



Natraj Proteins Limited

(Signature)
NATRAJ PROTEINS LTD.
(Signature)
Director

13th Annual Report
2003-2004

BOARD OF DIRECTORS :

J.P. Agrawal
(Managing Director)

Kailash Chand Sharma
(Whole Time Director)

Surendra Singh Arora
(Whole Time Director)

K. V. Iyer
(Nominee, IDBI)

Umesh Trivedi
Giriraj Gupta

AUDITORS :

Bhutoria Ganesan & Co.
Chartered Accountants
Bhopal (M.P.)

COMPANY LAW ADVISOR :

D. K. Jain & Co.
Company Secretaries
Indore (M.P.)

BANKER :

Central Bank of India
Itarsi (M.P.)

**REGISTERED OFFICE
& FACTORY :**

Nagpur - Kalan
Ordinance Factory Road,
Itarsi (M.P.)
Ph. : 07572 - 262636
Fax : 07572 - 262639

SHARE TRANSFER AGENT :

Ankit Consultancy Pvt. Ltd.
Geeta Bhawan Square,
Alankar Point, 2nd Floor,
A. B. Road, Indore (M.P.)
Ph. : 0731 - 2491298


NATRAJ PROTEINS LIMITED

NOTICE

NOTICE is hereby given that the 13th Annual General Meeting of the Members of **NATRAJ PROTEINS LTD.** will be held at the Registered Office of the Company at Nagpur-Kalan Ordinance Factory Road, Itarsi 461111 (M.P.) on Thursday, the 28th day of September, 2004 at 2.00 P.M. to transact the following businesses:

I. ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2004 and Profit & Loss Account of the company for the year ended 31st March, 2004 together with the report of the Directors' & Auditor's thereon on that date.
2. To appoint a director in place of Shri J.P Agrawal, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

II. SPECIAL BUSINESS BY SPECIAL RESOLUTION:

4. To consider and if thought fit to pass with or without modification(s), if any, the following resolution as a Special Resolution:

RESOLVED THAT pursuant to the provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and subject to the provisions of the Security Contract and Regulation Act, 1956, Listing Agreement, Central Listing Authority and any other such consent, approval and any directions or modifications as may be issued by any regulating authorities, the consent of the members of the Company be and are hereby granted for Voluntary Delisting of 45,40,000 Equity Shares of Rs.10/- each from the Madhya Pradesh and Ahmedabad Stock Exchanges, to the Board of Directors of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to accept any terms and conditions as may be imposed by the Stock Exchanges, Central Listing Authority, SEBI or any regulating authorities and to settle all the questions and matters arising out of and incidental to the proposed voluntary delisting of the equity shares of the Company from the above said stock exchanges and to take all necessary steps including execution of all writings, which the Board, in its absolute discretion consider necessary, proper or expedient for giving effect to the above said resolution.

BY ORDERS OF THE BOARD
FOR, **NATRAJ PROTEINS LTD.**

Place : Itarsi
Dated : 31st August, 2004

J.P.AGRawal
MANAGING DIRECTOR

NOTE:

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. PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. Register of Members and Share Transfer Book of the Company will remain closed from 27.09.2004 to 28.09.2004 (both days inclusive).
3. a) Members are requested to notify immediately any change of address;
 - (i) to their Depository Participants (DPs) in respect of their electronic share accounts; and
 - (ii) to the Company's Share Transfer Agents in respect of their physical share folios, if any.
 b) In case the mailing address on this Annual Report is without the PINCODE, members are requested to kindly inform their PINCODE immediately.
4. Non-resident Indian Shareholders are requested to inform Share Transfer Agents immediately:
 - a) the change in the residential status on return to India for permanent settlement.
 - b) the particulars of NRE Account with a Bank in India, if not furnished earlier.
5. All documents referred to in the accompanying notice are open for inspection at the Registered office of the Company on all working days, except Saturdays between 11.00 A.M. to 1.00 P.M.
6. Members who are holding shares in identical order of names in more than one folio are requested to send to the Company the details of such folios together with the share certificates for consolidating their holdings in one folio. The share certificates will be returned to the members after making requisite changes thereon.
7. Members desires of obtaining any information concerning Accounts and Operations of the Company are requested to address their questions in writing to the Company at least 7 days before the date of the Meeting so that the information required may be made available at the Meeting.
8. The Company has connectivity from the CDSL & NSDL and equity shares of the Company may also be held in the Electronic form with any Depository Participant (DP) with whom the members/investors having their depository account. The ISIN No. for the Equity Shares of the Company is **INE444D01016**. In case of any query/ difficulty in any matter relating thereto may be addressed to the Share Transfer Agents Ankit Consultancy Pvt. Ltd., Alankar Point, Gita Bhawan Chouraha, A.B.Road, Indore (M.P.).

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9. As per the provisions of the Companies Act, 1956, facility for making nominations is now available to INDIVIDUALS holding shares in the Company. The Nomination Form-2B prescribed by the Government can be obtained from the Share Transfer Agent or may be down load from the website of the Department of Company Affairs.
10. The Company shall make available transport facilities from Itarsi to factory premises for attending the Annual General Meeting.
11. Pursuant to the recommendation of SEBI Committee on Corporate Governance for re-appointment of the retiring directors, a statement containing details of the concerned directors is attached hereto.

BY ORDERS OF THE BOARD
FOR, NATRAJ PROTEINS LTD.

Place : Itarsi
Dated : 31st August, 2004

J.P.AGRAWAL
MANAGING DIRECTOR

STATEMENT REGARDING THE DIRECTORS PROPOSED FOR APPOINTMENT

NAME AND DESIGNATION OF APPOINTEE	AGE/ YEARS	QUALIFIC-ATIONS	EXPERTISATION/ EXPERIENCE	DATE OF APPOINTMENT	OTHER DIRECT-ORSHIP HELD
1. Shri J.P.Agrawal Managing Director	62	M.Com, LLB	Tax Adviser and having more than 12 years experience in Soya Industries	21.11.1990	NIL

EXPLANATORY STATEMENT IN PURSUANT TO THE PROVISIONS OF SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT TO THE SPECIAL BUSINESS:

ITEM NO.4:

The Company's 45,40,000 Equity Shares of Rs.10/- each are enlisted with the Mumbai, Madhya Pradesh and Ahmedabad Stock Exchanges. It has been found that there are no trading or negligible trading of equity shares since listing at the Madhya Pradesh and Ahmedabad Stock Exchanges, and the Company's shares are being traded at the Mumbai Stock Exchange.

Therefore, it has been considered by the Board, at their meeting held on 29th July, 2004 that the listing of the shares of the Company with the Stock Exchange, Madhya Pradesh and Ahmedabad, could not provide significant advantages and liquidity to the members and investors of the Company therefore, in terms of the SEBI (Delisting of Securities) Guidelines, 2003, announced by the SEBI, now the Companies have been permitted for voluntary delisting of shares including from the Regional Stock Exchange, subject to the compliance of the terms and conditions of the said guidelines.

The Board considered that the Mumbai Stock Exchange is having nationwide trading terminals through out the Country and the investors have access to trade and deal in Company's shares without any territorial restrictions across the country. Therefore, if the Company opt for delisting of shares from the Ahmedabad & Madhya Pradesh Stock Exchange, it will reduce the administrative burden and financial costs to the Company which will provide adequate relief from multiple compliance of the listing conditions and shall be able to serve in a better manner to the investors as a whole. Your directors recommend to pass the said resolution as Special Resolution as set out in item No.4 of the notice.

None of the directors are concerned or interested in the above said resolution, except, as a member of the Company.

BY ORDERS OF THE BOARD
FOR, NATRAJ PROTEINS LTD.

Place : Itarsi
Dated : 31st August, 2004

J.P.AGRAWAL
MANAGING DIRECTOR



NATRAJ PROTEINS LIMITED

DIRECTORS' REPORT

To,
The Members,
Natraj Proteins Limited

Your Board of directors have pleasure in presenting their 13th Annual report on the business and operations of the Company along with the Audited Balance Sheet and Profit & Loss Accounts for the year ended 31st March, 2004.

1. FINANCIAL RESULTS:

Financial Results of the company for the year under review alongwith the comparative figures for previous year are as follows:

	Year ended 31st March	
	2004	2003
	(Rs.in Lacs)	
Total sales/Income from operations	8750.42	8380.81
Profit before interest, depreciation & tax	282.93	261.24
Less: Interest	127.35	136.98
Depreciation	44.89	46.42
Profit Before Tax	110.68	77.84
Less: Provision for Income Tax	20.55	6.00
Net Profit After Tax	90.13	71.84
Add: Balance carried from Profit & Loss A/c	385.26	313.42
Total surplus of profit carried to Balance Sheet	475.39	385.26

2. DIVIDEND:

In order to strengthen the capital base and looking to the future prospects of the Company, your directors do not recommend any dividend during the year and the funds are proposed to be utilised for the business activities of the Company.

3. REVIEW ON OPERATIONS:

During the year under review, the monsoon was quite favorable for the company's raw material viz, soya seeds and it was able to procure adequate seed for its manufacturing requirements. During the year under review the company has achieved turnover of Rs.8750.42 Lacs as compared to Rs.8380.81 lacs in the previous year. The profit of the Company was also recorded to Rs.90.13 as compared to Rs.71.84 lacs in the previous year.

Due to bird flu disease, the company's production was badly effected and there was lac of demand of the De-oiled Cake all over the world for the time being.

Your directors look forward for better working results in the years to come. As the members are aware that the company is based on the SOYA seeds, an agricultural product, which is purely dependent on the monsoon and the climatic conditions of the Country.

4. MANAGEMENT DISCUSSION AND ANALYSIS:

4.1 Industry structure and developments:

Due to very good crop of the soya, during the year under review, so many new projects for SOYA industries being commissioned in the state of Maharashtra and surrounding areas of the state of Madhya Pradesh, to get advantage of the soya production in the crushing activities. The threats of the Bird Flue is also over and very good demand of the DOC is expected in the foreign market. Due to low cost of production and better quality of yellow soya seeds. Indian companies are having bright future in the coming years also.

4.2 SWOT ANALYSIS FOR THE COMPANY

4.2.1 Strengths:

- * Strong R & D capability, well linked with business.
- * Integrated supply chain.
- * Ability to deliver cost saving.
- * High quality of manpower resources.
- * Centralised manufacturing activities.

4.2.2 Weaknesses:

- * Manufacturing activities are mainly dependent on the availability of seed, which is directly related to the monsoon.
- * Since, the bulky products, the Company's transportation activities of the Oil and DOC are based on the availability of racks from the Indian Railway, some times its not available as and when required and disturb the dispatch schedule.
- * The Company's product being indirectly exported, which has exchange control risk and the parity of the profitability is based on the exchange rates. These year as the rupee was appreciated, the profitability of the Company was also effected to the some extent.

4.2.3 Threats:

- * Monsoon activities.
- * Competition from the manufacturers.

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4.2.4 Opportunities:

- * Good monsoon will provide a good opportunities to the company.
- * Price competitiveness.

4.3 Outlook:

While we cannot predict a further performance, will believe considerable opportunities will exist for sustained, profitable growth, not only in the developing countries but also in the developed western countries. The Company plans to launch oil in consumable packings to take the retail market, for good profitability.

4.4 Marketing and Export:

Though the Company have not exported directly, but now having planning for direct export in coming season for better realisation.

5. ENVIRONMENT, SAFETY AND ENERGY CONSERVATION:

The company is taking steps for the environment safety and energy conservation. Your company is in process of further reduction in specific energy consumption through productivity improvements, induction of innovative energy- efficient process, technologies and recycling/reuse of energy stream where feasible.

To conserve ground water, your company has embarked on rainwater harvesting projects at the manufacturing site and greening of barren land around factory.

6. FINANCE:

The company is recently enjoying working capital facilities in rupee term from Central Bank of India. The company has requested to its existing banker for sanction of major part of its working capital facilities in FCNR(B) but the same has not been favorably considered by them till today.

The Company has also repaid the Term Loan of Rs.335.00 Lacs of the IDBI and it has also submitted proposal to the IDBI for reschedulement/reduction in the rate of interest on the Non Convertible Debentures.

7. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has reasonably system of internal control comparing authority levels and the powers, supervision, checks, policies and the procedures. The company has the Audit Committee under the Chairmanship of Shri Umesh R. Trivedi. The said Committee review the adequacy of internal controls systems and the Compliance thereof.

Further the annual financial statement of the company are reviewed and approved by the committee and placed before the Board for consideration.

8. SHARE CAPITAL & LISTING:

The Equity Shares of the Company may also be kept in the electronic form as your company has connectivity from the Central Depository Services (India) Ltd. (CDSL) and National Depository Services Ltd. (NSDL) to provide facilities to all members and investors to hold the Company's shares in dematerialised form.

Equity shares are listed with the Madhya Pradesh, (Regional Stock Exchange) Ahmedabad & Mumbai Stock Exchanges. The Company is regular in payment of annual listing fees to all the Stock Exchanges and there were no suspension of trading in any stock exchange during the year under review.

In view of that there are no trading activities in the shares of the Company at the floor of the stock exchange, Madhya Pradesh and Ahmedabad, listing with these stock exchange could not provide liquidity to the shareholders and investors and it has unnecessary financial and administrative burden on the Company. Since the Company's shares are listed with the Stock Exchange, Mumbai, having nation wide trading facilities through its terminal available in the various parts of the company, your directors proposes for voluntary delisting of shares in terms of the SEBI (Delisting of Securities) Guidelines, 2003 and recommend to pass appropriate resolution.

9. DIRECTORS:

The Board consists of executive and non-executive directors including independent directors who have wide and varied experience in different disciplines of Corporate functioning.

Shri J.P.Agrawal, the director of the Company will retire by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

The IDBI had nominated Shri K.V. Iyer as the Director in the Board of Directors in place of Shri D.G.Sutkar, w.e.f 19.02.04. Dr. Deepak Jain has also resigned from the office of the Directors of the Company w.e.f.31st August, 2004.

Your Board place on record their appreciation and thanks to Shri D.G.Sutkar and Dr. Deepak Jain for their contribution in the Board and welcome to Shri K.V.Iyer as the Nominee Director of the IFCI in the Board of Directors of the Company.

10. AUDITORS' AND THEIR REPORT:

M/s. Bhutoria Ganesan & Co., the Company's Auditors will retire at the conclusion of the ensuing Annual General Meeting. The Company has obtained a certificate from them in accordance with the provisions of section 224(1B) of the Companies Act, 1956.

In the matter of comments given by the Auditors in their report the Board submit that:

- (i) it is the general practice adopted in the industry to ascertain the values of inventory on realisation basis as most of the goods being manufactured on the advance export/domestic orders.



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- (ii) the Company is having policy to account for gratuity on cash basis and since the Company is not having large number of senior staff on which the liability of gratuity will arise, it will not give significant effect in the profit and loss account of the Company.
- (iii) In the matter of non provisions of the liability for differed tax, it was advises that looking into the status of the Company there is no need to make any provisions for that during the year under review.

Rest part of the Auditors Report and notes forming part of the Accounts, are self explanatory and needs no comments.

11. INSURANCE:

The assets of company are adequately insured against the loss of fire and other risks which has been considered necessary by the management.

12. DEPOSITS:

Your Company has accepted deposits from the directors and members of the Company, however, it has not invited and accepted from general public within the meaning of the provisions of section 58A of the Companies Act, 1956. There was no overdue/ unclaimed deposit as at the date of the Balance Sheet.

13. DIRECTORS' RESPONSIBILITY STATEMENT:

In accordance with the provisions of section of 217(2AA) of the Companies Act, 1956, your directors state that:

- * In the preparation of accounts, the applicable accounting standards have been followed.
- * Accounting policies selected were applied consistently. Reasonable and prudent judgments and estimates were made so as to give a true and fair view of the state of affairs of the company as at the end of March 31, 2004 and the profit of the company for the year ended on that date.
- * Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities.
- * The annual accounts of the company have been prepared on the going concern basis.

14. CORPORATE GOVERNANCE:

Corporate governance assumes a great deal of importance in the business life of the company. The driving forces of the corporate governance at company are its core values, belief in people, entrepreneurship, customers orientations and the Pursuit of Excellence. The company's goal is to find creative and productive ways of delighting its stakeholders, i.e., investors, customers and associates, while fulfilling the role of a responsible corporate representative committed to the best practices.

Your company has complied with the mandatory requirements of Clause 49 of the listing agreement. A report on the Corporate Governance together with the Auditors Certificate have been annexed to the Directors' Report.

15. PERSONNEL:

The Company continued to have cordial relations with its employees during the year under review. The company place appreciation to the personnel of the company for there cooperation.

16. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION:

Particulars pursuant to the Companies (Disclosure of Particulars in the Report of Board of Director) Rules, 1988 are as under:

CONSERVATION OF ENERGY:

1. Power and Fuel Conservation:

	Year ended	
	31.03.2004	31.03.2003
i) Electricity:		
a) Units (in KW)	22,04,672	19,59,074
b) Total amount (Rs.in lacs)	123.14	102.10
c) Rate per KW (in Rs.)	5.58	5.21
ii) a) Coal (Qty. in MT)	6479.62	5412.05
b) Total cost (Rs.in lacs)	105.13	86.72
c) Average rate per M.T.(in Rs.)	1622.47	1602.37

2. Consumption per unit of Production:

	Production in M.T.	
a) Crude Oil	9622.455	9514.285
b) Refined Oil	9041.421	9147.058
c) De-oiled Cake	44924.491	45558.506
d) Acid Oil	228.905	326.220
e) Gums	1903.000	1758.005
f) Fatty Acid	23.435	24.135
g) Lecithin	216.390	86.200

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17. TECHNOLOGY ABSORPTION:

The company is making continuous efforts for the technology development of the plant and Refinery. The technology selected by your company for solvent plant and refinery is well proven within the country. The company is also laying stress on the Research & Development facilities for which it had taken steps for the establishment of the research and development for the quality control purpose.

18. FOREIGN EXCHANGE EARNINGS AND OUTGO:

During the year under review, your company has made exports through the export houses. There were no direct export earnings and there is no inflow or outflow of foreign exchange during the year under review (previous year Nil).

19. PARTICULARS OF EMPLOYEES:

Particulars of the employees as required under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of the Employees) Rules 1975, are not applicable since, none of the employee of the company is drawing more than Rs. 24,00,000/- p.a. or Rs.2,00,000/- p.m. for the part of the year, during the year under review.

20. ACKNOWLEDGEMENTS:

Your directors wish to place on record their sincere appreciation and acknowledge with gratitude for the assistance, cooperation and encouragement by valued customers, suppliers, bankers, shareholders and employees of the company and look forward for their continued support.

For and on behalf of the Board

Place : Itarsi
Dated : 31st August, 2004

J.P. AGRAWAL
CHAIRMAN

CORPORATE GOVERNANCE REPORT REPORT OF COMPLIANCE WITH CLAUSE 49 OF THE LISTING AGREEMENT OF THE STOCK EXCHANGE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company's philosophy on code of Governance as adopted by the Board are as under:

- Ensure that the quantity, quality and frequency of financial and managerial information, which management shares with the Board, fully places the Board members in control of the company's affairs.
- Ensure that the Board exercises its fiduciary responsibilities towards shareowners and creditors, thereby ensuring high accountability.
- Ensure that the extent to which the information is disclosed to present and potential investors is maximised.
- Ensure that the decision making is transparent and documentary evidence is traceable through the minutes of the Meetings of the Board/Committee thereof.
- Ensure that the Board, Employees and all concerned are fully committed to maximising long-term value to the shareowners and the company.
- Ensure that the core values of the company are protected.

2. BOARD OF DIRECTORS:

(i) Details of Directors:

The policy of the company is to have the optimum composition of the independent and non executive Directors. The Company is having seven directors in the Board and having optimum composition of the 4 independent director including the nominee director of IDBI in the Board of Directors of the Company. Details of the Directors of the Company as at 31st March, 2004 are as under:

Directors	Executive/ Non Executive/ Independent	No. of outside directorship held		No. of outside Committee positions held	
		Public	Private	Member	Chairman
Shri Jagdish P. Agrawal	Executive	-	-	-	-
Shri Surendra S. Arora	Executive	-	-	-	-
Shri Kailash C. Sharma	Executive	-	-	-	-
Dr. Deepak Jain	Independent	-	-	-	-
Shri Umesh Trivedi	Independent	-	-	-	-
Shri Giriraj Gupta	Independent	-	1	-	-
Shri D.G.Sutkar *	Nominee IDBI	2	-	-	-
Shri K.V. Iyer*	Nominee IDBI	1	-	-	-

* Shri K.V. Iyer was nominated by the IDBI in place of Shri D.G. Sutkar w.e.f. 19.02.2004 as a director in the Board of Directors in the Company.