



# RAIN COMMODITIES LIMITED

1/6

RCOL/BSE/2011

October 25, 2011

The General Manager  
Department of Corporate Services  
Bombay Stock Exchange Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai-400 001.

Dear Sir/Madam,

Sub: Public Notice issued in compliance with Regulation 5A of Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998-Reg.  
Ref: Scrip code-500339.

With reference to the above stated subject, please find enclosed herewith public notice duly signed in accordance with Regulation 5A of Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998.

This is for your information and records.

Thanking you,

Yours faithfully,  
for **RAIN COMMODITIES LIMITED**

  
**S VENKAT RAMANA REDDY**  
COMPANY SECRETARY

216

**Rain Commodities Limited**

Registered Office: "Rain Center", 34, Srinagar Colony, Hyderabad – 500 073, Andhra Pradesh

**PUBLIC NOTICE****Issued in compliance with Regulation 5A of Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998**

Section 77A of the Companies Act, 1956 (the "Act") read with the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 (the "SEBI Buy-Back Regulations") permits, the buy-back of equity shares of a company up to 10% of its paid-up equity share capital and free reserves, if authorized by the board of directors of the company pursuant to a resolution passed at its meeting.

The board of directors of Rain Commodities Limited (the "Company") at its meeting held on 25<sup>th</sup> October, 2011 approved the proposal of buy-back of the Company's fully paid-up equity shares of Rs.2/- each from the open market through the stock exchanges (hereinafter referred to as the "Buy Back") in accordance with the provisions contained in the Articles of Association of the Company, Section 77A, 77AA, 77B and other applicable provisions of the Act and the SEBI Buy-Back Regulations including any statutory modifications and amendments from time to time for the time being in force and subject to such other approvals, permissions and sanctions as may be necessary.

**(a) Necessity for Buy Back**

The Buy Back program is expected to contribute to the overall shareholder value. The buy back would lead to (a) maximize returns to investors and enhance overall shareholder value by returning surplus funds to shareholders in an investor-friendly manner; (b) provide an efficient mechanism for an exit opportunity to those shareholders who desire to do so, in a manner that does not substantially impact the market price of the Company's shares to the detriment of the continuing shareholders; (c) enhance the earnings per share of the Company in future, and (d) create long-term shareholder value.

**(b) Mode of Buy Back**

The Buy-Back is proposed to be implemented by the Company through open market purchases on the Bombay Stock Exchange Limited ("BSE") and/or National Stock Exchange of India Limited ("NSE") using their electronic trading facilities. The Company shall not buy-back its shares from any person through a negotiated deal whether on or off the stock exchanges or through spot transactions or through any private arrangement in the implementation of the Buy-Back. The Buy Back shall not be made from the promoters of the Company or persons who are in control of the Company.

For RAIN COMMODITIES LIMITED




N. JAGAN MOHAN REDDY  
Managing Director

for RAIN COMMODITIES LIMITED



N. SUJITH KUMAR REDDY  
DIRECTOR

For RAIN COMMODITIES LIMITED



S. VENKAT RAMANA REDDY  
Company Secretary

3/6

**(c) Size and price of Buy Back**

The Board of Directors has approved a maximum limit of Rs.3500 Lakhs for the Buy Back at a price not exceeding Rs.41 per equity share and the same will be financed out of Securities Premium Account and other free reserves

The price of the Buy Back will be based on the price quotations ruling at that particular time, subject to a maximum of Rs.41 per equity share. This price has been arrived at, after considering the stock market quotations, book value per share, and the possible impact the Buy Back may have on the earnings per Share of the Company. The maximum Buy Back price of Rs.41 per share offers a premium of approximately 40.41 % over the closing price of Rs.29.20 on 24.10.2011 at BSE and 40.89 % over the closing price of Rs.29.10 on the same day at NSE, the latest trading day prior to the date of board meeting in which the Buy Back was approved. The maximum Buy-Back price as proposed above will not impair the growth of the Company and also contribute to the overall enhancement of the shareholder value.

The Board of Directors has authorized buy back only upto maximum of 1,00,00,000 equity shares and minimum of 60,00,000 equity shares of Rs.2/- each. However, the actual number of equity shares to be bought back would depend upon the average price paid for the equity shares bought back and the amount deployed in the Buy Back. As an illustration, at the proposed maximum price of Rs.41 per equity share and for the deployed amount of Rs.3500 Lakhs, the number of equity shares to be bought back would be 85,36,585 which would aggregate to approximately 2.41 % of the pre-Buy Back paid up equity share capital of the Company. If the average purchase price be lower than Rs.41 per equity share, the number of equity shares bought back would be more, assuming the same deployment of Rs.3500 Lakhs. However, the maximum number of equity shares proposed to be bought back would fall within the overall limit of 1,00,00,000 equity shares as approved by the Board of Directors.

**(d) Shareholding of the Promoters**

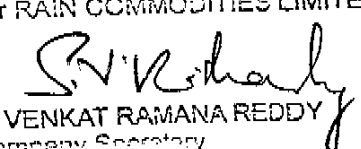
The aggregate shareholding of the promoters/persons who are in control of the Company as on 17<sup>th</sup> October, 2011 (being the date of notice for convening the meeting of the Board of Directors for approving the proposed Buy Back) is 15,04,56,095 equity shares of Rs.2/- each aggregating to 42.48% of the paid up equity share capital of the Company. The promoter group has not acquired/sold any equity shares of the Company through any stock exchanges during the last six months preceding the date of the Board Meeting (from 25<sup>th</sup> April, 2011 to 24<sup>th</sup> October, 2011).

- (e)** The promoters of the Company, persons in control and directors of the promoter (where the promoter is a company), and persons acting in concert have confirmed that they will not sell their holding under the Buy-Back as they are prohibited from selling their Shares in terms of Regulation 15(b) of the SEBI Buy-Back Regulations. In accordance with the same, no promoter and no persons in the control of the Company intend to tender their equity shares to the Company for the Buy Back.

For RAIN COMMODITIES LIMITED for RAIN COMMODITIES LIMITED For RAIN COMMODITIES LIMITED

  
JAGÁN MOHAN REDDY  
Managing Director

  
N. SUJITH KUMAR REDDY  
DIRECTOR

  
S. VENKAT RAMANA REDDY  
Company Secretary

u/b

- (f) The Company confirms that there are no defaults subsisting in the repayment of deposits, redemption of debentures or preference shares or repayment of term loans to any financial institution or bank.
- (g) The debt equity ratio of the Company after the Buy Back will be within the limit of 2:1 as prescribed under the Act.
- (h) The Board of Directors of the Company confirms that, they had made a full enquiry into the affairs and prospects of the Company and that they have formed the following opinion:
- (i) that immediately following the date on which the meeting of the Board of Directors is convened, there will be no grounds on which the Company could be found unable to pay its debts.
  - (ii) as regards its prospects for the year immediately following that date, having regard to their intentions with respect to the management of the Company's business during that year and to the amount and character of the financial resources which will in their view be available to the Company during the year, the Company will be able to meet its liabilities and when they fall due and will not be rendered insolvent within a period of one year from that date, and
  - (iii) in forming their opinion for the above purposes, the Board of Directors have taken into account the liabilities as if the Company were being wound up under the provisions of the Act (including prospective and contingent liabilities).
- (i) The text of the report dated 25<sup>th</sup> October, 2011 received from M/s. Deloitte Haskins & Sells, Chartered Accountants, the Company's Statutory Auditors addressed to the Board of Directors is reproduced below:

## AUDITORS' REPORT

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

#### Report under Clause (xi) of Schedule I of the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998

In connection with the proposed buy-back of Equity Shares of Rain Commodities Limited ("the Company"), as approved by the Board of Directors at its meeting held on October 25, 2011, in pursuance of the provisions of Sections 77A, 77AA and 77B of the Companies Act, 1956 ("the Act") and the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998, as amended from time to time ("the Buy-Back Regulations") and based on the information and explanations given to us and the records examined by us, we report that:

- (a) We have inquired into the state of affairs of the Company in relation to its audited accounts for the year ended December 31, 2010, which were approved by the Board of Directors at its meeting held on February 25, 2011 and adopted by the shareholders at the meeting held on May 12, 2011 and the unaudited financial results for the nine month period ended September 30, 2011 which were approved by the Board of Directors at its meeting held on October 25, 2011.

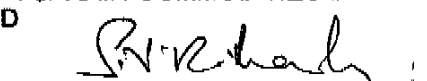
For RAIN COMMODITIES LIMITED

  
N. JAGAN MOHAN REDDY  
Managing Director

for RAIN COMMODITIES LIMITED

  
N. SUJITH KUMAR REDDY  
DIRECTOR

For RAIN COMMODITIES LIMITED

  
S. VENKAT RAMANA REDDY  
Company Secretary

5/6

- (b) The Board of Directors, at its meeting held on October 25, 2011, has proposed to buy-back the Company's Equity Shares for a maximum amount of Rs. 3,500 lakhs at a price not exceeding Rs.41 per Equity Share. The amount of maximum permissible capital payment (including premium) towards the buy-back of equity shares, as computed below, has been properly determined in accordance with the provisions of Section 77A(2)(b) of the Companies Act, 1956:

Particulars	Amount* Rs. in lakhs
Paid up Equity Share Capital 354,172,895 Equity Shares of Rs. 2 each fully paid-up** (A)	7,083.46
Free Reserves as at December 31, 2010:	
Securities Premium	10,973.72
General Reserve	5,303.27
Profit and Loss Account	12,296.17
Total Free Reserves (B)	28,573.16
Total (A+B)	35,656.62
10% thereof being permissible limit for buy-back of equity shares with approval of Board of Directors	3,565.66
Amount approved by the Board of Directors for buy-back	3,500.00

\* the amounts have been extracted from the audited financial statements of the Company for the year ended December 31, 2010

\*\*number of equity shares are after considering sub-division of the Equity Shares of face value of Rs. 10/- each into five equity shares of Rs. 2/- each effective June 16, 2011.

- (c) The Board of Directors have resolved at its meeting held on October 25, 2011 and has formed its opinion as specified in clause (x) of Schedule I of the Buy-Back Regulations that on reasonable grounds, the Company will not, having regard to its state of affairs, be rendered insolvent within a period of one year from the date of the Board Meeting held on October 25, 2011

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

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


**K. Rajasekhar**  
Partner  
Membership No.23341

HYDERABAD, October 25, 2011  
For RAIN COMMODITIES LIMITED

  
N. JAGAN MOHAN REDDY  
Managing Director

for RAIN COMMODITIES LIMITED for RAIN COMMODITIES LIMITED ID

  
N. SUJITH KUMAR REDDY  
DIRECTOR

  
S. VENKAT RAMANA REDDY  
Company Secretary

6/6

- (j) As per the provisions of the Act, the resolution passed by the Board of Directors approving the Buy Back will be valid for a maximum period of twelve months from the date of passing the resolution. The exact time and manner of Buy Back will be announced by way of Public Announcement.
- (k) The Board of Directors of the Company accepts responsibility for the information contained in this notice.

For and on behalf of the Board of Directors of  
RAIN COMMODITIES LIMITED



A handwritten signature in black ink, appearing to be "N. Jagan Mohan Reddy".

**N. JAGAN MOHAN REDDY**  
MANAGING DIRECTOR

A handwritten signature in black ink, appearing to be "N. Sujith Kumar Reddy".

**N. SUJITH KUMAR REDDY**  
DIRECTOR

A handwritten signature in black ink, appearing to be "S. Venkat Ramana Reddy".

**S. VENKAT RAMANA REDDY**  
COMPANY SECRETARY

Place: Hyderabad  
Date: 25<sup>th</sup> October, 2011