

BOARD OF DIRECTORS

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

VICE PRESIDENT (F & A)

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

COMPANY SECRETARY

Mr. S. Venkat Ramana Reddy

STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells,
Chartered Accountants,
5th Floor, Gowra Grand,
S.P. Road,
Secunderabad - 500 003.

REGISTERED OFFICE

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

INTERNAL AUDITORS

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

BANKS AND FINANCIAL INSTITUTIONS

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

PLANTS

Unit-I

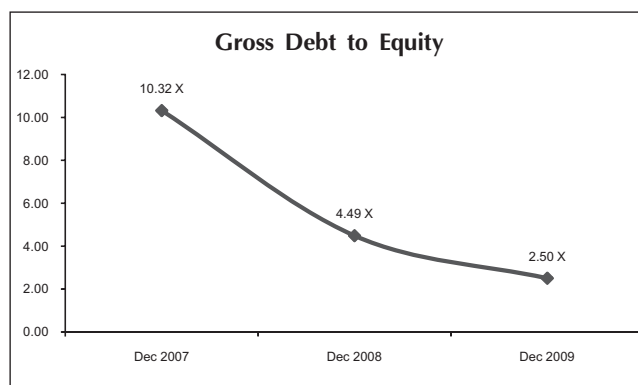
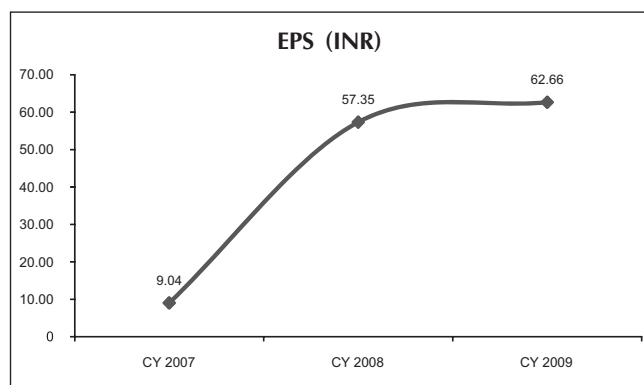
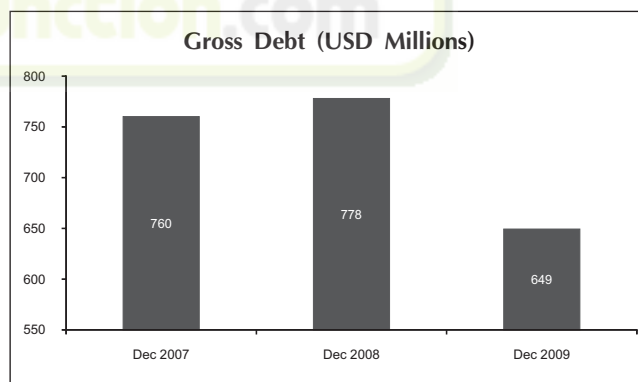
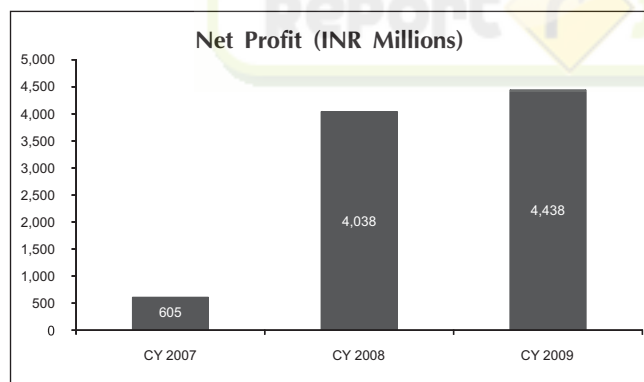
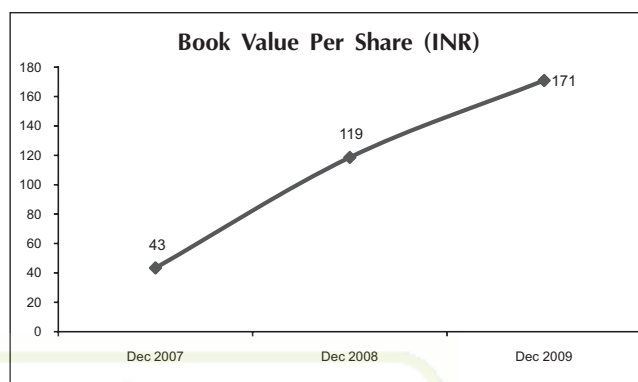
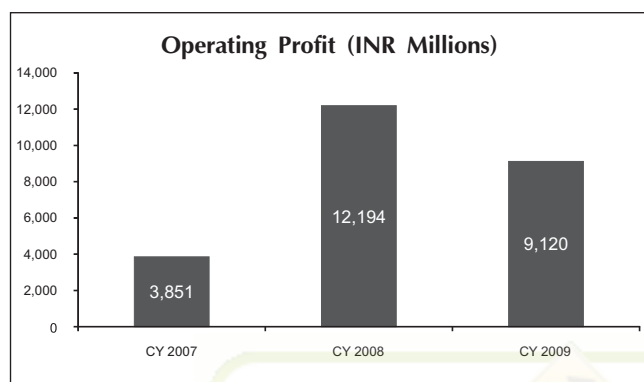
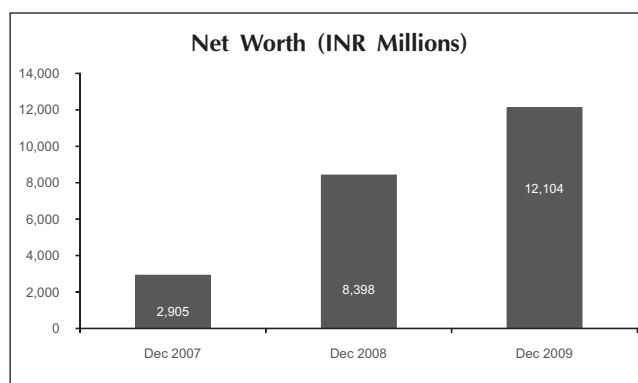
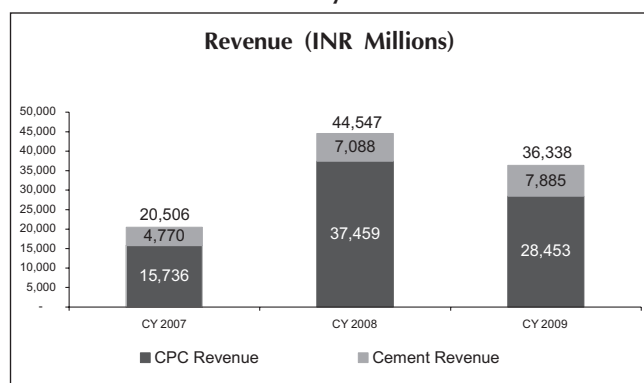
Ramapuram Village,
Mellacheruvu Mandal,
Nalgonda Dist,
Andhra Pradesh, India.

Unit - II

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

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Key Financial Indicators on a consolidated basis



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

NOTICE

Notice is hereby given that the 35th Annual General Meeting of the Members of Rain Commodities Limited will be held on Monday, June 7, 2010 at 11:00 A.M. at KLN Prasad Auditorium, Federation of Andhra Pradesh Chambers of Commerce & Industry (FAPCCI), Red Hills, Hyderabad-500 004, Andhra Pradesh to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance sheet as at December 31, 2009, Profit and Loss Account for the Financial year ended on December 31, 2009 and reports of Directors and Auditors thereon.
2. To declare a dividend on equity shares for the Financial year ended on December 31, 2009.
3. To appoint a Director in place of Mr. N. Sujith Kumar Reddy, who retires by rotation and being eligible offers himself for re-appointment.

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

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

Place : Hyderabad
Date : April 26, 2010

S. VENKAT RAMANA REDDY
COMPANY SECRETARY

NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and on a poll to vote instead of himself and such proxy need not be a member. The instrument appointing a proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from June 2, 2010 to June 7, 2010 (both days inclusive).
3. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividend for the financial year ended March 31, 1999 has been transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956 and the dividend for the financial year ended March 31, 2006 and thereafter, which remain unclaimed for a period of 7 years will be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956.

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

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

* Rain Calcining Limited is amalgamated with the Company.

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

4. Dividend on equity shares @ 37% on the paid up Equity share capital i.e., Rs.3.70 per Equity Share as recommended by the Board of Directors, if declared by the Shareholders at the meeting, will be paid to those shareholders whose names appear on the Register of Members of the Company as on June 2, 2010 and also to the Beneficial Owners of equity shares held in electronic form on the said date as per the details furnished by the Depositories for this purpose.
5. The Securities and Exchange Board of India (SEBI) and the Ministry of Corporate Affairs have made it mandatory for all the Listed Companies to offer Electronic Clearing Service (ECS) facilities for payment of dividend, wherever applicable. This facility offers various benefits like timely credit of dividend to the shareholders account, elimination of loss of instruments in transit or fraudulent encashment etc.

In view of the above:

- (i) Shareholders holding shares in Physical Form and desirous of availing the facility are requested to complete ECS form attached to this Annual Report and forward the same to the Company's Registrar and Share Transfer Agent.

- (ii) Shareholders holding shares in Dematerialized Form are requested to provide the Bank details to their Depository Participants for incorporation in their records. The Depository in turn would forward the required information to the Company.

6. The above information should be made available to the Company's Registrars M/s. Karvy Computershare Private Limited, (Unit: Rain Commodities Limited), Plot No.17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081, Andhra Pradesh, India on or before May 31, 2010.
7. The Company's equity shares are Listed at (i) Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001, (ii) National Stock Exchange of India Limited, Exchange Plaza, Floor 5, Plot # C/1, Bandra (East), Mumbai - 400051 and (iii) The Delhi Stock Exchange Limited, DSE House, 3/1 Asaf Ali Road, New Delhi - 110002 and the Company has paid the Annual Listing Fees to the said Stock Exchanges for the year 2010 -11.
8. Members are requested to send all communication relating to shares (Physical and Electronic) to the Company's Share Transfer Agent at **Karvy Computershare Private Limited (Unit: Rain Commodities Limited), Plot No.17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081, Andhra Pradesh, India.**

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

Place : Hyderabad
Date : April 26, 2010

S. VENKAT RAMANA REDDY
COMPANY SECRETARY

DIRECTORS' REPORT

Dear Members,

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

FINANCIAL RESULTS

A) STANDALONE:

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

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

B) CONSOLIDATED :

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

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

OPERATIONS

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

OUTLOOK FOR CEMENT INDUSTRY

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

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

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

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

PACKING PLANT

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

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

OVERVIEW OF CALCINED PETROLEUM COKE (CPC) BUSINESS

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

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

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

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

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

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

OUTLOOK FOR CALCINED PETROLEUM COKE (CPC) INDUSTRY

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

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

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

CERTIFIED EMISSION REDUCTIONS

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

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

DIVIDEND

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

TRANSFERRED TO GENERAL RESERVE

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

LISTING OF EQUITY SHARES

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

- (i) Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001;
- (ii) National Stock Exchange of India Limited, Exchange Plaza, Floor 5, Plot # C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400051; and
- (iii) The Delhi Stock Exchange Limited, DSE House, 3/1 Asaf Ali Road, New Delhi - 110002.

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

JOINT VENTURE

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

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

SUBSIDIARY COMPANIES

The Ministry of Corporate Affairs (MCA), Government of India vide their letter No.47/710/2009-CL-III, Dated December 4, 2009 granted exemption from attaching the Balance sheet, Profit & Loss Account, Directors Report

and Auditors Report of Subsidiary Companies to the Balance sheet of the Company. Your Company will provide with the copy of the Annual Accounts of the subsidiary companies and other related information upon request by any member of your Company or its Subsidiary Companies. The Annual Accounts of the Subsidiary Companies are kept for inspection by any investor at the registered office of the Company and the subsidiary companies.

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

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

CONSOLIDATED FINANCIAL STATEMENTS

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

FIXED DEPOSITS

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

DIRECTORS

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

AUDITORS

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

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

COST AUDIT

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

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

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

- (i) That in the preparation of the Annual Accounts for the Financial year ended December 31, 2009, the applicable accounting standards have been followed;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at December 31, 2009 and of Profit and Loss Account of the Company for the period ended December 31, 2009;
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) That the Directors have prepared the Annual Accounts for the Financial Year ended December 31, 2009 on a going concern basis.

AUDIT COMMITTEE

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

All the members of the Audit Committee are independent Directors.

CORPORATE GOVERNANCE

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

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

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

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

Education

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