

BOARD OF DIRECTORS

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

VICE-PRESIDENT(FINANCE) & COMPANY SECRETARY

Sri G.R.Chari

AUDITORS

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

REGISTERED OFFICE

Plot No.34, "Green Tower",
Srinagar Colony,
Hyderabad-500 073,
Andhra Pradesh.

BANKERS

Citi Bank,
Begumpet,
Hyderabad.

NOTICE

Notice is hereby given that the 31st Annual General Meeting of the Members of Rain Commodities Limited (formerly Priyadarshini Cement Limited) will be held on Thursday, the 14th day of September, 2006 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, 2006, Profit and Loss Account for the period ended on 31st March, 2006 and reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri P. Koteswara Rao, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri G. Krishna Prasad, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint M/s. Price Waterhouse, Chartered Accountants, as the Auditors of the Company to hold office from the conclusion of this 31st 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.

SPECIAL BUSINESS:

5. To Consider and if thought fit to pass with or without modification(s) the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT Shri P. Venugopal Reddy, who was appointed as an Additional Director of the Company by the Board of Directors of the Company and who holds office upto the date of this Annual General Meeting of the members of the Company under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company whose period of office shall be liable to Determination by retirement of Directors by rotation".

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

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

Place: Hyderabad
Date : 27.07.2006

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 12th September, 2006 to 14th September, 2006 (both days inclusive).
3. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividend for the financial year ended 31st March, 1998 has been transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956 and the dividend for the financial year ended 31st March, 1999, which remain unclaimed for a period of 7 years will be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956.

Information in respect of such unclaimed dividend when due for transfer to the said fund is given below:

For the Financial year	Date of declaration	Due for transfer on
1998-99	29.09.1999	10.11.2006

The Shareholders who have not encashed the dividend warrant(s) so far for the Financial year ended 31st March, 1999 are requested to make their claim to the Company at its Registered Office. It may also be noted that once the unclaimed dividend is transferred to the Investor Education and Protection Fund (IEPF) no claim shall lie in respect thereof.

4. Shri G. Krishna Prasad and Shri P. Koteswara Rao does not hold any Equity Shares in the Company.
5. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the business set out above is annexed hereto.

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

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

Place: Hyderabad
Date : 27.07.2006

EXPLANATORY STATEMENT
(Pursuant to Section 173(2) of the
Companies Act, 1956)

Item No.5

Shri P. Venugopal Reddy was appointed as the Additional Director of the Company by the Board of Directors at its meeting held on 25th November, 2005 and his term of Office expires with the conclusion of the ensuing Annual General Meeting under Section 260 of the Companies Act, 1956. A Notice under Section 257 of the Act, proposing the appointment of Shri P.Venugopal Reddy as a Director, liable for retirement by rotation, has been received from a member together with the requisite deposit.

Shri P. Venugopal Reddy does not hold any Shares in the Company.

None of the Directors except Shri P.Venugopal Reddy is interested in the above Resolution.

Your Directors recommend the above Resolution for your approval.

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

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

Place : Hyderabad
Date : 27.07.2006



DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting the 31st Annual Report and the Audited Statement of Accounts for the Year ended on 31st March, 2006.

FINANCIAL RESULTS:

The performance during the Year ended 31st March, 2006 has been as under:

	(Rs. Lakhs)	
2005-2006 (12 Months) (01.04.2005 to 31.03.2006)	2003-2005 (18 Months) (01.10.2003 to 31.03.2005)	
Sales	Nil	66
Profit/(Loss) before interest & Depreciation (after adjusting Prior year Income/Expenses)	(31)	(78)
Less: Interest & Financial Charges	1200	20
Profit/(Loss) after interest but before depreciation	(1231)	(98)
Less: Depreciation	1	12
Profit/(Loss) before tax	(1232)	(109)
Less: Provision for Taxation		
– Current Tax	–	–
– Deferred Tax	–	–
– Fringe Benefit Tax	0.11	–
Profit/(Loss) after Tax	(1232.11)	(109)
Balance brought Forward	3819	3928
	<u>2586.89</u>	<u>3819</u>
Appropriations		
Transferred to General Reserve	–	–
Balance carried to Balance Sheet	2586.89	3819
Total	<u>2586.89</u>	<u>3819</u>

OPERATIONS

The Company has not undertaken any operations during the Financial Year 2005-2006. 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 incurred a Loss of Rs.1232 Lakhs as against previous year Loss of Rs.109 Lakhs. During the year, the Company has absorbed a Liability of Rs.1200 Lakhs from Rain Industries Limited a wholly owned subsidiary of the Company.

ACQUISITION OF RAIN COMMODITIES (USA) INC

The Company has acquired 100% outstanding Equity of Rain Commodities (USA) Inc and also funded a loan to the extent of Rs. 10,67,33,000. In view of the said acquisition, Rain Commodities (USA) Inc has become wholly owned subsidiary of the Company. Rain Commodities (USA) Inc in turn has acquired 100% outstanding shares of AIP/GLC Holdings, LLC, USA at an aggregate purchase price of approximately Cdn \$123.2 million in cash. AIP/GLC Holdings, LLC, USA owns and controls approximately 20.22% of the outstanding equity of GLC Carbon USA Inc. ("GLC"). GLC Carbon USA Inc. ("GLC") is the world's largest producer of Calcinating Petroleum Coke(CPC), which is a critical raw material for the aluminum industry. Rain Commodities USA Inc. has also acquired 4.99% stake in Rain Calcining Limited at a cost of Rs 40,62,12,062. The cost of acquisition of AIP/GLC Holdings, LLC, USA and also cost of acquisition of 4.99% stake in Rain Calcining Limited is funded by consortium of Banks lead by ICICI Bank UK Limited.

ALLOTMENT OF 10,00,000 EQUITY SHARES

The Company has allotted 10,00,000 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. These Equity Warrants were allotted on 14th May, 2005.

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 holds 100% shares in Rain/GLC Holdings LLC and Rain/GLC Holdings LLC in turn holds approximately 20.22% of the outstanding equity of Great Lakes Carbon USA. Great Lakes Carbon USA is the world's largest producer of Calcinating Petroleum Coke(CPC), which is a critical raw material for the aluminum industry. The performance of the Company depends on the performance of its subsidiaries.

DIVIDEND

In view of the loss during the Financial year, the Board of Directors does not recommend any dividend on the Equity Shares.

LISTING OF EQUITY SHARES

The Company's Equity shares are listed at The Hyderabad Stock Exchange Limited (Regional Stock Exchange), 6-3-654, Somajiguda, Hyderabad and The 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 are enclosed as required under Section 212 of the Companies Act, 1956. However the Annual Accounts of Rain Commodities (USA) Inc are not enclosed, since this is the first Financial year and the said Company became subsidiary in January, 2006 and their Financial year is from January to December.

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, a wholly owned subsidiary of the Company. But the Company has not considered Rain Commodities (USA) Inc, (a wholly owned subsidiary of the Company) Financial statements for consolidation, because Rain Commodities (USA) Inc has become subsidiary of the Company with effect from 13th January, 2006 and also in view of the short time availability from the date of investment by Rain Commodities (USA) Inc in AIP/GLC Holdings LLC and also the financial year of Rain Commodities (USA) Inc being January to December. Investment in Rain Commodities (USA) Inc has been accounted as per Accounting Standard 13, Accounting for Investments.

FIXED DEPOSITS

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

DIRECTORS

Shri G. Krishna Prasad and Shri P. Koteswara Rao Directors of the Company who retire by rotation and being eligible offer themselves for reappointment. Shri P. Venugopal Reddy is appointed as the Additional Director of the Company with effect from 25th November, 2005 by the Board of Directors at their meeting held on 25th November, 2005. Shri G Ram Prasad resigned from the Board of the Company due to pre-occupation with effect from 26th November, 2005.

AUDITORS

M/s. Price Waterhouse, Chartered Accountants, Auditors of the Company retire 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, 2006, 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, 2006 and of Profit and Loss Account of the Company for the period ended 31st March, 2006;
- (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, 2006 on a going concern basis.

AUDIT COMMITTEE

Audit Committee consists of the following Directors namely Shri P Koteswara Rao- Chairman, Shri G Krishna Prasad-Member, Shri P.Venugopal Reddy- Member.

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.

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 : 27.07.2006



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, 2006.

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	2005 - 2006 (12 Months)	2003 - 2005 (18 Months)
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, ADOPTION 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