interest Income				
- RCUSA	103,980	-	-	-
- RCL	76,377	-	-	-
- RCCVL	5,262	-	-	-
Managerial Remuneration				
- N. Jagan Mohan Reddy	-	-	26,829	12,500
Dividend Paid	-	89,742	31,899	
Dividend Income received				
- RCUSA	219,400	-	-	-
- RCL	378,524	-	-	-
Freight and Other Expenses reimbursed				
- RGS	55,640	-	-	-
- RCCVL	1,725	-	-	-
Interest and Finance Charges recovered				
- RCCVL	52,410	-	-	-
Reimbursement of Payment made on behalf of				
- RCCVL	8,672	-	-	-
Investment in Subsidiary				
- Rain Coke	600	-	-	600
Corporate Guarantee (released) / given on behalf of				
- RCUSA	(1,369,433)	-	-	5,477,730
Corporate Guarantee (released) / given on behalf of the Company by				
- RCL	(991,000)	-	-	3,286,638

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

b) Transactions with related parties:
Year Ended December 31, 2011

Nature of Transactions	Subsidiary Companies	Enterprises where Key Managerial Personnel along with their relatives exercise significant influence	Key Management Personnel	Balance outstanding To/(From)
Sales / Receivables				
- RCCVL - (GPC)	2,395,445	-	-	(1,041,381)
Purchases / Payables				
- RCC (GPC)	1,049,639	-	-	-
- RGS (GPC)	427,087	-	-	-
- RCUSA	-	-	-	24,515
Loan given				
- RCUSA	-	-	-	(2,130,640)
- RCL	-	-	-	(298,075)
Loan repaid				
- RCL	551,925	-	-	-
Rent received				
- RCCVL	760	-	-	-
Interest Income				
- RCUSA	86,796	-	-	-
- RCL	37,922	-	-	-
Managerial Remuneration				
- N. Jagan Mohan Reddy	-	-	10,478	-
- N. Sujith Kumar Reddy	-	-	873	-
Freight and Other Expenses				
- RGS	162,454	-	-	-
- RCC	238,126	-	-	-
Corporate Guarantee given on behalf of				
- RCUSA	2,663,300	-	-	6,658,250
Dividend Paid	-	75,057	26,679	-
Dividend Income received				
- RCUSA	187,975	-	-	-
- RCL	238,440	-	-	-
Interest and finance Charges recovered				
- RCCVL	48,755	-	-	-
Reimbursement of Payment made on behalf of				
- RCL	336,774	-	-	-
Corporate Guarantee given on behalf of the Company by				
- RCL	4,186,960	-	-	4,186,960

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

33. Segment Reporting

The segment results are included and presented on consolidated basis in accordance with the requirements of Accounting Standard - 17 "Segment Reporting".

34. The Revised Schedule VI has become effective for the periods beginning on or after April 1, 2011 for the presentation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/ disclosure.

For and on behalf of the Board of Directors

N. Jagan Mohan Reddy
Managing Director

N. Sujith Kumar Reddy
Director

Place: Hyderabad
Date : February 20, 2013

S. Venkat Ramana Reddy
Company Secretary

T. Srinivasa Rao
Chief Financial Officer

Operational Performance of Subsidiary Companies

The Ministry of Corporate Affairs, Government of India, vide Circular No.51/12/2007-CL-III, dated February 8, 2011 and Circular No.5/12/2007-CL-III, dated February 21, 2011 respectively has granted a general exemption from compliance with section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the Consolidated Financial Statements.

Rs. in thousands

S. No.	Name of the Subsidiary Company	Reporting Currency	Capital	Reserves	Total Assets	Total Liabilities	Investments (Refer Note 4 below)	Total Revenue	Profit Before Taxation	Provision for Taxation	Profit After Taxation	Proposed Dividend
1	Rain Cements Limited	INR	298,050	6,579,901	11,189,958	11,189,958	16,130	9,129,123	789,649	378,560	411,087	439,929
2	Rain Commodities (USA) Inc.	USD	6,265,249	1,260,505	11,605,857	11,605,857	-	853,875	652,655	(6,548)	659,203	216,560
3	Moonglow Company Business Inc.	USD	3,902,180	1,455,372	5,357,563	5,357,563	-	-	(11)	-	(11)	-
4	Rain Carbon USA, LLC	USD	8,896,752	1,611,148	10,507,900	10,507,900	-	457,856	457,856	-	457,856	457,856
5	Carbon Holdings USA, LLC	USD	8,896,757	1,611,116	10,507,873	10,507,873	-	457,856	457,848	-	457,848	457,856
6	CPC Holdings USA, LLC	USD	8,896,687	1,608,906	10,507,839	10,507,839	-	457,856	455,633	-	455,633	457,856
7	Rain CII Carbon LLC	USD	8,004,952	14,450,937	89,810,619	89,810,619	-	28,297,764	3,977,401	1,185,151	2,792,250	457,856
8	Rain CII Carbon (Vizag) Limited	INR	81,800	2,591,134	7,504,340	7,504,340	-	12,733,935	1,571,095	544,368	1,026,727	-
9	Rain Global Services LLC	USD	248	49,558	992,299	992,299	-	5,111,856	14,762	-	14,762	-
10	RGS Egypt Limited	USD	54,780	135,051	849,781	849,781	-	1,272,212	104,539	-	104,539	-
11	Rain CII Carbon Mauritius Limited	USD	23,340	(764)	158,507	158,507	-	-	(992)	-	(992)	-
12	CII Carbon Corporation	USD	-	-	-	-	-	-	-	-	-	-
13	Zhenjiang Xin Tian Tansu Company Limited	RMB Yuan	140,525	(7,048)	179,385	179,385	-	122,257	12,773	-	12,773	-
14	Renuka Cement Limited	INR	5,007	(3,735)	3,656	3,656	-	-	(2,370)	-	(2,370)	-
15	Rain Coke Limited*	INR	600	(198)	412	412	-	-	(198)	-	(198)	-
16	Rain CTP Inc.*	USD	-	-	-	-	-	-	-	-	-	-
17	Rain Escrow Corp*	USD	-	-	-	-	-	-	-	-	-	-
18	Rain (0952853) Holdings Ltd*	USD	-	-	-	-	-	-	-	-	-	-
19	9274 5520 Quebec Inc.*	USD	-	-	-	-	-	-	-	-	-	-

* Companies incorporated during the current financial year

Notes: 1. Exchange rates considered as on December 31, 2012: 1US$ = Rs. 54.78 and 1RMB Yuan = Rs. 8.80.

2. Refer Note 2(a) of Consolidated Financial Statements to see relation with the subsidiary, percentage equity holding and Country of incorporation for each of subsidiary.
3. Financial Information is based on Audited Results of the subsidiaries.
4. Investments except in case of Investments in subsidiaries.

For and on behalf of the Board of Directors

Place : Hyderabad
Date : March 21, 2013

N. Jagan Mohan Reddy
Managing Director

N. Sujith Kumar Reddy
Director

T. Srinivasa Rao
Chief Financial Officer

S. Venkat Ramana Reddy
Company Secretary

CONSOLIDATED FINANCIAL STATEMENTS

AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF
RAIN COMMODITIES LIMITED

1. We have audited the attached Consolidated Balance Sheet of **RAIN COMMODITIES LIMITED** ("the Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group") as at December 31, 2012, the Statement of Consolidated Profit and Loss and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of ₹91,668,541 thousands as at December 31, 2012, total revenues of ₹32,640,975 thousands and net cash inflows amounting to ₹39,709,616 thousands for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the reports of the other auditors.

4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006.

5. Based on our audit and on consideration of the separate audit reports on the individual financial statements of the Company and its aforesaid subsidiaries, to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at December 31, 2012;

   (ii) in the case of the Statement of Consolidated Profit and Loss, of the profit of the Group for the year ended on that date and

   (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

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

K. Rajasekhar
Partner
(Membership No. 23341)

HYDERABAD, February 20, 2013

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2012

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

	Note No.	As at December 31, 2012		As at December 31, 2011	
A. EQUITY AND LIABILITIES					
1. Shareholders' funds					
(a) Share capital	3	**683,403**		698,967	
(b) Reserves and surplus	4	**24,833,260**		20,509,989	
			25,516,663		21,208,956
2. Minority interest			**120,522**		66,519
3. Non current liabilities					
(a) Long-term borrowings	5	**61,756,126**		31,518,157	
(b) Deferred tax liabilities (net)	6	**4,118,247**		2,540,037	
(c) Other long-term liabilities	7	**560,065**		366,371	
(d) Long-term provisions	8	**237,733**		561,568	
			66,672,171		34,986,133
4. Current liabilities					
(a) Short-term borrowings	9	**882,105**		4,624,667	
(b) Trade payables	10	**6,021,109**		4,123,133	
(c) Other current liabilities	11	**7,864,254**		2,668,914	
(d) Short-term provisions	12	**474,719**		475,103	
			15,242,187		11,891,817
TOTAL			**107,551,543**		68,153,425
B. ASSETS					
1. Non-current assets					
(a) Fixed assets	13				
(i) Tangible assets			**13,767,569**		14,128,306
(ii) Intangible assets			**23,426,317**		22,812,232
(iii) Capital work-in-progress			**5,865,782**		1,241,279
(b) Non-current investments	14	**16,130**		16,125	
(c) Long-term loans and advances	15	**1,131,907**		909,238	
(d) Other non-current assets	16	**7,396**		5,856	
			1,155,433		931,219
2. Current assets					
(a) Inventories	17	**9,849,554**		10,969,937	
(b) Trade receivables	18	**5,649,162**		6,923,574	
(c) Cash and bank balances	19	**46,657,104**		8,293,954	
(d) Short-term loans and advances	20	**1,045,289**		2,613,942	
(e) Other current assets	21	**135,333**		238,982	
			63,336,442		29,040,389
TOTAL			**107,551,543**		68,153,425
Corporate information	1				
Significant accounting policies	2				

See accompanying notes forming part of the consolidated financial statements

For and on behalf of the Board of Directors

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

N. Jagan Mohan Reddy
Managing Director

N. Sujith Kumar Reddy
Director

K. Rajasekhar
Partner

S. Venkat Ramana Reddy
Company Secretary

T. Srinivasa Rao
Chief Financial Officer

Place: Hyderabad
Date : February 20, 2013

STATEMENT OF CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 2012

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

		Note No.	**For the year ended December 31, 2012**	For the year ended December 31, 2011
1.	**Revenue**			
	Revenue from operations (Gross)	22	**55,722,858**	58,261,204
	Less: Excise duty		**2,108,373**	1,866,054
	Revenue from operations (Net)		**53,614,485**	56,395,150
	Other income	23	**665,393**	220,581
	Total revenue		**54,279,878**	56,615,731
2.	**Expenses**			
	Cost of materials consumed		**23,083,413**	27,180,838
	Purchases of stock-in-trade		**4,325,620**	4,842,497
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	24	**933,199**	(1,706,826)
	Employee benefits expense	25	**2,397,688**	1,939,048
	Finance costs	26	**3,727,632**	2,455,560
	Depreciation and amortisation expense	13	**1,199,682**	1,129,391
	Other expenses	27	**11,784,289**	10,702,610
	Total expenses		**47,451,523**	46,543,118
3.	**Profit before tax and minority interest (1-2)**		**6,828,355**	10,072,613
4.	**Tax expense**	28	**2,180,220**	3,425,533
5.	**Profit after tax and before minority interest (3-4)**		**4,648,135**	6,647,080
6.	**Minority interest**		**70,647**	5,832
7.	**Profit for the year (5-6)**		**4,577,488**	6,641,248
	Earnings per share of Rs. 2/- each			
	Basic and Diluted (Rs.)	29.7	**13.25**	18.76
Corporate information		1		
Significant accounting policies		2		

See accompanying notes forming part of the consolidated financial statements

For and on behalf of the Board of Directors

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

N. Jagan Mohan Reddy
Managing Director

N. Sujith Kumar Reddy
Director

K. Rajasekhar
Partner

S. Venkat Ramana Reddy
Company Secretary

T. Srinivasa Rao
Chief Financial Officer

Place: Hyderabad
Date : February 20, 2013

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2012

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

			For the year ended December 31, 2012		For the year ended December 31, 2011
A.	**Cash flow from operating activities**				
	Profit before taxation		**6,828,355**		10,072,613
	Adjustments for :				
	Depreciation and amortisation expense	**1,199,682**		1,129,391	
	Loss on sale/retirement of fixed assets	**5,158**		4,159	
	Interest and other borrowing costs	**3,665,572**		2,318,995	
	Interest income	**(388,661)**		(173,584)	
	Dividend from current investments	**(54)**		(2,839)	
	Liabilities/provisions no longer required written back	**(165,628)**		(31,092)	
	Provision for doubtful trade receivables (net of reversals)	**23,991**		(141)	
	Net unrealized foreign exchange loss	**517,609**		1,267,949	
			4,857,669		4,512,838
	Operating profit before working capital changes		**11,686,024**		14,585,451
	Adjustments for :				
	Adjustments for (increase)/decrease in operating assets:				
	Inventories	**1,120,383**		(3,517,533)	
	Trade receivables	**1,249,022**		(1,505,001)	
	Loans and advances and Other assets	**197,173**		(206,401)	
	Trade payables, Other liabilities and Provisions	**1,082,975**		2,152,215	
			3,649,553		(3,076,720)
	Cash generated from operations		**15,335,577**		11,508,731
	Income tax paid		**(819,410)**		(3,102,100)
	Net cash from operating activities		**14,516,167**		8,406,631
B.	**Cash flow from investing activities**				
	Capital expenditure on fixed assets, including capital advances		**(5,284,141)**		(1,449,823)
	Proceeds from sale of fixed assets		**13,953**		20,230
	Purchase of other long-term investments		**(5)**		(28)
	Purchase of current investments		**-**		(270,000)
	Redemption of current investments		**-**		270,000
	Loans repaid		**600,000**		-
	Refund of share application money		**315,000**		-
	Interest received		**408,975**		142,646
	Dividends received on current investments		**54**		2,839
	Net cash used in investing activities		**(3,946,164)**		(1,284,136)

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2012

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

	For the year ended December 31, 2012	For the year ended December 31, 2011
C. Cash flow from financing activities		
Proceeds from long-term borrowings	**37,101,618**	1,365,614
Repayment of long-term borrowings	**(2,311,806)**	(2,403,893)
Net increase/(decrease) in working capital borrowings	**(3,784,502)**	1,090,955
Sales tax deferment (paid) / availed	**(12,695)**	95,686
Interest and other borrowing costs	**(2,478,597)**	(2,132,666)
Dividend paid	**(440,010)**	(378,698)
Buy-back of equity shares	**(275,932)**	(137,653)
Net cash from / (used in) financing activities	**27,798,076**	(2,500,655)
Net Increase in Cash and Cash Equivalents (A+B+C)	**38,368,079**	4,621,840
Cash and Cash Equivalents - Opening Balance	**8,293,954**	3,638,587
Cash and Cash Equivalents on acquisition of subsidiary (Refer Note (iii) below)	**-**	3
Effect of exchange differences on restatement of foreign currency cash and cash equivalents	**(4,929)**	33,524
Cash and Cash equivalents - Closing Balance (Refer Note (ii) below)	**46,657,104**	8,293,954

Notes:

(i) The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard-3 on Cash Flow Statements.

(ii) Reconciliation of Cash and Cash Equivalents with the Balance Sheet (Refer Note 19)

		2012		2011
Cash and Cash Equivalents				
(a) Cash on hand		**672**		916
(b) Cheques, drafts on hand		**28,170**		26,476
(c) Balances with banks				
(i) In current accounts	**2,747,302**		4,327,138	
(ii) In EEFC accounts	**7,845**		474,581	
(iii) In deposit accounts	**5,281,418**	**8,036,565**	3,017,984	7,819,703
Other bank balances				
(i) Margin money accounts	**73,931**		431,697	
(ii) Unpaid dividend accounts	**25,646**		20,006	
(iii) In escrow accounts	**38,498,646**		-	
Less: Non-current bank balances	**(6,526)**	**38,591,697**	(4,844)	446,859
		46,657,104		8,293,954

(iii) Cash and cash equivalents of previous year include Rs. 3 of Renuka Cement Limited taken over consequent to it becoming a subsidiary.

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

For and on behalf of the Board of Directors

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

N. Jagan Mohan Reddy
Managing Director

N. Sujith Kumar Reddy
Director

K. Rajasekhar
Partner

S. Venkat Ramana Reddy
Company Secretary

T. Srinivasa Rao
Chief Financial Officer

Place: Hyderabad
Date : February 20, 2013

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

Note 1: Corporate Information

Rain Commodities Limited ('the Company') was incorporated on March 15, 1974 under the Companies Act, 1956. The Company along with its subsidiaries ('the Group' or 'Rain Group') is engaged in the business of manufacture and sale of Calcined Petroleum Coke ('CPC'), Cement, generation and distribution of Energy (steam and electricity) through waste heat recovery and trading in Petroleum Coke ('Pet Coke').

Note 2: Significant Accounting Policies

(a) Basis of preparation of Consolidated Financial Statements

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

The Consolidated Financial Statements have been prepared in accordance with the Accounting Standard 21 - "Consolidated Financial Statements" (AS 21).

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

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

Sl. No.	Name of the Company	Relationship	Country of Incorporation	Ownership in % either directly or through Subsidiaries	
				December 31, 2012	December 31, 2011
1.	Rain Cements Limited (RCL)	Subsidiary	India	**100**	100
2.	Rain Commodities (USA) Inc. (RCUSA)	Subsidiary	United States of America	**100**	100
3.	Rain Coke Limited (RCOKE)*	Subsidiary	India	**100**	NA
4.	Moonglow Company Business Inc. (Moonglow)	Subsidiary of RCL	British Virgin Island	**100**	100
5.	Renuka Cement Limited (RenCL)#	Subsidiary of RCL	India	**100**	100
6.	Rain Global Services LLC (RGS)@	Subsidiary of RCUSA	United States of America	**80.5**	61
7.	RGS Egypt Limited (RGS Egypt)	Subsidiary of RGS	Egypt	**51**	51
8.	Rain Carbon USA, LLC (RCUSA1)	Subsidiary of RCUSA	United States of America	**100**	100
9.	Carbon Holdings USA, LLC (CHUSA)	Subsidiary of RCUSA1	United States of America	**100**	100
10.	CPC Holdings USA, LLC (CPCUSA)	Subsidiary of CHUSA	United States of America	**100**	100
11.	Rain CII Carbon (Vizag) Limited (RCCVL)	Subsidiary of CPCUSA	India	**100**	100
12.	Rain CII Carbon LLC (RCC)	Subsidiary of CPCUSA	United States of America	**100**	100

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

Sl. No.	Name of the Company	Relationship	Country of Incorporation	Ownership in % either directly or through Subsidiaries	
				December 31, 2012	December 31, 2011
13	CII Carbon Corp. (CIICC)	Subsidiary of RCC	United States of America	**100**	100
14.	Rain CII Carbon Mauritius Limited (RCCML)	Subsidiary of RCC	Mauritius	**100**	100
15.	Zhenjiang Xin Tian Tansu Co. Ltd (ZXTTCL)	Subsidiary of RCCML	China	**100**	100
16.	Rain CTP Inc. (Rain CTP) **	Subsidiary of RCC	United States of America	**100**	NA
17.	Rain Escrow Corp (Escrow Corp) ***	Subsidiary of RCC	United States of America	**100**	NA
18.	9274 5520 Quebec Inc (CANSPV1) ****	Subsidiary of Rain CTP	Canada	**100**	NA
19.	Rain (0952853) Holdings Ltd (CANSPV2) *****	Subsidiary of Rain CTP	Canada	**100**	NA

* Rain Coke Limited was incorporated on March 19, 2012

** Rain CTP Inc. was incorporated on October 15, 2012

*** Rain Escrow Corp was incorporated on December 3, 2012

**** 9274 5520 Quebec Inc was incorporated on December 14, 2012

***** Rain (0952853) Holdings Ltd was incorporated on December 28, 2012

@ RCUSA increased its investment in the equity of RGS effective June 30, 2012 thereby increasing its shareholding in RGS from 61% to 80.5%

Renuka Cement Limited (RenCL) had become a subsidiary of Rain Cements Limited with effect from January 14, 2011. As permitted by AS 21, for the purpose of consolidation, financial statements of RenCL as at December 31, 2010 have been considered. No adjustments have been made to such financial statements for transactions between January 1, 2011 and January 13, 2011 as they were not material.

(b) Use of estimates

The preparation of the financial statements in conformity with the Indian GAAP requires the management to make 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. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made.

(c) Revenue Recognition

i) Calcined Petroleum Coke - Sales are recognized on dispatch of goods and upon transfer of property in the goods to customers. Sales are inclusive of excise duty, as applicable.

ii) Energy (Power/Steam) - Sale of energy is exclusive of electricity duty payable to the State Government and recognized in accordance with contract terms.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

iii) Cement - Sales are recognised on despatch of goods to customers. Gross sales includes excise duty, but excludes sales tax and trade discounts.

(d) Other Income

Dividend income is recognized when the Company's right to receive dividend is established.

Interest income is recognized using the time proportion method, based on the transactional interest rates.

(e) Fixed Assets, Depreciation, Impairment

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

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

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

Individual assets costing rupees five thousand or below are fully 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 Statement of Consolidated Profit and Loss in the respective financial years. The impairment loss recognized in prior years is reversed in cases where the recoverable value exceeds the carrying value, upon reassessment in the subsequent years.

(f) Inventories

Inventories are valued at lower of cost and net realisable value. Raw material cost is computed on the basis of weighted average cost per unit of measurement after providing for obsolescence, if any. Finished goods and work in progress are valued at lower of cost and net realisable value. Cost is determined on a weighted average basis and comprises material, labour and applicable overhead expenses. Stores and spares are valued at cost determined on weighted average basis, or below.

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

Goods in transit are valued at cost or below.

(g) 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 Statement of Consolidated Profit and Loss. In respect of items covered by forward exchange contracts, the premium or discount arising at the inception of such a forward exchange contract 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 Statement of Consolidated Profit and Loss.

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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

The Group has designated foreign currency loans availed as a hedging instrument to hedge its net investment in non-integral foreign operations, with effect from January 1, 2009. Accordingly, the translation gain/(loss) on such foreign currency loans, determined as an effective net investment hedge is recognized in Foreign Currency Translation Reserve (FCTR) included under Reserves and Surplus and would be transferred to the Statement of Consolidated Profit and Loss upon sale or disposal of the investment in the non-integral foreign operations. The Group during 2010, pursuant to the scheme of arrangement, transferred the foreign currency loans availed by one of its wholly owned subsidiaries to another wholly owned subsidiary and the investment continues to remain with the same entity. The Group continues to consider the foreign currency loans as a hedging instrument to hedge its net investment in non-integral foreign operations since the loans and the related investments continue to be within the Group.

(h) Investments

Long term investments are carried at cost less provision for diminution, other than temporary, if any, in the value of such investments. Current investments are carried at the lower of cost and fair value.

(i) Employee Benefits

Defined Contribution Plans

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

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

Defined Benefit Plans

The Parent Company and its Indian subsidiaries have a defined benefit Gratuity plan covering all its employees. Gratuity is covered under a scheme administered by Life Insurance Corporation of India (LIC). The liability as at the balance sheet date is provided based on an actuarial valuation carried out by an independent actuary, in accordance with Accounting Standard 15 on ‘Employee Benefits’ (AS 15).

In respect of the subsidiary Company in United States of America, the Company 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 post retirement plans that cover certain employees in United States of America. One plan provides post retirement medical and dental benefits, the other plan provides life insurance benefits. Both plans are non contributory and neither is funded.

Other Long Term Employee Benefits

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

(j) Segment Reporting

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

- Carbon Products (CPC/Pet Coke 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.

(k) Earnings per share

The earnings considered in ascertaining the company's Earnings Per Share (EPS) comprise net profit after tax (and includes the post tax effect of any extra ordinary items). 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.

(l) 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 on unabsorbed depreciation and carry forward of losses 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 measured using the tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date.

(m) Borrowing Costs

Borrowing costs include interest and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets.

(n) Provisions and contingencies

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the notes.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

Name of the Shareholder	As at December 31, 2012		As at December 31, 2011	
	Number of Shares	**Amount**	Number of Shares	Amount
Note 3: Share capital				
Authorized:				
Equity Shares of Rs. 2 each	**590,000,000**	**1,180,000**	590,000,000	1,180,000
Redeemable preference shares of Rs. 100 each	**4,900,000**	**490,000**	4,900,000	490,000
TOTAL	**594,900,000**	**1,670,000**	594,900,000	1,670,000
Issued, subscribed and paid up				
Equity Shares of Rs. 2 each	**341,701,602**	**683,403**	349,482,981	698,967
TOTAL	**341,701,602**	**683,403**	349,482,981	698,967

Notes:

(i) Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the year

Particulars	For the year ended December 31, 2012		For the year ended December 31, 2011	
	Number of Shares	**Amount**	Number of Shares	Amount
As at beginning of the year	**349,482,981**	**698,967**	354,172,895	708,346
Less: Equity Shares bought back and extinguished during the year	**7,644,271**	**15,290**	3,723,675	7,447
	341,838,710	**683,677**	350,449,220	700,899
Less: Equity Shares bought back and pending to be extinguished	**137,108**	**274**	966,239	1,932
As at end of the year	**341,701,602**	**683,403**	349,482,981	698,967

(ii) Rights, preferences and restrictions attached to the equity shares

The Company has only one class of equity shares having a par value of Rs. 2 each per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to number of equity shares held by the shareholders

During the year ended December 31, 2012, the amount of per share dividend recognized as distribution to equity shareholders was Rs. 1.10 (year ended December 31, 2011: Rs. 1.10)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

(iii) Shareholders holding more than 5% of the equity shares

Name of the Shareholder	**As at December 31, 2012**		As at December 31, 2011	
	Number of Shares	**%**	Number of Shares	%
Sujala Investments Private Limited	**37,766,675**	**11.05**	37,766,675	10.78
Reliance Capital Trustee Co. Limited (including all managed funds)	**31,634,505**	**9.25**	32,710,205	9.33
Focus India Brands Private Limited	**25,316,465**	**7.41**	25,316,465	7.22
Merrill Lynch Capital Markets Espana S.A. S.V.	**19,935,591**	**5.83**	-	-
HSBC Bank (Mauritius) Limited A/c CIR International	**18,150,000**	**5.31**	-	-
Anantha A.L. Reddy	**17,673,225**	**5.17**	17,673,225	5.04
Meghamala Enterprises Private Limited	**17,404,110**	**5.09**	-	-
ICICI Prudential discovery fund	**-**	**-**	17,750,000	5.06

(iv) Aggregate number of shares issued as fully paid up pursuant to contract without payment being received in cash during the period of five years immediately preceding the reporting date

	As at December 31, 2012	As at December 31, 2011
	Number of Shares	Number of Shares
Equity shares of Rs. 2 each (represents after subdivision of 34,861,286 Equity Shares of Rs. 10 each) allotted to the shareholders of erstwhile Rain Calcining Limited pursuant to the Scheme of Arrangement between the Company and erstwhile Rain Calcining Limited in November, 2007.	**174,306,430**	174,306,430

(v) Pursuant to the approval of the shareholders at the Annual General Meeting held on May 12, 2011, each equity share of the Company with a face value of Rs. 10 was sub-divided into five equity shares of Rs. 2 each, with effect from June 16, 2011, being the record date for the said sub-division.

(vi) Equity shares bought back (including pending extinguishment) during the last five years:

	As at December 31, 2012	As at December 31, 2011
	Number of Shares	Number of Shares
Aggregate no. of shares [Refer Notes (a), (b) & (c) below]	**18,471,293**	10,689,914

Note:

(a) 6,000,000 equity shares of Rs. 2 each fully paid-up (represents after sub-division of 1,200,000 equity shares of Rs. 10 each) were bought back from the shareholders pursuant to buyback of equity shares made during the year ended December 31, 2008.

(b) 10,000,000 equity shares of Rs. 2 each fully paid-up were bought back from the shareholders pursuant to buyback of equity shares during the period of November 14, 2011 to March 29, 2012 (Refer Note 29.1).

(c) 2,471,293 equity shares of Rs. 2 each fully paid-up were bought back from the shareholders pursuant to buyback of equity shares during the period of October 22, 2012 to December 31, 2012 (Refer Note 29.1).

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

	As at December 31, 2012	As at December 31, 2011
Note 4: Reserves and surplus		
(a) **Capital Reserve**	**37,468**	37,468
(b) **Capital redemption reserve**		
Opening balance	**21,379**	12,000
Add: Transferred from surplus in Statement of Consolidated Profit and Loss	**15,564**	9,379
Closing balance	**36,943**	21,379
(c) **Securities premium account**		
Opening balance	**969,098**	1,097,372
Less: Utilised towards buy back of equity shares	**260,368**	128,274
Closing balance	**708,730**	969,098
(d) **General reserve**		
Opening balance	**880,235**	730,327
Add: Transferred from surplus in Statement of Consolidated Profit and Loss	**95,983**	149,908
Closing balance	**976,218**	880,235
(e) **Foreign currency translation reserve**		
Opening balance	**1,591,567**	403,568
Add: Effect of foreign exchange rate variations	**436,086**	1,187,999
Closing balance	**2,027,653**	1,591,567
(f) **Surplus in Statement of Consolidated Profit and Loss**		
Opening balance	**17,010,242**	10,944,397
Add: Profit for the year	**4,577,488**	6,641,248
Reversal of Dividend proposed in earlier year	**-**	26,021
Less: Proposed final dividend (net of dividend on shares bought back) (Refer note 3(ii))	**371,189**	380,242
Tax on dividend (net of eligible credit)	**58,746**	61,895
Transfer to General Reserve	**95,983**	149,908
Transfer to Capital Redemption Reserve	**15,564**	9,379
Closing balance	**21,046,248**	17,010,242
TOTAL	**24,833,260**	20,509,989

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

	As at December 31, 2012	As at December 31, 2011
Note 5: Long-term borrowings		
Term loans		
From banks		
- Secured	**8,735,306**	9,735,646
From other parties		
- Secured	**33,333**	100,000
- Unsecured	**23,396**	32,331
Less: Current portion of Long-term borrowings disclosed under Note 11 - Other current liabilities	**6,588,583**	1,315,117
	2,203,452	8,552,860
Senior secured notes (Refer Note 29.2)		
8.00% Senior secured notes (due for repayment in December 2018)	**20,816,400**	21,306,400
8.25% Senior secured notes (due for repayment in January 2021)	**21,912,000**	-
8.50% Senior secured notes (due for repayment in January 2021)	**15,189,618**	-
	57,918,018	21,306,400
Deferred payment liabilities		
- Unsecured	**939,482**	952,178
Less: Current portion of Long-term borrowings disclosed under Note 11 - Other current liabilities	**41,661**	10,284
	897,821	941,894
Other loans and advances		
- Unsecured	**736,835**	717,003
TOTAL	**61,756,126**	31,518,157

Notes:

(i) Term loans availed by Rain Commodities Limited are secured by a pari passu:

(a) First Charge on all immovable and movable properties and

(b) Second Charge on all current assets of Rain Cements Limited, a wholly owned subsidiary of the Company.

(ii) The Senior Secured Notes of Rain CII Carbon LLC are secured by substantially all of the Company's assets and are guaranteed by the Company's subsidiaries in U.S.A. on a joint and several basis.

(iii) Term loans from banks availed by Rain CII Carbon (Vizag) Limited are secured by an irrevocable undertaking to provide security over all the immovable assets of the Company and further secured by a first ranking fixed charge on the prepayment account of the Company and first ranking floating charge on the movable assets of the Company, both present and future. Further secured by pledge of equity shares of the Company held by CPC Holdings USA, LLC and Rain Cements Limited and also secured by guarantee from CPC Holdings USA, LLC.

(iv) The term loans availed by Rain Cements Limited are taken from Indian Bank, IDBI Bank Limited and Life Insurance Corporation of India. They are secured by pari passu first charge on the movable and immovable properties excluding book debts and stocks of finished goods and semi-finished goods of the Company. They are further secured by personal guarantee of certain promoter directors.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

	As at December 31, 2012	As at December 31, 2011
Note 6: Deferred tax liabilities (net)		
A. Deferred tax liabilities		
- on account of depreciation	**4,220,400**	2,728,218
	4,220,400	2,728,218
B. Deferred tax assets		
- other fiscal differences		
employee benefits	**28,377**	23,281
others	**73,776**	164,900
	102,153	188,181
Deferred tax liabilities [A-B]	**4,118,247**	2,540,037
Note 7: Other long term liabilities		
Trade Payables		
- Other than acceptances	**77,727**	-
Others		
Interest accrued but not due on borrowings	**482,338**	363,913
Retention monies payable towards fixed assets	**-**	2,458
TOTAL	**560,065**	366,371
Note 8: Long-term provisions		
Provision for employee benefits		
- Compensated absences	**28,409**	22,913
- Gratuity	**52,270**	43,228
- Other defined benefit plans	**157,054**	495,427
TOTAL	**237,733**	561,568
Note 9: Short-term borrowings		
Loans repayable on demand		
From banks		
- Buyer's credit		
- Secured	**332,279**	3,043,160
- Unsecured	**-**	549,941
- Cash credit		
- Secured	**78,126**	-
- Working capital		
- Secured	**273,900**	925,034
From other parties		
- Unsecured	**197,800**	106,532
TOTAL	**882,105**	4,624,667

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

	As at December 31, 2012	As at December 31, 2011

Note 9: Short-term borrowings (Contd.)

Notes:

(i) Secured borrowings:

Borrowings from Banks availed by Rain Commodities Limited are secured by charge on the current assets of the Company.

Cash credit and buyer's credit availed by Rain Cements Limited are secured by an 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.

Borrowings availed by Rain CII Carbon (Vizag) Limited are secured by an irrevocable undertaking to provide security over all the immovable assets of the said Company and further secured by a first ranking fixed charge on the Prepayment account of the said Company and first ranking floating charge on the moveable assets of the said Company, both present and future. Further secured by pledge of Equity Shares of the Company held by CPC Holding USA, LLC and Rain Cements Limited and also secured by a guarantee from CPC Holdings USA, LLC.

The short term borrowings from banks availed by Rain Global Services LLC are secured by Corporate Guarantee given by Rain Commodities (USA) Inc.

(ii) Corporate Guarantees have been furnished by Rain Cements Limited as security towards unsecured borrowings of Rain CII Carbon (Vizag) Limited.

Note 10: Trade payables

	As at December 31, 2012	As at December 31, 2011
Acceptances	-	520,277
Other than acceptances	**6,021,109**	3,602,856
TOTAL	**6,021,109**	4,123,133

Note 11: Other Current Liabilities

	As at December 31, 2012	As at December 31, 2011
Current maturities of long-term borrowings (Refer Note below)	**6,630,244**	1,325,401
Interest accrued but not due on borrowings	**168,352**	190,131
Unpaid dividends	**25,646**	20,006
Other payables		
- Statutory remittances	**365,276**	401,226
- Trade/security deposits received	**348,947**	251,996
- Advances from customers	**48,733**	45,565
- Retention money	**352**	1,652
- Payables on purchase of fixed assets	**41,997**	48,004
- Provision for dealer discounts	**156,988**	146,843
- Others	**77,719**	238,090
TOTAL	**7,864,254**	2,668,914

Note: Refer note in Note 5: Long-term borrowings, for details of security

Note 12: Short term provisions

	As at December 31, 2012	As at December 31, 2011
Provision for employee benefits		
- Compensated absences	**41,400**	31,708
Provision - Others		
- Provision for proposed dividend	**372,836**	380,242
- Provision for tax on proposed dividend	**60,483**	63,153
TOTAL	**474,719**	475,103

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

Note 13: Fixed Assets

Description	Gross Block (At Cost/ Professional Valuation)					Depreciation					Net Block	
	As at December 31, 2011	Additions	Deletions	Currency realingment	**As at December 31, 2012**	As at December 31, 2011	For the year	On Deletions	Currency realingment	**As at December 31, 2012**	**As at December 31, 2012**	As at December 31, 2011
Tangible assets												
Land - Free Hold (Refer Note (i) below)	335,307	315	-	7,679	**343,301**	-	-	-	-	**-**	**343,301**	335,307
Land - Mining	20,034	3,010	-	-	**23,044**	1,083	175	-	-	**1,258**	**21,786**	18,951
Land - Lease Hold	77,435	-	-	-	**77,435**	7,049	6,497	-	-	**13,546**	**63,889**	70,386
Buildings (Refer Note (ii) below)	3,485,597	285,098	-	49,166	**3,819,861**	711,536	172,103	-	10,684	**894,323**	**2,925,538**	2,774,061
Railway Siding	418	-	-	-	**418**	418	-	-	-	**418**	**-**	-
Plant and Equipment	15,737,500	358,337	43,141	221,715	**16,274,411**	5,018,904	995,285	32,499	79,641	**6,061,331**	**10,213,080**	10,718,596
Furniture and Fixtures	130,948	967	1,110	246	**131,051**	34,858	5,190	661	178	**39,565**	**91,486**	96,090
Office Equipments	109,002	4,998	4,653	487	**109,834**	49,109	12,749	1,847	180	**60,191**	**49,643**	59,893
Vehicles	74,755	16,286	7,138	169	**84,072**	19,733	7,640	2,256	109	**25,226**	**58,846**	55,022
	19,970,996	669,011	56,042	279,462	**20,863,427**	5,842,690	1,199,639	37,263	90,792	**7,095,858**	**13,767,569**	14,128,306
Intangible assets												
Goodwill on consolidation (Refer Note (iii) below)	22,812,133	-	24,607	638,613	**23,426,139**	-	-	-	-	**-**	**23,426,139**	22,812,133
Software	118	122	-	-	**240**	19	43	-	-	**62**	**178**	99
	22,812,251	122	24,607	638,613	**23,426,379**	19	43	-	-	**62**	**23,426,317**	22,812,232
Total	42,783,247	669,133	80,649	918,075	**44,289,806**	5,842,709	1,199,682	37,263	90,792	**7,095,920**	**37,193,886**	
Year ended December 31, 2011	36,691,734	1,012,423	15,524	5,094,614	**42,783,247**	4,308,188	1,129,391	10,191	415,321	**5,842,709**		36,940,538

Notes:

(i) Represents land measuring 11 acres 82 cents taken on lease from Visakhapatnam Port Trust till October 27, 2022, in respect of which the lease deed is in the process of being executed.

(ii) Includes Buildings constructed on leasehold land and depreciated over the lease period ending on October 27, 2022.

(iii) Reduction to Goodwill on consolidation is on account of increase in investment in the equity of Rain Global Services LLC from 61.0% to 80.5% effective June 30, 2012.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

	As at December 31, 2012	As at December 31, 2011
Note 14: Non-current investments		
Trade Investments		
(value at cost unless stated otherwise) (unquoted)		
Investment in equity instruments of other entities		
- Andhra Pradesh Gas Power Corporation Limited 134,000 (December 31, 2011 - 134,000) Equity Shares of Rs. 10 each fully paid up	**16,000**	16,000
Investment in government securities		
- National Savings Certificates	**130**	125
TOTAL	**16,130**	16,125
Note 15: Long-term loans and advances		
(Unsecured, considered good)		
Capital advances	**166,742**	50,346
Security deposits	**141,008**	115,223
Prepaid expenses	**-**	1,210
Balances with government authorities	**39,364**	47,688
Advance income tax (net of provision for tax)	**784,793**	694,771
TOTAL	**1,131,907**	909,238
Note 16: Other non current assets		
Interest accrued on deposits	**870**	1,012
Bank balances (Refer Note 19 - Cash and Bank balances)	**6,526**	4,844
TOTAL	**7,396**	5,856
Note 17: Inventories		
(At lower of cost and net realisable value)		
a) Raw materials	**5,336,935**	5,290,028
Goods-in-transit	**267,135**	330,241
	5,604,070	5,620,269
b) Work-in-progress	**565,590**	214,402
c) Finished goods (other than those acquired for trading)	**2,017,540**	2,599,918
d) Stock-in-trade (acquired for trading)	**476,718**	1,430,939
Goods-in-transit	**252,212**	-
	728,930	1,430,939
e) Stores and spares	**492,165**	508,391
Goods-in-transit	**14,386**	-
	506,551	508,391
f) Packing Materials	**35,722**	23,788
g) Coal and Fuel	**322,438**	157,496
Goods-in-transit	**68,713**	414,734
	391,151	572,230
TOTAL	**9,849,554**	10,969,937

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

	As at December 31, 2012	As at December 31, 2011
Note 18: Trade receivables		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
- Secured	**16,445**	13,814
- Unsecured, considered good	**225**	9,719
- Doubtful	**41,297**	18,410
	57,967	41,943
Less: Provision for doubtful trade receivables	**41,297**	18,410
	16,670	23,533
Other Trade receivables		
- Secured	**172,556**	123,307
- Unsecured, considered good	**5,459,936**	6,776,734
	5,632,492	6,900,041
TOTAL	**5,649,162**	6,923,574
Note 19: Cash and Bank balances		
Cash and cash equivalents		
Cash on hand	**672**	916
Cheques, drafts on hand	**28,170**	26,476
Balances with banks		
- in current accounts	**2,747,302**	4,327,138
- in EEFC accounts	**7,845**	474,581
- in deposit accounts (Refer Note below)	**5,281,418**	3,017,984
	8,065,407	7,847,095
Other bank balances		
Balances held as margin money against guarantees and other commitments	**73,931**	431,697
Unpaid dividend accounts	**25,646**	20,006
In Escrow accounts (Refer Note 29.2)	**38,498,646**	-
Less: Non Current Bank Balances (Refer Note 16 - Other non-current assets)	**6,526**	4,844
	38,591,697	446,859
TOTAL	**46,657,104**	8,293,954

Notes:

(i) Depoist accounts include Rs. NIL (December 31, 2011 : Rs. NIL) deposits which have a original maturity of more than 12 months.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

	As at December 31, 2012	As at December 31, 2011
Note 20: Short-term loans and advances		
(Unsecured, considered good)		
Advances to related parties (Refer Note 29.5)		
- Rain Entertainment Private Limited	**100,594**	-
Security deposits	**10,132**	8,079
Loans and advances to employees	**9,950**	8,277
Prepaid expenses	**171,206**	177,132
Balances with government authorities	**116,710**	348,450
Loans to others	**-**	600,000
Advance towards share application money	**-**	315,000
Supplier and service provider advances	**467,835**	857,154
Others	**168,862**	299,850
TOTAL	**1,045,289**	2,613,942

	As at December 31, 2012	As at December 31, 2011
Note 21: Other current assets		
Unbilled Revenue	**26,778**	21,606
Accruals		
- Interest accrued on deposits	**21,578**	33,731
- Interest accrued on Loans	**-**	7,890
Others		
- Deferred Consideration	**53,649**	129,415
- Government subsidies receivable	**33,328**	46,340
TOTAL	**135,333**	238,982

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

	For the year ended December 31, 2012	For the year ended December 31, 2011
Note 22: Revenue from operations		
Sale of products [Refer Note (i) below]	**55,552,205**	58,067,119
Other operating revenues [Refer Note (ii) below]	**170,653**	194,085
Revenue from operations (gross)	**55,722,858**	58,261,204
Less: Excise duty	**2,108,373**	1,866,054
Revenue from operations (net)	**53,614,485**	56,395,150
Notes:		
(i) Sale of products comprises:		
Sale of Calcined Petroleum Coke	**38,661,262**	43,704,234
Sale of Cement	**10,487,823**	9,929,970
Sale of Petroleum Coke	**5,375,093**	3,308,101
Sale of Power	**1,009,407**	1,124,814
Sale of Fly Ash	**18,620**	-
TOTAL	**55,552,205**	58,067,119
(ii) Other operating revenues comprises:		
Scrap sales	**20,975**	29,189
Income from sale of Certified Emission Reductions	**89,724**	95,485
Incentive towards Sales tax and Power tariff	**-**	4,965
Dock revenue	**59,954**	64,446
TOTAL	**170,653**	194,085
Note 23: Other income		
Interest income		
Interest from banks on:		
deposits	**210,846**	108,411
other balances	**2,045**	4,934
Interest income from long-term investments	**8**	8
Interest on loans and advances	**5,617**	60,231
Interest on income tax refund	**22,122**	-
Other Interest	**148,023**	-
	388,661	173,584
Dividend income from current investments	**54**	2,839
Gain on foreign currency transactions and translation (net)	**88,363**	-
Other non-operating income		
Gain on derivatives (net)	**6,223**	2,262
Liabilities/provisions no longer required written back	**165,628**	31,092
Provision for doubtful debts and advances	**-**	141
Miscellaneous income	**16,464**	10,663
	188,315	44,158
TOTAL	**665,393**	220,581

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

	For the year ended December 31, 2012	For the year ended December 31, 2011
Note 24: Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Opening Stock		
Finished goods	**2,599,918**	1,586,812
Work-in-progress	**214,402**	257,553
Stock-in-trade	**1,430,939**	694,068
	4,245,259	2,538,433
Closing Stock		
Finished goods	**2,017,540**	2,599,918
Work-in-progress	**565,590**	214,402
Stock-in-trade	**728,930**	1,430,939
	3,312,060	4,245,259
Net (Increase)/Decrease	**933,199**	(1,706,826)

	For the year ended December 31, 2012	For the year ended December 31, 2011
Note 25: Employee benefits expense		
Salaries and wages	**1,856,554**	1,566,318
Contributions to provident and other funds	**83,070**	55,525
Staff welfare expenses	**458,064**	317,205
TOTAL	**2,397,688**	1,939,048

	For the year ended December 31, 2012	For the year ended December 31, 2011
Note 26: Finance cost		
Interest expense on borrowings	**2,014,115**	2,156,873
Other borrowing costs	**1,651,457**	162,122
Loss on foreign currency transactions and translation (net)	**62,060**	136,565
TOTAL	**3,727,632**	2,455,560

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

	For the year ended December 31, 2012	For the year ended December 31, 2011
Note 27: Other expenses		
Consumption of stores and spares	**907,902**	750,680
Consumption of packing materials	**426,768**	379,661
Change in excise duty on finished goods	**(29,585)**	435
Power and fuel	**3,331,064**	2,464,228
Water	**57,624**	51,816
Repairs and maintenance		
- Plant and machinery	**1,108,722**	1,702,238
- Buildings	**6,878**	4,294
- Others	**83,165**	117,267
Insurance	**262,269**	196,615
Rent	**220,191**	222,419
Rates and taxes	**167,439**	130,222
Communication expenses	**63,610**	51,556
Travelling and conveyance	**133,953**	119,604
Printing and stationery	**6,093**	5,944
Selling and distribution expenses	**3,641,772**	2,822,490
Advertisement	**2,273**	2,301
Cash discounts	**95,013**	76,247
Sales discount	**46,679**	46,657
Donations and contributions	**21,616**	17,727
Legal and professional charges	**387,423**	410,679
Payment to auditors [Refer Note below]	**51,656**	27,801
Directors' sitting fees	**1,520**	1,320
Commission to directors	**34,900**	32,400
Provision for doubtful trade receivables	**23,991**	-
Loss on sale of fixed assets (net)	**5,158**	4,159
Loss on foreign currency transactions and translation (net)	**-**	435,769
Miscellaneous expenses	**726,195**	655,195
	11,784,289	10,729,724
Less: Expense capitalised	**-**	27,114
TOTAL	**11,784,289**	10,702,610
Note:		
Payment to auditors comprises (excluding service tax):		
Statutory audit fees	**16,874**	20,152
Limited review fee	**4,293**	4,104
Other services	**29,792**	3,416
Reimbursement of expenses	**697**	129
TOTAL	**51,656**	27,801
Note 28: Tax expense		
Current Tax		
(i) Current tax for current year	**1,012,354**	3,211,830
(ii) Current tax relating to earlier years	**(179,404)**	12,763
Net current tax	**832,950**	3,224,593
Deferred Tax	**1,347,270**	200,940
TOTAL	**2,180,220**	3,425,533

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

Note 29.1: Buy-back of Equity Shares

The Board of Directors of the Company, during their meeting held on October 25, 2011, approved the buyback of 10,000,000 equity shares of Rs.2/- each at maximum price of Rs.41/- per share for an amount not exceeding Rs. 350,000. The board decided to implement the buyback offer through the open market purchases in the stock exchanges.

Pursuant to the offer, the Company commenced the buyback on November 14, 2011. During the year ended December 31, 2011, the Company has bought back 4,689,914 equity shares of Rs.2/- each aggregating Rs. 137,653 and extinguished 3,723,675 equity shares upto December 31, 2011 and the balance 966,239 equity shares were extinguished subsequent to the year end. The Company bought back and extinguished the balance 5,310,086 equity shares of Rs.2/- each aggregating Rs. 182,255 during the current financial year.

Further to the completion of the scheme of buyback approved by the board of directors on October 25, 2011, the Shareholders of the Company have approved another scheme for buyback of equity shares of Rs.2/- each vide postal ballot on October 1, 2012 through open market transactions at a price not exceeding Rs.46/- per share for an amount not exceeding Rs. 460,000. The Company commenced the buyback of equity shares on October 22, 2012 and bought back 2,471,293 equity shares of Rs.2/- each aggregating Rs. 93,677 and extinguished 2,334,185 equity shares upto December 31, 2012 and the balance 137,108 equity shares were extinguished subsequent to the year end.

Accordingly, Rs. 15,564 (December 31, 2011: 9,379) has been reduced from paid-up equity share capital and in accordance with the provisions of Section 77A of the Companies Act, 1956, Rs. 260,368 (December 31, 2011: 128,274) has been utilized from securities premium account and Rs. 15,564 (December 31, 2011: 9,379) transferred to the capital redemption reserve from surplus in Statement of Consolidated Profit and Loss.

Note 29.2:

(i) On January 4, 2013 Rain CII Carbon LLC, USA (RCC), a wholly owned step-down subsidiary of the Company, completed the acquisition of RÜTGERS N.V. (RÜTGERS), a Belgium headquartered Coal Tar Pitch (CTP) and chemical manufacturer, from funds managed by Triton, after receiving the necessary regulatory approvals. RCC acquired 100% of the shares of RÜTGERS pursuant to an agreement with Triton for a gross enterprise value of € 702.0 million plus certain contingent payments not exceeding € 27.0 million during the next three years. RCC funded the transaction through a combination of internal cash accruals and proceeds from the issuance of senior secured notes. RCC issued two tranches of senior secured notes with an 8 year tenure consisting of $ 400.0 million of US dollar denominated notes and € 210.0 million of Euro denominated notes.

The proceeds from the issue of senior secured notes were kept in an Escrow Bank account and subsequently utilised for completion of RÜTGERS acquisition.

(ii) Expenses incurred in relation to the acquisition of RÜTGERS included in the Statement of Consolidated Profit and Loss are:

	Year ended December 31, 2012	Year ended December 31, 2011
Expenses incurred in connection with the issue of senior secured notes by RCC (included in Note 26 - Finance costs)	**1,475,810**	-
Professional charges and other expenses incurred by RCC in connection with the acquisition (included in Note 27 - Other expenses)	**313,381**	-
TOTAL	**1,789,191**	-

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

Note 29.3: Contingent liabilities and commitments (to the extent not provided for)

	As at December 31, 2012	As at December 31, 2011
(i) Contingent liabilities		
(a) In respect of demands/claims arising on account of:		
- Income tax	**25,615**	85,362
- Wheeling charges [Refer Note below]	**392,656**	407,673
- Operating charges of state load dispatch center and minimum energy/demand	**5,777**	5,777
- Electricity duty	**15,724**	15,724
- Customs Duty, Sales Tax, Service Tax and Excise Duty related matters under dispute	**476,511**	444,529
- Fuel Surcharge Adjustment levied by Electricity Distributing Companies	**34,570**	-
(b) Bank guarantees outstanding	**274,105**	519,903
(c) Corporate Guarantee issued on behalf of wholly owned subsidiaries:		
- Rain Commodities USA Inc., US$ 25 million (December 31, 2011: US$ 50 million)	**1,369,433**	2,663,300
(ii) Commitments		
Estimated amounts of contracts remaining to be executed on capital account [net of Capital advance Rs. 166,742 (December 31, 2011: Rs. 50,346)]	**155,339**	1,539,574

Note: 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 has been computed on the basis of imputed cost till December 31, 2012 per the terms of the said APERC order.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

Note 29.4: Segmental Reporting

a) **Business Segment**

	Year ended December 31, 2012			Year ended December 31, 2011		
	Carbon Products	**Cement**	**Total**	Carbon Products	Cement	Total
Revenue						
External Sales (net of excise duty and taxes on sales)	**44,356,811**	**9,087,021**	**53,443,832**	47,528,071	8,672,994	56,201,065
Inter- Segment Sales	**795,103**	**8,307**	**803,410**	763,938	12,110	776,048
Total	**45,151,914**	**9,095,328**	**54,247,242**	48,292,009	8,685,104	56,977,113
Less: Eliminations	**(795,103)**	**(8,307)**	**(803,410)**	(763,938)	(12,110)	(776,048)
Total Revenue from sale of products	**44,356,811**	**9,087,021**	**53,443,832**	47,528,071	8,672,994	56,201,065
Other operating income	**159,433**	**11,220**	**170,653**	169,145	24,940	194,085
Total Revenue	**44,516,244**	**9,098,241**	**53,614,485**	47,697,216	8,697,934	56,395,150
Result						
Segment Result	**8,975,381**	**915,213**	**9,890,594**	10,663,798	1,643,794	12,307,592
Operating Profit	**-**	**-**	**9,890,594**	-	-	12,307,592
Finance costs	**-**	**-**	**3,727,632**	-	-	2,455,560
Unallocated income	**-**	**-**	**(665,393)**	-	-	(220,581)
Profit Before Taxation	**-**	**-**	**6,828,355**	-	-	10,072,613
Provision for Taxation	**-**	**-**	**2,180,220**	-	-	3,425,533
Profit After Taxation before Minority Interest	**-**	**-**	**4,648,135**	-	-	6,647,080
Segment Assets	**99,579,433**	**7,161,671**	**106,741,104**	60,011,070	7,427,578	67,438,648
Unallocated Corporate Assets	-	**-**	**810,439**	-	-	714,777
Total Assets	**99,579,433**	**7,161,671**	**107,551,543**	60,011,070	7,427,578	68,153,425
Segment Liabilities	**6,874,293**	**2,076,483**	**8,950,776**	8,528,024	2,502,930	11,030,954
Unallocated Corporate Liabilities	**-**	**-**	**4,577,212**	-	-	3,003,438
Total Liabilities	**6,874,293**	**2,076,483**	**13,527,988**	8,528,024	2,502,930	14,034,392
Capital Expenditure	**4,991,296**	**292,845**	**5,284,141**	1,306,449	143,374	1,449,823
Depreciation	**851,356**	**348,326**	**1,199,682**	796,911	332,480	1,129,391

b) **Geographical Segment**

	Year ended December 31, 2012		Year ended December 31, 2011	
	Revenue from sale of products to external customers	**Segment Assets**	Revenue from sale of products to external customers	Segment Assets
India	**14,532,285**	**15,589,443**	16,180,467	18,697,404
Outside India	**38,911,547**	**91,151,661**	40,020,598	48,741,244
	53,443,832	**106,741,104**	56,201,065	67,438,648

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

Note 29.5: Related Party Disclosures

a) Names of related parties and description of relationship

Enterprise where key managerial personnel along with their relatives exercise significant influence	a) Sujala Investments Private Limited b) Focus India Brands Private Limited c) Nivee Holdings Limited d) Arunachala Holdings Limited e) PCL Financial Services Limited f) Rain Entertainment Private Limited (REPL) g) Nivee Property Developers Private Limited (NPDPL) h) Pragnya Priya Foundation (PPF) with effect from January 25, 2012
Key Management Personnel	a) Mr. N. Radha Krishna Reddy Chairman b) Mr. N. Jagan Mohan Reddy Managing Director with effect from February 10, 2011 c) Mr. N. Sujith Kumar Reddy Executive Director upto February 10, 2011

b) Transactions with related parties

Year Ended December 31, 2012

Nature of Transactions	Enterprises where Key Managerial Personnel along with their relatives exercise significant influence	Key Management Personnel	Balance Outstanding to/(from)
Managerial Remuneration			
- N. Jagan Mohan Reddy	-	26,829	12,500
- N. Sujith Kumar Reddy	-	23,468	10,000
Dividend Paid	89,742	31,899	-
Donations Given			
- PPF	10,000	-	-
Sales / Receivables			
- REPL	26	-	(263,625)
- NPDPL	436	-	-
Advance given towards purchase of raw material			
- REPL	367,728	-	(100,594)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

Year Ended December 31, 2011

Nature of Transactions	Enterprises where Key Managerial Personnel along with their relatives exercise significant influence	Key Management Personnel	Balance Outstanding to/(from)
Managerial Remuneration			
- N. Jagan Mohan Reddy	-	27,076	15,000
- N. Sujith Kumar Reddy	-	24,391	7,500
Dividend Paid	75,057	26,679	-
Sales/Receivables			
- REPL	523	-	(89)
- NPDPL	377	-	-
Advance given towards purchase of raw material			
- REPL	95,725	-	-

Note 29.6:

The Group has entered into various operating lease agreements for assets comprising of storage and other facilities and amounts aggregating Rs. 220,191 (December 31, 2011 - Rs. 222,419) paid under such agreements have been charged off in the Statement of Consolidated Profit and Loss. These agreements are cancellable in nature and there is no restriction in respect of such leases.

Note 29.7: Earnings per Share (EPS)

	As at December 31, 2012	As at December 31, 2011
a. **Profit after Taxation**	**4,577,488**	6,641,248
b. Weighted average number of equity shares of Rs. 2/- each outstanding during the year (Nos.) (Refer Note below)	**345,528,163**	354,009,317
Earnings per Share		
c. Basic and Diluted - [a]/[b] - (Rs.)	**13.25**	18.76

Note: During the previous year 2011, equity shares of the Company with a face value of Rs. 10/- each was sub-divided into 5 equity shares of Rs. 2/- each.

Note 29.8: 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 loss for the year ended December 31, 2012 on such foreign currency loan, determined as an effective net investment hedge, recognized in the Foreign Currency Translation Reserve Account included in Note 4 - Reserves and surplus is Rs. 122,429 (December 31, 2011 – Rs. 785,001).

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

Note 29.9:

The Company recognises income from sale of Certified Emission Reduction (CER's) on conclusion of CER sale to ultimate buyers

Note 29.10:

The Company had paid an amount of Rs. 120,500 in terms of Memorandum of Understanding (MOU) with certain parties on December 6, 2007 to acquire the entire equity shares of M/s. Birla Cement and Industries Limited (BCIL), which controls certain mining lease rights. On December 1, 2010, the Company had entered into a share purchase agreement with the shareholders of BCIL for the transfer of entire shareholding of BCIL and upon fulfilment of the conditions precedent to the agreement, the entire shareholding was transferred to the Company at a consideration of Rs. 120,500 on January 14, 2011. These equity shares were transferred to Rain Cements Limited (RCL), consequent to which, BCIL has become a wholly owned subsidiary of RCL. In the previous year, the name of BCIL was changed to Renuka Cement Limited in terms of the approval accorded by the Registrar of Companies.

Note 29.11:

Reversal of Dividend proposed in earlier year represents dividend proposed by Rain Global Services LLC, USA during the year 2010, and reversed during 2011.

Note 29.12:

Certain promoters of the Company have given undertaking to ICICI Bank Limited and its affiliates not to dispose of 29,274,850 equity shares of Rs. 2/- each held by them in Rain Commodities Limited, pursuant to facilities agreements with such banks.

Note 29.13:

The following donations were made to political parties during the year:

Communist Party of India - Rs. 50 (December 31, 2011: Rs. 100)

Communist Party of India (Marxist-Leninist) New Democracy - Rs. 130 (December 31, 2011: Rs. 105).

Note 29.14:

The Revised Schedule VI has become effective for the periods beginning on or after April 1, 2011 for the presentation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/ disclosure.

For and on behalf of the Board of Directors

	N. Jagan Mohan Reddy Managing Director	**N. Sujith Kumar Reddy** Director
Place: Hyderabad Date : February 20, 2013	**S. Venkat Ramana Reddy** Company Secretary	**T. Srinivasa Rao** Chief Financial Officer

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 M/s. Rain Commodities Limited responsible. I agree to discharge the responsibility expected of me as a participant under the scheme.

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

Place : Name of First Holder :______________________________

Date : Signature of First Holder :__________________________

Note:

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

RAIN COMMODITIES LIMITED

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

PROXY FORM

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

I/We ....

of... being a member/members of

RAIN COMMODITIES LIMITED hereby appoint...of

....or failing him ....

of..as my/our proxy to attend and vote for me/us and on my/our behalf at the 38th Annual General Meeting of the Members of the Company to be held on Saturday, the 27th day of April, 2013 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 .... 2013.

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

38th Annual General Meeting, 27th April, 2013 at 11:00 A.M.

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

Name of the Shareholder	
Name of Proxy	

I/We hereby record my / our presence at the 38th Annual General Meeting of the members of the Company held on Saturday, the 27th day of April, 2013 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.

RAIN COMMODITIES LIMITED

Regd.Off : Rain Center, 34, Srinagar Colony, Hyderabad-500 073, A.P. India.
Phone :040-40401259; Fax: 040-40401214; email:secretarial@priyacement.com
website:raincommodities.com

Date: March 21, 2013

Dear Shareholder,

Sub: Request for dematerialization of Physical equity shares and updation of Bank A/c. details- Reg.

With reference to the above stated subject, we bring to your kind notice that the Company's equity shares are traded on BSE Ltd (Scrip code:500339) and National Stock Exchange of India Ltd (Scrip code: RAINCOM) and it is mandatory to trade in demat form only. The Company was allotted ISIN No.INE855B01025 by The National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

The Company is receiving requests from the shareholders with regard to the revalidation of dividend warrants, non-receipt of dividend warrants due to change of address or lost in transit, request for issue of duplicate share certificates, transmission of shares, etc.

To ensure that the dividend and other benefits reaches the shareholders on time and also to avoid the loss of share certificates and dividend warrants in transit, fraudulent encashment of dividend, we make the following request to the shareholders:

I. SHAREHOLDERS HOLDING SHARES IN PHYSICAL FORM:

We request you to convert the physical shares into demat mode (electronic mode).

a) Process for conversion of physical shares into demat :

The conversion of physical shares into demat mode is a two steps process as explained below:

i) Open a demat account with any of your nearest Depository Participant (DP); and

ii) Submit the Demat Request Form (DRF) alongwith physical share certificate to your DP.

b) Updation of Bank account particulars:

Update your Bank Account No., MICR No.,Name and Address of the Bank with pincode and Email ID with your DP. Also opt for ECS credit of dividend.

c) Benefits of holding shares in demat mode is as follows:

- Elimination of all risks associated with physical share certificates, i.e., loss of share certificates
- No Stamp duty
- Immediate transfer and registration of securities
- Direct credit of dividend to the shareholder's bank account
- Reduction of cost in correspondence with the Company
- Faster disbursement of non-cash corporate benefits like rights, bonus, etc
- Receipt of weekly holding statement from DP
- Elimination of problems related to change of address of investor, transmission etc.

II. SHAREHOLDERS HOLDING SHARES IN DEMAT FORM (ELECTRONIC):

Update your Bank account No., MICR No.,Name and address of the Bank with pincode and Email ID with your DP. Also opt for ECS credit of dividend.

Your co-operation in this regard will be highly appreciated.

Thanking you,

Yours faithfully,
for RAIN COMMODITIES LIMITED

Sd/-

S. VENKAT RAMANA REDDY
COMPANY SECRETARY