

**A N N U A L
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Rasei Limited



Annual Report 2005-2006

BOARD OF DIRECTORS

RAGHU MODY
SHASHI MODY
KAPIL KAUL
YOGENDRA GOENKA
A C CHAKRABORTTI
SUDHIR JALAN
N G KHAITAN
R S VAIDYANATHAN

CHAIRMAN
VICE-CHAIRPERSON
DIRECTOR CORPORATE AFFAIRS
DIRECTOR OPERATIONS

COMPANY SECRETARY

S SUBRAMANIAN

AUDITORS

LODHA & COMPANY

BANKERS

ALLAHABAD BANK
ORIENTAL BANK OF COMMERCE

SOLICITORS

KHAITAN & COMPANY

REGISTERED OFFICE

RASOI COURT
20, SIR R N MUKHERJEE ROAD
KOLKATA-700 001
PHONE : 033 2248 0114/5
FAX-033 2248 1200
e-mail : rasoi@vsnl.net
Website : www.therasoigroup.com

EQUITY SHARES LISTED ON

MUMBAI AND CALCUTTA STOCK EXCHANGE

REGISTRAR & SHARE TRANSFER AGENT

C B Management Services(Pvt)Ltd
P-22 Bondel Road,Kolkata - 700019.
PHONE : 033 2280 6692/93/95/2486/2937
FAX-033 2287 0263
Email-cbmsl1@cal2.vsnl.net.in

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NOTICE

NOTICE is hereby given that an Annual General Meeting of RASOI LIMITED will be held on Monday, the 25th day of September, 2006 at 4.00 P.M., at Kalakunj (Kalamandir Basement), 48 Shakespeare Sarani, Kolkata 700 017, to transact the following business:

1. To receive, consider and adopt the Audited Profit and Loss Account of the Company for the financial year ended 31st March 2006 and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon
2. To declare a Dividend.
3. To appoint a Director in place of Shri Sudhir Jalan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri R S Vaidyanathan, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution :-
 "RESOLVED THAT in accordance with the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 ("The Act") (including any statutory modification or re-enactment thereof for the time being in force) and enabling provisions of the Memorandum & Articles of Association of the Company and subject to the provisions of the Listing Agreements entered into by the company with the Stock Exchanges where the shares of the Company are listed, the Securities and Exchange Board of India Act, 1992 (SEBI Act) including Guidelines issued by the Securities and Exchange Board of India (SEBI), in particular Guidelines for Preferential Issues as contained in Chapter XIII of the Securities and Exchange Board of India (Disclosure & Investor Protection) Guidelines, 2000 (the DIP Guidelines) as issued from time to time and all other applicable rules, regulations, guidelines, statute or laws for the time being in force, and/or any approval, consent, permission or sanction of any appropriate authority (ies) and subject to conditions or modifications as may be prescribed or imposed by any of the appropriate authority while granting any such approval, consent, permission and/or sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any duly authorised committee thereof for the time being exercising the powers conferred on the Board by this resolution), the consent of the Company be and is hereby accorded to the Board to offer/issue/allot to the Promoters, namely M/s Hindustan Composites Limited and M/s J L Morison (India) Limited, on preferential basis Equity shares of the Company not exceeding 132000 Equity Shares of Rs 10/- each at a price which shall not be less than the price to be calculated in accordance with the DIP Guidelines, out of the unissued Authorised Share Capital, on such other terms and conditions as the Board may in its absolute discretion think, fit and decide.



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Resolved further that

- i. All the new Equity Shares as and when allotted in terms of this resolution, shall rank pari passu in all respects with the existing equity shares of the Company.
- ii. The relevant date as per Clause 13.1.2.2 of the DIP Guidelines as amended upto date, for the determination of minimum price, for the issue of Equity Shares is 26th August 2006.
- iii. Necessary measures be taken to seek the listing of such new Equity Shares on all the Stock Exchanges where the Company's shares shall continue to be listed.
- iv. Necessary application be made with National Securities Depository Limited, Central Depository Services (India) Limited and other authorities, if any, for executing Corporate Action and such other actions, as may be required in this connection from time to time.

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company (including any committee thereof) be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deemed necessary, proper or desirable and take all such steps, measures and decide upon all consequential measures (including settlement of any questions, difficulties, doubts, that may arise in this regard to the issue of share as may be required) to give effect to the above and that the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of Directors or Chairman of the meeting at which the Committee is or may be formed or to any of the principal officers of the company/authorized representative in order to give effect to the aforesaid resolution."



Rasoi Limited

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE 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 proxies to be effective should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
2. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, relating to the Special Business to be transacted at the meeting is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will be closed from Friday 15th September, 2006 to Monday 25th September, 2006 (both days inclusive) in connection with the Annual General Meeting.
4. Members are requested to bring their copies of the Annual Report, as copies of the Report will not be distributed again at the Meeting.
5. Members seeking any information with regard to the accounts of the Company are requested to write to the company so as to reach at its registered office at least 10 days before the date of Meeting to enable the Management to keep the information ready.
6. Members are requested to notify immediately any change of address to their Depository Participants (DPs) in respect of their holding in electronic form and to C B Management Services Pvt Ltd, P-22 Bondel Road, Kolkata 700019 in respect of their physical share folios, if any.
7. Members are requested to produce the enclosed attendance slip duly signed as per the specimen signature recorded with the Company for admission to the meeting hall.
8. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
9. Members holding shares in electronic form may kindly note that their Bank details as furnished by the respective Depositories to the Company will be printed on their dividend warrants as per the applicable regulations of the Depositories, and that the Company will not entertain any direct request from such members for deletion or/change in such Bank details. Further, instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to dividend paid on shares in electronic form. Members may, therefore, give instructions regarding Bank accounts in which they wish to receive dividend, directly to their Depository Participants.
10. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956 dividends which remain Unpaid/Unclaimed for a period of 7 years from the date of transfer to Unpaid Dividend Account of the Company shall be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. Shareholders who have not encashed the dividend warrant(s) so far for the financial year ended March 31, 2000 or any subsequent financial years are requested to make their claim to C B Management Services Pvt Ltd. Shareholders are requested to note that no claims shall lie against the said Fund or the Company in respect of any amounts transferred to IEPF.

Registered Office :

Rasoi Court
20 Sir R N Mukherjee Road
KOLKATA 700 001

By Order of the Board

S SUBRAMANIAN
Company Secretary

Date: 24th July, 2006



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EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956

As required by Section 173 of the Companies Act, 1956, (hereinafter referred to as the "Act") the following Explanatory statement set out all material facts relating to the business mentioned under item no 6 mentioned under the heading as SPECIAL BUSINESS of the accompanying Notice dated 24th July 2006.

ITEM NO.6

The members are aware that the Vanaspati Industry is going through a difficult phase due to the dumping of Vanaspati from the neighbouring countries. In order to overcome the situation, the Company requires to increase its production levels for which fresh funds are required. The Debt Equity Ratio of the Company is also not favourable to get additional financial assistance from banks as the company has huge borrowings. The Company wants to augment its Capital and retire certain debts to improve its Debt Equity Ratio. Accordingly, it is proposed to issue and allot Equity shares to the Promoters of the Company on a preferential basis.

The new Equity shares are proposed to be allotted at a price to be determined in accordance with clause 13.1.1.1 of Chapter XIII of the DIP Guidelines. Not more than 132000 Equity shares shall be allotted to the Promoters of the Company.

The disclosures required to be given in the Explanatory Statement to this Notice of Extra-Ordinary General Meeting in terms of the DIP Guidelines are as under :

(a) The objects of the issue through Preferential Offer :

The Object of the issue is to augment the Capital of the Company and retire certain debts, if necessary, to improve the Debt Equity Ratio.

(b) Identity of the proposed allottees and percentage of Post Preferential Issue Capital that may be held by them

SI No	Name of the proposed Allottee(s)	Pre Issue Holding		Post Issue Holding	
		No of Shares	%	No of Shares	%
1.	Hindustan Composites Ltd	1,43,068	7.95	1,75,068	8.96
2.	J. L. Morison (India) Ltd	1,82,372	10.13	2,82,372	14.72



(c) Intentions of Promoters/Directors/Key Management persons to subscribe to the offer

J L Morison (India) Limited and Hindustan Composites Limited, both belonging to the Promoters' Group intend to subscribe, in aggregate, upto 132000 (One lac thirty two thousand) Equity shares.

(d) The proposed allotment would not result in any change in the control or management of the affairs of the Company or in the composition of the Board of Directors of the Company. However, there could be consequential changes in the voting rights/ shareholding pattern of the Company.

(e) The proposed allotment shall be subject to lock in period as per the DIP Guidelines.

(f) Proposed time within which the allotment shall be completed :

The Board proposed to allot the Equity shares within 15 days from the date of the Annual General Meeting or from the date of other requisite approvals, if any, whichever is later.

(g) Pricing of the Issue : The price of the new Equity shares to be allotted to the Promoters shall be determined in accordance with the DIP Guidelines as aforesaid and shall be calculated on the basis of the Relevant Date as on 26th August 2006, which date is at least 30 days prior to the date on which this Annual General Meeting is to be held.

(h) Shareholding pattern before and after the proposed allotment

	Pre Issue Holding		Post Issue Holding	
	No of Shares	%	No of Shares	%
Promoter Group				
Proposed Allottees -				
Hindustan Composites Ltd.	1,43,068	7.95	1,75,068	8.96
J.L.Morison (India) Ltd.	1,82,372	10.13	2,82,372	14.72
Others	5,86,940	32.61	5,86,940	30.38
Total Holding of Promoter Group	9,12,380	50.69	10,44,380	54.06
General Public	8,87,620	49.31	8,87,620	45.94
Total	18,00,000	100.00	19,32,000	100.00



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The Company is obtaining certificate from the Statutory Auditors of the Company certifying that the Issue of Equity Share is being made in accordance with the requirements contained in the SEBI (Disclosure and Investor Protection) Guidelines, 2000 as amended from time to time. A copy of the Auditors Certificate will be placed before the members at the ensuing Annual General Meeting.

In terms of the provisions of Section 81(1A) of the Companies Act, 1956, consent of the shareholders by way of a Special Resolution is required for issue and allotment of further Equity Shares to any persons. Consent of the members is therefore sought to authorize the Board of Directors to issue the equity shares.

The Board recommends the members to pass the resolution as a Special Resolution.

None of the Directors of the Company, save and except the Promoter Directors, is in any way, concerned or interested in this Resolution.

Registered Office :

Rasoi Court
20 Sir R N Mukherjee Road
KOLKATA 700 001
Date : 24th July, 2006

By Order of the Board

S SUBRAMANIAN
Company Secretary


Rasei Limited

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting their 102nd Annual Report and Audited Accounts for the year ended 31st March 2006.

FINANCIAL HIGHLIGHTS:

	(Rs in Lacs.)	
	31st March, 2006	31st March, 2005
Production (in Mt)	28544	30542
Sales and Other Income/Receipts	12319	14574
Profit before Interest		
Depreciation & Taxation	533	665
Interest	(151)	(120)
Depreciation	(206)	(174)
Profit before Taxation	176	371
Provision for Taxation	(4)	(27)
Provision for Deferred Tax	(38)	(44)
Fringe Benefit Tax	5	-
Profit after Tax	129	300
Add : Balance Brought Forward		
from Last Account	689	460
Profit Available for Appropriation	818	760
Proposed Dividend	36	36
Dividend Tax	5	5
Transfer to General Reserve	14	30
Balance carried to Balance Sheet	763	689
	818	760

DIVIDEND

The Directors are happy to recommend a dividend of Rs.2/- being 20% of the paid-up equity capital of the Company, out of the profits for the year (Previous year – 20%).

RESERVES AND SURPLUS

The Balance in Reserves and Surplus stands at Rs 1659.11 Lacs (Previous Year Rs 1571.65 Lacs) after the appropriation as mentioned above.

OPERATIONS

During the year under review your company recorded a total production of 28544 MT as compared to 30542 MT recording a decrease of 6.55 %. The turnover also decreased by 18.16 % from Rs 137.64 Crores to 112.66 Crores.

The Vanaspati Industry in Eastern India has been going through a very difficult phase during the past couple of years due to the dumping of Nepalese Vanaspati. For the major part of the year, the market conditions were depressed resulting in lower off take

and depressed prices. The situation only improved in the last quarter of the year. With the commencement of Soya bean production and improved market conditions for Vanaspati, your company is hopeful of achieving better performance during the financial year 2006-07.

In view of hardening of crude petroleum prices to \$70 a barrel & beyond, the sentiment is in favour of diverting CPO to the production of Bio Diesel. Hence it is envisioned that the CPO prices will remain firm in the coming year in view of the scales tipping in favour of demand increasing for alternate uses such as Bio Diesel. However, there needs to be note of caution that once new petroleum refineries are set up and the crude prices fall below \$50 per barrel the position can reverse.

Furthermore with preferences of retail consumers shifting more towards refined oil, partly because of health reasons and partly being cheaper than Vanaspati, your company is gearing up to meet the increased demand. Again refined oil is relatively insulated from problems of imports from Nepal and Sri Lanka, since it does not form part of items covered by the FTA with those countries.

The Soya Bean Oil launched by your company under the brand name of "RASOI", has been well received by the consumers.

Your Company's trading activity in Salt, Sauces, Pickles, Honey etc. has been well received in the market. Your Company plans to add few more products in the trading segment.

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

Information pursuant to Section 217(1)(e) of the Companies Act, 1956, is annexed hereto forming part of this report.

FOREIGN EXCHANGE EARNINGS & OUTGO

During the year your Company earned foreign exchange amounting to Rs Nil (Previous Year Rs 17.69 Lacs) on account of Recovery of Insurance. Your Company also incurred an expenditure of Rs 2.14 Lacs (Previous Year Rs 324.07 Lacs) in foreign exchange during the year.

SECRETARIAL COMPLIANCE CERTIFICATE

As required under Section 383A of the Companies Act, 1956, Secretarial Compliance Report for the financial year 2005-2006 is annexed forming part of this Report.

PERSONNEL

During the year, there were no employees in respect of whom information as per Sec 217 (2A) of the Companies Act, 1956 is required to be annexed with this report.

DIRECTORS

In terms of the provisions of the Articles of Association, Shri Sudhir Jalan and Shri R S Vaidyanathan, retire at the forthcoming



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Annual General Meeting and being eligible, offer themselves for re-appointment.

AUDITORS' REPORT

The observations made by the Auditors in their Report is self explanatory and has been further clarified in Schedule R to the Accounts.

DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, your Directors state:

- i) That in the preparation of the annual accounts, the applicable accounting standards have been followed and wherever required, proper explanations relating to material departures have been given;
- ii) That they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- iii) That they 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 your Company and for preventing and detecting fraud and other irregularities;

- iv) That they have prepared the annual accounts on a going concern basis.

AUDITORS

M/s Lodha & Co., retire as auditors of the Company and, being eligible, offer themselves for reappointment.

LISTING ARRANGEMENTS

The Company's shares are listed on the Mumbai and Calcutta Stock Exchanges. The Annual Listing Fees in respect of all the exchanges have been paid up to date.

ACKNOWLEDGEMENTS

The Directors gratefully acknowledge the support given by all the employees, shareholders and bankers and they look forward for their continued support.

On behalf of the Board of Directors

Kolkata
the 28th day of April, 2006

RAGHU MODY
CHAIRMAN

ANNEXURE TO DIRECTORS' REPORT

Information as required under Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of Directors' Report for the year ended 31st March, 2006

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGO

Conservation of Energy & Technology Absorption

(A) Power & Fuel Consumption

1 Electricity

(a) Purchased

Unit('000)

3,842

5,347

Total Amount (Rs./Lacs)

125.58

205.48

Rate/Unit (Rs.)

3.27

3.84

(b) Own generation

Through Diesel Generator

Unit('000)

55

57

Units per Ltr. Of Diesel Oil

2.15

2.70

Cost/ Unit (Rs.)

12.33

8.94

2 Coal

Quantity (M/T)

6,454

7,746

Total Cost (Rs./Lacs)

163.89

183.83

Avg. Rate (Rs.)

2,539

2,373

3 Furnace Oil

Nil

Nil

4 Other / Internal Generation

Nil

Nil

(B) Consumption per Unit of Production

Electricity (in Units)

136

177

Furnace Oil (in Ltrs)

Nil

Nil

Coal (in Kgs.)

225

254

Technology Absorption

The Company has not made use of any imported technology for its products.

However, the Company has been using process technologies developed in-house for processing of Rice Bran Oil economically and for its Special Custom made products for the Bakeries and Margarine Industry.