



modi naturals limited

37th ANNUAL REPORT AND ACCOUNTS
2010-2011

Board of Directors

Shri Anil Modi,
- Chairman and Managing Director
Shri Akshay Modi
- Executive Director
Shri Sudhir Shankar Halwasiya
Shri Alok Garg

Bankers

State Bank of India, Pilibhit
Bank of Baroda, Pilibhit and New Delhi
Axis Bank, Pilibhit

Secretary

Ms. Purva Satija

Auditors

M/s. K. K. Jain & Co.,
Chartered Accountants,
184-A, Garud Apartments,
Pocket –IV, Mayur Vihar, Phase-I
Delhi-110091

Registered Office

405, Deepali Building
92, Nehru Place
New Delhi - 110019

Works

Pilibhit, Uttar Pradesh

Registrar & Transfer Agents

M/s Skyline Financial Services Pvt Ltd.
D-153A, Okhla Industrial Area, Phase - I
New Delhi -110 020

LETTER TO THE SHAREHOLDERS

Dear Shareholders,

It gives me great pleasure to welcome you to yet another fiscal of our Company through this Annual Report. Last year, we had indicated on becoming a 360 degree FMCG Company over the next 5 years. I am pleased to report that in the year under review, we have accelerated our growth momentum and have firmly stepped up in order to become one.

Transforming Living

Our Company witnessed a wave of restructuring with the launch of Tarai Shudh and Tarai Tasty+, a premium edible mustard oil segment, in early 2010. Now, after over a year to this launch, we can proudly state the fact of Tarai gaining ground in the market, steadily and firmly.

With our constant endeavor to live by our motto "Healthy Living", this year we wish to leap forward by **"Going Beyond and bringing home the Mediterranean"** with Oleev, **a quality Olive Oil** in its three variants, being Extra Virgin, Extra Light and Pomace.

And we do not stop here! We further intend to "Go Beyond" by bringing to our customers, **"Oleev Active"**, a premium blend of Rice Bran and Olive Oil, which shall be catering to the buoyant demand of the health oriented market.

Positioned for significant growth

The year that went by experienced significant investment by Foreign Institutional Investors who opted to convert their Warrants into Equity, thereby placing their confidence in the growth capacity of our Company.

With our sound governance processes, internal controls, comprehensive product portfolio, high levels of competitiveness and innovation, we are confident of the sustainable growth that it promises to bring along.

Looking Ahead

With a vision to nurture the country by providing healthy oils, we aim to:

- a) Adopt innovative business technologies to meet the desired results.
- b) Deliver products and brands of highest quality that earn the respect and loyalty of our customers.
- c) Live upto our responsibility towards society, by being an economic, intellectual, social asset for communities with which we interact.

As we move ahead in our journey, I would like to extend my heartfelt thanks to all our investors, employees and stakeholders for their tremendous support and to our Directors for the vision and wisdom with which they have conducted the deliberation of the Board.

I look forward to building upon the values that our Company represents, to harness our combined strength in talent & technique for achieving greater results in the years to come.

Thank You

Place : New Delhi
Date : 03.09.2011

sd/-
Akshay Modi
Executive Director

NOTICE

Notice is hereby given that the 37th Annual General Meeting of the shareholders of Modi Naturals Limited will be held at Poorva Sanskritik Kendra (PSK), 14, District Centre, Laxmi Nagar, Delhi-110092 on Friday, 30th September, 2011 at 10.30 A.M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2011 and the Profit & Loss Account for the year ended on that date and the Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Shri Sudhir Shankar Halwasiya, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting, and authorise the Board of Directors to fix their remuneration. M/s. K. K. Jain & Co., Chartered Accountants, Delhi, retire and are eligible for re-appointment.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass, with or without modification(s) the following resolution as an ORDINARY RESOLUTION:

'RESOLVED THAT Shri Akshay Modi who was appointed by the Board as an Additional Director with effect from 15th December, 2010 and who holds office upto the date of this Annual General Meeting and is eligible for appointment as Director and in respect of whom the company has received a notice in writing from a member pursuant to Section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director be and is hereby appointed as a Director of the Company.

5. To consider and if thought fit, to pass, with or without modification(s) the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Section(s) 198, 269, 302, 309, 310 read with Schedule XIII and all other applicable provisions of Companies Act, 1956, if any, (including any statutory modification or re – enactment thereof) and such other approvals/sanctions as may be necessary, the Company hereby approves the appointment of Shri Akshay Modi as the Whole Time Director of the Company designated as the Executive Director for a period of three years with effect from 15th December, 2010 on the terms and conditions including as to remuneration, as recommended by the Remuneration Committee of the Board of Directors of the Company and as set out in the Explanatory Statement which shall deemed to form part thereof.

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

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to alter, vary and/or revise the terms and conditions of the said appointment and/ or remuneration of Shri Akshay Modi, Executive Director so as to not to exceed the limits specified in Schedule XIII of the Companies Act, 1956 or any statutory modification thereof, from time to time and to settle any question or difficulty in connection therewith or incidental thereto.

RESOLVED FURTHER THAT in the event of any re-enactment or recodification of the Companies Act, 1956 or the Income Tax Act, 1961 or any amendment thereto, this Resolution shall continue to remain in force and the reference to various provisions of the Companies Act, 1956, or the Income Tax Act, 1961 shall be deemed to be substituted by the corresponding provisions of the new Act or the amendments thereto or the rules and notifications issued thereunder."

By order of the Board of Directors

Place : New Delhi
Date : 03.09.2011

sd/-
(Purva Satija)
Company Secretary

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND THE MEETING AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING AND SHALL NOT VOTE EXCEPT ON A POLL**
2. The instrument appointing the proxy must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Annual General Meeting .
3. The Register of Members and Share Transfer Books of the Company will remain closed on Monday, 26/09/2011 to Friday, 30/09/2011 (both days inclusive).
4. In terms of Clause 49 of the Listing Agreement, a brief resume of Shri Sudhir Shankar Halwasiya forms part of the Notice. The relevant Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of the Special Business set out as above is annexed hereto.
5. All the documents referred in the accompanying Notice along with the Register of Directors Shareholding maintained under Section 307 of the Companies Act, 1956, shall be open for inspection for the members at the Annual General Meeting.
6. Members/Proxies are requested to bring their copy of Annual Report to the Meeting as extra copies will not be distributed.
7. Members/Proxies should fill the attendance slip for attending the meeting. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID numbers and those holding shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.
8. In case of joint holders attending the meeting, only such joint holder whose name is mentioned in the first place in the order of names will be entitled to vote.
9. Corporate members intending to send their Authorized Representative are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
10. Members desiring any information as regards accounts and operations are requested to forward their queries to the Company at its Registered Office atleast seven days prior to the date of the meeting so that the information is made available at the meeting.
11. The Members are requested to notify change, if any, in their addresses to the Registrar and Transfer Agent of the Company.
12. Annual Listing Fee for the year 2011-12 has been paid to the Bombay Stock Exchange Ltd. wherein shares of the Company are listed.
13. All the members are requested to fill in their e-mail addresses and their contact details in the form annexed hereto and send the same to the Company Secretary/ Registrar & Share Transfer Agent of the company.
14. **NO GIFT(S) SHALL BE DISTRIBUTED AT THE ENSUING 37TH ANNUAL GENERAL MEETING OF YOUR COMPANY.**

INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT

As required under the Listing Agreement, the particulars of Director who is proposed to be re-appointed is given below:-

Name : Shri Sudhir Shankar Halwasiya
Date of Birth : 03.10.1961
Qualification : B.Com
Experience : He is having rich managerial and administrative experience in running corporates and apart from being a business man of great repute, he is also a respected social worker.

DIRECTORSHIP IN OTHER COMPANIES

- | | |
|---|--|
| 01) Ganeshdass Ramgopal Private Limited | 02) Halwasiya Properties Private Limited |
| 03) Amrapalee Greens Apartments Private Limited | 04) Halwasiya Financial Services Private Limited |
| 05) Umatech Developers Private Limited | 06) Kumkum Greens Apartments Private Limited |
| 07) Scolex Marketing Concept Private Limited | 08) Umatech Real Estate Developers Private Limited |
| 09) Umatech Realtors Private Limited | 10) Umatech Township Private Limited |
| 11) Target Trades Private Limited | 12) Gurujas Infrastructure Private Limited |
| 13) Sri Harkrishan Colonisers & Promoters Private Limited | 14) Satya Nirman Private Limited |
| 15) Om Credit Pvt Ltd | 16) Sheetla Vintrade Private Limited |
| 17) Jaiganpati Infraprojects Private Limited | 18) Gurkripa Infrabuild Private Limited |
| 19) Richmond Marketing Private Limited | 20) Sky Bac Infotec Private Limited |
| 21) Navyug Radiance School Private Limited | |

Membership/ Chairmanship of the Board Committees of the Companies : Nil

No. of shares held (both own or held by/ for other persons on a beneficial basis) in the company : Nil

EXPLANATORY STATEMENT

AS REQUIRED BY SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 4 : The appointment of Shri Akshay Modi as an Additional Director designated as Executive Director was made by the Board of Directors of the Company in its meeting held on 15th December, 2010 in accordance with the applicable provisions of the Companies Act, 1956 and Articles of Association of the Company. His appointment is being regularised as Director at the ensuing Annual General Meeting of the Company. The Company has received a notice under Section 257 of the Companies Act, 1956 with respect to his appointment.

The Board recommends passing of the Ordinary Resolution by the shareholders of the Company.

Except Shri Anil Modi and Shri Akshay Modi, no other Director of the Company is in any way concerned or interested in the proposed resolution.

Item No. 5 : The Remuneration Committee of the Company at its meeting held on 30th September, 2010 considered about the appointment of Shri Akshay Modi as the Whole Time Director of the Company in view of his excellent contribution to the Company's activities during his tenure as Chief Executive Officer of the Company. The Committee recommended to the Board of Directors of the company, the appointment of Shri Akshay Modi as Whole Time Director of the Company for a period of 3 years from 15th December, 2010 to 14th December, 2013 and also recommended the payment of ₹ 98,000/- as his overall remuneration per month.

The Board of Directors of the Company at its meeting held on 15th December, 2010 endorsed the recommendation made by the Remuneration Committee with respect to appointment and remuneration payable to Shri Akshay Modi. The details of remuneration payable to Shri Akshay Modi is as under

Basic Pay	₹ 50,000/- p.m
Rent free house	₹ 40,000/- p.m (from 15-12-2010 to 31-03-2011)
	₹ 48,000/- p.m (from 01-04-2011 to 14-12-2013)

Besides above, he would also be entitled to usual benefits as per the rules of the Company including reimbursement of telephone expenses as may be permissible to him.

The Explanatory Statement and the resolution at item no. 5 of the Notice may be treated as an abstract of the terms and memorandum of interest pursuant to the provisions of Section 302 of the Companies Act, 1956.

The Board recommend passing of the Ordinary Resolution by the shareholders of the Company.

None of the Directors of the Company except Shri Anil Modi and Shri Akshay Modi, is in any way concerned or interested in the resolution.

By order of the Board of Directors
sd/-

Place : New Delhi
Date : 03.09.2011

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 37th Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2011.

PERFORMANCE

The summarized financial results for the year ended 31st March, 2011 and for the previous year ended 31st March, 2010 are as follows:-

	(₹) in Lacs	
	2010-11	2009-10
Sales and Other Income	11357.85	12372.41
Profit before interest and depreciation	246.85	403.45
Interest	126.20	136.74
Profit before Depreciation and Tax	120.65	266.71
Depreciation	118.02	107.22
Profit before Taxation	2.63	159.49
Provision for Taxation	1.86	49.39
Short provision for Taxes for earlier years	0.49	3.19
Provision for Deferred Tax	(3.63)	10.65
Profit after Taxation	3.91	96.26
Balance brought forward from previous year	583.84	487.58
Amount available for appropriation	587.75	583.84
Appropriation		
Surplus carried to Balance Sheet	587.75	583.84

FOREIGN INSTITUTIONAL INVESTORS

Pursuant to Foreign Investment Promotion Board (FIPB) approval, 26,40,000 Optionally Convertible Warrants were issued by your company on preferential basis to three Foreign Institutional Investors. The Directors in their meeting held on 30th September, 2010 and 10th May, 2011 respectively have approved the conversion of these Warrants into Equity Shares. The paid up capital of your company on such conversion has become ₹ 11,11,79,340.

DIVIDEND

In order to conserve the resources for the growth of the company, the Directors do not recommend any dividend for the year under review.

CORPORATE GOVERNANCE

Report on the Corporate Governance along with the certificate of the Auditors, confirming the compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement, forms part of the Annual Report.

DIRECTORS

Out of the present Directors, Shri Sudhir Shankar Halwasiya, retires by rotation, and, being eligible, offers himself for re-appointment. Your Directors recommend re-appointment of Shri Sudhir Shankar Halwasiya as Director on the Board.

Shri Akshay Modi was appointed as an Additional Director and designated as Executive Director by the Board of Directors at its meeting held on 15th December 2010. Pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 93 of the Articles of Association of the company, he holds office as Director only up to the date of ensuing Annual General Meeting. The Board recommends that his appointment is regularised as Director and his appointment as Executive Director of the Company is also ratified at the ensuing Annual General Meeting of the Company.

During the year, Shri Deepak Bansal resigned as Director with effect from 1st October, 2010. The Board places on record its sincere appreciation for the services rendered by Shri. Deepak Bansal during his tenure as Director of the Company.

DEPOSITS

The Company has not accepted any fresh deposits during the year. There were no overdue deposits.

AUDITORS

The present Auditors M/s. K. K. Jain & Co., Chartered Accountants retire at the conclusion of the Annual General Meeting. They have furnished a certificate u/s 224(1B) of the Companies Act, 1956 and are eligible for re-appointment. Your Directors recommend re-appointment of M/s K. K. Jain & Co., as Auditors of the Company at the ensuing Annual General Meeting of the company.

ACCOUNTS AND AUDIT REPORT

There are no qualifications made by the Auditors in their Report which requires any explanation from the Board of Directors of the Company.

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

Information required to be furnished in terms of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 relating to Conservation of Energy, Technology Absorption & Foreign Exchange Earnings & outgo is annexed herewith & forms part of this report.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217(2AA) of the Companies Act, 1956, the Directors hereby confirm:

- That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
- That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- That the Directors have prepared the annual accounts on a going concern basis.

GREEN INITIATIVE

Your Company wishes to be a part of a green initiative of the Ministry of Corporate Affairs (MCA) so as to contribute towards a greener environment. Your Company proposes to send its annual report and other communications electronically to its shareholders and to enable your Company to do so, it is requested that shareholders may kindly fill in their e-mail ID details (in an enclosure annexed to this Annual Report) and send it back to the Company Secretary / Registrar and Share Transfer Agent of the Company.

The shareholders are also requested to alternatively post/ update their email id details on Company's website at www.modinaturals.com.

PARTICULARS OF EMPLOYEES

During the year there were no employees who were in receipt of remuneration more than the limit prescribed under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended.

PERSONNEL

The relations with the employees of the Company are cordial. Your Directors wish to place on record their appreciation for the excellent work done by the employees at all levels.

ACKNOWLEDGEMENTS

Your Directors express their sincere gratitude and deep appreciation for the co-operation and assistance given by the financial institutions, banks, suppliers and customers of the Company during the year under report and look forward to their continued support. Your Director's also thankfully acknowledge the trust and confidence reposed by you in the Company.

For and on behalf of the Board of Directors

Place : New Delhi
Date : 03.09.2011

sd/-
Anil Modi
Chairman

ANNEXURE TO DIRECTORS REPORT

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

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 is given below:-

A. CONSERVATION OF ENERGY

- a. Green Initiative
Your company has set up and commissioned a multi-fuel boiler for various agro fuels, thus increasing its usage of bio-fuels of its energy requirements. This helps reduce the company's carbon foot-print on the planet.
- b. Energy Conservation measures taken
Your Company has taken adequate measures to ensure optimum use of all equipments so as conserve energy.
- c. Additional Investments and proposals, if any, being implemented for reduction of consumption of energy
The Company has benefited from the investments earlier made in purchasing certain equipments which have contributed towards reduction in the consumption of energy.
- d. Impact of the measures at (a) and (b) for reduction of energy consumption and consequent impact on the cost of production of goods
The measures taken in (a) and (b) above have resulted in reduction in cost of production.
- e. Total Energy Consumption and energy consumption per unit of production as per prescribed Form -A
Not given as the Company is not covered under the list of specified industries.

B. TECHNOLOGY ABSORPTION

1. Research & Development (R&D)
 - a) Specific areas in which R&D carried out by the company
----- NIL -----
 - b) Benefits derived as a result of above R&D
----- NIL -----
 - c) Future plan of action
Continuous efforts are being made for quality improvement of its products.
 - d) Expenditure on R&D
----- NIL -----
2. Technology Absorption, Adaptation and Innovation
Continuous efforts are being made for product improvement and cost reduction. The Company has not made any import of technology so far.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under review, your company has not exported any of its products and the details of the Foreign Exchange Earnings and Outgo are as under:

Foreign Exchange Earnings : Nil

Foreign Exchange Outgo : 0.60 Lakhs