

**IN THE HIGH COURT OF JUDICATURE OF ANDHRA PRADESH
AT HYDERABAD**

(SPECIAL ORIGINAL JURISDICTION)

**IN THE MATTER OF THE COMPANIES ACT,1956
AND
IN THE MATTER OF AN APPLICATION UNDER SECTIONS 78,81,100,391
AND 394 OF THE COMPANIES ACT, 1956
AND
IN THE MATTER OF RAIN COMMODITIES LIMITED
AND
IN THE MATTER OF SCHEME OF ARRANGEMENT BETWEEN RAIN
CALCINING LIMITED(RCL), RAIN INDUSTRIES LIMITED(RIL), RAIN
COMMODITIES LIMITED(RCOL) AND THEIR RESPECTIVE
SHAREHOLDERS**

COMPANY APPLICATION NO. 854 OF 2007

Rain Commodities Limited
having its Registered office at "Rain Center",34,
Srinagar Colony, Hyderabad-500 073,
Andhra Pradesh represented by its
Chairman & Managing Director,
Mr. N. Radhakrishna Reddy,
S/o. Mr. N. Chandra Reddy,
Aged 64 years, resident of Hyderabad

...APPLICANT COMPANY

NOTICE CONVENING MEETING OF EQUITY SHAREHOLDERS

To,
All the Equity Shareholders of
Rain Commodities Limited

Take notice that by an order dated 27th April, 2007, the Hon'ble High Court of Andhra Pradesh has directed that a meeting of the equity shareholders of Rain Commodities Limited, the Applicant Company herein, be held for the purpose of considering, and if thought fit, approving, with or without modification, the proposed scheme of arrangement between the Applicant company, Rain Industries Limited, Rain Calcining Limited and their respective shareholders.

Take further notice that in pursuance of the said order, and as directed therein, further notice is hereby given that a meeting of equity shareholders of the Applicant Company will be held at KLN Prasad Auditorium, FAPCCI, Red Hills, Hyderabad on 4-6-2007 at 2 PM at which time and place the said equity shareholders are requested to attend.

Take further notice that you may attend and vote at the said meeting in person or by proxy, provided that all proxies in the prescribed form are deposited at the registered office of the Applicant Company located at Rain Center,34, Srinagar Colony, Hyderabad-500073, not later than 48 hours before the meeting.

The Hon'ble High Court of Andhra Pradesh has appointed Mr. M.S. Ramachandra Rao, Advocate, as the Chairman of the said meeting.

A copy of the scheme of arrangement, the statement under Section 393 of the Companies Act, 1956 and a form of proxy are enclosed.

DATE: 05.05.2007
PLACE: HYDERABAD

M.S.Ramachandra Rao
Chairman appointed for the meeting

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IN THE MATTER OF SCHEME OF ARRANGEMENT BETWEEN RAIN
CALCINING LIMITED (HEREIN AFTER REFERRED TO AS “RCL”), RAIN
INDUSTRIES LIMITED (HEREIN AFTER REFERRED TO AS “RIL”), RAIN
COMMODITIES LIMITED (HEREIN AFTER REFERRED TO AS “RCOL”)
AND THEIR RESPECTIVE SHAREHOLDERS
AND
IN THE MATTER OF SECTION 393 OF THE COMPANIES ACT, 1956**

M/s. RAIN COMMODITIES LIMITED

Having its Registered office at Rain Center,34,

Srinagar Colony, Hyderabad-500 073,

Andhra Pradesh represented by its

Chairman & Managing Director,

Mr. N. Radhakrishna Reddy,

S/o. Mr. N. Chandra Reddy,

Aged 64 years, resident of Hyderabad

- RCOL/Applicant Company

STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956

Pursuant to an order dated 27th April, 2007 passed by the High Court of Andhra Pradesh, in the Company Application No. 854 of 2007, a meeting of the members of Rain Commodities Limited, the Applicant Company (hereinafter referred to as “RCOL”), is being convened to be held on the 4th June, 2007 at 2: 00 P.M at KLN Prasad Auditorium, FAPCCI, Redhills, Hyderabad, Andhra Pradesh for the purpose of considering, and, if thought fit, approving, with or without modification, the proposed scheme of arrangement between Rain Calcining Limited, Rain Industries Limited, Rain Commodities Limited and their respective shareholders. The detailed terms of the arrangement are set out in the enclosed draft of the Scheme of arrangement (hereinafter referred to as “the scheme”).

1. **Business and Financial Position of the Rain Calcining Limited, Rain Industries Limited and Rain Commodities Limited :**

Rain Calcining Limited:

- (a) Rain Calcining Limited was incorporated on 8th November, 1989 under the Certificate of Incorporation No.01-10655 of 1989-90 and is engaged in the business of (i) Calcination of any metallic and non-metallic substances including petroleum coke and needle coke in India and else where and (ii) rendering technical and management consultancy services of all kinds in Calcining and (iii) carrying on the business of generating, co-generating, supply, sale, transmission or in any other manner transfer of electricity.

- (b) The accounts of Rain Calcining Limited have been audited as at 31/12/2006. The present authorized share capital of Rain Calcining Limited is Rs. 140,00,00,000/- divided into 14,00,00,000 equity shares of Rs. 10/- each. The issued capital is Rs. 129,50,00,000/- divided into 12,95,00,000 equity shares of Rs. 10/- each. The subscribed and paid up share capital of Rain Calcining Limited is Rs. 129,48,80,000/- divided into 12,94,88,000 equity shares of Rs. 10/- each fully paid up (excluding 12000 Equity shares of Rs.10/- each forfeited).

The details of the Financial position of Rain Calcining Limited as per Audited Balance Sheet as at 31st December, 2006:

(in Rupees)

I SOURCES OF FUNDS			
(1)	Share Holders' Funds		
(a)	Share Capital	1,294,923,500	
(b)	Reserves and Surplus	<u>1,361,218,818</u>	2,656,142,318
(2)	Loan Funds		
(a)	Secured loans	2,385,475,225	
(b)	Unsecured loans	<u>-</u>	2,385,475,225
(3)	Deferred Tax liability		<u>192,571,793</u>
	Total :		<u><u>5,234,189,336</u></u>
II APPLICATION OF FUNDS			
(1)	Fixed assets		
(a)	Gross block	5,257,690,001	
(b)	Less: Depreciation	1,710,490,606	
(c)	Net Block	3,547,199,395	
(d)	Capital Work-in-progress, stock of materials and advances on capital account	<u>7,592,460</u>	3,554,791,855
(2)	Investments		257,951,986
(3)	Current Assets, loans and advances:		
(a)	Inventories	1,894,113,331	
(b)	Sundry debtors	592,817,248	
(c)	Cash and bank balances	262,266,731	
(d)	Other Current Assets	2,118,388	
(e)	Loans and advances	<u>78,823,605</u>	
		2,830,139,303	
(4)	Less: Current liabilities and provisions		
(a)	Current liabilities	1,385,525,851	
(b)	Provisions	<u>23,167,957</u>	
		1,408,693,808	1,421,445,495
(5)	Miscellaneous expenditure (to the extent not written off or adjusted)		-
	Total :		<u><u>5,234,189,336</u></u>

Rain Industries Limited :

- (a) Rain Industries Limited was incorporated on 4th May, 1999 under the Certificate of Incorporation No.01-31631 of 1999-2000 and is engaged in the business of manufacture and sale of Cement

- (b) The accounts of Rain Industries Limited have been audited as at 31/12/2006. The present authorized share capital of Rain Industries Limited is Rs. 50,00,00,000/- divided into 5,00,00,000 equity shares of Rs. 10/- each. The issued, subscribed and paid up share capital of Rain Industries Limited is Rs. 20,80,00,000/- divided into 2,08,00,000 equity shares of Rs. 10/- each.

The details of the Financial position of Rain Industries Limited as per Audited Balance Sheet as at 31st December, 2006:

		(Amount in Rs.)	
I	SOURCES OF FUNDS		
	(1) Share Holders' Funds		
	(a) Share Capital	191,000,000	
	(b) Share Application money pending allotment	204,000,000	
	(c) Reserves and Surplus	<u>858,750,652</u>	1,253,750,652
	 (2) Loan Funds		
	(a) Secured loans	1,320,441,574	
	(b) Unsecured loans	<u>725,621,839</u>	2,046,063,413
	 (3) Deferred Tax liability		- Nil -
	Total :		<u>3,299,814,065</u>
II	APPLICATION OF FUNDS		
	(1) Fixed assets		
	(a) Gross block	2,605,375,258	
	(b) Less: Depreciation	541,868,824	
	(c) Net Block	2,063,506,434	
	(d) Capital Work-in-progress, stock of materials and advances on capital account	480,234,418	
	(e) Expenditure incurred on project expansion		2,543,740,852
	 (2) Investments (Long-term, non-trade, unquoted)		16,100,000
	 (3) Deferred Tax Asset – Net		95,240,877
	(4) Current Assets, loans and advances:		
	(a) Inventories	230,378,868	
	(b) Sundry debtors	90,207,053	
	(c) Cash and bank balances	315,680,858	
	(d) Other Current Assets	2,288,247	
	(d) Loans and advances	420,849,841	
		1,059,404,867	
	(5) Less: Current liabilities and provisions		
	(a) Current liabilities	403,972,981	
	(b) Provisions	10,699,550	
		<u>414,672,531</u>	644,732,336
	(6) Miscellaneous expenditure (to the extent not written off or adjusted)		
	Total :		<u>3,299,814,065</u>

Rain Commodities Limited :

- (a) Rain Commodities Limited was incorporated on 15th March, 1974 under the name and style of Tadapatri Cements Limited under the Certificate of Incorporation No.01-1693 of 1973-74. Subsequently the name of the Company was changed to Tadipatri Cement Limited on 27.08.1979 and subsequently the name of the Company was changed to Priyadarshini Cement Limited on 4th May, 1984. Later on the name of the Company is further changed to Rain Commodities Limited on 16th November, 2004. Rain Commodities Limited is engaged in the business of Manufacture and sale of Cement.
- (b) The accounts of Rain Commodities Limited have been audited as at 31/12/2006. The Present authorized share capital of Rain Commodities Limited is Rs. 167,00,00,000/- divided into 6,70,00,000 equity shares of Rs. 10/- each and 1,00,00,000 Redeemable Preference Shares of Rs.100/- each. The issued, subscribed and paid up share capital of Rain Commodities Limited is Rs. 32,11,00,000/- divided into 3,21,10,000 equity shares of Rs. 10/- each.

The details of the Financial position of Rain Commodities Limited as per Audited Balance Sheet as at 31st December, 2006:

		(Amount in Rs.)	
I	SOURCES OF FUNDS		
	(1) Share Holders' Funds		
	(a) Share Capital	321,100,000	
	(b) Equity Share Warrants money	136,000,000	
	(c) Reserves and surplus	<u>717,533,692</u>	1,174,633,692
	(2) Loan Funds		
	(a) Secured loans	272,237,769	272,237,769
	(b) Unsecured loans	-	
	(3) Deferred Tax liability	-	
	Total :	<u>1,446,871,461</u>	
II	APPLICATION OF FUNDS		
	(1) Fixed assets		
	(a) Gross block	1,552,198	
	(b) Less: Depreciation	707,112	
	(c) Net Block	845,086	
	(d) Capital Work-in-progress, stock of materials and advances on capital account	-	
	(e) Expenditure incurred on project expansion	-	845,086
	(2) Investments (Long-term, non-trade, unquoted)		857,949,116
	(3) Current Assets, loans and advances:		
	(a) Inventories	217,886	
	(b) Sundry debtors	--	
	(c) Cash and bank balances	2,422,890	
	(d) Loans and advances	<u>591,503,897</u>	

	594,144,673	
(4) Less: Current liabilities and provisions		
(a) Current liabilities	6,067,414	
(b) Provisions	--	
	<u>6,067,414</u>	588,077,259
(5) Miscellaneous expenditure (to the extent not written off or adjusted)		-
Total :		<u>1,446,871,461</u>

2. **The circumstances which justify and/or necessitate the said Scheme of Arrangement are, inter alia, as follows:**

a) **Consolidate operations and asset base:**

The proposed arrangement will lead to larger asset base and higher consolidated revenue and provide an opportunity to RCOL to raise higher equity and debt funds to pursue Inorganic and Organic growth opportunities.

b) **Implementation of New Projects:**

The RCOL would be implementing the following projects, in the following 18 months:

- i) Brownfield Capacity Expansion of Cement Operations at Unit 2 – Sreepuram, Kurnool District by 1.50 Million Tons per annum; and
- ii) Greenfield Capacity Expansion of Calcined Petroleum Coke operations by 480,000 Metric Tons per annum, along with a Co-Generation Power Plant of 50 MW, in Visakhapatnam.

c) **Unified Technical and Project Teams:**

Both CPC and Cement businesses use same Rotary Kiln technology. Calcination involves heating Green Petroleum Coke up to 1300 degree Celsius in a rotary kiln to obtain Calcined Petroleum Coke. Similarly Cement manufacturing involves heating Raw-metal / Limestone in a rotary kiln to obtain clinker which is further used to make cement by blending gypsum, Fly ash/Slag. One single technical and project team would be utilized to monitor and implement the proposed expansions.

d) **Low Cost Power and Fuel for Cement Operations:**

Power and fuel together constitutes 35% of production costs of cement. RCL will facilitate the supply of both power and coal, and thereby make cement operations self sufficient for critical raw materials.

- i) **Power:** RCL has a cogeneration plant of 49 MW out of which 6 MW is captive consumption and rest is sold to third parties. While, the Expanded Cement Operations would require about 30 MW of Power, the RCL Co-generation plant (at the new Greenfield Plant) could act as a Captive Supplier of Low Cost Power for the Cement Operations.
- ii) **Coal:** RCL is the largest importer of Anode Grade coke in India. RCL can facilitate importing of Fuel Grade Coke, a substitute to Coal, at lower cost.

e) Diversified Operations:

Although Cement industry is cyclical in nature, the cement business is expected to operate well and provide reasonable returns for next two to three years, due to the robust demand for cement, from the various infrastructure development initiatives by the Government. Further, calcining business is a stable margin business, with potential to increase with the capacity expansion and growing demand for CPC from the aluminum industry. Accordingly, the consolidated entity would have the stable earnings from Calcining business and reasonable returns from the Cement business.

Further, the RCOL would have sustainable revenues and earnings, as the Calcining and Cement businesses follow different trade-cycles.

3. Salient Features of the Scheme:

The salient features of the Scheme are summarized as follows:

- (a) The Scheme shall be operative from the Effective date.
- (b) The undertakings of the Rain Calcining Limited and also Cement business of Rain Industries Limited shall be deemed to have been transferred to Rain Commodities Limited and similarly Calcining Petroleum Coke(CPC) and Power business shall be deemed to be transferred from restructured Rain Commodities Limited to Rain Industries Limited. All the estates and interests of the RCL shall be deemed to have been transferred to RCOL and similarly CPC and Power business of restructured RCOL shall be deemed to have been transferred to RIL. Loans, deposits, obligations, balances or other outstandings, if any, due from the RCL to RCOL or from RIL to RCOL or vice versa, shall be deemed to have been discharged in full on and from the Appointed/Transfer Date and corresponding effect shall be given in the books of account and records of the RCOL and RIL.
- (c) All benefits including those under Income Tax, Central Excise (including Modvat/Cenvat), Sales Tax (including deferment of any Tax), exemptions, concessions, remissions and subsidies to which the RCL and RIL are entitled would get transferred to RCOL and similarly all aforesaid benefits for which RCOL is eligible in respect of CPC and power business would get transferred to RIL.
- (d) With effect from the Appointed/Transfer Date all the debts, liabilities, duties and obligations of the RCL and RIL shall, pursuant to the Orders of the High Court under Section 391 and other applicable provisions of the Act and without any further act or deed, be also transferred or deemed to be transferred to and vest in and be assumed by the RCOL and similarly With effect from the Appointed/Transfer Date all the debts, liabilities, duties and obligations of the restructured RCOL in respect of CPC and Power business shall, pursuant to the Orders of the High Court under Section 391 and other applicable provisions of the Act and without any further act or deed, be also transferred or deemed to be transferred to and vest in and be assumed by the RIL
- (e) M/s. Ernst & Young and M/s. Grant Thornton had carried out valuation of Rain Commodities Limited and Rain Calcining Limited and suggested a

share exchange ratio of 2:7 i.e., Two Equity Shares of Rain Commodities Limited shall be allotted for every Seven Equity Shares held in Rain Calcining Limited as on record date to be fixed by the Board of RCOL post approval of Scheme by the Hon'ble High Court of Andhra Pradesh.

- (f) All suits, appeals, actions or proceedings of whatsoever nature by or against the RCL and RIL are pending on or after the Appointed/Transfer Date, the same shall not abate or be discontinued nor be in any way prejudicially affected by reason of the transfer of CPC and Power business of RCL to RCOL or Transfer of Cement business from RIL to RCOL or Transfer of CPC and Power business from restructured RCOL to RIL anything contained in this Scheme, but the Proceedings may be continued, prosecuted and enforced by or against the RCOL or RIL in respect for CPC and power business as effectually and in the same manner and to the same extent as the same would or might have been continued, prosecuted and enforced by or against the RCOL or RIL in respect for CPC and power business, as if this Scheme had not been made.
- (g) All contracts, deeds, bonds, agreements, indemnities, licenses, engagements and other instruments of whatever nature that the RCL or RIL are parties to would be binding and enforceable against the RCOL or RIL in respect of CPC and Power business. This would not affect any transactions that have been concluded prior to the Effective date.
- (h) All permanent employees of the RCL and RIL in service on the effective date would become employees of the RCOL. Similarly all employees of restructured RCOL in respect of CPC and Power business shall become employees of RIL consequent to transfer of CPC and power business from RCOL to RIL. The terms and conditions of service of the employees shall not be varied due to the transfer of undertakings except in course of ordinary business.
- (i) On and from the Effective Date the Provident Funds, Gratuity Funds, Superannuation Funds or any other fund or funds created or existing for the benefit of the permanent employees of the RCL and RIL shall be continued by the RIL and the RCOL shall stand substituted for the RCL and RIL for all purposes whatsoever. Similarly all the aforesaid funds in respect of CPC and Power business shall stand transferred from RCOL to RIL.
- (j) The RCL shall be dissolved without winding up pursuant to and in accordance with the provisions of Section 394 of the Act.
- (k) With effect from the transfer date upto the effective date, the RCL and RIL would act in trust for the RCOL. The RCL and RIL can neither sell, transfer, alienate, charge, mortgage, encumber or otherwise deal with the Undertaking of the RCL and RIL or any part thereof nor incur, accept or acknowledge any debt, obligation or any liability or incur any major expenditure, except as is necessary in the ordinary course of their business, without the prior written consent of the RCOL or pursuant to any pre-existing obligation undertaken by the RCL and RIL prior to the Appointed/Transfer Date.
- (l) The RCOL shall without any further application, act or deed, issue and allot equity shares of Rs. 10/- each credited as fully paid up in the capital of the RCOL to every equity shareholder of the RCL whose name appears in the Register of Members on the Record Date in the proportion of TWO

(2) fully paid equity share of Rs. 10/- each of the RCOL for every SEVEN (7) equity shares of Rs. 10/- each held in the RCL. Equity Shares issued and allotted by the RCOL to the equity shareholders of the RCL shall, in all respects, rank pari passu with the existing equity shares of the RCOL for dividend, voting and other rights.

- (m) No fractional certificates will be issued by the RCOL in respect of fractional entitlements. The Board of Directors would consolidate all the fractional entitlements that the shareholders of the RCL would be entitled to and allot these to an individual trustee, board of trustees or a corporate trustee (hereinafter referred to as the “Trustee”) who shall hold the same, with all additions or accretions thereto in trust for those entitled to the fractions and sell the same in the market at such price(s) and at such time(s) as the Trustee may in its sole discretion decide and pay to the RCOL the net sale proceeds thereof and any additions and accretions thereto, whereupon the RCOL shall, subject to withholding tax, if any, distribute such net sale proceeds to the equity shareholders of the RCL in proportion to their fractional entitlements.
 - (n) Shareholders of the RCL would surrender their share certificates to the RCOL and shall receive the share certificates of the RCOL in return.
 - (o) On the scheme being approved by the requisite majority appropriate applications will be filed before the High Court for approval of the Scheme.
 - (p) The RCOL, RCL and RIL shall have a right to modify or amend the scheme from time to time subject to certain conditions.
 - (q) The Scheme is subject to the following conditions:
 - (i) Sanction or approval of all persons or authorities concerned being obtained and granted in respect of any of the matters provided for or relating to this Scheme for which such sanction or approval is required;
 - (ii) Approval of this Scheme by the requisite majorities of the shareholders and creditors of the Transferor Companies and the Transferee Company.
 - (iii) Sanction of this Scheme by the Hon’ble High Court of Andhra Pradesh at Hyderabad.
 - (iv) Certified copies of the Orders of the High Court sanctioning this Scheme being filed by the RCL, RCOL and RIL with the Registrar of Companies, Andhra Pradesh.
 - (t) In the event of the Scheme not being approved by the High Court or the certified copies of the Scheme not being filed or any other extended date as approved by the Board of Directors of the RCOL, RCL and RIL, the Scheme shall become null and void.
4. The Board of directors of the RCL, RCOL and RIL have at their respective meetings by resolutions approved the scheme.
5. Applications have been filed before the Bombay Stock Exchange Limited, the National Stock Exchange of India Limited and the Hyderabad Stock Exchange

Limited as per clause 24(f) of the Listing Agreement seeking their consent for the proposed Scheme of Arrangement. The Bombay Stock Exchange Limited vide their letter dated 23rd April, 2007, National Stock Exchange of India Limited vide their letter dated April 25th, 2007 and The Hyderabad Stock Exchange Limited vide their letter dated April 24th, 2007 gave their consent to the proposed Scheme of Arrangement.

6. The aggregate assets of the RCOL, RCL and RIL are more than sufficient to meet all their liabilities and the Scheme will not adversely affect the rights of any of the creditors of the said Companies in any manner whatsoever and due provisions have been made for payment of all liabilities as and when the same fall due in the usual course.
7. Mr. N. Radhakrishna Reddy, Mr. N. Jagan Mohan Reddy, Mr. N. Sujith Kumar Reddy and Mr. P. Venugopal Reddy, are the common Directors in RCOL and RIL. Mr. N. Jagan Mohan Reddy is the common Director in RCOL, RCL and RIL.
- 8(1) Equity shares held by Directors of Rain Calcining Limited in Rain Calcining Limited, Rain Commodities Limited and Rain Industries Limited as on 16th March, 2007

SNo	Name of the Director	No. of Equity Shares held in Rain Commodities Limited	No. of Equity Shares held in Rain Calcining Limited	No. of Equity Shares held in Rain Industries Limited
1	N. Jagan Mohan Reddy	2006252	200360	100
2	Y. Santosh Kumar Reddy	Nil	3766910	100
3	T. L. Sankar	Nil	1000	Nil
4	S. L. Rao	Nil	Nil	Nil
5	Dipankar Basu	Nil	100	Nil
6	N. Balakrishna Iyer	Nil	Nil	Nil
7	A. V. Rammurty	Nil	Nil	Nil
8	Brian L Acton	Nil	Nil	Nil

- 8(2) Equity shares held by Directors of Rain Commodities Limited in Rain Commodities Limited, Rain Calcining Limited and Rain Industries Limited as on 16th March, 2007.

SNo	Name of the Director	No. of Equity Shares held in Rain Commodities Limited	No. of Equity Shares held in Rain Calcining Limited	No. of Equity Shares held in Rain Industries Limited
1	N. Radhakrishna Reddy	2018175	205000	100
2	N. Jagan Mohan Reddy	2006252	200360	100
3	N. Sujith Kumar Reddy	1660203	10	100
4	G. Krishna Prasad	Nil	Nil	Nil
5	P. Prasen Kumar	Nil	Nil	Nil
6	P. Venugopal Reddy	Nil	Nil	Nil

- 8(3) Equity shares held by Directors of Rain Industries Limited in Rain Industries Limited, Rain Calcining Limited and Rain Commodities Limited as on 16th March, 2007

SNo	Name of the Director	No. of Equity Shares held in Rain Commodities Limited	No. of Equity Shares held in Rain Calcining Limited	No. of Equity Shares held in Rain Industries Limited
1	N. Radhakrishna Reddy	2018175	205000	100
2	N. Jagan Mohan Reddy	2006252	200360	100
3	N. Sujith Kumar Reddy	1660203	10	100
4	P. Venugopal Reddy	Nil	Nil	Nil
5	A.B. Telang	Nil	Nil	Nil
6	Varun Batra	Nil	Nil	Nil
7	R. Ramanujam	Nil	Nil	Nil
8	N K Balaram	Nil	Nil	Nil

Save as aforesaid, none of the Directors of the RCOL, RCL and RIL has any material interest in the Scheme.

9(i). **The shareholding pattern of the Rain Commodities Limited as on 16th March, 2007 is furnished herewith for information:**

Category Code	Category of shareholder	Before the Scheme of Arrangement			After the Scheme of Arrangement		
		Number of Shareholders	Total Number of Shares	%	Number of Shareholders	Total Number of Shares	%
(A)	Shareholding of Promoter and Promoter Group						
(1)	Indian						
(a)	Individuals / Hindu Undivided Family	12	7585800	23.62	41	8824786	13.18
(b)	Central Government/ State Government(s)	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-
(c)	Bodies Corporate	5	5210427	16.23	8	11555597	17.25
(d)	Financial Institutions / Bank	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-
(e)	Any Other (Specify)	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-
	Sub - Total (A) (1)	17	12796227	39.85	49	20380383	30.43
(2)	Foreign						
(a)	Individual (Non-Resident Individuals / Foreign Individuals)	-Nil-	-Nil-	-Nil-	96	3623394	5.41
(b)	Bodies Corporate	-Nil-	-Nil-	-Nil-	4	4389284	6.55
(c)	Institutions	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-
(d)	Any other (Specify)	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-
	Sub - Total (A) (2)	-Nil-	-Nil-	-Nil-	100	8012678	11.96
	Total Shareholding of Promoter and Promoter Group (A) = (A) (1)+(A)(2)	17	12796227	39.85	149	28393061	42.40

Category Code	Category of shareholder	Before the Scheme of Arrangement			After the Scheme of Arrangement		
		Number of Shareholders	Total Number of Shares	%	Number of Shareholders	Total Number of Shares	%
(B)	Public Shareholding						
(1)	Institutions						
(a)	Mutual Funds / UTI	10	797117	2.48	29	5434158	8.11
(b)	Financial Institutions / Banks	8	8800	0.03	17	190143	0.28
(c)	Central Government / State Government(s)	-Nil-	-Nil-	-Nil-	1	231428	0.35
(d)	Venture Capital Funds	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-
(e)	Insurance Companies	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-
(f)	Foreign Institutional Investors	7	1609356	5.01	15	3448924	5.15
(g)	Foreign Venture Capital Investors	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-
(h)	Any Other (Specify)	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-
	Sub - Total (B) (1)	25	2415273	7.52	62	9304653	13.89
(2)	Non-Institutions						
(a)	Bodies Corporate	430	9879671	30.77	1546	13999079	20.90
(b)	<u>Individuals</u>						
i.	Individual Shareholders holding nominal share capital up to Rs.1 lakh.	19324	4699826	14.64	50529	10170274	15.19
ii.	Individual Shareholders holding nominal share capital in excess of Rs.1 lakh.	40	1180256	3.68	63	1586372	2.37
(c)	Any Other (Specify)						
i.	HUF	-NIL-	-NIL-	-NIL-	539	239624	0.36
ii.	Non Resident Individuals	1322	1103079	3.44	1736	3152227	4.71
iii.	Overseas Corporate Bodies	1	700	0.00	4	10899	0.02
iv.	Trusts	-NIL-	-NIL-	-NIL-	1	771	0.00
v.	Clearing Members	33	34968	0.11	173	114326	0.17
	Sub - Total (B) (2)	21150	16898500	52.63	54591	29273572	43.71
	Total Public Shareholding (B)=(B)(1)+(B)(2)	21175	19313773	60.15	54653	38578225	57.60
	Total (A) + (B)	21192	32110000	100.00	54802	66971286	100.00

Category Code	Category of shareholder	Before the Scheme of Arrangement			After the Scheme of Arrangement		
		Number of Shareholders	Total Number of Shares	%	Number of Shareholders	Total Number of Shares	%
C)	Shares held by Custodians and against which Depository Receipts have been issued.	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-
	Grand Total (A)+(B)+C)	21192	32110000	100.00	54802	66971286	100.00

9(ii). The shareholding pattern of the Rain Calcining Limited as on 16th March, 2007 is furnished herewith for information:

Category Code	Category of shareholder	Before the Scheme of Arrangement			After the Scheme of Arrangement		
		Number of Shareholders	Total Number of Shares	%	Number of Shareholders	Total Number of Shares	%
(A)	Shareholding of Promoter and Promoter Group						
(1)	Indian				-	-	-
(a)	Individuals / Hindu Undivided Family	33	4,336,500	3.35	Nil	Nil	Nil
(b)	Central Government/ State Government(s)	-Nil-	-Nil-	-Nil-	Nil	Nil	Nil
c)	Bodies Corporate	5	23,208,100	17.92	Nil	Nil	Nil
(d)	Financial Institutions / Bank	-Nil-	-Nil-	-Nil-	Nil	Nil	Nil
(e)	Any Other (Specify)	-Nil-	-Nil-	-Nil-	Nil	Nil	Nil
	Sub - Total (A) (1)	38	27,544,600	21.27	Nil	Nil	Nil
(2)	Foreign						
(a)	Individual (Non-Resident Individuals / Foreign Individuals)	98	12,682,038	9.79	Nil	Nil	Nil
(b)	Bodies Corporate	5	21,835,999	16.86	Nil	Nil	Nil
c)	Institutions	-Nil-	-Nil-	-Nil-	Nil	Nil	Nil
(d)	Any other (Specify)	-Nil-	-Nil-	-Nil-	Nil	Nil	Nil
	Sub - Total (A) (2)	103	34,518,037	26.66	Nil	Nil	Nil
	Total Shareholding of Promoter and Promoter Group (A) = (A) (1)+(A)(2)	141	62,062,637	47.93	Nil	Nil	Nil

Category Code	Category of shareholder	Before the Scheme of Arrangement			After the Scheme of Arrangement		
		Number of Shareholders	Total Number of Shares	%	Number of Shareholders	Total Number of Shares	%
(B)	Public Shareholding						
(1)	Institutions						
(a)	Mutual Funds / UTI	19	16229674	12.53	Nil	Nil	Nil
(b)	Financial Institutions / Banks	9	634711	0.49	Nil	Nil	Nil
c)	Central Government / State Government(s)	1	810000	0.63	Nil	Nil	Nil
(d)	Venture Capital Funds	-Nil-	-Nil-	-Nil-	Nil	Nil	Nil
(e)	Insurance Companies	-Nil-	-Nil-	-Nil-	Nil	Nil	Nil
(f)	Foreign Institutional Investors	8	6438499	4.97	Nil	Nil	Nil
(g)	Foreign Venture Capital Investors	-Nil-	-Nil-	-Nil-	Nil	Nil	Nil
(h)	Any Other (Specify)	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-
	Sub - Total (B) (1)	37	24112884	18.62	Nil	Nil	Nil
(2)	Non-Institutions						
(a)	Bodies Corporate	1116	14,419,754	11.14	Nil	Nil	Nil
(b)	<u>Individuals</u>						
i.	Individual Shareholders holding nominal share capital up to Rs.1 lakh.	31055	16,587,651	12.81	Nil	Nil	Nil
ii.	Individual Shareholders holding nominal share capital in excess of Rs.1 lakh.	172	3,976,267	3.07	Nil	Nil	Nil
c)	Any Other (Specify)						
i.	HUF	539	839,718	0.65	Nil	Nil	Nil
ii.	Non Resident Individuals	414	7,172,703	5.54	Nil	Nil	Nil
iii.	Overseas Corporate Bodies	3	35,700	0.03	Nil	Nil	Nil
iv.	Trusts	1	2,700	0.00	Nil	Nil	Nil
v.	Clearing Members	140	277,986	0.21	Nil	Nil	Nil
	Sub - Total (B) (2)	33440	43,312,479	33.45	Nil	Nil	Nil
	Total Public Shareholding (B)=(B)(1)+(B)(2)	33477	67,425,363	52.07	Nil	Nil	Nil
	Total (A) + (B)	33618	129,488,000	100.00	Nil	Nil	Nil

Category Code	Category of shareholder	Before the Scheme of Arrangement			After the Scheme of Arrangement		
		Number of Shareholders	Total Number of Shares	%	Number of Shareholders	Total Number of Shares	%
C)	Shares held by Custodians and against which Depository Receipts have been issued.	-Nil-	-Nil-	-Nil-	Nil	Nil	Nil
	Grand Total (A)+(B)+C)	33618	129,488,000	100.00	Nil	Nil	Nil

S# Notes

1 The Grand Total does not include 12,000 forfeited equity shares.

9(iii). The shareholding pattern of the Rain Industries Limited as on 16th March, 2007 is furnished herewith for information:

Category Code	Category of shareholder	Before the Scheme of Arrangement			After the Scheme of Arrangement		
		Number of Shareholders	Total Number of Shares	%	Number of Shareholders	Total Number of Shares	%
(A)	Shareholding of Promoter and Promoter Group						
(1)	Indian						
(a)	Individuals / Hindu Undivided Family						
	i) N.Radhakrishna Reddy	1	100	0.000	1	100	0.000
	ii) N. Jagan Mohan Reddy	1	100	0.000	1	100	0.000
	iii) N. Sujith Kumar Reddy	1	100	0.000	1	100	0.000
	iv) N. Indira Reddy	1	100	0.000	1	100	0.000
	v) N. Anupama Reddy	1	100	0.000	1	100	0.000
	vi) N. Akhila Reddy	1	100	0.000	1	100	0.000
	vii) Y. Santosh Kumar Reddy	1	100	0.000	1	100	0.000
(b)	Central Government/ State Government(s)	-	-	-	-	-	-
(c)	Bodies Corporate						
	i) Rain Commodities Limited	1	20,799,300	99.997	1	29,804,300	99.998
(d)	Financial Institutions / Bank	-	-	-	-	-	-
(e)	Any Other (Specify)	-	-	-	-	-	-
	Sub - Total (A) (1)	8	20,800,000	100.000	8	29,805,000	100.000
(2)	Foreign						
(a)	Individual (Non- Resident Individuals / Foreign Individuals)	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-
(d)	Any other (Specify)	-	-	-	-	-	-
	Sub - Total (A) (2)	-	-	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A) = (A) (1)+(A)(2)	8	20,800,000	100.000	8	29,805,000	100.000

Category Code	Category of shareholder	Before the Scheme of Arrangement			After the Scheme of Arrangement		
		Number of Shareholders	Total Number of Shares	%	Number of Shareholders	Total Number of Shares	%
(B)	Public Shareholding						
(1)	Institutions						
(a)	Mutual Funds / UTI	-	-	-	-	-	-
(b)	Financial Institutions / Banks	-	-	-	-	-	-
(c)	Central Government / State Government(s)	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-
(f)	Foreign Institutional Investors	-	-	-	-	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-
(h)	Any Other (Specify)	-	-	-	-	-	-
	Sub - Total (B) (1)	-	-	-	-	-	-
(2)	Non-Institutions						
(a)	Bodies Corporate	-	-	-	-	-	-
(b)	<u>Individuals</u>	-	-	-	-	-	-
i.	Individual Shareholders holding nominal share capital up to Rs.1 lakh.	-	-	-	-	-	-
ii.	Individual Shareholders holding nominal share capital in excess of Rs.1 lakh.	-	-	-	-	-	-
(c)	Any Other (Specify)	-	-	-	-	-	-
i.	HUF	-	-	-	-	-	-
ii.	Non Resident Individuals	-	-	-	-	-	-
iii.	Overseas Corporate Bodies	-	-	-	-	-	-
iv.	Trusts	-	-	-	-	-	-
v.	Clearing Members	-	-	-	-	-	-
	Sub - Total (B) (2)	-	-	-	-	-	-
	Total Public Shareholding (B)=(B)(1)+(B)(2)	-	-	-	-	-	-
	Total (A) + (B)	8	20,800,000	100.000	8	29,805,000	100.000

Category Code	Category of shareholder	Before the Scheme of Arrangement			After the Scheme of Arrangement		
		Number of Shareholders	Total Number of Shares	%	Number of Shareholders	Total Number of Shares	%
C)	Shares held by Custodians and against which Depository Receipts have been issued.	-	-	-	-	-	-
	Grand Total (A)+(B)+C)	8	20,800,000	100.000	8	29,805,000	100.000

10. Copies of the following documents are open for inspection at the registered office of the RCOL, RCL and RIL on any working day:
- a) Memorandum and Articles of Association of RCL.
 - b) Memorandum and Articles of Association of RCOL.
 - c) Memorandum and Articles of Association of RIL.
 - d) Annual Report and accounts of the RCL for the financial year ended on 31-3-2006.
 - e) Annual Report and accounts of the RCOL for the financial year ended on 31-3-2006.
 - f) Annual Report and accounts of the RIL for the financial year ended on 31-3-2006.
 - g) Joint Valuation report of M/s Ernst & Young and Grant Thornton.
 - h) Approval received from the Bombay Stock Exchange Limited, The National Stock Exchange India Limited and The Hyderabad Stock Limited under Clause 24(f) of the Listing Agreement.

Dated this 5th day of May, 2007.

M.S. Ramachandra Rao
Advocate, High Court of Andhra Pradesh
Chairman of the meeting

SCHEME OF ARRANGEMENT
(UNDER SECTIONS 78, 81, 100, 391 AND 394 OF THE COMPANIES ACT, 1956)
OF
RAIN CALCINING LIMITED
AND
RAIN INDUSTRIES LIMITED
AND
RAIN COMMODITIES LIMITED
AND
RESPECTIVE SHAREHOLDERS

PART I - PRELIMINARY

1. DEFINITIONS:

In this Scheme, unless inconsistent with the meaning or context thereof, the following expressions shall have the following meanings:

COMMON:

- i. "Act" means the Companies Act, 1956, and any statutory modification or re-enactment thereof for the time being in force.
- ii. "Effective Date" means the last of the dates on which the sanctions and approvals and the Orders of the High Court of Andhra Pradesh sanctioning this Scheme under the provisions of Sections 391 & 394 of the Act and other related provisions are passed and the certified copies thereof are filed with the Registrars of Companies, Andhra Pradesh.
- iii. "High Court" means the Hon'ble High Court of Judicature of Andhra Pradesh at Hyderabad.
- iv. "Proceedings" has the meaning ascribed to in Clauses 4.2, 5.2 and 6.3 of Part II
- v. "RCL" means Rain Calcining Limited, a company incorporated under the Act having its registered office at "Rain Center", 34, Srinagar Colony, Hyderabad-500073, Andhra Pradesh, India.
- vi. "RCOL" means Rain Commodities Limited, a company incorporated under the Act, having its registered office at "Rain Center", 34, Srinagar Colony, Hyderabad-500073, Andhra Pradesh, India.
- vii. "RIL" means Rain Industries Limited, a company incorporated under the Act having its registered office at "Rain Center", 34, Srinagar Colony, Hyderabad-500073, Andhra Pradesh, India.
- viii. "Scheme" means this Scheme of Arrangement involving the transfer of Cement business of RIL to RCOL on a going concern basis, Amalgamation of RCL into RCOL and thereafter the transfer of Calcined Petroleum Coke (CPC) & Power business of RCOL to RIL on a going concern basis as contained herein submitted to the High Court of Andhra Pradesh for sanction, with such modification(s), if any, as may be imposed or directed by the High Court

PART A: TRANSFER OF CEMENT DIVISION OF RIL (TRANSFEROR COMPANY) TO RCOL (TRANSFeree COMPANY)

- i. "First Appointed Date" means 1st July, 2006 or such other date as may be fixed by the High Court of Andhra Pradesh
- ii. "Proceedings" has the meaning ascribed to in Clause 4.2 of Part II.
- iii. "Cement Business of RIL" means
 - a) all the assets and properties of RIL pertaining to its cement division as on the First Appointed Date;
 - b) all the debts, liabilities, duties and obligations pertaining to the cement division of RIL as on the First Appointed Date;

and includes movable and immovable properties and assets relating to the Cement business of RIL, including its leasehold rights, tenancy rights, industrial and other licences, permits, authorisations, quota rights, trade marks, patents and other industrial and intellectual property rights, import quotas, telephones, telex, facsimile and other communication facilities and equipment, rights and benefits of all agreements and all other interests, rights and powers of every kind, nature and description whatsoever, privileges, liberties, easements, advantages, benefits and approvals.

PART B: AMALGAMATION OF RCL (TRANSFEROR COMPANY) WITH RCOL (TRANSFeree COMPANY)

- i. "Second Appointed Date" means 1st April, 2007 or such other date as may be fixed by the High Court of Andhra Pradesh
- ii. "Proceedings" has the meaning ascribed to in Clause 5.2 of Part II.
- iii. "Record Date" means the date to be fixed by the Board of Directors of the RCOL on which RCOL shall, without any further application, act, deed, instrument, matter or thing, issue and allot TWO equity shares of the RCOL of Rs.10/- each for every SEVEN Equity Shares in RCL to the shareholders of the RCL whose names are entered in the Register of Members, on that date as consideration for the Amalgamation of RCL with RCOL.
- iv. "Undertaking of RCL" means
 - (a) all the assets and properties of RCL as on the Second Appointed Date;
 - (b) all the debts, liabilities, duties and obligations of RCL as on the Second Appointed Date;
 - (c) Investments in Moonglow Company Business Inc, British Virgin Islands and Petroleum Coke Industries Company, Kuwait.

and includes all the reserves, movable and immovable properties and assets of RCL, including its leasehold rights, tenancy rights, industrial and other licences, permits, authorisations, quota rights, trade marks, patents and other industrial and intellectual property rights, import quotas, telephones, telex, facsimile and other communication facilities and equipment, rights and benefits of all agreements and all other interests, rights and powers of every kind, nature and description whatsoever, privileges, liberties, easements, advantages, benefits and approvals.

PART C: TRANSFER OF CALCINED PETROLEUM COKE BUSINESS AND POWER BUSINESS BY THE RESTRUCTURED RCOL TO RIL

- i. “Third Appointed Date” means 1st April, 2007 or such other date as may be fixed by the High Court of Andhra Pradesh
- ii. “Proceedings” has the meaning ascribed to in Clause 6.3 of Part II.
- iii. “Record Date” means the date to be fixed by the Board of Directors of the RIL on which RIL shall, without any further application, act, deed, instrument, matter or thing, issue and allot shares of Rs.10 each to RCOL as net consideration for the transfer of undertaking from RCOL to RIL.
- iv. “Calcined Petroleum Coke and Power Business of RCOL” means
 - (a) all the assets and properties of RCOL pertaining to its Calcined Petroleum Coke business and Power business as on the Third Appointed Date;
 - (b) all the debts, liabilities, duties and obligations of RCOL pertaining to its Calcined Petroleum Coke business and Power business as on the Third Appointed Date;

and includes all the movable and immovable properties and assets pertaining to the Calcined Petroleum Coke business and Power business of RCOL, including its leasehold rights, tenancy rights, industrial and other licences, permits, authorisations, quota rights, trade marks, patents and other industrial and intellectual property rights, import quotas, telephones, telex, facsimile and other communication facilities and equipment, rights and benefits of all agreements and all other interests, rights and powers of every kind, nature and description whatsoever, privileges, liberties, easements, advantages, benefits and approvals. Excluding Calcined Petroleum Coke (CPC) Investments Outside India and Assets of RCOL situated at Hyderabad, Andhra Pradesh.

2. SHARE CAPITAL AND OBJECTS OF THE COMPANIES

- i. The authorised, issued, subscribed and paid up share capital of RCOL as on 20th March, 2007:

<u>AUTHORISED SHARE CAPITAL:</u>	(Rs.)
6,70,00,000 Equity Shares of Rs. 10/- each	67,00,00,000/-
1,00,00,000 Redeemable Preference shares of Rs. 100/- each	100,00,00,000/-
Total:	167,00,00,000/-
<u>ISSUED, SUBSCRIBED AND PAID UP CAPITAL</u>	
3,21,10,000 equity shares of Rs. 10/- each fully paid up.	32,11,00,000/-

- ii. The authorised, issued, subscribed and paid up share capital of RCL as on 20th March, 2007:

<u>AUTHORISED CAPITAL</u>	(Rs.)
14,00,00,000 equity shares of Rs.10/- each	140,00,00,000/-
Total:	140,00,00,000/-
<u>ISSUED, SUBSCRIBED AND PAID UP CAPITAL</u>	
12,94,88,000 equity Shares of Rs.10/- each	129,48,80,000/-

- iii. The authorised, issued, subscribed and paid up share capital of RIL as on 20th March, 2007:

<u>AUTHORISED CAPITAL</u>	(Rs.)
5,00,00,000 equity shares of Rs. 10/- each	50,00,00,000/-
Total:	50,00,00,000/-
<u>ISSUED, SUBSCRIBED AND PAID UP CAPITAL</u>	
2,08,00,000 equity shares of Rs. 10 each	20,80,00,000/-
Total:	20,80,00,000/-

THE MAIN OBJECTS OF RAIN COMMODITIES LIMITED:

- i) To produce, manufacture, purchase, refine, prepare, process, import, sell and generally to deal in Cement, portland cement, alumina cement, white and coloured cement, lime and limestone, kankar and or by-products thereof and building materials, generally non-ferrous metals, ferroalloys; and in connection therewith to acquire, erect, construct, establish operate and maintain factories, mines and quarries, workshops and other works.
- ii) To produce, manufacture, process, refine, prepare, treat, purchase, sell, export, import or otherwise deal with either as principals or as agents, either solely or in partnership with others, cement, alumina cement, white and coloured cements, lime, plaster of paris, and other building materials of all kinds and other building boards to be used in ceiling, floor or walls, made from any fibrous materials such as bagasse, bamboo, wood, paper, jute, hemp and grasses; pottery, fire clay and fire bricks, flooring tiles, roofing materials, etc.
- iii) To carry on all or any of the business of manufacturers and sellers of and dealers and workers in cement of all kinds, concrete, asbesters, earthen-ware, artificial stone and manufacturers, and dyers, requisites and conveniences of all kinds.
- iv) To carry on investigations to discover places where cement can be profitably made, of where any materials, minerals for any manufacturing work, the Company is entitled to carry on, can be obtained and to obtain prospecting or research work in that behalf.
- v) To search for ores and minerals, mine and grant licences for mining in or over any lands which may be acquired or held by the Company and to lease out any such lands.

- vi) To purchase, take on lease, or otherwise acquire any undertaking, business and property or any part thereof of any company or companies carrying, on business as manufacturers of cement and Mineral Industries in India or else where.

THE MAIN OBJECTS OF RAIN INDUSTRIES LIMITED

- i) To carry on the business, of and to purchase or otherwise acquire, manufacture, refine, treat, reduce, distill, smelt, store, hold transport, use experiment with prospect for mine, bore, extract, market, distribute, exchange, supply, sell or otherwise dispose of import, export and trade or generally deal in all kinds of crude -petroleum, petroleum products and petrochemicals including all varieties of plastics, oil field chemicals oil, gas & other volatile substances, asphalt, ozokerite, substances, butylenes, propylenes, ethylenes, liquefied petroleum gases, aromatic hydrocarbons, lubricating oils and waxes, butadiene, phosphates, nitrates, coal, ores, minerals and in general subsoil products and subsurface deposits of every nature.
- ii) To carryon in India or elsewhere the business to generate, receive, produce, improve, buy, sell, resell, acquire, use, transmit, accumulate, employ, distribute, develop, handle, protect, supply and to act as agent, broker, representative, consultant, collaborator or otherwise to deal in electric power in all its branches of such place or places as may be permitted by appropriate authorities by establishments of thermal power plants, hydraulic power plants, atomic power plants, wind power plants, solar power plants and other power plants based on any source of energy as may be developed or invented in future.
- iii) To carryon the business in India or elsewhere to manufacture fabricate, assemble, alter, convert, extrude, design, develop, research, export, import, handle, job work, modify, machine, prepare, produce, finish, annodise, purchase, sell, resale, project, mould, remould, melt and to act as stockists, distributor, agent, broker, representative, consultant, advisor, supplier, contractor, subcontractor, or otherwise to deal in all shapes, sizes, gauges, thickness, dimensions and varieties of products of aluminum alloys, such as rods, squares, falts, hexagons, tubes, packing materials springs, plates, circles, coils, power utensils, foils, furniture's, rails, grills, doors, windows, ladders, their parts, accessories, equipments, plants, machineries, tools, tackles, components, raw materials, stores, consumables.
- iv) To render professional and technical Consultancy and advice any individual Firm, Company, Government or Statutory Undertaking or Corporation or any other body carrying on any business whatsoever in the fields of Design and Engineering, Research and Development, Business, Industrial and General Management relating to Aluminium Products Refineries and Power.
- v) To produce, manufacture, purchase, refine, prepare, process, import, sell and generally to deal in Cement, portland cement, alumina cement, white and colored cement, lime and limestone, kankar and or by-products thereof and building materials, generally non-ferrous metals, ferroalloys; and in connection therewith to acquire, erect, construct, establish operate and maintain factories, mines and quarries, workshops and other works.
- vi) To produce, manufacture, process, refine, prepare, treat, purchase, sell, export, import or otherwise deal with either as principals or as agents, either solely or in partnership with other, cement, alumina cement, white and colored, cements, lime, plaster of paris, and other building materials of all kinds and other building boards to be used in ceiling, floor or walls, made from any fibrous materials such as bagasse, bamboo, wood, paper, jute, hemp and grasses, pottery, fire clay and fire bricks, flooring tiles, roofing materials etc.

- vii) To carry on all or any of the business of manufactures and sellers of and dealers and workers in cement of all kinds, concrete, asbestos, earthen-ware, artificial stone and manufacturers, and dyers, requisites and conveniences of all kinds.
- viii) To carry on investigations to discover places where cement can be profitably made, of where any materials, minerals for any manufacturing work the Company is entitled to carry on, can be obtained and to obtain prospecting or research work in that behalf.
- ix) To search for ores and minerals, mine and grant licenses for mining in or over any lands which may be acquired or held by the Company and to lease out any such lands.
- x) To purchase, take on lease, or otherwise acquire any undertaking, business and property or any part thereof of any company or companies carrying, on business as manufacturers of cement and Mineral Industries in India or else where.
- xi) To carry on the business of Calcinators of any metallic and non-metallic substances including petroleum coke and needle coke in India and elsewhere and for that purpose, carry on the business of importers, exporters, manufacturers, refiners, processors, buyers, sellers, dealers, brokers, agents of any of the raw materials pertaining to calcined products and any of its by-products and combinations thereof and such other allied or analogous to the foregoing or any of them or any thing connected therewith.
- xii) To engage in rendering technical and management consultancy services of all kinds in Calcining including making drawings, plans, process charts, preparation of project reports, transfer of technical know-how and undertaking turnkey projects.
- xiii) To carry on the business of generating, co-generating, supply, sale, transmission or in any other manner transfer electricity and in that connection own, install, operate, control, manage run any electricity generator, co-generation facility and combination thereof and such other allied or analogous to the foregoing or any of them or anything connected therewith.

THE MAIN OBJECTS OF RAIN CALCINING LIMITED :

- i) To carry on the business of Calcinators of any metallic and non-metallic substances including petroleum coke and needle coke in India and elsewhere and for that purpose, carry on the business of importers, exporters, manufacturers, refiners, processors, buyers, sellers, dealers, brokers, agents of any of the raw materials pertaining to calcined products and any of its by-products and combinations thereof and such other allied or analogous to the foregoing or any of them or any thing connected therewith.
- ii) To engage in rendering technical and management consultancy services of all kinds in Calcining including making drawings, plans, process charts, preparation of project reports, transfer of technical know-how and undertaking turnkey projects.
- iii) To carry on the business of generating, co-generating, supply, sale, transmission or in any other manner transfer electricity and in that connection own, install, operate, control, manage run any electricity generator, co-generation facility and combination thereof and such other allied or analogous to the foregoing or any of them or anything connected therewith.

PART II- THE SCHEME

3. OPERATIVE DATE OF THIS SCHEME:

This Scheme, though operative from the respective Appointed Dates, shall only become effective from the Effective Date.

4. PART A: TRANSFER OF CEMENT BUSINESS OF RIL (TRANSFEROR COMPANY) TO RCOL (TRANSFeree COMPANY)

4.1 TRANSFER OF CEMENT BUSINESS OF RIL:

- i With effect from the First Appointed Date, the Cement Business of RIL shall stand transferred to RCOL, as provided in this Scheme, and, pursuant to the provisions of Sections 391 and 394 and other applicable provisions of the Act, the Cement Business of RIL shall, accordingly, without any further act, or deed, be transferred to and vested in, and be deemed to have been transferred to and vested in RCOL so as to become the property and liability of RCOL but subject to all charges affecting the same. Provided always, that this Scheme shall not operate to enlarge the security for any loan, deposit or facility availed by RCOL and RCOL shall not be obliged to create any further additional security there for after the Effective Date or otherwise .
- ii. All the movable assets of RIL pertaining to its Cement Business shall be physically handed over by manual delivery to RCOL to the end and intent that the ownership and property therein passes to RCOL on such handing over. The amounts lying with the banks to the credit of RIL in relation to its Cement Business as of the Appointed Date shall also be transferred to RCOL. Such delivery and transfer shall be made on a date to be mutually agreed upon between the respective Board of Directors of RIL and RCOL prior to the filing of the certified copies of the Order of the High Court of Andhra Pradesh with the Registrars of Companies, Andhra Pradesh by RIL and RCOL.
- iii. All benefits including under Income Tax, Excise (including Modvat/Cenvat), Sales Tax (including deferment of any Tax), Service Tax, exemptions, concessions, remissions and subsidies to which RIL is entitled to for carrying on its Cement Business in terms of the various statutes and/or schemes of the Union and State Governments, obligations or benefits arising out of bank guarantees given with respect to any appeals with the relevant authorities, and all permits, authorizations, licenses, Mining Leases, consents, registrations, approvals, permissions, insurance policies, bids, tenders, letters of intent, connections for water, electricity and drainage, sanctions, product registrations, entitlements, allotments, privileges, easements and advantages, facilities, rights, powers and interests (whether vested or contingent) without any further act, or deed, shall stand transferred to and vest in RCOL.
- iv. The transfer and vesting of the Cement Business of RIL as aforesaid shall be subject to the existing charges, mortgages and encumbrances, if any, over or in respect of any of the assets or any part thereof, provided, however, that such charges, mortgages and/or encumbrances shall be confined only to the relevant assets of RIL in relation to its Cement Business or part thereof on or over which they are subsisting on transfer to and vesting of such assets in RCOL and no such charges, mortgages, and/or encumbrances shall extend over or apply to any other asset(s) of RCOL. Any reference in any security documents or arrangements (to which the RIL is a party) to any assets of RIL in relation to its Cement Business

shall be so construed to the end and intent that such security shall not extend, nor be deemed to extend, to any of the other asset(s) of RCOL.

- v. With effect from the Appointed Date all the debts, liabilities, duties and obligations of RIL in relation to its Cement Business shall, pursuant to the Order of the High Court of Andhra Pradesh under Section 394 and other applicable provisions of the Act and without any further act or deed, be also transferred or deemed to be transferred to and vest in and be assumed by RCOL, so as to become as from the Third Appointed Date the debts, liabilities, duties and obligations of RCOL on the same terms and conditions as were applicable to RIL.

4.2 LEGAL PROCEEDINGS:

If any suits, appeals, actions or proceedings of whatsoever nature (hereinafter called “the Proceedings”) by or against the Cement Business of RIL are pending on or after the Appointed Date, the same shall not abate or be discontinued nor be in any way prejudicially affected by reason of the transfer of the Cement Business of RIL to RCOL or anything contained in this Scheme, but the Proceedings may be continued, prosecuted and enforced by or against RCOL as effectually and in the same manner and to the same extent as the same would or might have been continued, prosecuted and enforced by or against the Cement Business of RIL, as if this Scheme had not been made.

4.3 CONTRACTS AND DEEDS:

- i. Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements, indemnities, licenses, engagements and other instruments of whatsoever nature to which the Cement Business of RIL is party to or to the benefit of which RIL is eligible by virtue of its Cement Business, and which has not lapsed and is subsisting on the Effective Date, shall remain in full force and effect against or in favour of RCOL, as the case may be, and shall be binding on and be enforceable by or against RCOL as fully and effectually as if, instead of RIL, RCOL had at all material times been a party thereto.
- ii. RCOL shall, if and to the extent required by law, enter into and/or issue and/or execute deeds, writings or confirmations, to give formal effect to the provisions of this Clause and to the extent that the Cement Business of RIL is required to, prior to the Effective Date, to join in such deeds, writings or confirmations, RCOL shall be entitled to act for and on behalf in the name of RIL.

4.4 SAVING OF CONCLUDED TRANSACTIONS:

The transfer of the Cement Business of the RIL to RCOL pursuant to and in accordance with Clause 4.1 above, the continuance of the Proceedings under Clause 4.2 above and the effectiveness of contracts and deeds under Clause 4.3 above, shall not, in any manner, affect any transaction or Proceedings already concluded by RIL in relation to its Cement Business on or before the Effective Date.

4.5 EMPLOYEES:

- i. All the permanent employees of the Cement Business of RIL in service on the date immediately preceding the Effective Date shall, on and from the

Effective Date, become the permanent employees of RCOL on the same terms and conditions on which they are engaged by RIL without treating it as a break, discontinuance or interruption in service by reason of the transfer of the Cement Business of RIL.

- ii. RIL shall not vary the terms and conditions of service of its permanent employees of its Cement Business after the Appointed Date except in the ordinary course of their business.
- iii. On and from the Effective Date the Provident Funds, Gratuity Funds, Superannuation Funds or any other fund or funds created or existing for the benefit of the permanent employees, as applicable, of the Cement Business of RIL shall be continued by RCOL and RCOL shall stand substituted for RIL for all purposes whatsoever, including in relation to the obligation to make contributions to the said fund or funds in accordance with the provisions thereof to the end and intent that all rights, duties, powers and obligations of RIL in relation to such fund shall become those of RCOL.
- iv. On and from the Effective Date, the services of the permanent employees of the Cement Business of RIL will be treated as having been continuous, without any break, discontinuance or interruption, for the purpose of membership and the application of the Rules or Bye Laws of the said funds.

4.6 BUSINESS IN TRUST FOR RCOL:

With effect from the First Appointed Date and up to and including the Effective Date:

- i. RIL shall carry on and be deemed to have carried on business and activities in relation to its Cement Business and shall hold and stand possessed of and be deemed to have held and stood possessed of its assets and properties pertaining to its Cement Business for and on account of and in trust for RCOL.
- ii. RIL shall carry on business and activities in relation to the Cement Business with due diligence and business prudence and shall neither sell, transfer, alienate, charge, mortgage, encumber or otherwise deal with the Cement Business of RIL or any part thereof nor incur, accept or acknowledge any debt, obligation or any liability or incur any major expenditure, except as is necessary in the ordinary course of their business and also for the ongoing expansion cement plant at Kurnool, without the prior written consent of RCOL or pursuant to any pre-existing obligation undertaken by RIL prior to the Appointed Date.
- iii. All profits or income accruing or arising to RIL on account of its Cement Business or any costs, charges, expenditure or losses arising or incurred by RIL on account of its Cement Business shall for all purposes be treated and be deemed to have been accrued or accrue as the profits, income, costs, charges or expenditure or losses, as the case may be, of RCOL.
- iv. RIL shall not, without the prior written consent of the Transferee Company, undertake a substantial expansion of its Cement Business. This condition is not applicable to the ongoing Brownfield Expansion being carried out at Unit-II of RIL situated at Kurnool.

4.7 Consideration for Transfer of Cement Business of RIL to RCOL

Upon the Transfer of the Cement Business of RIL and the transfer becoming effective in terms of this Scheme, a consideration of Rs. 32.00 Crores, net-off secured and unsecured loans and current liabilities of the Cement Business of RIL, shall be payable by RCOL to RIL.

4.8 ACCOUNTING TREATMENT:

- i) The assets and liabilities of Cement Business transferred from RIL to RCOL shall be accounted at their respective book values as at the First Appointed Date.
- ii) The Goodwill remaining in RIL would be adjusted against the Securities Premium Account

4.9 Utilisation of Securities Premium Account in RIL:

The Securities Premium Account in RIL to the extent of Rs. 13.49 Crores would be utilized to write-off the unamortized portion of the Goodwill of Rs.13.49 Crores, subject to the confirmation of the Hon'ble High Court of Andhra Pradesh.

- 4.10 Upon the Scheme becoming effective, the Transferee Company, if required, is expressly permitted to revise its returns and filings under the Income Tax Act, Service Tax laws, Sales Tax laws, Value Added Tax laws and other tax laws, and to claim refunds and / or credits for the taxes paid, etc. and for matters incidental thereto to give effect to the provisions of the Scheme, pertaining to the Transferor Company.

5. PART B: AMALGAMATION OF RCL (TRANSFEROR COMPANY) WITH RCOL (TRANSFeree COMPANY)

5.1 TRANSFER OF UNDERTAKING OF RCL:

- i. With effect from the Second Appointed Date, RCL shall stand amalgamated with the RCOL, as provided in this Scheme, and, pursuant to the provisions of Sections 391 and 394 and other applicable provisions of the Act, the undertaking of RCL shall, accordingly, without any further act, or deed, be transferred to and vested in, and be deemed to have been transferred to and vested in, the RCOL so as to become the property and liabilities of the RCOL but subject to all charges affecting the same. Provided always that this Scheme shall not operate to enlarge the security for any loan, deposit or facility availed of by RCOL and RCOL shall not be obliged to create any further additional security therefor after the Effective Date or otherwise .
- ii. All the movable assets of RCL shall be physically handed over by manual delivery to RCOL to the end and intent that the ownership and property therein passes to RCOL on such handing over. The amounts lying with the banks to the credit of RCL as of the Second Appointed Date shall also be transferred to the RCOL. Such delivery and transfer shall be made on a date to be mutually agreed upon between the respective Board of Directors of RCL and RCOL prior to the filing of the certified copies of the Orders of the High Court of Andhra Pradesh with the Registrar of Companies, Andhra Pradesh, by RCL and RCOL.
- iii. All benefits including under Income Tax, (including Exemptions under Section 10B and 80IA of the Income Tax Act, 1961) Excise (including Modvat/Cenvat), Sales Tax (including deferment of any Tax), Service Tax, exemptions,

concessions, remissions and subsidies to which RCL is entitled to in terms of the various statutes and/or schemes of the Union and State Governments, obligations or benefits arising out of bank guarantees and Corporate Guarantees given for any Loans taken by Subsidiaries or such guarantees given with respect to any appeals with the relevant authorities, and all permits, authorizations, licenses, consents, registrations, approvals, permissions, insurance policies, bids, tenders, letters of intent, connections for water, electricity and drainage, sanctions, product registrations, entitlements, allotments, privileges, easements and advantages, facilities, rights, powers and interests (whether vested or contingent) without any further act, or deed, shall stand transferred to and vest in RCOL.

- iv. The transfer and vesting of the undertaking of RCL as aforesaid shall be subject to the existing charges, mortgages and encumbrances, if any, over or in respect of any of the assets or any part thereof, provided, however, that such charges, mortgages and/or encumbrances shall be confined only to the related assets of RCL or part thereof on or over which they are subsisting on transfer to and vesting of such assets in RCOL and no such charges, mortgages, and/or encumbrances shall extend over or apply to any other asset(s) of RCOL. Any reference in any security documents or arrangements (to which RCL is a party) to any assets of RCOL shall be so construed to the end and intent that such security shall not extend, nor be deemed to extend, to any of the other asset(s) of RCOL.
- v. With effect from the Second Appointed Date all the debts, liabilities, duties and obligations of RCL shall, pursuant to the Orders of the High Court under Section 394 and other applicable provisions of the Act and without any further act or deed, be also transferred or deemed to be transferred to and vest in and be assumed by RCOL, so as to become as from the Second Appointed Date the debts, liabilities, duties and obligations of RCOL on the same terms and conditions as were applicable to RCL.

5.2 LEGAL PROCEEDINGS:

If any suits, appeals, actions or proceedings of whatsoever nature (hereinafter called “the Proceedings”) by or against RCL are pending on or after the Second Appointed Date, the same shall not abate or be discontinued nor be in any way prejudicially affected by reason of the amalgamation of RCL with RCOL or anything contained in this Scheme, but the proceedings may be continued, prosecuted and enforced by or against RCOL as effectually and in the same manner and to the same extent as the same would or might have been continued, prosecuted and enforced by or against RCL, as if this Scheme had not been made.

5.3 CONTRACTS AND DEEDS:

- i. Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements, indemnities, licenses, engagements and other instruments of whatsoever nature to which RCL is a party or to the benefit of which RCL is eligible, and which have not lapsed and are subsisting on the Effective Date, shall remain in full force and effect against or in favour of RCOL, as the case may be, and shall be binding on and be enforceable by or against RCOL as fully and effectually as if, instead of RCL, RCOL had at all material times been a party thereto.
- ii. RCOL shall, if and to the extent required by law, enter into and/or issue and/or execute deeds, writings or confirmations, to give formal effect to the provisions of this Clause and to the extent that RCL is required to, prior to the Effective Date, to join in such deeds, writings or confirmations, RCOL shall be entitled to act for and on behalf in the name of RCL.

5.4 SAVING OF CONCLUDED TRANSACTIONS:

The transfer of the Undertaking of the RCL to RCOL pursuant to and in accordance with Clause 5.1 above, the continuance of the Proceedings under Clause 5.2 above and the effectiveness of contracts and deeds under Clause 5.3 above, shall not, in any manner, affect any transaction or the Proceedings already concluded by RCL in relation to its undertaking on or before the Effective Date.

5.5 EMPLOYEES:

- i. All the permanent employees of RCL in service on the date immediately preceding the Effective Date shall, on and from the Effective Date, become the permanent employees of RCOL on the same terms and conditions on which they are engaged by RCL without treating it as a break, discontinuance or interruption in service by reason of the transfer of the Undertaking of RCOL.
- ii. RCL shall not vary the terms and conditions of service of its permanent employees after the Second Appointed Date except in the ordinary course of their business.
- iii. On and from the Effective Date the Provident Funds, Gratuity Funds, Superannuation Funds or any other fund or funds created or existing for the benefit of the permanent employees, as applicable, of RCL shall be continued by RCOL and RCOL shall stand substituted for RCL for all purposes whatsoever, including in relation to the obligation to make contributions to the said fund or funds in accordance with the provisions thereof to the end and intent that all rights, duties, powers and obligations of RCL in relation to such fund shall become those of RCOL.
- iv. On and from the Effective Date, the services of the permanent employees of RCL will be treated as having been continuous, without any break, discontinuance or interruption, for the purpose of membership and the application of the Rules or Bye Laws of the said funds.

5.6 DISSOLUTION OF RCL:

RCL shall be dissolved without winding up pursuant to and in accordance with the provisions of Section 394 of the Act after filing of Certified true copy of Hon'ble High Court of Andhra Pradesh with the Registrar of Companies, Andhra Pradesh, India.

5.7 BUSINESS IN TRUST FOR RCOL:

With effect from the Second Appointed Date and up to and including the Effective Date:

- i. RCL shall carry on and be deemed to have carried on all its business and activities and shall hold and stand possessed of and be deemed to have held and stood possessed of all its assets and properties for and on account of and in trust for RCOL.
- ii. RCL shall carry on its business and activities with due diligence and business prudence and shall neither sell, transfer, alienate, charge, mortgage, encumber or otherwise deal with the Undertaking of RCOL or any part thereof nor incur, accept or acknowledge any debt, obligation or any liability or incur any major expenditure, except as is necessary in the ordinary course of their business,

without the prior written consent of RCOL or pursuant to any pre-existing obligation undertaken by RCL prior to the Second Appointed Date.

- iii. All profits or income accruing or arising to RCL or any costs, charges, expenditure or losses arising or incurred by RCL shall for all purposes be treated and be deemed to have been accrued or accrue as the profits, income, costs, charges or expenditure or losses, as the case may be, of RCOL.
- iv. RCL shall not, without the prior written consent of RCOL, undertake any new business or a substantial expansion of its existing business.

5.8 ISSUE AND ALLOTMENT OF SHARES BY THE TRANSFEREE COMPANY:

Upon the transfer of the Undertaking of RCL and the amalgamation becoming effective in terms of this Scheme, the consideration in respect of such transfer to, and vesting of the Undertaking of RCL in RCOL shall, subject to the provisions of this Scheme, be settled by RCOL as follows:

- i) RCOL shall without any further application, act or deed, issue and allot equity shares of Rs. 10/- each credited as fully paid up in the capital of RCOL to every equity shareholder of RCL whose name appears in the Register of Members on the Record Date in the proportion of TWO fully paid equity shares of Rs.10/- each of RCOL for every SEVEN equity shares of Rs. 10/- each held in RCL. The Equity Shares held by RCOL or its Subsidiaries in RCL, if any on the Record Date gets cancelled and no Equity shares would be issued by RCOL for such Equity Shares.
- ii) Equity Shares issued and allotted by RCOL to the equity shareholders of RCL shall, in all respects, rank *pari passu* with the existing equity shares of RCOL for dividend, voting and other rights.
- iii) No fractional Certificates shall be issued by RCOL in respect of the fractional entitlements, if any, to which the equity shareholders of RCL may be entitled on issue and allotment of the equity shares of RCOL as aforesaid. The Board of Directors of RCOL shall instead consolidate all such fractional entitlements to which the shareholders of RCL may be entitled on issue and allotment of the equity shares of RCOL aforesaid and shall, without any further application, act, instrument or deed, issue and allot equity shares in lieu thereof to a trustee (hereinafter referred to as the "Trustee") who shall hold the same, with all additions or accretions thereto in trust for those entitled to the fractions and sell the same in the market at such price(s) and at such time(s) as the Trustee may in its sole discretion decide and pay to RCOL the net sale proceeds thereof and any additions and accretions thereto, whereupon RCOL shall, subject to withholding tax, if any, distribute such net sale proceeds to the equity shareholders of RCL in proportion to their fractional entitlements.
- iv) Every shareholder of RCL shall surrender to RCOL the relevant share certificates held by him in RCL for cancellation, extinguishment or annulment, and shall have the option exercisable by notice in writing to RCOL on or before such date as may be determined by the Board of Directors of RCOL to receive either in certificate form(Physical form) or in dematerialised form, the shares of RCL in lieu thereof in terms of this Scheme or have the same extinguished or annulled, as the case may be. If such notice is not received by RCOL from any shareholders of RCL as aforesaid, the Equity shares of RCOL shall be issued to such shareholders

in certificate form for the shareholders holding shares in Physical form and in Demat mode(Electronic form) to those shareholders who are holding Shares in Demat mode(Electronic Form). Those equity shareholders of RCL who hold shares in Physical form and willing to receive the Equity shares of RCOL in dematerialised form, shall provide details of their account with a Depository Participant and such other confirmations as may be required to enable RCOL to issue and directly credit Equity Shares to their respective Demat account.

5.9 ACCOUNTING TREATMENT IN THE BOOKS OF RCOL:

- i. The assets and the liabilities of RCL being transferred to RCOL shall be at values appearing in the books of accounts of RCL on the close of business on March 31, 2007;
- ii. RCOL shall credit the Share Capital Account in its books of account with the aggregate face value of the new equity shares issued to the shareholders of RCL pursuant to Clause 5.8 of this Scheme.
- iii. The excess or deficit of value of the net assets (determined as per sub-clause (i) over);
 - a) the paid-up value of the shares to be issued and allotted to the shareholders of RCL pursuant to this Scheme;
 - b) costs, charges and expenses in connection with the Scheme shall be credited by RCOL to its Capital Reserves Account or shall be debited to the “Goodwill Account” in its books, as the case may be.

5.10 If any terms or provisions of this part of the Scheme are found or interpreted to be inconsistent with the provisions of the section 2(1B) of the Income Tax Act, 1961, at a later date, including resulting from an amendment of law or for any other reasons whatsoever, the provisions of the section 2(1B) of Income Tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) of the Income Tax Act, 1961. Such modification will, however, not affect the other parts of the Scheme.

5.11 Upon the Scheme becoming effective, the Transferee Company, if required, is expressly permitted to revise its returns and filings under the Income Tax Act, Service Tax laws, Sales Tax laws, Value Added Tax laws and other tax laws, and to claim refunds and / or credits for the taxes paid, etc. and for matters incidental thereto to give effect to the provisions of the Scheme, pertaining to the Transferor Company.

6. PART C: TRANSFER OF CALCINED PETROLEUM COKE BUSINESS AND POWER BUSINESS BY THE RESTRUCTURED RCOL TO RIL

6.1 The Transfer of Calcined Petroleum Coke(CPC) and Power business from Rain Commodities Limited to Rain Industries Limited shall take place consequent to Amalgamation of Rain Calcining Limited with Rain Commodities Limited.

6.2 TRANSFER OF CALCINED PETROLEUM COKE AND POWER BUSINESS OF RESTRUCTURED RCOL:

- i With effect from the Third Appointed Date, the Calcined Petroleum Coke and Power Business of RCOL shall stand transferred to RIL, as provided in this

- Scheme, and, pursuant to the provisions of Sections 391 and 394 and other applicable provisions of the Act, the Calcined Petroleum Coke and Power Business of RCOL shall, accordingly, without any further act, or deed, be transferred to and vested in, and be deemed to have been transferred to and vested in RIL so as to become the property and liability of RIL but subject to all charges affecting the same. Provided always, that this Scheme shall not operate to enlarge the security for any loan, deposit or facility availed of by the RIL and RIL shall not be obliged to create any further additional security therefor after the Effective Date or otherwise .
- ii. All the movable assets of Calcined Petroleum Business and Power Business of RCOL shall be physically handed over by manual delivery to RIL to the end and intent that the ownership and property therein passes to RIL on such handing over. The amounts lying with the banks to the credit of RCOL in relation to its Calcined Petroleum Coke and Power Business as on the Third Appointed Date shall also be transferred to RIL. Such delivery and transfer shall be made on a date to be mutually agreed upon between the respective Board of Directors of RCOL and RIL prior to the filing of the certified copies of the Orders of the High Court of Andhra Pradesh with the Registrar of Companies, Andhra Pradesh by RCOL and RIL.
 - iii. All benefits including under Income Tax, (including Exemptions under Section 10B and 80IA of the Income Tax Act, 1961), Excise (including Modvat/Cenvat), Sales Tax (including deferment of any Tax), Service tax, exemptions, concessions, remissions and subsidies to which RCOL is entitled to in relation to the Calcined Petroleum Coke and Power Business in terms of the various statutes and/or schemes of the Union and State Governments, obligations or benefits arising out of bank guarantees given with respect to any appeals with the relevant authorities, and all permits, authorizations, licenses, consents, registrations, approvals, permissions, insurance policies, bids, tenders, letters of intent, connections for water, electricity and drainage, sanctions, product registrations, entitlements, allotments, privileges, easements and advantages, facilities, rights, powers and interests (whether vested or contingent) without any further act, or deed, shall stand transferred to and vest in RIL.
 - iv. The transfer and vesting of the Calcined Petroleum Coke and Power Business of RCOL as aforesaid shall be subject to the existing charges, mortgages and encumbrances, if any, over or in respect of any of the assets or any part thereof, provided, however, that such charges, mortgages and/or encumbrances shall be confined only to the relevant assets of RCOL in relation to its Calcined Petroleum Coke and Power Business or part thereof on or over which they are subsisting on transfer to and vesting of such assets in RIL and no such charges, mortgages, and/or encumbrances shall extend over or apply to any other asset(s) of RIL. Any reference in any security documents or arrangements (to which the RCOL is a party) to any assets of the RCOL in relation to its Calcined Petroleum Coke and Power Business shall be so construed to the end and intent that such security shall not extend, nor be deemed to extend, to any of the other asset(s) of RIL.
 - v. With effect from the Third Appointed Date all the debts, liabilities, duties and obligations of RCOL in relation to its Calcined Petroleum Coke and Power Business, shall, pursuant to the Orders of the High Court of Andhra Pradesh under Section 394 and other applicable provisions of the Act and without any further act or deed, be also transferred or deemed to be transferred to and vest in and be assumed by RIL, so as to become as from the Third Appointed Date the debts, liabilities, duties and obligations of the RIL on the same terms and conditions as were applicable to RCOL

6.3 LEGAL PROCEEDINGS:

If any suits, appeals, actions or proceedings of whatsoever nature (hereinafter called “the Proceedings”) by or against Restructured RCOL in relation to its CPC and Co-generation Power business is pending on or after the Appointed Date, the same shall not abate or be discontinued nor be in any way prejudicially affected by reason of transfer of the Calcined Petroleum Coke and Power Business of RCOL to RIL or anything contained in this Scheme, but the Proceedings may be continued, prosecuted and enforced by or against RIL as effectually and in the same manner and to the same extent as the same would or might have been continued, prosecuted and enforced by or against the undertaking of RCOL, as if this Scheme had not been made.

6.4 CONTRACTS AND DEEDS:

- i. Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements, indemnities, licenses, engagements and other instruments of whatsoever nature in relation to the undertaking to which RCOL is party to or to the benefit of which RCOL is eligible, and which has not lapsed and is subsisting on the Effective Date, shall remain in full force and effect against or in favour of RIL, as the case may be, and shall be binding on and be enforceable by or against RIL as fully and effectually as if, instead of RCOL, RIL had at all material times been a party thereto.
- ii. RIL shall, if and to the extent required by law, enter into and/or issue and/or execute deeds, writings or confirmations, to give formal effect to the provisions of this Clause and to the extent that RCOL is required, prior to the Effective Date, to join in such deeds, writings or confirmations, RIL shall be entitled to act for and on behalf in the name of RCOL.

6.5 SAVING OF CONCLUDED TRANSACTIONS:

The transfer of the Calcined Petroleum Coke and Power Business of the RCOL to RIL pursuant to and in accordance with Clause 6.2 above, the continuance of the Proceedings under Clause 6.3 above and the effectiveness of contracts and deeds under Clause 6.4 above, shall not, in any manner, affect any transaction or the Proceedings in relation to its Calcined Petroleum Coke and Power Business already concluded by RCOL on or before the Effective Date.

6.6 EMPLOYEES:

- i. All the permanent employees of the Calcined Petroleum Coke and Power Business of RCOL in service on the date immediately preceding the Effective Date shall, on and from the Effective Date, become the permanent employees of RIL on the same terms and conditions on which they are engaged by RCOL without treating it as a break, discontinuance or interruption in service by reason of the transfer of the Calcined Petroleum Coke and Power Business of RCOL.
- ii. RCOL shall not vary the terms and conditions of service of its permanent employees after the Third Appointed Date except in the ordinary course of their business.
- iii. On and from the Effective Date the Provident Funds, Gratuity Funds, Superannuation Funds or any other fund or funds created or existing for the benefit of the permanent employees, as applicable, of the Calcined Petroleum

Coke and Power Business of RCOL shall be continued by RIL and RIL shall stand substituted for RCOL for all purposes whatsoever including in relation to the obligation to make contributions to the said fund or funds in accordance with the provisions thereof to the end and intent that all rights, duties, powers and obligations of RCOL in relation to such fund shall become those of RIL.

- iv. On and from the Effective Date, the services of the permanent employees of Calcined Petroleum Coke and Power Business of RCOL will be treated as having been continuous, without any break, discontinuance or interruption, for the purpose of membership and the application of the Rules or Bye Laws of the said funds.

6.7 BUSINESS IN TRUST FOR RIL:

With effect from the Third Appointed Date and up to and including the Effective Date:

- i. RCOL shall carry on and be deemed to have carried on business and activities in relation to its Calcined Petroleum Coke and Power Business and shall hold and stand possessed of and be deemed to have held and stood possessed of its assets and properties pertaining its Calcined Petroleum Coke and Power Business for and on account of and in trust for RIL.
- ii. RCOL shall carry on business and activities in relation to the Calcined Petroleum Coke and Power Business with due diligence and business prudence and shall neither sell, transfer, alienate, charge, mortgage, encumber or otherwise deal with the Calcined Petroleum Coke and Power Business of RCOL or any part thereof nor incur, accept or acknowledge any debt, obligation or any liability or incur any major expenditure, except as is necessary in the ordinary course of their business, without the prior written consent of RIL or pursuant to any pre-existing obligation undertaken by RCOL prior to the Appointed Date.
- iii. All profits or income accruing or arising to RCOL on account of its Calcined Petroleum Coke and Power Business or any costs, charges, expenditure or losses arising or incurred by RCOL on account of such businesses shall, for all purposes, be treated and be deemed to have been accrued or accrue as the profits, income, costs, charges or expenditure or losses, as the case may be, of RIL.
- iv. RCOL shall not, without the prior written consent of RIL, undertake a substantial expansion of its Calcined Petroleum Coke and Power Business, except for the Greenfield Expansion initiated in Visakhapatnam.

6.8 Issue and Allotment of Shares by the Transferee Company:

Upon the Transfer of the Calcined Petroleum Coke and Power Business of Restructured RCOL and the transfer becoming effective in terms of this Scheme, a consideration of Rs. 140.06 Crores, net-off secured and unsecured loans and current liabilities of the Undertaking of RCOL, shall be payable by RIL to RCOL. Such consideration shall be partly adjusted against the consideration payable by RCOL for transfer of the Undertaking of RIL. The balance amount of consideration of Rs. 95.06 Crores, shall be settled by RIL by issue and allotment of 90,05,000 Equity Shares of Rs. 10 each at a premium of Rs. 110 each.

6.9 ACCOUNTING TREATMENT:

The assets and liabilities of the Calcined Petroleum Coke and Power Business of RCOL transferred to RIL shall be accounted at their respective book values in RCOL as at the Third Appointed Date. The difference between the consideration

paid by RIL and the net assets of the Calcined Petroleum Coke and Power Business shall be transferred to Capital Reserve.

- 6.10 Upon the Scheme becoming effective, the Transferee Company, if required, is expressly permitted to revise its returns and filings under the Income Tax Act, Service Tax laws, Sales Tax laws, Value Added Tax laws and other tax laws, and to claim refunds and / or credits for the taxes paid, etc. and for matters incidental thereto to give effect to the provisions of the Scheme, pertaining to the Transferor Company.

7. TERMS COMMON TO PARTS A, B AND C OF PART II:

7.1 APPLICATIONS TO THE HIGH COURT OF ANDHRA PRADESH

On this Scheme being approved by the requisite majority of shareholders and creditors of RIL, RCL and RCOL respectively representing the required value, RIL, RCL and RCOL, shall with all reasonable dispatch, make necessary applications/petitions under Sections 391 and 394 of the Act and other applicable provisions of the Act to the High Court of Judicature of Andhra Pradesh at Hyderabad for sanction and carrying out of this Scheme and for consequent dissolution of RCL without winding up and apply for and obtain such other approvals, as required by law.

7.2 MODIFICATIONS OR AMENDMENTS TO THE SCHEME:

RIL, RCL and RCOL (by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize) are empowered and authorized:

- i. to assent from time to time to any modifications or amendments of this Scheme or of any conditions or limitations which the High Court and/or any other competent authorities under law, the shareholders and/or creditors of RIL, RCL and RCOL may deem fit to approve or direct or as may be deemed expedient or necessary; and
- ii. give such directions as they may consider necessary or desirable to settle all questions, doubts or difficulties that may arise in carrying out this Scheme or any matter connected therewith (including any question, doubt or difficulty arising in connection with any deceased or insolvent shareholders of RIL, RCL and RCOL) and to do and execute all acts, deeds, matters and things necessary, desirable or proper for carrying this Scheme into effect.

In the event that any modification or amendment to this Scheme is unacceptable to the respective Board of Directors of either of RIL, RCL or RCOL for any reason whatsoever, either of the above Companies, as the case may be, shall be entitled to withdraw from this Scheme.

PART III – GENERAL

8. SCHEME CONDITIONAL UPON:

This Scheme is conditional upon and subject to:

- i. Sanction or approval of all persons or authorities concerned being obtained and granted in respect of any of the matters provided for or relating to this Scheme for which such sanction or approval is required;

- ii.. Approval of this Scheme by the requisite majorities of the shareholders and creditors of RIL, RCL and RCOL.
- iii. Sanction of this Scheme by the High Court of Andhra Pradesh.
- iv. Certified copies of the Order of the High Court of Andhra Pradesh sanctioning this Scheme being filed by RIL, RCL and RCOL with the Registrar of Companies, Andhra Pradesh.

9. WHEN THE SCHEME TO BECOME NULL AND VOID :

In the event of any of the sanctions and approvals referred to in Clauses 8(i), 8(ii) and 8(iii) above, not being obtained and/or this Scheme not being sanctioned by the High Court of Andhra Pradesh and/or the certified copies of the Order of the High Court of Andhra Pradesh sanctioning this Scheme not being filed as aforesaid or within such further period or periods as may be mutually agreed upon by RIL, RCL and RCOL through their respective Board of Directors, this Scheme shall become null and void and in such event no rights or liabilities whatsoever shall accrue to or be incurred by RIL, RCL and RCOL. RIL, RCL and RCOL, in such event, bear their respective costs, charges and expenses in connection with this Scheme.

- 10. The Scheme also clarifies that the Rain Industries Limited, Rain Commodities Limited and Rain Calcining Limited shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the accounting period prior or after the Appointed Date and prior to the Effective Date, provided that the shareholders of the Rain Commodities Limited shall not be entitled to dividend, if any, declared and paid by the Rain Calcining Limited.

11. COSTS, CHARGES AND EXPENSES:

Subject to clause 9 above, all costs, charges and expenses, including stamp duty and registration charges, if any, or for in respect of any deed, document, instrument or Orders of the High Court of Andhra Pradesh or either of them in relation to or in connection with negotiations leading up to and arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto, shall be borne by respective parties.

12.. PART IMPLEMENTATION OF THE SCHEME

The Board of Directors of Rain Commodities Limited and Rain Calcining Limited in their absolute discretion may withdraw the applications / petitions before the Hon'ble High Court of Andhra Pradesh for giving effect to the Parts B and C of the Scheme hereunder, whereupon this Scheme shall be construed as Scheme of Arrangement between Rain Industries Limited and its shareholders on one hand and Rain Commodities Limited and its shareholders on the other hand pertaining only to Part A of the Scheme.

The Board of Directors of Rain Commodities Limited and Rain Calcining Limited in their absolute discretion may withdraw the applications / petitions before the Hon'ble High Court of Andhra Pradesh for giving effect to the Part C of the scheme alone, whereupon the Scheme shall be construed as ;

- a) An arrangement between the Rain Industries Limited and its shareholders on one hand and Rain Commodities Limited and its shareholders on the other hand in terms of the Part-A hereunder.

- b) An arrangement between Rain Commodities Limited and its shareholders on one hand and Rain Calcining Limited and its shareholders on other hand for Amalgamation of Rain Calcining Limited with Rain Commodities Limited in terms of Part B hereunder.

**IN THE HIGH COURT OF JUDICATURE OF ANDHRA PRADESH
AT HYDERABAD**

(SPECIAL ORIGINAL JURISDICTION)

**IN THE MATTER OF THE COMPANIES ACT,1956
AND
IN THE MATTER OF AN APPLICATION UNDER SECTIONS 78,81,100,391
AND 394 OF THE COMPANIES ACT, 1956
AND
IN THE MATTER OF RAIN COMMODITIES LIMITED
AND
IN THE MATTER OF SCHEME OF ARRANGEMENT BETWEEN RAIN
CALCINING LIMITED, RAIN INDUSTRIES LIMITED, RAIN COMMODITIES
LIMITED AND THEIR RESPECTIVE SHAREHOLDERS**

COMPANY APPLICATION NO. 854 OF 2007

M/s Rain Commodities Limited
a Company incorporated under the
Companies Act, 1956 having its
Registered Office at "Rain Center", 34,
Srinagar Colony, Hyderabad – 500 073

.... Applicant Company

FORM OF PROXY

I/We, the undersigned Equity Shareholder/s of the above Company hereby appoint Mr./Ms.
..... of and failing him Mr./Ms. of
..... as my/our Proxy, to act for me/our at the Meeting of the Equity Shareholders to be held
AT KLN PRASAD AUDITORIUM, FEDERATION OF ANDHRA PRADESH CHAMBERS OF
COMMERCE & INDUSTRY (FAPCCI), RED HILLS, HYDERABAD-500 004, ANDHRA PRADESH
on Monday, the 4th June, 2007 at 2:00 P M for the purpose of considering and if thought fit, approving
with or without modification(s), the proposed Scheme of Arrangement and at such meeting and any
adjournment thereof, to vote, for me/us and in my/our name (herein if for insert
'for', if against, insert 'against') the said Scheme of Arrangement between M/s Rain Commodities Limited,
M/s Rain Calcining Limited, M/s Rain Industries Limited and their respective Shareholders either with or
without modification(s) as my/our Proxy may approve.

Date thisday of _____, 2007.

Signature :

Name :

Address :

Folio No. :

Client ID :

DPID :

No. of Shares Held :

Affix 15 paise revenue stamp sign across the stamp

(Strike whichever is not applicable).

- Note :
1. All alterations made in the form of proxy should be initialed.
 2. Proxy in order to be effective to be deposited at the Registered Office of the Company at "Rain Center", 34, Srinagar Colony, Hyderabad – 500 073, not later than 48 hours before the meeting.

Rain Commodities Limited
Registered Office at “Rain Centre”, 34,
Srinagar Colony, Hyderabad – 500 073.

ATTENDANCE SLIP

Name & Address of the Shareholder :

Client Id.

DP. Id
.....

Regd. Folio No.

No. of Shares held

I/We certify that I/We am/are registered shareholder/Proxy for the registered shareholder of the Company. I/We hereby record my/our presence at the meeting of the Equity Shareholders of the Company to be held at KLN PRASAD AUDITORIUM, FEDERATION OF ANDHRA PRADESH CHAMBERS OF COMMERCE & INDUSTRY (FAPCCI), RED HILLS, HYDERABAD-500 004, ANDHRA PRADESH on Monday, the 4th June, 2007 at 2:00 P. M.

1. Member's Name in Block Letters : _____ Member's Signature _____

OR

2. Proxy's Name in Block Letters : _____ Proxy's Signature _____

Note : Please fill in this attendance slip and hand it over at the ENTRANCE OF THE HALL.