modi naturals limited

38th ANNUAL REPORT AND ACCOUNTS

2011-2012

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 ICICI Bank, New Delhi
Company Secretary and Compliance Officer	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	Bisalpur Road, Pilibhit - 262001, Uttar Pradesh
Registrar & Transfer Agents	M/s Skyline Financial Services Pvt Ltd. D-153A, Okhla Industrial Area, Phase - I, New Delhi - 110020

LETTER TO SHAREHOLDERS

Dear Shareholders,

I am pleased to share with you the business results delivered by your Company in the Fiscal Year 2011-12, that stand as a testimony to your Company's purpose driven growth strategy as we were able to grow with a steady pace and show improvement in our operating metrics.

To establish our brands of edible oil, we plan geographical expansion as well as greater penetration in the areas that we are already present in. Along with this, we are also planning development of new products to achieve 360 degrees growth in the current Fiscal Year.

In order to educate and inform consumers about our outstanding and unique product range, investments towards Brand Building initiatives that enable our products to reach more and more consumers across varied economic segments have been made during the year. These strategic investments to drive sales growth for our brands are in line with our purpose-inspired growth strategy to drive long-term value for the Company, stakeholders and consumers. While these initiatives stand to impact earnings for the Company in the short term, we believe it will create long term value by expanding the categories in which we operate.

Your Company has always believed and practiced high standards of professionalism, integrity and transparency and would continue to do so.

At the end of this eventful year and at the beginning of another challenging year, we thank each one of our clients, the government, our employees and the shareholders for their resolute trust in the Company and look forward to their continued support and participation in the growth of the Company.

Today, we have the right structure and leadership in place to achieve our strategic goals and I could not be more excited about the journey ahead, with you all.

Thank You

sd/-
(Akshay Modi)
Executive Director

Place : New Delhi
Date : September 4, 2012

NOTICE

Notice is hereby given that the 38th 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 Saturday, 29th September, 2012 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, 2012 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 Alok Garg, 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.

By order of the Board of Directors

sd/-
(Purva Satija)
Company Secretary

Place : New Delhi
Date : September 4, 2012

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. 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.**

2. The Register of Members and Share Transfer Books of the Company will remain closed on Monday, 24/09/2012 to Saturday, 29/09/2012 (both days inclusive).

3. In terms of Clause 49 of the Listing Agreement, a brief resume of Shri Alok Garg forms part of the Notice.

4. All the documents referred in the accompanying Notice along with the Register of Director's Shareholdings, maintained under Section 307 of the Companies Act, 1956, respectively, shall be open for inspection for the members at the Annual General Meeting.

5. Members/Proxies are requested to bring their copy of Annual Report to the Meeting as extra copies will not be distributed.

6. 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.

7. 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.

8. 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.

9. 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.

10. The Members are requested to notify change, if any, in their addresses to the Registrar and Transfer Agent of the Company, i.e Skyline Financial Services Private Limited, D-153A, Ist Floor, Okhla Industrial Area, Phase – I, New Delhi – 110 020.

11. Annual Listing Fee for the year 2012-13 has been paid to the BSE Limited wherein shares of the Company are listed.

12. All the members are requested to fill in their e-mail addresses and their contact details in the E - Communication Registration Form annexed hereto and send the same to the Company Secretary/ Registrar & Share Transfer Agent of the company.

13. **NO GIFT(S) SHALL BE DISTRIBUTED AT THE ENSUING 38TH ANNUAL GENERAL MEETING OF YOUR COMPANY.**

INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT

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

Name	:	Shri Alok Garg
Date of Birth	:	21.12.1972
Qualification	:	B.Com
Experience	:	He is a reputed and known figure as a manufacturer and exporter of Heena in India and possesses rich and varied managerial and administrative experience
Directorship in other Companies	:	Jain Edibles 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	:	14,000 Equity Shares

DIRECTORS' REPORT

To the Members,

The Board of Directors hereby presents the 38th Annual Report on the business and operations of your Company along with the Audited Financial Statements for the year ended 31st March, 2012.

PERFORMANCE

The summarized financial results for the year ended 31st March, 2012 and for the previous year ended 31st March, 2011 are as follows: -

(₹ in Lacs)

	2011-12	2010-11
Sales and Other Income	**16683.19**	**11090.41**
Profit before interest and depreciation	**346.50**	**246.85**
Interest	157.85	126.20
Profit before Depreciation and Tax	**188.65**	**120.65**
Depreciation	137.82	118.02
Profit before Taxation	50.83	2.63
Provision for Taxation	12.49	1.86
Short provision for Taxes for earlier years	–	0.49
Provision for Deferred Tax	19.15	(3.63)
Profit after Taxation	**19.19**	**3.91**
Balance brought forward from previous year	587.75	583.84
Amount available for appropriation	606.94	587.75
Appropriation		
Surplus carried to Balance Sheet	606.94	587.75

DIVIDEND

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 compliance of condition 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 Alok Garg, retires by rotation, and, being eligible, offers himself for re-appointment. Your Directors recommend re-appointment of Shri Alok Garg as Director on the Board.

DEPOSITS

The Company has not accepted any fresh deposits during the year.

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.

COST AUDITORS

The Ministry of Corporate Affairs (MCA) has introduced The Companies (Cost Audit Report) Rules, 2011 vide its notification no. GSR 430(E) dated June 3, 2011. These rules make it mandatory for industries to appoint a Cost Auditor within 90 days of the commencement of the Financial Year. The Cost Audit Order No. 52/26/CAB/2010 dated January 24, 2012 covers your Company's manufacturing operations w.e.f. April 1, 2012. Based on the Audit Committee recommendations at its meeting held on February 9, 2012, the Board has appointed M/s Manisha Taiyal & Associates as the Cost Auditors of the Company for the Financial Year 2012-2013.

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.

GREEN INITIATIVE

Your Company wishes to be a part of green initiative of the Ministry of Corportate Affaires (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.

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 continued to be cordial. Your Directors wish to place on record their appreciation for the excellent work done by the employees at all levels.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors hereby confirm that:

a) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;

b) they have, in the selection of the Accounting policies, consulted the Statutory Auditors and have 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;

c) they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) they have prepared the annual accounts on a going concern basis.

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.

On behalf of the Board of Directors

sd/-
(Anil Modi)
Chairman

Place : New Delhi
Date : September 4, 2012

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 a multi-fuel boiler for various agro fuels in place which helps in increasing its usage of bio-fuels of its energy requirements. This helps reduce your company's carbon foot-print on the planet.

b) Energy Conservation measures taken

Adequate measures have been taken by your Company 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

Investments earlier made in purchasing certain equipments by the Company 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 endeavor is being made for quality improvement of its products.

d) Expenditure on R&D

-------- NIL --------

2. Technology Absorption, Adaptation and Innovation

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 : 0.72 Lakhs