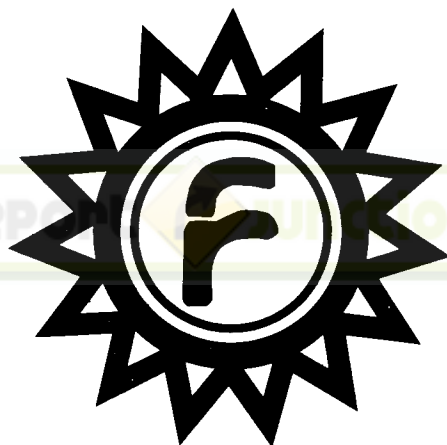


22nd ANNUAL REPORT 2005-2006



RAASI FINANCE & INVESTMENT LIMITED


RAASI FINANCE & INVESTMENT LIMITED
BOARD OF DIRECTORS

Sri K.V. Vishnu Raju	-	Chairman
Sri B.V.N.Satyanarayana Raju	-	Director
Sri S. Ram Kumar	-	Director
Sri R.Ravichandran	-	Director
Sri P.V.R.L. Narasimha Raju	-	Director

Report  junction.com

BANKERS

Andhra Bank
Indian Bank
Indian Overseas Bank

AUDITORS

M/s. Bhaskara Rao & Co.,
5-4, 5th Floor, Kautilya,
6-3-652, Somajiguda
Hyderabad - 500 482



RAASI FINANCE & INVESTMENT LIMITED

NOTICE

Notice is hereby given that the Twenty Second Annual General Meeting of the Company will be held on Friday, the 29th September 2006 at 10.30 AM at Administrative Building, Dr.B.V.Raju Foundation, Vishnupur, Garagaparru Road, Bhimavaram, W.G.District, Andhra Pradesh to transact the following items of business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Annual Accounts and the reports of the Directors and the Auditors thereon for the year ended 31st March 2006.
2. To appoint a Director in place of Sri K.V.Vishnu Raju, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Sri B.V.N.Satyanarayana Raju, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and to fix their

remuneration.

SPECIAL BUSINESS

5. To consider and, if thought to fit, to pass, with or without modification the following resolution which will be proposed as an ordinary resolution:

"RESOLVED THAT Sri P.V.R.L.Narasimha Raju, be and is hereby appointed as Director of the Company.:

6. To consider and, if thought to fit, to pass, with or without modification the following resolution which will be proposed as an ordinary resolution.

"RESOLVED THAT Sri R.Ravi Chandran, be and is hereby appointed as Director of the Company.:

for **RAASI FINANCE & INVESTMENT LIMITED.**,

Place : Hyderabad

K. V. VISHNU RAJU

Date : 28.08.2006

Chairman

NOTES:

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and the Proxy need not be a Member of the Company. The proxy instruments should be deposited at the Registered Office of the Company not later than 48 hours before the time for holding the meeting.
2. The Register of Members of the Company will remain closed from 25th September 2006 to 29th September 2006 both days inclusive.
3. Members are requested to notify any change in their address immediately to the Company.

EXPLANATORY STATEMENT (PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956)

Item No. 6

Sri P.V.R.L.Narasimha Raju was co-opted as Additional Director, in pursuance of Article no.96 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956. He shall hold office upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing under section 257 of the Companies Act, 1956, from a Member proposing the candidature of Sri P.V.R.L. Narasimha Raju as Director, None of the Directors is interested in the resolution except Sri P.V.R.L.Narasimha Raju.

Item No.7

Sri R.Ravichandran was co-opted as Additional Director, in pursuance of Article no.96 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956. He shall hold office upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing under section 257 of the Companies Act, 1956, from a Member proposing the candidature of Sri R.Ravichandran as Director, None of the Directors is interested in the resolution except Sri R.Ravichandran.

RAASI FINANCE & INVESTMENT LIMITED

DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present the 22nd Annual Report of the Company together with the Audited Accounts of the Company for the Financial Year Ended 31st March 2006.

FINANCIAL RESULTS:

The Financial results for the year ended 31st March, 2006 are summarised below:

	2005-06 Rupees	2004-05 Rupees
Profit/(Loss) before Tax	20,15,535	28,97,737
Provision for Taxation	1,06,238	2,27,219
Profit/(Loss) after Tax	19,09,297	26,70,518
Prior Year Taxation	11,10,000	Nil
Provision for Deferred Tax Asset	17,14,484	1,14,45,333
Profit / (Loss) after Taxation	(9,15,187)	26,70,518
B/F Profit/ (Loss) From Previous Years.	1,45,65,267	4,49,416
Profit available for appropriation	1,36,50,080	1,45,65,267
Balance Carried to Balance Sheet	1,36,50,080	1,45,65,267

OPERATIONS AND FUTURE PLANS

The Company could carry normal activities during the financial year under consideration. In view of the continued difficult conditions in the financial services sector during the past few years, the Company surrendered its NBFC certification and received cancellation letter last year from the Reserve Bank of India.

To service the shareholders in the long run on a consistent basis, the Company has acquired a profit making unit in the food industry as a subsidiary company. Now the Company is planning to expand its horizon of activities. It has prepared a plan of action for undertaking

construction, publication and other activities, which would endeavour to fully activate the company.

DIVIDEND:

Since the company is planning to expand the activities, it would need the available money for various expansion & activation processes. In view of these your Board regrets its inability to re-commend dividend for the year ended 31st March 2006.

DEPOSITS:

The aggregate Deposits in your Company as on 31st March 2006 stood at Rs. Nil (Previous Year Rs. Nil).

DIRECTORS:

In accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company, Your Directors Sri K.V.Vishnu Raju and Sri B.V.N.Satyanarayana Raju retires by rotation and being eligible offer themselves for re-appointment. Sri P.V.R.L.Narasimha Raju and Sri R.Ravi Chandran co-opted on the Board during the year as Additional Directors will retire at the ensuing Annual General Meeting. Notices under section 257 have already been received from Members proposing their appointment as Director at the ensuing Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to Director's responsibility statement, it is hereby confirmed:

1. That in the preparation of the accounts for the year ended 31st March, 2006 the applicable accounting standards have been followed.
2. That such accounting policies have been



RAASI FINANCE & INVESTMENT LIMITED

selected and applied consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the financial year ended 31st March, 2006 and of the loss of the Company for that year.

3. The proper and sufficient care has been taken 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.
4. That the annual accounts for the year ended 31st March 2006, have been prepared on a going concern basis.

CORPORATE GOVERNANCE

The Company complied with the requirements regarding Corporate Governance as required under clause 49 of the Listing Agreement with the Stock Exchanges. A report on Corporate Governance followed by the Company is annexed thereto.

PARTICULARS OF EMPLOYEES:

PARTICULARS OF EMPLOYEES REQUIRED UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956. NOT APPLICABLE

AUDITORS:

M/s. Bhaskara Rao & Co., Chartered Accountants, who are the Auditors of the Company, retire at the close of the ensuing Annual General Meeting and being eligible offer them-selves for re-appointment.

COMPANIES (DISCLOSURE OR PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

- A. Conservation of Energy (a to d) : Not Applicable
- B. Technology absorption (e) : Not Applicable
- C. Foreign Exchange Earnings and outgo
 - f) Activities relating to exports : Not Applicable
 - g) Total Foreign exchange used and Earned foreign exchange outgo : Nil

ACKNOWLEDGEMENTS:

Your Directors place on record, their deep appreciation for the co-operation extended by the Company's Bankers, Andhra Bank, Indian Bank, Indian Overseas Bank and the investors of the Company and look forward to their continued patronage.

The Directors wish to place on record their sincere appreciation of the dedicated services rendered by all the employees of the Company.

By order of the Board

Place : Hyderabad
Date : 28.08.2006

K.V. VISHNU RAJU
Chairman



RAASI FINANCE & INVESTMENT LIMITED

CORPORATE GOVERNANCE REPORT

The Company has implemented the Code of Corporate Governance during the financial year in terms of Clause 49 of the listing agreement entered into by the Company with the Stock Exchanges.

A BRIEF STATEMENT OF COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Your company believes in adhering to the code of corporate governance in true spirit, by complying with total transparency, disclosure norms and good corporate practice while dealing with the Shareholder's customers, creditors, lenders and others.

The Board of Directors ("the Board") has adequate representation of professional, Non-Executive and Independent Directors. For the matters requiring special attention and also for proper and effective disposal of such matters, the Board has constituted various committees of Directors. The Board and Committee meetings have been held as required. Adequate disclosures and information are provided to the Board as well as to the Committees. All the Directors attending the Board and Committee Meetings actively participate in their proceedings. Decisions at the Board and Committee meetings are taken unanimously.

BOARD OF DIRECTORS:

The Board of the Company presently consists of five Directors, Four of whom are Independent and Non-Executive Directors.

The details of Composition and categories of Directors are given here under.

Sr. No.	Name of the Director	Category
01.	Sri K.V.Vishnu Raju	Promoter, Chairman and Non Executive
02.	Sri B.V.N.Satyanarayana Raju	Independent and Non-Executive
03.	Sri S.Ram Kumar	Independent and Non Executive
04.	Sri P.V.R.L.Narasimha Raju	Independent and Non Executive
05.	Sri R.Ravi Chandran	Independent and Non Executive

BOARD PROCEDURE:

BOARD MEETINGS:

The details about performance of the Company, financial position, statutory compliance's market environment and all other aspects of the Company, which are relevant for review of the Board of Directors, are being given in a structured format at each meeting. The said information substantially complies with the requirements of the code of Corporate Governance with regard to the information to be placed before the Board of Directors.

The dates on which the Board meetings were held are:

29th April 2005, 28th July 2005, 29th October 2005 and 28th January 2006 :

RAASI FINANCE & INVESTMENT LIMITED

S. No	Name	No. of Board Meetings Attended	No of Director ships in other Public Companies	Membership held in Committee of other Public Companies	Chairman ship held in Committee of other	Attendance of each Director at last AGM
01.	Sri K.V.Vishnu Raju	04	09	01	-	Yes
02.	Sri B.V.N.Satayanarayana Raju	04	-	-	-	Yes
03.	Sri S.Ram Kumar	04	-	-	-	Yes
04.	Sri P.V.R.L.Narasimha Raju	02				No
05	Sri R.Ravi Chandran	02				No

AUDIT COMMITTEE

To adhere to the principles of transparent governance a qualified and independent Audit Committee has been constituted comprising of two independent, non-executive director and a promoter non-executive director to exercise and discharge functions as stipulated in Section 292 A of the Companies Act, 1956.

Meetings: The Audit Committee met 4 times during the year under review on the following dates: 29th April 2005, 28th July 2005, 29th October 2005 and 28th January 2006.

Name of the Director	Category	No of Meetings Attended
Sri S.Ram Kumar	Independent and Non-Executive	4
Sri B.V.N. S.Raju	Independent and Non Executive	4
Sri K.V. Vishnu Raju	Promoter and Non Executive	4

Sri.S.Ram Kumar is the Chairman of the committee having financial and accounting knowledge.

The following are some of the brief terms of reference:

The Audit Committee has powers to investigate any activity within its terms of reference seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.

The terms of reference of the Audit Committee also includes the following:

01. Overseeing of the Company's financial reporting process and the disclosure of the financial information to ensure that the financial statements are correct, sufficient and credible.
02. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
03. Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:
 - a) Any changes in accounting policies and practices.
 - b) Major accounting entries based on exercise of judgment to management.
 - c) Qualifications in draft audit report.
 - d) Significant adjustments arising out of audit.
 - e) The going concern assumption.
 - f) Compliance with accounting standards.

RAASI FINANCE & INVESTMENT LIMITED

- g) Compliance with stock exchanges and legal requirement concerning financial statements.
- h) Any related party transactions.
- 04. Discussion with external auditors before the audit commences, nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- 05. Reviewing the Company's financial and risk management policies.
- 06. Such other matters as may be entrusted to the Committee from time to time

SHARE TRANSFER & SHARE HOLDERS GRIEVANCE COMMITTEE:

The details of Share Transfer Committee meetings held during the financial year under review and attendance by each of the members are as given below:

S.No	Name of the Director	No of Meetings held	No of Meetings attended
01.	Sri S.Ram Kumar, Chairman	4	4
02.	Sri R.Ravichandran	4	2
03.	Sri B.V.N.Satyanarayana Raju	4	4

Sri S.Ram Kumar is the Compliance Officer

There are no complaints/letters received during the financial year.

Terms of Reference:

1. The shares transfer committee ratifies the transfer of shares, deals with spilt and consolidation of shares, issue of duplicate shares etc.,
2. The shares holders grievance committee is to look into investors complaints such as Non-Receipt of Balance Sheet, Transfer of shares, Non-Receipt of declare dividend etc.,

CODE OF CONDUCT:

The Company is in the process of developing Code of Conduct.

RISK ASSESSMENT

The Company is initiating the procedure for risk assessment and its minimization.

General Body Meetings:

Year	Location	Date	Time
2002-2003	Administrative Building, Dr.B.V.Raju Foundation, Vishnupur, Bhimavaram, W.G.District	29 th September 2003	10.30 AM
2003-2004	Administrative Building, Dr.B.V.Raju Foundation, Vishnupur, Bhimavaram, W.G.District	29 th September 2004	10.30 AM
2004-2005	Administrative Building, Dr.B.V.Raju Foundation, Vishnupur, Bhimavaram, W.G.District	30 th September 2005	10.30 AM

RAASI FINANCE & INVESTMENT LIMITED

DISCLOSURES

Disclosure regarding materially significant related party transactions:

No transaction of material nature has been entered into by the Company with its promoters, directors or the management, subsidiaries or relatives etc. that may have potential conflict with the interest of the Company.

Disclosure of non-compliance by the Company.

Compliance of non-mandatory clause:

Board has noted the non-mandatory requirements and is taking steps for its implementation.

Means of Communications:

- Quarterly financial results of the Company are forwarded to Mumbai and Hyderabad stock exchanges and published in Financial Express and Andhra Jyoti.
- The results or official news were not described in any website.
- The Company has not made any presentation to any institutional investors / analysis during the year.

SHAREHOLDER INFORMATION

This Annual Report includes yearly financial statement, key financial data and a section on shareholder information giving required information.

a) Annual General Meeting:

The Twenty Two Annual General Meeting ("the AGM") of the Company will be held on Friday, the 29th September 2006 at 10.30 AM at Administrative Building, Dr.B.V.Raju Foundation, Vishnupur, Bhimavaram, W.G.District.

b) Dates of Book Closure:

The Register of Members and share transfer books will remain closed from the 25th September 2006 to 29th September 2006(both days inclusive)

c) Auditors' Certificate on Corporate Governance

As required by Clause 49 of the Listing Agreement , the Auditors' Certificate is given as on annexure to the Directors' Report.

d) Share Transfer System:

The share transfer committee attends to the share transfer formalities once in 15 days from the date of receipt, subject to the documents being valid and complete in all respects.

e) Financial Calender 2006-2007

(Tentative Schedule)

Annual General Meeting	:	September, 2007
Adoption of quarterly results for the		
Quarter ending	:	3 rd / 4 th Week of
June 30, 2006	:	July, 2006
September 30, 2006	:	October, 2006



RAASI FINANCE & INVESTMENT LIMITED

December 31, 2006 : January, 2007

March 31, 2007 : April 2007

- f) Shareholder Statistics and Distribution of Shareholdings as on 31st March, 2006 was as follows:

Category	No. of Shareholders	No. of Shares	% to Total Equity
0001 – 0500	4248	757070	18.93
0501 – 1000	119	99000	02.48
1001 – 2000	65	112100	02.80
2001 – 3000	07	16900	00.42
3001 – 4000	15	59250	01.48
4001 – 5000	02	10000	00.25
5001 – 10000	05	37850	00.95
10001 & above	38	2907830	72.69
Total	4588	4000000	100.00

- g) As there is no trading in the companies stocks during the financial year on the Stock Exchange, Mumbai and The Hyderabad Stock Exchange, the monthly High/Low share quotations in comparison of the same with broad-based indices is not furnished.
- h) **Dematerialisation of Shares:**
Trading in Companies shares is permitted in dematerialisation form for all investors. The Company is in the process of entering into the agreement with NSDL & CDSL to offer depository services to its shareholders at present the company shares are held in physical form only.

INVESTOR CORRESPONDENCE

The Company's Share Department provides assistance to shareholders.

Any query relating to shares and requests for transactions such as transmissions and duplicate share certificates, non-receipt of Annual Report may please be taken up with the share department of the Company.

Any requests for transactions such as transfers, change of address, nomination facilities, may please be taken up with the Company.

Share holders are requested to correspond at the register office of the company at Vishnupur, Durgapur, Garagapuru road, Bhimavaram, West Godavari District.