



Natraj Proteins Limited

*14th Annual Report
2004-2005*

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) (Upto 19/04/2005)

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 :

Andhra Bank
Bhopal (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 14th 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 Friday, the 30th day of September, 2005 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, 2005 and Profit & Loss Account of the company for the year ended 31st March, 2005 together with the report of the Directors' & Auditor's thereon on that date.
2. To appoint a director in place of Shri Umesh Trivedi, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

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

Place : Itarsi
Dated : 30th August, 2005

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 29.09.2005 to 30.09.2005 (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 desirous 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.).
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 Ministry 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 : 30th August, 2005

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 DIRECTORSHIP HELD
1. Shri Umesh R. Trivedi NED/Independend	46	M.Com.	18 years experience in trading activities	31.01.2003	NIL

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DIRECTORS' REPORT

To,
The Members,
Natraj Proteins Limited

Your Board of directors have pleasure in presenting their 14th 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, 2005.

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	
	2005	2004
	(Rs.in Lacs)	
Total sales/Income from operations	7410.49	8750.43
Profit before interest, depreciation & tax	208.02	282.93
Less: Interest	117.34	127.35
Depreciation	45.82	44.89
Profit Before Tax	44.86	110.69
Less: Provision for Income Tax	20.52	20.55
Net Profit After Tax	24.34	90.13
Add: Balance carried from Profit & Loss A/c	460.40	370.27
Total surplus of profit carried to Balance Sheet	484.74	460.40

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 proposes to utilise for the business activities of the Company.

3. REVIEW ON OPERATIONS:

During the year under review, the monsoon was quite favourable 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's turnover has been declined to Rs.7410.49 lacs as compared to Rs.8380.81 lacs in the previous year. The profit of the Company was also reduced to Rs.24.34 lacs as compared to Rs.90.13 lacs in the previous year.

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, and 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 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 which has made stiff competition in procurement of raw material as realisation.

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.

4.2.3 Threats:

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

4.2.4 Opportunities:

- * In case of good monsoon will provide a better opportunity to the company.
- * Price competitiveness.



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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 packaging to take the retail market, for good profitability.

4.4 MARKETING AND EXPORT:

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

5. ENVIRONMENTS, SAFETY AND ENERGY CONSERVATION:

The company is taking the steps for the environment safety and the energy conservatism. Your company has recorded further reduction in specific energy consumption over the previous year, 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. Further a comprehensive health check of all its employees

6. FINANCE:

The company is enjoying working capital facilities from Andhra Bank. The Company has also repaid the entire liabilities of the IDBI

7. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has reasonable system of internal control comparing authority levels and the powers, supervision, checks, policies and the procedures. The company has constituted the Audit Committee under the Chairmanship of Shri Umesh R. Trivedi. The said Committee reviews the adequacy of internal controls systems and the Compliance thereof. However, necessary steps being taken to further improve the internal control system.

Further the annual financial statement of the company are reviewed and approved by the committee and placed before the Board for the consideration. The Committee also reviewed the internal controls system during the year.

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 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 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.

The Members have passed a special resolution for voluntary delisting of Shares from the Stock Exchange, Madhya Pradesh and Ahmedabad at the Annual General Meeting held on 28th Sept., 2004 in terms of the SEBI (Delisting of Securities) Guidelines, 2003.

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 Umesh Trivedi, 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 has withdrawn the nominee director Shri K.V.Iyer from the Board of Directors of w.e.f. 19th April, 2005. Your Board place on record their appreciation and thanks to Shri K.V.Iyer for his contribution in the Board

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.
- (ii) the Company is having policy to account for gratuity and other retirement benefits on cash basis and since the Company is not having large number of senior staff on which these liability may arise, it will not give any significant effect in the profit and loss account of the company.
- (iii) in the matter of non provisions of the liability 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.
- (iv) Mainly the company is engaged in the business of crushing, buying, selling and dealing in soya seeds, DOC, Oils and its bye products and the trading of wheat is relevant with the main business activities and cannot be segregated, therefore, the management do not consider the same as different sigment.
- (v) Since, the Company is not required to file return of deposit with the RBI, it has not filed the same. The rate of interest paid on

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deposit were as per the terms of deposit applicable at the time of acceptance of deposit under the statement in lieu of advertisement.

- (vi) The company is having internal audit system however, which is also being reviewed by the audit committee of the Board. Necessary action being taken by the Company from time to time to make improvement in the system.

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 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, 2005 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 within the stipulated time. 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 placed 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:

A. CONSERVATION OF ENERGY:

1. Power and Fuel Conservation:

	Year ended	
	31.03.2005	31.03.2004
i) Electricity:		
a) Units (in KW)	12,43,350	22,04,672
b) Total amount (Rs.in lacs)	63.42	123.14
c) Rate per KW (in Rs.)	5.10	5.58
ii) a) Coal (Qty. in MT)	4196.280	6479.62
b) Total cost (Rs.in lacs)	56.96	105.13
c) Average rate per M.T.(in Rs.)	1357.39	1622.47

2. Consumption per unit of Production:

Production in M.T.

a) Crude Oil	6157.118	9622.455
b) Refined Oil	6208.011	9041.421
c) De-oiled Cake	29610.030	44924.491
d) Acid Oil	158.840	228.905
e) Gums	1388.790	1903.000
f) Fatty Acid	16.350	23.435
g) Lecithin	179.700	216.390
h) Mustared Oil	220.619	-

B. TECHNOLOGY ABSORPTION:

The company is making the 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 the steps for the establishment of the research and the development and for the quality control purpose.



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C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

D. 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.

17. 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 : 30th August, 2005

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 is 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 six directors in the Board and having optimum composition of the 3 independent directors including nominee of IDBI in the Board of Directors of the Company. Details of the Directors of the Company as at 31st March, 2005 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	-	-	-	-
Shri Umesh Trivedi	NED/IND	-	-	-	-
Shri Giriraj Gupta	NED/IND	-	-	-	-
Dr. Deepak Jain #	NED/IND	-	-	-	-
Shri K.V. Iyer*	Nominee IDBI	2	-	-	-

* Nomination of Shri K.V. Iyer has been withdrawn by the IDBI w.e.f. 19th April, 2005 from the Board of Directors of the Company.

Resigned from the directorship of the Company w.e.f. 31st Aug., 2004.

(ii) Details of Board Meetings held during the year:

During the financial year 2004-05, there was total six meeting of the Board of Directors of the Company. Details regarding the date, venue, strength of the Board and Directors present at the respective meetings are as under:

Date of Board Meetings	Place of Meetings	Total Strength of the Board	No. of Directors Present
28th April, 2004	Itarsi	7	5
29th July, 2004	Itarsi	7	5
31st Aug., 2004	Indore	7	3
20th Oct., 2004	Indore	6	3
29th Jan., 2005	Itarsi	6	3
22nd March, 2005	Itarsi	6	3

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3. AUDIT COMMITTEE:

(A) Brief description of terms of reference:

- (i) Review with the management the annual/half-yearly financial statements.
- (ii) Hold separate discussion with Head-Internal Audit, Statutory Auditors and among members of the Audit Committee to find out whether the company's financial statements are fairly presented in conformity with the Accounting Standards issued by the ICAI.
- (iii) Review the company's financial and risk management policies and the adequacy of internal control systems.
- (iv) Review the adequacy of accounting records maintained in accordance with the provisions of the Companies Act 1956.
- (v) Review the performance of Statutory Auditors and recommend their appointment and remuneration to the Board, considering their independence & effectiveness.
- (vi) Perform other activities consistent with the Company's Memorandum and Articles, the Companies Act, 1956 and other Governing Laws.

(B) Composition of Committee and number of meetings held:

S.No.	Name	Designation	Position in Committee
1.	Mr. Umesh R. Trivedi	Director NED/IND	Chairman
2.	Dr. Deepak Jain #	Director NED/IND	Member
3.	Dr. Giriraj Gupta	Director NED/IND	Member

Resigned from the directorship of the Company w.e.f. 31st Aug., 2004

The Statutory Auditors and Whole-time Directors of the Company were also invited by the Committee to express their views in the Meeting. The Compliance Officer of the Company, The Chairman of the Audit Committee has also attended the annual general meeting of the members of the Company. During the year under review, four meetings of the Audit Committee were held.

4. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE:

(A) Brief description of terms of reference:

The Company has a 'Shareholders Grievance & Transfer Committee' at the Board level to look into the redressing of shareholders and investors complaints like:

- (i) Transfer, transmissions and delay in confirmation in D-mat of shares.
- (ii) Non-receipt of Annual Report, etc.

(B) Composition of Committee and number of meetings held:

S.No.	Name	Designation	Position in Committee
1	Mr. Umesh R. Trivedi	Director/NED/IND	Chairman
2	Dr. Deepak Jain#	Director/NED/IND	Member
3	Mr. C.S. Marothi	Compliance Officer	Member

Resigned from the directorship of the Company w.e.f. 31st Aug., 2004

- (i) Name and designation of Compliance Officer : Mr. C.S. Marothi, General Manager
- (ii) Number of shareholders complaints received during the year : 9
- (iii) Number of complaints solved during the year : 9
- (iv) Number of complaints pending at the end of the year : Nil

The Company has given powers to implement transfer, transmission and D-mat of Shares to the Share Transfer Agent and to resolve the relating problems as a professional agency. The Committee meets only on specific nature of complaints not resolved within a period of 14 days from the date of its receipts.

5. REMUNERATION COMMITTEE:

(A) Brief description of terms of reference:

The terms of reference of the Committee are to review and recommend compensation payable to the executive directors. The Committee also ensures that the compensation policy of the Company provides for performance oriented incentives to management.

(B) Composition of Committee and number of meetings held:

S.No.	Name	Designation	Position in Committee
1	Mr. Umesh R. Trivedi	Director/NED/IND	Chairman
2	Dr. Deepak Jain#	Director/NED/IND	Member
3	Mr. Giriraj Gupta	Director/NED/IND	Member

Resigned from the directorship of the Company w.e.f. 31st Aug., 2004

During the year under review, no meeting of the remuneration committee was held as no reference was made by the Board to the Committee.