



Natraj Proteins Limited

Certified Copy
For Natraj Proteins Ltd.
Director

**17th Annual Report
2007-2008**



NATRAJ PROTEINS LIMITED

BOARD OF DIRECTORS :

J.P. Agrawal
(Whole Time Director)

Kailash Chand Sharma
(Managing 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

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NOTICE

NOTICE is hereby given that the 17th 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 Monday, the 29th day of September, 2008 at 2.00 P.M. to transact the following business :

1. ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2008 and Profit & Loss Account of the company for the year ended 31st March 2008 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 a director in place of Shri Hitesh Yadav, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

BY ORDERS OF THE BOARD
FOR, NATRAJ PROTEINS LTD.

KAILASH CHANDRA SHARMA
MANAGING DIRECTOR

Place : Itarsi

Dated : 25th August, 2008

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., 2008 to 29th Sept., 2008 (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 downloaded from the website of the MCA.
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.

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 Umesh Trivedi Director	48	B.Com.	More than 16 years experience in Soya and manufacturing Industries	31.01.2003	None
2. Shri Hitesh Yadav Director	43	B. Sc.	More than 10 years experience in field of construction of Railway Bridge and other civil works.	31.10.2005	None

BY ORDERS OF THE BOARD
FOR, NATRAJ PROTEINS LTD.

KAILASH CHANDRA SHARMA
MANAGING DIRECTOR

Place : Itarsi

Dated : 25th August, 2008


NATRAJ PROTEINS LIMITED
DIRECTORS' REPORT

To,
The Members,
Natraj Proteins Limited

Your Board of directors have pleasure in presenting their 17th 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, 2008.

1. FINANCIAL RESULTS:

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

PARTICULARS	Year ended 31st March	
	2008	2007
	(Amount in Rs.)	
Total Sales/Income from operations	1606654225	1412014143
Profit before interest, depreciation & tax	35806676	23152511
Less: Interest	16521397	12761041
Depreciation	5282129	4928594
Profit Before Tax	14003150	5462876
Less: Provision for Income Tax	4274500	2510610
Less: Fringe Benefit Tax	49140	20910
Net Profit After Tax	9679510	2931356
Add: Balance carried from Profit & Loss A/c	53052356	50121000
Total surplus of profit carried to Balance Sheet	62731866	53052356

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. 16066.54 Lacs as compared to Rs.14120.14 Lacs in the previous year. The profit of the Company was also recorded at Rs. 96.80 Lacs as compared to Rs. 29.31 Lacs in the previous year.

Your company's DOC being exported to other countries through the merchant exporters and in view of the decrease of the value of the Indian Rupee as compared to US \$ the realization of the company sales of the Company was comparatively better.

Your directors look forward for better working results in the years to come and good parity on export of DOC. However, this year monsoon was not according to the required norms for soya crops and 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, therefore the company may face problem in procurement of seeds of good quality on competitive price, which may effect the working of the Company.

The company proposes to purchase Wind Power Mill in the state of Tamil Nadu for 750 KW capacity, with the investment of Rs.3.34 Crores. The proposed wind energy will gets annually two seasons of wind flow resulting it is having favourable conditions in India in comparison with the other states including Madhya Pradesh. The Company is expecting around 16 lacs of units generation per year.

4. MANAGEMENT DISCUSSIONS AND ANALYSIS :
4.1 INDUSTRY STRUCTURE AND DEVELOPMENTS:

As so many new projects for SOYA industries have commissioned in past 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, however, due to bad mansoon conditions, the soya units may suffer due to non availability of good quality adequate seed in the year 2008-09.

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 it is 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

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based on the exchange rates. This year as the rupee was appreciated, the profitability of the Company was also affected to some extent.

4.2.3 Threats :

Monsoon activities.

Competition from the manufacturers.

4.2.4 Opportunities :

Good monsoon will provide 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 packing to take the retail market, for good profitability.

4.4 MARKETING AND EXPORT :

Though the Company do not export directly, but it 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 \$.

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. 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 Umesh 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.

7. 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.

8. 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 and Shri Hitesh Yadav 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.

9. 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) regarding 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.

10. INSURANCE :

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

11. DEPOSITS :

Your Company has not accepted deposits from the 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. The CLB or NCLT or RBI or any other Court or Tribunal against the Company has passed no order.

12. 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, 2008 and the profits of the company for the year ended on that date.



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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.

13. 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.

14. PERSONNEL :

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

15. 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	
	31.03.2008	31.03.2007
i) Electricity:		
a) Units (in KW)	3360790	2860900
b) Total amount (Rs.in lacs)	147.59	126.14
c) Rate per KW (in Rs.)	4.39	4.41
ii) a) Coal (Qty. in MT)	9974.535	9213.975
b) Total cost (Rs.in lacs)	215.50	189.65
c) Average rate per M.T.(in Rs.)	2160.55	2058.33

2. Consumption per unit of Production:

	Production in M.T.	
a) Crude Oil	13091.609	13181.561
b) Refined Oil	11826.240	12691.286
c) De-oiled Cake	68930.428	62507.092
d) Acid Oil	206.850	243.005
e) Gums	1193.470	1170.315
f) Fatty Acid	12.240	15.530
g) Lecithin	75.090	137.340

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.

16. 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

K. C. SHARMA

CHAIRMAN & MANAGING DIRECTOR

Place : Itarsi

Dated : 25th August, 2008

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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:

- (i) 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.
- (ii) Ensure that the Board exercises its fiduciary responsibilities towards shareowners and creditors, thereby ensuring high accountability.
- (iii) Ensure that the extent to which the information is disclosed to present and potential investors is maximised.
- (iv) Ensure that the decision-making is transparent and documentary evidence is traceable through the minutes of the meetings of the Board/Committee thereof.
- (v) Ensure that the Board, Employees and all concerned are fully committed to maximising long-term value to the shareowners and the company.
- (vi) Ensure that the core values of the company are protected.

2. BOARD OF DIRECTORS:

(i) Details of Directors:

The Company is having six directors in the Board and having optimum composition of the 3 independent directors in the Board of Directors of the Company. Details of the Directors of the Company as at 31st March, 2008 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 / Promoter	-	-	-	-
Shri Surendra S. Arora	Executive / Promoter	-	-	-	-
Shri Kailash C. Sharma	Executive / Promoter	-	-	-	-
Shri Umesh Trivedi	NED/IND	-	-	-	-
Shri Giriraj Gupta	NED/IND	2	1	-	-
Shri Hitesh Yadav	NED/IND	-	-	-	-

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

During the financial year 2007-08, there was total eight 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
30.04.2007	Itarsi M.P.	6	4
07.07.2007	Itarsi M.P.	6	4
30.07.2007	Itarsi M.P.	6	4
25.08.2007	Itarsi M.P.	6	5
31.10.2007	Itarsi M.P.	6	4
31.12.2007	Itarsi M.P.	6	4
30.01.2008	Itarsi M.P.	6	5
24.03.2008	Itarsi M.P.	6	4

3. AUDIT COMMITTEE:

(A) Brief description of terms of reference:

- (i) Review with the management the quarterly/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 Trivedi	Director NED/IND	Chairman
2.	Mr. Giriraj Gupta	Director NED/IND	Member
3.	Mr. Hitesh Yadav	Director NED/IND	Member



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The Statutory Auditors and Whole-time Director of the Company were also invited by the Committee to express their views in the Meeting. 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 investor's complaints like:

- (i) Transfer of Shares, 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 Trivedi	Director/NED/IND	Chairman
2	Mr. Giriraj Gupta	Director/NED/IND	Member
3	Mr. Hitesh Yadav	Director/NED/IND	Member

- (i) Name and designation of Compliance Officer : Shri K. C. Sharma, Managing Director
- (ii) Number of shareholders complaints received during the year : 5
- (iii) Number of complaints solved during the year : 5
- (iv) Number of complaints pending at the end of the year : 0

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 Trivedi	Director/NED/IND	Chairman
2	Mr. Giriraj Gupta	Director/NED/IND	Member
3	Mr. Hitesh Yadav	Director/NED/IND	Member

During the year under review one meeting of the Committee was held on 31st July, 2007 to consider the re-appointment of Shri K.C.Sharma as the Managing Director and Shri J.P.Agrawal and Shri S.S.Arora as the whole-time directors of the Company and to determine their terms and remuneration payable to them.

(C) Whistle-blower policy

We have established a mechanism for employees to report concerns about unethical behavior, actual or suspected fraud, or violation of our code of conduct or ethics policy. The mechanism also provides for adequate safeguard against victimization of employee who avails of the mechanism and also provides for direct access to the chairman of the audit committee in exceptional cases. We further affirm that during the financial year 2007-2008, no employee has denied access to the audit committee.

6. GENERAL MEETINGS;

Location and time, where last three AGMs were held:

Financial Year	2004-05	2005-06	2006-07
Date	28.09.2005	30.09.2005	29.09.2007
Time	2.00 P.M.	2.00 P.M.	2.00 P.M.
Venue	Regd. Office	Regd. Office	Regd. Office
No. of special item/ businesses transacted	0	3	3

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) of Memorandum of Association by inclusion of four new objects for diversity/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.