

BOARD OF DIRECTORS

Sri N.Radhakrishna Reddy	Chairman & Managing Director
Sri N.Jagan Mohan Reddy	Director
Sri N. Sujith Kumar Reddy	Director
Sri P. Venugopal Reddy	Director
Sri G. Krishna Prasad	Director
Sri P. Prasen Kumar	Director

VICE-PRESIDENT(FINANCE) & COMPANY SECRETARY

Sri G.R.Chari

AUDITORS

M/s. Price Waterhouse,
Chartered Accountants,
6-3-550, IIInd Floor,
L B Bhavan,
Somajiguda,
Hyderabad-500 082.

REGISTERED OFFICE

"Rain Center",
34, Srinagar Colony,
Hyderabad-500 073,
Andhra Pradesh.

BANKERS

Citibank, S.P. Road, Secunderabad

Contents	Page No.
Notice-----	02
Directors' Report-----	04
Management Discussion and Analysis -----	11
Corporate Governance Report -----	13
Auditors' Certificate -----	26
Auditors' Report-----	27
Standalone Financial Statements -----	31
Balance Sheet abstract -----	45
Statement u/s 212 of the Companies Act, 1956 -----	47
Auditors' Report on consolidated Financial Statements -----	48
Consolidated Financial Statements -----	49
Rain Commodities (USA) Inc Annual Report-----	72
Rain Industries Limited Annual Report-----	85

NOTICE

Notice is hereby given that the 32nd Annual General Meeting of the Members of Rain Commodities Limited (formerly Priyadarshini Cement Limited) will be held on Friday, the 3rd day of August, 2007 at 11:00 A. M at KLN Prasad Auditorium, Federation of Andhra Pradesh Chambers of Commerce & Industry (FAPCCI), Red Hills, Hyderabad-500 004, Andhra Pradesh to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance sheet as at 31st March, 2007, Profit and Loss Account for the period ended on 31st March, 2007 and reports of Directors and Auditors thereon.
2. To declare a dividend on equity shares for the year ended 31st March, 2007.
3. To appoint a Director in place of Mr. N. Jagan Mohan Reddy, who retires

by rotation and being eligible offers himself for re-appointment.

4. To appoint a Director in place of Mr. N. Sujith Kumar Reddy, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint M/s. Price Waterhouse, Chartered Accountants, as the Auditors of the Company to hold office from the conclusion of this 32nd Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to authorise the Board of Directors to fix the remuneration of Auditors.

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

G.R. CHARI

VICE-PRESIDENT (FINANCE)
& COMPANY SECRETARY

Place: Hyderabad
Date : June 5, 2007

NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and on a poll to vote instead of himself and such proxy need not be a member. The instrument appointing a proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 26th July, 2007 to 3rd August, 2007 (both days inclusive).
3. Dividend on equity shares @ 35% on the paidup Equity share capital i.e., Rs.3.50 per Equity Share as recommended by the Board of Directors, if declared by the Shareholders at the meeting, will be paid to those shareholders whose names appear on the Register of Members of the Company as on 3rd August, 2007 and also to the Beneficial Owners of equity shares held in electronic form on the said date as per the details furnished by the Depositories for this purpose.
- 4) The Securities and Exchange Board of India (SEBI) and the Ministry of Company Affairs have made it mandatory for all the Listed Companies to offer Electronic Clearing Service (ECS) facilities for payment of dividend, wherever applicable. This facility offers various benefits like timely credit of dividend to the shareholders account, elimination of loss of instruments in transit or fraudulent encashment etc. In view of the above:
 - (i) Shareholders holding shares in Physical Form and desirous of availing the facility are requested to

complete ECS form attached to this Annual Report and forward the same to the Company's Registrar and Share Transfer Agent.

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

The above information should be made available to the Company or its Registrar's Messrs. Aarthi Consultants Private Limited on or before 14th July, 2007.

- 5) The Company's equity shares are Listed at Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001 and The Hyderabad Stock Exchange Limited, Erramanzil, Somajiguda, Hyderabad and the Company has paid the Annual Listing Fees to the said Stock Exchanges for the year 2007-08.
- 6) Members are requested to send all communication relating to shares to the Company's Share Transfer Agent (Physical and Electronic) at Aarthi Consultants Private Limited, 1-2-285, Domalguda, Hyderabad-500029, Andhra Pradesh, India.

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

G.R. CHARI
VICE-PRESIDENT (FINANCE)
& COMPANY SECRETARY

Place: Hyderabad
Date : June 5, 2007

DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting the 32nd Annual Report and the Audited Statement of Accounts for the Year ended on 31st March, 2007.

FINANCIAL RESULTS:

The performance during the year ended on 31st March, 2007 has been as under:

	(Rs. in Lakhs)	
	2006-2007	2005-2006
Sales	Nil	Nil
Profit/(Loss) before interest & Depreciation (after adjusting Prior year Income/Expenses)	112.43	(31)
Less: Interest & Financial Charges	167.15	1200
Profit/(Loss) after interest but before depreciation	(54.71)	(1231)
Less: Depreciation	0.90	1
Profit/(Loss) before tax	(55.61)	(1232)
Less: Provision for Taxation		
– Current Tax	–	–
– Deferred Tax (Asset/Liability)	–	–
– Fringe Benefit Tax	0.19	0.11
Profit/(Loss) after Tax	(55.80)	(1232.11)
Balance brought Forward	2586.98	3819
Profit available for appropriation	2531.17	2586.98
Appropriations		
Transferred to		
General Reserve	–	–
Proposed Dividend including dividend Tax	1314.84	–
Balance carried to Balance Sheet	1216.33	2586.89
Total	2531.17	2586.89

OPERATIONS

The Company has not undertaken any operations during the Financial Year 2006-2007. The Company is the holding Company of Rain Industries Limited, to which Cement division was transferred as per Section 391 & 394 of the Companies Act, 1956 with the approval of Hon'ble High Court of Andhra Pradesh. The Company also holds 100% of the shares of Rain Commodities (USA) Inc. During the period under review the Company has a Loss of Rs.55.80 Lakhs as against previous year Loss of Rs.1232.11 Lakhs.

SALE OF STAKE BY RAIN COMMODITIES (USA) INC., IN GLC CARBON (USA) INC

Rain Commodities (USA) Inc (RCUSA), a wholly owned subsidiary of the Company(WOS) has concluded the sale of 9,324,327 - 16% Promissory notes held in GLC Carbon (USA) Inc at a price of Cdn \$6.86. RCUSA has sold the entire Common Stock/Shares held by it in GLC Carbon USA Inc to Oxbow GLC Canada Acquisition ULC at a price of Cdn \$7.14 in cash per Share.

ALLOTMENT OF EQUITY SHARES AND EQUITY WARRANTS

The Company has allotted the following Equity Shares consequent to conversion of Equity warrants :

- 1) 50,00,000 Equity Shares of Rs.40/- each (Rs.10/- Face value + Rs.30/- Premium) to Citicorp Finance (India) Limited consequent to the conversion of 10,00,000 Equity Warrants on 15th July, 2006 and 40,00,000 Equity Warrants on 11th November, 2006. These Equity Warrants were allotted on 14th May, 2005.
- 2) 34,00,922 Equity Shares of Rs.40/- each (Rs.10/- Face value + Rs.30/- Premium) to Meghamala Enterprises Private Limited consequent to the conversion of 22,00,000

Equity Warrants and 12,00,922 Equity Warrants on 30th October, 2006 and 11th November, 2006 respectively. These Equity Warrants were allotted on 14th May, 2005.

- 3) 15,99,078 Equity Shares of Rs.40/- each (Rs.10/- Face value + Rs.30/- Premium) to Sujala Investments Private Limited consequent to the conversion of 15,99,078 Equity Warrants on 11th November, 2006. These Equity Warrants were allotted on 14th May, 2005.

Further, the Company has allotted 68,00,000 Equity Warrants of Rs.200/- each (Rs.10/- Face value + Rs.190/- Premium) to Focus India Brands Private Limited on 29th November, 2006. These Equity warrants holder have option to convert these warrants on or before 18 months from 29th November, 2006(Date of allotment).

FUTURE OUTLOOK

The Company has two wholly owned subsidiaries namely Rain Industries Limited and Rain Commodities (USA) Inc. The Company has transferred its Cement Division to Rain Industries Limited as per the Scheme of Arrangement approved by the Hon'ble High Court of Andhra Pradesh. Rain Industries Limited manufactures and sells Cement under the brand name Priya Cement. Rain Commodities (USA) Inc is a special purpose vehicle to explore strategic business opportunities across the globe and in particular, in the developed markets of US and Europe. The performance of the Company depends on the performance of its subsidiaries.

DIVIDEND

The Board of Directors have recommended a Dividend @ 35% on the Paid up Equity Share Capital of the Company,i.e., Rs.3.50 Per Equity Share for the year 2006-2007.

LISTING OF EQUITY SHARES

The Company's Equity shares are listed at The Hyderabad Stock Exchange Limited, 6-3-654, Somajiguda, Hyderabad and Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001, and the company has paid the Listing Fees to the said Stock Exchanges.

SUBSIDIARY COMPANY

A statement of Rain Commodities Limited (Holding Company) interest in Rain Industries Limited and Rain Commodities (USA) Inc (Subsidiary Companies), Financial Statements, Directors Report and Auditors Report of Rain Industries Limited and Rain Commodities (USA) Inc are enclosed as required under Section 212 of the Companies Act, 1956.

CONSOLIDATED FINANCIAL STATEMENTS

As prescribed by Accounting Standards-21 issued by the Institute of Chartered Accountants of India, the Audited Consolidated Financial Statements are annexed. The Company has consolidated the Accounts of Rain Industries Limited and Rain Commodities (USA) Inc, a wholly owned subsidiaries of the Company.

FIXED DEPOSITS

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

DIRECTORS

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

AUDITORS

M/s. Price Waterhouse, Chartered Accountants, Auditors of the Company retires at the ensuing Annual General Meeting. They have expressed their willingness to accept re-appointment.

M/s.Price Waterhouse, Chartered Accountants have confirmed that their appointment, if made, shall be in accordance with the provisions of Section 224(1B) of the companies Act, 1956.

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

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

- (i) That in the preparation of the Annual Accounts for the Financial year ended 31st March, 2007, the applicable accounting standards have been followed;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2007 and of Profit and Loss Account of the Company for the period ended 31st March, 2007;
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors have prepared the Annual Accounts for the Financial Year ended 31st March, 2007 on a going concern basis.

AUDIT COMMITTEE

Audit Committee consists of the following Directors namely Mr. P.Venugopal Reddy- Chairman, Mr. G Krishna Prasad and Mr. P. Prasen Kumar.

CORPORATE GOVERNANCE

A Separate report on Corporate Governance and Management discussion and analysis is annexed as a part of the Annual Report along with the Auditor's Certificate on its compliance.

SCHEME OF ARRANGEMENT BETWEEN THE COMPANY, RAIN CALCINING LIMITED AND RAIN INDUSTRIES LIMITED

The Board of Directors of the Company at their meeting held on 20th March, 2007 have approved the Scheme of arrangement for (a) Transfer of Cement Business from Rain Industries Limited, a Wholly Owned Subsidiary (WOS) to the Company with effect from 1st July, 2006 (Appointed date), (b) Amalgamation of Rain Calcining Limited with the Company with effect from 1st April, 2007 (appointed date); and (c) Transfer of Calcined Petroleum Coke (CPC) and Power Business from the Company to Rain Industries Limited with effect from 1st April, 2007(appointed date).Approvals from Stock Exchanges are already obtained and necessary applications/petitions are submitted to the Hon'ble High Court of Andhra Pradesh for its approval for the Scheme of Arrangement. Subsequent to the approval of the Hon'ble High Court of Andhra Pradesh for the aforesaid Scheme of Arrangement, the Company shall allot two Equity Shares to the Shareholders of the Rain Calcining Limited for every Seven Equity Shares held in Rain Calcining Limited as on record to be fixed post approval of Scheme of arrangement by Hon'ble High Court of Andhra Pradesh. The share swap ratio has been determined basing on the valuations done by two Independent valuers namely Ernst & Young and Grant Thornton.

**CONSERVATION OF ENERGY, TECHNOLOGY
ABSORPTION, FOREIGN EXCHANGE
EARNINGS AND OUTGO.**

The information required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in Annexure-I and form part of this report.

EMPLOYEES

Company has no employee whose remuneration exceeds the limits prescribed under Section 217(2A) of the Companies Act, 1956. Hence, the information required under the said section, read with the Companies (Particulars of the Employees) Rules, 1975, has not been given in the report.

ACKNOWLEDGEMENTS

The Directors take this opportunity to place on record their sincere thanks to the Banks and

Financial Institutions, Insurance Companies, Central and State Government Departments and the shareholders for their support and co-operation extended to the Company from time to time. Directors are pleased to record their appreciation of the sincere and dedicated services of the employees and workmen at all levels.

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

N. Radhakrishna Reddy
Chairman & Managing Director

N. Jagan Mohan Reddy
Director

Place: Hyderabad
Date : June 5, 2007

ANNEXURE TO DIRECTORS' REPORT

Information under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of Directors Report for the period ended 31st March, 2007.

A. CONSERVATION OF ENERGY.

- (a) Energy conservation measures taken:
Nil

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

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

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

FORM - A

Form for disclosure of particulars with respect to conservation of energy

A. Power and Fuel Consumption	2006 - 2007	2005 - 2006
1. ELECTRICITY		
a) Purchased		
Unit (No.) (Kwh)	Nil	Nil
Total Amount (Rs.)	Nil	Nil
Rate/Unit(Rs.)	Nil	Nil
b) Own Generation		
i) Through Generator		
Unit (No.)	Nil	Nil
Unit per Litre of Diesel Oil (No.)	Nil	Nil
Cost/Unit (Rs.)	Nil	Nil
ii) Through Steam turbine / Generator		
Units (KWH)	Nil	Nil
Units per litre of fuel Oil & Gas	Nil	Nil
Cost/unit (Rs.)	Nil	Nil
2. COAL		
Quantity (Tonnes)	Nil	Nil
Total Cost (Rs.)	Nil	Nil
Average Rate (Rs.)	Nil	Nil
3. FURNACE OIL		
Quantity (K Ltrs)	Nil	Nil
Total Amount (Rs.)	Nil	Nil
Average Rate (Rs.)	Nil	Nil

4. OTHERS/INTERNAL GENERATORS

Quantity	Nil	Nil
Total Cost	Nil	Nil
Rate/unit	Nil	Nil

5. Consumption per Metric tonne of Cement Production

Production (Cement)	Nil	Nil
Electricity (Kwh)	Nil	Nil
Furnace Oil (KL)	Nil	Nil
Coal(%)	Nil	Nil

B. TECHNOLOGY ABSORPTION :

(e) efforts made in technology absorption as per Form B:

FORM - B

Form for disclosure of particulars with respect to absorption

RESEARCH AND DEVELOPMENT(R&D):

1. Specific areas in which R & D carried out by the Company. : Nil
2. Benefits derived as a result of the above R & D. : Nil
3. Future plan of action : Nil
4. Expenditure on R&D : Nil

TECHNOLOGY ABSORPTION, ADOPTATION AND INNOVATION

1. Efforts, in brief, made towards technology absorption, adaptation and innovation : Nil
2. Benefits derived as a result of the above efforts, eg. Product development, import substitution, etc., : Nil
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the Financial year), following information may be furnished. : No technology has been imported during the last five years

- | | | | |
|----|--|---|----------------|
| a) | Technology imported | : | Nil |
| b) | Year of Import | : | Not applicable |
| c) | Has Technology been fully absorbed | : | Not applicable |
| d) | If not fully absorbed, area where this has not taken place, reasons therefor and future plans of action. | : | Not applicable |

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- | | | | |
|----|---|---|-----|
| a) | Activities relating to exports; initiatives taken to increase exports; development of new export markets for production and service and export plans. | : | Nil |
| b) | Total foreign exchange used and earned : | | |

2006-2007 2005-2006
(Rs. in Lakhs)

(i)	Foreign Exchange earned	Nil	Nil
(ii)	Foreign Exchange Used	Nil	Nil

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

Place : Hyderabad
Date : June 5, 2007

N. Radhakrishna Reddy	N. Jagan Mohan Reddy
Chairman & Managing Director	Director