



# **Natraj Proteins Limited**

**16th Annual Report  
2006-2007**



# **NATRAJ PROTEINS LIMITED**

## **BOARD OF DIRECTORS :**

**J.P. Agrawal**  
(Managing Director)

**Kailash Chand Sharma**  
(Whole Time Director)

**Surendra Singh Arora**  
(Whole Time Director)

**Umesh Trivedi**  
**Giriraj Gupta**  
**Hitesh Yadav**

## **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

## 16th Annual Report 2006-2007

### NOTICE

NOTICE is hereby given that the 16th 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 Saturday, the 29th day of September, 2007 at 2.00 P.M. to transact the following business:

#### I. ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2007 and Profit & Loss Account of the company for the year ended 31st March 2007 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 a director in place of Shri K.C.Sharma, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

#### II. SPECIAL BUSINESS BY SPECIAL RESOLUTION:

5. To consider and if thought fit, to pass with or without modification(s) if any, the following special Resolution  
**RESOLVED THAT** pursuant to the provisions of section 198, 269, 302, 309, 310 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 if any, and subject to the approval of the members and Central Govt. if required, Shri Kailash Chandra Sharma be and is hereby appointed as the Managing Director of the Company for a further period of three years w.e.f. 1st August 2007 on the following terms, conditions and remuneration:  
 (a) Salary : Rs.22,500/- per month.  
 (b) Perquisites: Subject to the ceiling of Rs.2,40,000/- per annum.

#### CATEGORY:A

- (i) House rent allowance subject to a maximum of 50% of the salary or the Company shall provide house accommodation and 10% of salary shall be recovered by way of rent. Expenditure incurred by the Company on his electricity, water and furnishing shall be evaluated as per Income Tax Rules, 1962 subject to a ceiling of 10% of salary.
- (ii) Re-imbursement of medical expenses of the Managing Director and his family, the total cost of which to the Company shall not exceed one-month salary in the year or three months salary in a block of three years.
- (iii) Leave travel assistance: Expenses incurred for self and family in accordance with the Rules of the Company.
- (iv) Club Fees: Subject to a maximum of two clubs. This will not include admission and life membership.
- (v) Personal accident insurance premium: Not exceeding Rs.4,000/- P.A.
- (vi) Contribution to Provident Fund & Family Benefit Funds: As per Rules of the Company.

#### CATEGORY B:

- (i) Car : The Company shall provide a car for the company's business and, if no car is provided reimbursement of the conveyance shall be made on actual basis as may be claims made by him.
- (ii) Gratuity: As per rules of the company, subject to a maximum ceiling as May prescribed in under the Payment of Gratuity Act from time to time.
- (iii) Earned Privilege Leave: As per the rules of the Company subject to the condition that the leave accumulated but not availed of will be allowed to be encashed for 15 days salary for every year completed services at the end of the tenure.
- (iv) Telephone: To the Whole-time Director provided that personal long distance calls on the telephone shall be billed by the company.

**NOTE :** For the purpose of perquisites stated in Category "A" above, "Family" means the spouse, the dependent children and dependent parents of the appointee.

**FURTHER RESOLVED THAT** in the event of there being loss or inadequacy of profit for any financial year, the aforesaid remuneration payable to Shri Kailash Chandra Sharma, shall be the minimum remuneration payable to him in terms of the provisions of Schedule XIII to the Companies Act, 1956.

**FURTHER RESOLVED THAT** Shri Kailash Chandra Sharma, the Managing Director shall also be entitled for the reimbursement of actual entertainment, traveling, boarding and lodging expenses incurred by him in connection with the Company's business and such other benefits/ amenities and other privileges, as any from time to time, be available to other Senior Executives of the Company.

**FURTHER RESOLVED THAT** the Board be and is hereby authorized to do all such acts, deeds, matters and things as in its absolute discretion, it may consider necessary, expedient or desirable, and to settle any question, or doubt that may arise in relation thereto and the Board shall have absolute powers to decide break up of the remuneration within the above said maximum permissible limit and in order to give effect to the foregoing resolution, or as may be otherwise considered by it to be in the best interest of the Company.

6. To consider and if thought fit, to pass with or without modification(s) if any, the following special Resolution:  
**RESOLVED THAT** pursuant to the provisions of section 198, 269, 302, 309, 310 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 if any, and subject to the approval of the members and Central Govt. if required, Shri J. P. Agrawal be and is hereby re-appointed as the Whole-time Director of the Company for a period of three years w.e.f. 1st August 2007 on the following terms, conditions and remuneration:  
 (a) Salary: Rs.22, 500/- per month.  
 (b) Perquisites: Subject to the ceiling of Rs.2,40,000/- per annum.



## NATRAJ PROTEINS LIMITED

### CATEGORY: A

- (i) House rent allowance subject to a maximum of 50% of the salary or house accommodation shall be provided by the Company and 10% of salary shall be recovered by way of rent. Expenditure incurred by the Company on his electricity, water and furnishing shall be evaluated as per Income Tax Rules, 1962 subject to a ceiling of 10% of salary.
- (ii) Re-imbursement of medical expenses of the Whole-time Director and his family, the total cost of which to the Company shall not exceed one-month salary in the year or three months salary in a block of three years.
- (iii) Leave travel assistance: Expenses incurred for self and family in accordance with the Rules of the Company.
- (iv) Club Fees: Subject to a maximum of two clubs. This will not include admission and life membership.
- (v) Personal accident insurance premium: Not exceeding Rs.4,000/- P.A.
- (vi) Contribution to Provident Fund & Family Benefit Funds: As per Rules of the Company.

### CATEGORY B:

- (i) Car : The Company shall provide a car for the company's business and, if no car is provided reimbursement of the conveyance shall be made on actual basis as may be claims made by him.
- (ii) Gratuity: As per rules of the company, subject to a maximum ceiling as may be prescribed under the Payment of Gratuity Act from time to time.
- (iii) Earned Privilege Leave: As per the rules of the Company subject to the condition that the leave accumulated but not availed of will be allowed to be encashed for 15 days salary for every year completed services at the end of the tenure.
- (iv) Telephone: Free use of telephone at his residence provided that personal long distance calls on the telephone shall be billed by the Company to the Whole-time Director.

**NOTE :** For the purpose of perquisites stated in Category "A" above, "Family" means the spouse, the dependent children and dependent parents of the appointee.

**FURTHER RESOLVED THAT** in the event of there being loss or inadequacy of profit for any financial year, the aforesaid remuneration payable to J. P. Agrawal shall be the minimum remuneration payable to him in terms of the provisions of Schedule XIII to the Companies Act, 1956.

**FURTHER RESOLVED THAT** J. P. Agrawal, the Whole-time Director shall also be entitled for the reimbursement of actual entertainment, traveling, boarding and lodging expenses incurred by him in connection with the Company's business and such other benefits/ amenities and other privileges, as any from time to time, be available to other Senior Executives of the Company.

**FURTHER RESOLVED THAT** the Board be and is hereby authorized to do all such acts, deeds, matters and things as in its absolute discretion, it may consider necessary, expedient or desirable, and to settle any question, or doubt that may arise in relation thereto and the Board shall have absolute powers to decide break up of the remuneration within the above said maximum permissible limit and in order to give effect to the foregoing resolution, or as may be otherwise considered by it to be in the best interest of the Company.

7. To consider and if thought fit, to pass with or without modification(s) if any, the following special Resolution:

**RESOLVED THAT** pursuant to the provisions of section 198, 269, 302, 309, 310 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 if any, and subject to the approval of the members and Central Govt. if required, Shri Surendra Singh Arora be and is hereby re-appointed as the Whole-time Director of the Company for a period of three years w.e.f. 1st August, 2007 on the following terms, conditions and remuneration:

- (a) Salary: Rs.22,500/- per month.
- (b) Perquisites: Subject to the ceiling of Rs.2,40,000/- per annum.

### CATEGORY: A

- (i) House rent allowance subject to a maximum of 50% of the salary or the Company shall provide house accommodation and 10% of salary shall be recovered by way of rent. Expenditure incurred by the Company on his electricity, water and furnishing shall be evaluated as per Income Tax Rules, 1962 subject to a ceiling of 10% of salary.
- (ii) Re-imbursement of medical expenses of the Whole-time Director and his family, the total cost of which to the Company shall not exceed one-month salary in the year or three months salary in a block of three years.
- (iii) Leave travel assistance: Expenses incurred for self and family in accordance with the Rules of the Company.
- (iv) Club Fees: subject to a maximum of two clubs this will not include admission and life membership.
- (v) Personal accident insurance premium: not exceeding Rs.4,000/- P.A.
- (vi) Contribution to Provident Fund & Family Benefit Funds: As per Rules of the Company.

### CATEGORY B:

- (i) Car: The Company shall provide a car for the company's business and if no car is provided reimbursement of the conveyance shall be made on actual basis as may be claims made by him.
- (ii) Gratuity: As per rules of the company, subject to a maximum ceiling as may be prescribed in under the Payment of Gratuity Act from time to time.
- (iii) Earned Privilege Leave: As per the rules of the Company subject to the condition that the leave accumulated but not availed of will be allowed to be encashed for 15 days salary for every year completed services at the end of the tenure.
- (iv) Telephone: Free use of telephone at his residence provided that personal long distance calls on the telephone shall be billed by the Company to the Whole-time Director.



## 16th Annual Report 2006-2007

**NOTE :** For the purpose of perquisites stated in Category "A" above, "Family" means the spouse, the dependent children and dependent parents of the appointee.

**FURTHER RESOLVED THAT** in the event of there being loss or inadequacy of profit for any financial year, the aforesaid remuneration payable to Shri Surendra Singh Arora, shall be the minimum remuneration payable to him in terms of the provisions of Schedule XIII to the Companies Act, 1956.

**FURTHER RESOLVED THAT** Shri Surendra Singh Arora, the Whole-time Director shall also be entitled for the reimbursement of actual entertainment, traveling, boarding and lodging expenses incurred by him in connection with the Company's business and such other benefits/amenities and other privileges, as any from time to time, be available to other Senior Executives of the Company.

**FURTHER RESOLVED THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things as in its absolute discretion, it may consider necessary, expedient or desirable, and to settle any question, or doubt that may arise in relation thereto and the Board shall have absolute powers to decide break up of the remuneration within the above said maximum permissible limit and in order to give effect to the foregoing resolution, or as may be otherwise considered by it to be in the best interest of the Company.

BY ORDERS OF THE BOARD  
FOR, NATRAJ PROTEINS LTD.

**KAILASH CHANDRA SHARMA**  
MANAGING DIRECTOR

Place : Itarsi

Dated : 25th August, 2007

### 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 24th Sept., 2007 to 29th Sept., 2007 (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 have 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 loaded 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.


**NATRAJ PROTEINS LIMITED**
**STATEMENT REGARDING THE DIRECTORS PROPOSED FOR APPOINTMENT**

NAME OF APPOINTEE	AGE/ YEARS	QUALIFIC-ATIONS	EXPERTISE/ EXPERIENCE	DATE OF APPOINTMENT	OTHER DIRECTOR-SHIPS IF ANY
1. Shri K.C.Sharma Whole-time Director	47	B.Com.	More than 16 years experience in Soya and manufacturing Industries	21.11.1990	None
2. Shri J.P. Agrawal Managing Director	65	M.Com. LLB	Tax Advisor and having more than 16 years experience in Soya Industries	21.11.1990	None
3. Shri S.S.Arora Whole-Time Director	57	B.Com.	More than 30 years in the Soya & manufacturing Industries	21.11.1990	None

**ANNEXURE TO THE NOTICE**

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

**ITEM NO. 5 to 7:**

The tenure of Shri J.P.Agrawal the Managing Director, Shri S.S. Arora and Shri K.C.Sharma, the Whole-time Directors have been expired on 31st July, 2007.

The above said managerial personals are the core promoters and directors of the Company since its inception and have given their significant contribution and support in the managing the business activities for the growth and success of the Company. Looking into their active involvement and contributions made for the Company, the Remuneration committee of the Board has considered and approved for their appointment for a further period of three year w. e. f. 1st August, 2007 on the terms and conditions as set out in the respective resolutions.

Your Board recommends passing the respective resolutions as set out in Item No. 5 to 7 of the Notice as Special Resolution.

This may also be treated as an abstract of the terms and conditions governing the appointment and remuneration of the above said director pursuant to section 302 of the Companies Act, 1956.

Except, the above said appointee being re-appointed individually, none of other directors of the Company is concerned or interested in the respective resolutions.

BY ORDERS OF THE BOARD  
FOR, NATRAJ PROTEINS LTD.

**KAILASH CHANDRA SHARMA**  
MANAGING DIRECTOR

Place : Itarsi  
Dated : 25th August, 2007

# 16th Annual Report 2006-2007

## DIRECTORS' REPORT

To,  
The Members,  
Natraj Proteins Limited

Your Board of directors have pleasure in presenting their 16th 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, 2007.

### 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 2007                      2006 (Rs.in Lacs)	
<b>Total Sales/Income from operations</b>	14120.14	11003.61
Profit before interest, depreciation & tax	231.53	199.36
Less: Interest	127.61	123.45
Depreciation	49.29	45.05
<b>Profit Before Tax</b>	54.63	26.86
Less: Provision for Income Tax	25.11	10.15
Less: Fringe Benefit	0.21	0.24
<b>Net Profit After Tax</b>	29.31	16.47
Add: Balance carried from Profit & Loss A/c	501.21	484.74
<b>Total surplus of profit carried to Balance Sheet</b>	530.52	501.21

### 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 utilized for Company's business activities of the company.

### 3. REVIEWS 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 crushing and manufacturing requirements. During the year under review the company has achieved turnover of Rs. 14120.14 Lacs as compared to Rs.11003.61 Lacs in the previous year. The profit of the Company was also recorded at Rs 29.31 Lacs as compared to Rs. 16.47 Lacs in the previous year.

Your company's DOC being exported to other countries through the merchant exporters and in view of the appreciation of the value of the Indian Rupee as compared to US \$ the realization of the company sales has been affected adversely and there was mis match of the profitability of the Company.

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. ALTERATION IN OBJECT CLAUSE OF MEMORANDUM OF ASSOCIATION:

The Company has obtained necessary approval of the members under section 149(2A) of Companies Act, 1956 by way of postal ballot process and the results of the same were declared on 7th July, 2007 for amendment in the Other Object Clause No. III(C) by inclusion of four new objects for diversify/expand the business of the Company and to enter in the business of power generation, real estate and civil constructions including contractorship and consumer goods for various varieties as in the line of Reliance Retails and which may now be conveniently or advantageously be combined with the existing business of the company.

### 5. MANAGEMENT DISCUSSIONS AND ANALYSIS:

#### 5.1 INDUSTRY STRUCTURE AND DEVELOPMENTS:

Due to very good crop of the SOYA, during the year under review, so many new projects for SOYA industries have 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 threat 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.

#### 5.2 SWOT ANALYSIS FOR THE COMPANY

##### 5.2.1 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.

##### 5.2.2 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 it is not available as and when required and disturb the dispatch schedule.



## NATRAJ PROTEINS LIMITED

- The Company's product being indirectly exported, which has exchange control risk and the parity of the profitability is based on the exchange rates. This year as the rupee was appreciated, the profitability of the Company was also affected to some extent.

### 5.2.3 Threats:

- Monsoon activities.
- Competition from the manufacturers.

### 5.2.4 Opportunities:

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

### 5.3 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 packing to take the retail market, for good profitability.

### 5.4 MARKETING AND EXPORT:

Though the Company has not exported directly, but now have plans for direct export in coming season for better realization. The Company's export/gross revenue largely effects the exchange ratio of Indian Rupee viz a viz US \$ and Euro \$.

## 6. 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.

## 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 is having 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.

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 Mumbai, Madhya Pradesh and Ahmedabad Stock Exchanges. The Company is regular in payment of annual listing fees to all the Stock Exchange and there were no suspension of trading in any stock exchange during the year under review.

## 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 Sunder Singh Arora and Shri J. P. Agrawal were re-appointed as a Whole-time Directors and Shri K.C. Sharma was appointed as a Managing Director w.e.f. 1st Aug. 2007 for Three years.

Shri Kailash Chandra sharma and Shri J.P.Agrawal directors of the Company will retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. Your Board recommends to pass the necessary resolutions for their re-appointments.

## 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 the Para No.4 (iv) (a) and (b) of their report the Board submit that:

- 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.
  - In the matter of non-provisions of the liability-deferred tax, it was advisable 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 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. The CLB or NCLT or RBI or any other Court or Tribunal against the Company has passed no order.



# 16th Annual Report 2006-2007

## 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, 2007 and the profits 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, customer's 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 has been annexed to the Directors' Report.

## 15. PERSONNEL:

The Company continues to have cordial relations with its employees during the year under review.

## 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	
	31.03.2007	31.03.2006
i) Electricity:		
a) Units (in KW)	2147690	2147690
b) Total amount (Rs.in lacs)	126.14	99.37
c) Rate per KW (in Rs.)	4.41	4.63
ii) a) Coal (Qty. in MT)	9213.975	7077.410
b) Total cost (Rs.in lacs)	189.65	133.66
c) Average rate per M.T.(in Rs.)	2058.33	1888.56

#### 2. Consumption per unit of Production:

	Production in M.T.	
a) Crude Oil	13181.561	10802.950
b) Refined Oil	12691.286	10921.886
c) De-oiled Cake	62507.092	49033.935
d) Acid Oil	243.005	197.115
e) Gums	1170.315	1834.810
f) Fatty Acid	15.530	13.810
g) Lecithin	137.340	282.200
h) Mustard Oil	-	-

### B. TECHNOLOGY ABSORPTION:

The company is making continuous efforts for the technological development of the plant and refinery. The technology selected by your company for solvent plant and refinery is well proven within the country and the company is making all the efforts to update its technology, the company had also established a laboratory for Research & Development facilities for quality control purpose.

### 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 : 25th August, 2007

K. C. SHARMA  
CHAIRMAN & MANAGING DIRECTOR