



RAIN COMMODITIES LIMITED

CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL

Foreword:

The Securities and Exchange Board of India (SEBI) vide its circular # SEBI/CRD/DIL/ CG/1/2004/12/10 dated October 29, 2004 has revised Clause 49 of the Listing Agreement, which is a master circular superseding all the other earlier circulars issued by SEBI on Clause 49. Under sub-clause I(D) of Clause-49 of the Listing Agreement, it has been provided that every Listed Company shall have a code of conduct for Board members and Senior Management personnel and the code is to be implemented by 1st April, 2005.

Accordingly Rain Commodities Limited has formulated a written Code of Conduct for Board of Directors and Senior Management Personnel.

For the purpose of code of conduct, Senior management personnel means personnel of the Company who are members of its core management team excluding Board of Directors. Normally, this would comprise all members of management one level below the Executive Directors, including functional heads.

The following code sets out in written form the agreed standards of principle and practice which should be followed in performing their duties as Board Members and Senior Management Personnel and they are expected to comply with the Code.

Principles:

The underlying principle is that Board Members and Senior Management Personnel will strive to perform their duties according to the highest ethical standards of honesty, integrity, accountability, confidentiality, independence and legality.

The procedures and guidelines incorporated hereinafter are intended to deal with the most common practical implications of the above principles, but they cannot deal specifically with every potential situation that may arise. Where a member is in doubt as to how a particular situation should be dealt with from an ethical standpoint, he/she may consult with the Chairman or Company Secretary of the Board, or he/she may request independent professional advice at a reasonable expense of the Company.

Where a member wishes to take such advice, he/she should first consult with the Company Secretary.

I. Introduction:

This Code of Conduct for Board Members and Senior Management Personnel helps maintain the standards of business conduct for Rain Commodities Limited, and ensures compliance with legal requirements, specifically Clause 49 of the Listing Agreement with the Stock Exchanges (the "Exchange") and the rules promulgated thereunder. The purpose of the Code is to deter wrongdoing and promote ethical conduct. The matters covered in this Code are of the utmost importance to the Company, its shareholders, business partners and bankers.

Further, these are essential so that the Company can conduct its business in accordance with stated values. Ethical business conduct is critical to the Company's business. Accordingly, Board Members and Senior Management Personnel are expected to read and understand this Code, uphold these standards in day-to-day activities, and comply with all applicable laws, rules and regulations, and all applicable policies and procedures adopted by the Company that govern the conduct of its employees.

Because the principles described in this Code are general in nature, Senior Management Personnel should also review the Company's other applicable policies and procedures.

It should be noted that, nothing in this Code or in any Company policies and procedures, or in other related communications (verbal or written), creates or implies an employment contract or terms of employment.

Board members and Senior Management Personnel should sign the acknowledgment form at the end of this Code and return the form to the Secretarial department indicating that they have received, read and understood, and agree to comply with the Code. Each year, as part of their annual review, Board members and Senior Management Personnel will be asked to sign an acknowledgment indicating their continued understanding of the Code.

II. Honest and Ethical Conduct:

We expect all Board members and Senior Management Personnel to act in accordance with the highest standards of personal and professional integrity, honesty and ethical conduct, while working on the Company's premises, at customers/suppliers locations where the Company's business is being conducted, at Company sponsored business and social events, or at any other place where Board members and Senior Management Personnel are representing the Company.

We consider honest conduct to be conduct that is free from fraud or deception. We consider ethical conduct to be conduct conforming to the accepted professional standards of conduct. Ethical conduct includes the ethical handling of actual or apparent conflicts of interest between personal and professional relationships. This is discussed in more detail in Section III below.

In all cases, if you are unsure about the appropriateness of an event or action, please seek assistance in interpreting the requirements of these practices by contacting the Company Secretary.

III. Disclosure of Interest:

- a) **Details of director's employment/business interests:** Board members will provide the Company Secretary (on appointment, annually when requested by the Company Secretary and where significant changes occur in the interim) with details relating to his/her employment and all other business interests in accordance with the detailed procedures set out at Appendix 1. Situations where conflicts arise will be dealt with in accordance with the procedures set out at Appendix 1.
- b) **Disclosure of Transactions:** Board members and Senior Management Personnel agree that where Rain Commodities Limited has approved financial support or entered into any contractual arrangement with a company or body in which a member has a declared interest, such support or arrangement shall be disclosed in the annual financial statements, as set out in Appendix 2.
- c) **Disclosure of Information and Confidentiality:** The Board members and Senior Management Personnel supports the general principle of providing information on its activities in a way that encourages a spirit of accountability to its stakeholders, clients and to the general public. However, Board members will not disclose, either during or after their term of office, any information which is commercially or operationally sensitive, confidential or personal.
- d) **Dealings in Shares, Property or Otherwise:** In addition to any obligations under law, Board members and Senior Management Personnel agree not to use any information obtained by virtue of their position for the purpose of dealing (directly or indirectly) in shares, property or otherwise.
- e) **Gifts and Preferential Treatment:** Board members and Senior Management Personnel undertake not to give or receive corporate gifts, hospitality, preferential treatment or other benefits that might affect, or could reasonably appear to affect, the ability of the Board members and Senior Management Personnel to make independent judgements on transactions involving the Company.
- f) **Fairness and Work / External Environment:** Board members and Senior Management Personnel recognise their responsibility to act fairly towards clients, employees and the general community and support the principles of Health and Safety, Environmental Best Practice and Equality legislation.

IV. Conflict of Interest:

Board member and Senior Management Personnel's duty to the Company demands that he or she discloses actual and apparent conflicts of interest. A conflict of interest exists where the interests or benefits of one person or entity conflict with the interests or benefits of the Company. Examples include:

Employment/Outside Employment: In consideration of employment with the Company, Senior Management Personnel are expected to devote their full attention to the business interests of the Company. Senior Management Personnel are prohibited from engaging in any activity that interferes with their performance or responsibilities to the Company, or is otherwise in conflict with or prejudicial to the Company. Company's policies prohibit Senior Management Personnel from accepting simultaneous employment with suppliers, customers, developers or competitors of the Company, or from taking part in any activity that enhances or supports a competitor's position. Additionally, Senior Management Personnel must disclose to the Company's audit committee, any interest that they have that may conflict with the business of the Company.

Outside directorships: It is a conflict of interest to serve as a director of any company that competes with the Company. Board member and Senior Management Personnel must first obtain approval from the Company's audit committee before accepting a directorship.

Business Interests: If Board member or Senior Management Personnel is considering investing in any customer, supplier, developer or competitor of the Company, he or she must first take care to ensure that these investments do not compromise on their responsibilities to the Company. Our policy requires that Board member and Senior Management Personnel first obtain approval from the Company's audit committee before making such an investment. Many factors should be considered in determining whether a conflict exists, including the size and nature of the investment; the Board member or Senior Management Personnel ability to influence the Company's decisions; his or her access to confidential information of the Company or of the other company; and the nature of the relationship between the Company and the other company.

Related Parties: As a general rule, Board member and Senior Management Personnel should avoid conducting Company's business with a relative, or with a business in which a relative is associated in any significant role. Relatives include spouse, siblings, children, parents, grandparents, grandchildren, aunts, uncles, nieces, nephews, cousins, step relationships and in-laws. The Company discourages the employment of relatives of Senior Management personnel in positions or assignments within the same department. Further, the Company prohibits the employment of such individuals in positions that have a financial dependence or influence (e.g., an auditing or control relationship, or a supervisor / subordinate relationship).

Payments or gifts from others: Under no circumstances a Board member and Senior Management Personnel accept any offer, payment, promise to pay, or authorization to pay any money, gift, or anything of value from customers, vendors, consultants, etc., that is perceived as intended, directly or indirectly, to influence any business decision, any act or failure to act, any commitment of fraud, or opportunity for the commitment of any fraud. Inexpensive gifts, infrequent business meals, celebratory events and entertainment, provided that they are not excessive or create an appearance of impropriety, do not violate this policy. Gifts given by the Company to suppliers or customers, or received from suppliers or customers, should be appropriate to the circumstances and should never be of a kind that could create an appearance of impropriety. The nature and cost must always be accurately recorded in the Company's books and records.

Corporate Opportunities: A Board member and Senior Management Personnel shall not exploit for their own personal gain, opportunities that are discovered through the use of corporate property, information or position, unless the opportunity is disclosed fully in writing to the Company's Board of Directors and the Board declines to pursue such opportunity.

Other Situations: Because other conflicts of interest may arise, it would be impractical to attempt to list all possible situations. If a proposed transaction or situation raises any questions or doubts, Board member must consult the Company's audit committee.

V. Disclosure to the Stock Exchanges and the Public:

Company's policy is to provide full, fair, accurate, timely, and understandable disclosure in reports and documents that it files with, or submits to, the Stock Exchange and in its other public communications. Accordingly, Board members and Senior Management Personnel must ensure that they and others in the Company comply with the disclosure controls and procedures, and internal controls for financial reporting.

VI. Compliance with governmental Laws, Rules and Regulations:

Board members and Senior Management Personnel must comply with all applicable governmental laws, rules and regulations. Board members and Senior Management Personnel must acquire appropriate knowledge of the legal requirements relating to their duties sufficient to enable them to recognize potential dangers. Violations of applicable governmental laws, rules and regulations may subject Senior Management Personnel to individual criminal or civil liability, as well as to disciplinary action by the Company. Such individual violations may also subject the Company to civil or criminal liability or the loss of business.

VII. Violations of the Code:

Board member and Senior Management Personnel's ethical responsibility, is to help enforce this Code. Board member and Senior Management Personnel should be alert to possible violations and report this to the Company Secretary. Board member and Senior Management Personnel must cooperate in any internal or external investigations of possible violations. Reprisal, threat, retribution or retaliation against any person who has, in good faith, reported a violation or a suspected violation of law, this Code or other Company policies, or against any person who is assisting in any investigation or process with respect to such a violation, is prohibited. Actual violations of law, this Code, or other Company policies or procedures, should be promptly reported to the HR Department or Company Secretary.

The Company will take appropriate action against any Board member or Senior Management Personnel whose actions are found to violate the Code or any other policy of the Company. Disciplinary actions may include immediate termination of employment at the Company's sole discretion. Where the Company has suffered a loss, it may pursue its remedies against the individuals or entities responsible. Where laws have been violated, the Company will cooperate fully with the appropriate authorities.

VIII. Waivers and amendments of the Code:

Company is committed to continuously reviewing and updating its policies and procedures. Therefore, this Code is subject to modification. Any amendment or waiver of any provision of this Code must be approved in writing by the Company's Board of Directors and promptly displayed on the Company's website and in applicable regulatory filings pursuant to applicable laws and regulations, together with details about the nature of the amendment or waiver.

IX. Additional Code of Conduct for Board Members:

In addition to the above mentioned code of conduct the Board members should adhere to the following:

As a member of the Board of Directors, they should:

- Listen carefully to my fellow Board members;
- Carefully consider and respect the opinions of my fellow Board members;
- Respect and support all majority decisions of the Board;
- Recognize the authority vested in the Board;
- Keep well-informed of developments relevant to issues that may come before the Board;
- Participate actively in Board meetings and actions and not discuss elsewhere what I am unwilling to discuss in Board meetings;
- Bring to the attention of the Board any issues I believe will have significant effect on the Company's organization or those we serve;
- Attempt to communicate the needs of those we serve to the Board of Directors;
- Refer complaints directly to the proper level on the chain of command;
- Recognize my job is to ensure that the organization is well-managed, not necessarily to manage the organization;
- Represent all those whom this organization serves vs. geographic or special interest groups;
- Consider myself a "trustee" of the organization and do my best to ensure it is well-maintained, financially secure, and always operating in accord with Company's stated objectives.
- Work to learn how to do my job better; and
- Acknowledge conflicts of interest between my personal life and my position on the Board, and abstain from voting or attempting to influence issues in which I am conflicted.



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As a member of the Board of Directors, they should not:

Criticize fellow Board members or their opinions, outside of the Board room;

- Use the organization or my position for my personal advantage or that of my friends, relatives, or associates;
- Discuss the confidential proceedings of the Board outside the Board room;
- Promise how I will vote on an issue before hearing the discussion and becoming fully informed on that issue;
- Interfere with the duties of staff or undermine the authority of our staff executive to perform his/her duties; and
- Speak for and on behalf of the organization unless specifically authorized to do so.

Acknowledgment for Receipt of Code of Conduct for the Board Members and Senior Management Personnel:

I have received and read the Company's Code of Conduct for the Board Members and Senior Management Personnel. I understand the standards and policies contained in the Code. I agree to comply with the Code.

Name:

Position:

Signature _____

Place: HYDEABAD

Date:



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Appendix 1 – Disclosure of Interests

- 1) On appointment to the Board, each member will be required to furnish to the Company Secretary details relating to his/her employment and all other business interests including shareholdings, professional relationships etc., which could involve a conflict of interest or could materially influence the member in relation to the performance of his/her actions as a member of the Board. Any interests of a member's family of which he/she could be expected to be reasonably aware, or a person or body connected with the member which could involve a conflict of interest, should also be disclosed. For this purpose persons and bodies should include:
 - a) spouse, parent, brother, sister, child or stepchild and such other relationship specified in Schedule IA of the Companies Act;
 - b) a body corporate with which the member is associated;
 - c) a person acting as the trustee of any trust, the beneficiaries of which include the member or the persons at (a) above or the body corporate at (b) above; and
 - d) a person acting as a partner of the member or of any person or body who, by virtue of (a) to (c) above, is connected with the member.
- 2) Where it is relevant in any situation, the member should indicate to the Company Secretary the employment and any other business interests of all persons connected with him/her, as defined at (1) above.
- 3) Minor shareholdings need not be disclosed, although this is subject to review at the discretion of the Board. In this context, a holding valued at more than 2 per cent of the issued capital of the Company should be disclosed.
- 4) If a member has a doubt as to whether this Code requires the disclosure of an interest of his/her own or of a connected person, the member should consult the Chairman.
- 5) Details of the above interests will be entered and kept by the Company Secretary in the Register of Directors and will be updated on an annual basis. Changes in the interim should be notified to the Company Secretary as soon as possible. Only the Chairman, Company Secretary and Managing Director of the Company will have access to the register.
- 6) Should a matter relating to the interests of the Chairman arise, he/she should depute another Board Member to chair the Board meeting and should absent himself/herself when the Board is deliberating or deciding on a matter in which the Chairman, or a person or body connected with the Chairman, has an interest.
- 7) Board or company documents on any case which relate to any dealings with the above interests should not be made available to the member concerned prior to a decision being taken. (Such documents should be taken to include those relating to cases involving competitors to the above interests). Decisions, once taken, will be notified to the member.
- 8) As it is recognized that the interests of a member and persons connected with him / her can change at short notice, a member should, in cases where he/she receives documents relating to his/her interests or of those connected with him/her, return the documents to the Company Secretary at the earliest opportunity.
- 9) A member should absent himself/herself when the Board is deliberating or deciding on matters in which that member (other than in his/her capacity as a member of the Board) or a person or body connected with the member has an interest. In such cases, a separate record (to which the Director would not have access) will be maintained.
- 10) Where a question arises as to whether or not a case relates to the interests of a member or person or body connected with him/her, the Chairman of the Board should determine the question.

Appendix 2 Disclosure of Transactions (Including Disposal of Assets) Reporting Transactions, Arrangements or Agreements

In accordance with paragraph III(b) of the Code of Practice, a report will be prepared on an annual basis for consideration by the Board detailing any transactions, arrangements or agreements between the Company and any companies listed in the Register of Directors maintained by the Company Secretary.

This report will include the following information:

- The names of the companies.
- The name of the Board Member and the nature of their interest in the transaction, arrangement or agreement.
- The value of the transaction, arrangement or agreement.

Decision on Disclosures

Whether or not a transaction, arrangement or agreement should be considered to be material is a matter for the Board as per sub-section (2) of Section 297 of the Companies Act, 1956.

The Board will decide annually whether or not transactions between the Company and any companies in which Board Members have declared an interest should be disclosed in the financial statements.