modi naturals limited

40th ANNUAL REPORT AND ACCOUNTS

2013-14

Board of Directors	Shri Anil Modi, - Chairman and Managing Director Shri Akshay Modi - Executive Director Shri Sudhir Shankar Halwasiya Shri Alok Garg Shri Sulabh Singal
Bankers	HDFC Bank, Pilibhit & New Delhi State Bank of India, Pilibhit & New Delhi Bank of Baroda, Pilibhit & New Delhi Axis Bank, Pilibhit & Kaikuluru 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

MESSAGE TO SHAREHOLDERS

It gives me great pleasure to write to you as your Company celebrates its Fortieth anniversary this year.

It is a matter of pride for us that our clientele continues to grow strongly across the entire national geography.

The year 2013-2014 had been a demanding, but also a tremendously rewarding, time. We have had a challenging year marked by slow growth, persistent inflation, currency volatility and high interest rates. However your Company has fared well despite the challenges and continued to focus on achieving sustainable profitable growth. We believe that there is tremendous head-room for growth in the categories which we participate in.

Your Company's brand building efforts have helped create leadership brand with strong consumer franchises that yield healthy margins. The Company continues on its journey towards building a higher value added and a higher margin portfolio of brands. While we maintain confidence in the quality of our products, we try to do everything we can to ensure that Modi Naturals' emerges as an even stronger, trusted and respected Company. We want to continue to drive growth in the categories where we are leaders and have a competitive advantage, by providing our consumers with superior quality products.

In spite of the evolutionary changes, our Company has undertaken over the years to respond to those challenges, the one thing that has remained constant, since our inception, is our commitment to stewarding our Company in the best interests of our shareholders. We see this as a source of competitive advantage for the business now and in the years ahead.

I, thank you, dear shareholders for placing your faith in the Company. I also thank the very committed members of the Modi Naturals' team and the Company's business associates for their continued support. My team and I look forward to the challenges of delivering sustainable profitable growth in the years ahead with confidence.

I look forward to greater success for Modi Naturals' in the years to come.

Sincerely,

sd/-

Akshay Modi

Executive Director

NOTICE

Notice is hereby given that the 40th Annual General Meeting of the shareholders of Modi Naturals Limited will be held at Hotel Chirag Residency, B-18, Chirag Enclave, Nehru Place, Opp. Devika Tower, New Delhi-110019 on Tuesday, August 19, 2014 at 11.00 A.M. to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements for the year ended on March 31, 2014 together with the Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Shri Anil Modi (DIN: 00187078), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Akshay Modi (DIN: 03341142), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and authorise the Board of Directors to fix their remuneration:

   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 139 of the Companies Act, 2013 and the rules made thereunder, Messrs. K.K Jain & Co. (Firm Registration No. 002465N), Chartered Accountants, New Delhi be and are hereby appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of 43rd Annual General Meeting (subject to ratification of the appointment by the members at every Annual General Meeting) and that the Board of Directors of the Company be and is hereby authorised to fix their remuneration in consultation with them."

SPECIAL BUSINESS

5. APPOINTMENT OF SHRI SUDHIR SHANKAR HALWASIYA AS INDEPENDENT DIRECTOR

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 Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement, the term of Shri Sudhir Shankar Halwasiya (DIN 00020000) as Independent Director of the Company , not liable to retire by rotation, be and is hereby fixed upto March 31, 2019, in respect of whom the Company has also received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company."

6. APPOINTMENT OF SHRI ALOK GARG AS INDEPENDENT DIRECTOR

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 Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement, the term of Shri Alok Garg (DIN 01394308) as Independent Director of the Company , not liable to retire by rotation, be and is hereby fixed up to March 31, 2019, in respect of whom the Company has also received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company."

7. APPOINTMENT OF SHRI SULABH SINGAL HALWASIYA AS INDEPENDENT DIRECTOR

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 Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement, the term of Shri Sulabh Singal (DIN 05270534) as Independent Director of the Company , not liable to retire by rotation, be and is hereby fixed up to March 31, 2019, in respect of whom the Company has also received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company."

8. APPOINTMENT OF SHRI ANIL MODI AS MANAGING DIRECTOR

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 196, 197, 203 and of the Companies Act 2013 and other applicable provisions, if any, and the rules made thereunder read with Schedule V of the said Act (including any amendment, modification, variation or re-enactment thereof) and subject to approval of the Central Government, if any, the approval of the Company be and is hereby accorded to the re-appointment of Shri Anil Modi (DIN. 00187078) as the Managing Director of the Company for a period of five years effective from January 1, 2015 to December 31, 2019 on the terms and conditions including remuneration as set out in the Statement annexed to the Notice convening this meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts things and deeds as may be necessary to give effect to the above resolution."

9. RATIFICATION OF APPOINTMENT & APPROVAL OF REMUNERATION OF COST AUDITORS

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 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to the approval of Central Government as may be required, the Company hereby approves and ratifies the remuneration of Rs. 60,000/- (Rupees Sixty Thousand only) plus Service Tax and out of pocket expenses payable to Messrs Manisha & Associates (Firm Registration No.: 000321), Cost Accountants, appointed as Cost Auditors of the Company for the Financial Year 2014 – 2015.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By order of the Board of Directors

sd/-

New Delhi **(Purva Satija)**

July 8, 2014 Company Secretary

NOTES

1. The Statement pursuant to Section 102(1) of the Companies Act, 2013 with respect of the Special Business set out in Item Nos. 5 to 9 of the accompanying Notice is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF (ONLY ON A POLL) AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
3. **THE INSTRUMENT APPOINTING THE PROXY, DULY COMPLETED, MUST BE DEPOSITED AT THE COMPANY'S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY FORM FOR THE AGM IS ENCLOSED.**
4. Members / Proxies should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
5. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
6. The Register of Members and Share Transfer Books of the Company will remain closed on Tuesday, August 12, 2014 to Tuesday, August 19, 2014 (both days inclusive) for the purpose of AGM.
5. Members holding shares in dematerialised form are requested to intimate all changes pertaining to their change of address, change of name, e-mail address, contact numbers, etc. to their Depository Participant (DP). Members holding shares in physical form are requested intimate such changes to the Company or the Registrar and Transfer Agent of the Company.
6. 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.
7. 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.

8. Members wishing to claim Dividends, which remain unclaimed, are requested to correspond with the Company Secretary at the Registered Office of the Company or to the Registrar and Transfer Agent (RTA). Members are requested to note that Dividends not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account will as per Section 124 of the Companies Act, 2013 (Section 205A of the erstwhile Companies Act, 1956), be transferred to the Investor Education and Provident Fund.
9. The Company is concerned about the environment and utilizes natural resources in a sustainable way. We request you to update your email address with your Depository Participant to enable us to send you the communications via email.
10. Copies of the Annual Report 2014 are being sent by electronic mode to all members whose email addresses are registered with the Company / Depository Participant(s) for communication purposes unless any member has requested for hard copy of the same. For members who have not registered their email addresses, physical copies of the Annual Report 2014 are being sent by the permitted mode.
11. Members may also note that the Notice of the 40th AGM and the Annual Report 2014 will be available on the Company's website, www.modinaturals.com. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Members who require communication in physical form in addition to e-communication, or have any other queries, may write to us at: investors@modinaturals.com.
12. Additional Information pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges in respect of the Directors seeking appointment / re-appointment at the AGM are furnished and forms part of the Notice. The Directors have furnished the requisite consents / declarations for their appointment / re-appointment.
13. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the Securities Market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form shall submit their PAN details to the Company.
14. All documents referred to in the Notice will be available for inspection at the Company's Registered Office during normal business hours on working days up to the date of the AGM.

VOTING THROUGH ELECTRONIC MEANS

1. Pursuant to Section 108 and corresponding Rules of Companies Act, 2013, the Company will provide e-voting facility to the members. All business to be transacted at the annual general meeting can be transacted through the electronic voting system.
2. The Notice of Annual general meeting will be sent to the members, whose names appear in the register of members/depositories as at closing hours of business, on Friday, July 18, 2014.
3. The shareholders shall have one vote per equity share held by them. The facility of e-voting would be provided once for every Folio/ Client ID, irrespective of the number of joint holders.
4. The Company has appointed Mr. Deepak Bansal, Practicing Company Secretary, as the scrutinizer for conducting the e-voting process in the fair and transparent manner.
5. The scrutinizer will submit his final report to Chairman of the Company within three working days after the conclusion of e-voting period.
6. The results of annual general meeting shall be declared by the Chairman or his authorized representative or anyone Director of the Company on/ or after Annual General Meeting within the prescribed time limits.
7. The result of the e-voting will also be placed at the website of the Company viz. www.modinaturals.com and also on www.evoting.nsdl.com
8. The scrutinizer's decision on the validity of e-voting will be final.

Instructions of Voting through electronic mode

i. Open email and open the attached PDF file therein. The said PDF file contains your User ID and Password for e-voting. Please note that the Password is an initial password.

ii. Launch the internet browser by typing the following URL: https://www.evoting.nsdl.com. Click on "Shareholder Login".

iii. Put User ID and Password as initial Password noted in step (i) above. Click Login. If you are already registered with NSDL for e-voting then you can use your existing User ID and Password for Login.

iv. If you are logging in for the first time, Password change menu appears. Change the Password with new Password of your choice with minimum 8 digits/characters or combination thereof. Please note the new Password for all the future e-voting cycles offered on NSDL e-voting platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

v. Home page of "e-voting" opens. Click on "e-Voting": Active Voting Cycles.

vi. Select "EVEN (E-Voting Event Number)" of Modi Naturals Limited. For an EVEN, you can login any number of times on e-voting platform of NSDL till you have voted on the resolution or till the end of voting period whichever is earlier.

vii. Now you are ready for "e-voting" as "Cast Vote" page opens.

viii. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted. Kindly note that vote once cast cannot be modified.

ix. Upon confirmation, the message "Vote cast successfully" will be displayed

x. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to deepakbansal.fcs@gmail.com with a copy marked to evoting@nsdl.co.in.

B. In case a Member receiving the AGM notice by Post [for members whose email IDs are not registered with the Company/ Depository Participants(s) or requesting physical copy] may also vote electronically through the following procedure:

(i) Initial password will be provided separately EVEN (E Voting Event Number) USER ID PASSWORD

(ii) Please follow all steps from Sl. No. 1A(ii) to Sl. No. 1A(x) above, to cast your vote.

D. The voting period begins on 9.00 a.m., Monday, 11 August, 2014 and ends on 5.30 p.m., Wednesday, 13 August, 2014.

During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of July 18, 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

E. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and e-voting user manual for members available at the Downloads section of www.evoting.nsdl.com

Statement pursuant to Section 102(1) of the Companies Act, 2013

ITEM NO. 5 : Shri Sudhir Shankar Halwasiya is a Non-Executive (Independent) Director of the Company. He joined the Board of Directors in March, 1986. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, the term of Shri Sudhir Shankar Halwasiya, as Independent Director is proposed to be fixed upto 31st March, 2019.

The Company has received a notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of Rs. 1,00,000/- (Rupees One Lakh only) proposing the candidature of Shri Sudhir Shankar Halwasiya for the office of Independent Director of the company.

The Company has received from Shri Sudhir Shankar Halwasiya a declaration to the effect that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

The resolution seeks the approval of members for fixing the term of Shri Sudhir Shankar Halwasiya as an Independent Director of the Company up to March 31, 2019 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder. He is not liable to retire by rotation.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Shri Sudhir Shankar Halwasiya as an Independent Director.

No Director, Key Managerial Personnel or their relatives, except Shri Sudhir Shankar Halwasiya to whom the resolution relates, is interested or concerned financially or otherwise in the Resolution.

The Board recommends the Resolution No. 5 for the approval of the members.

ITEM NO. 6 : Shri Alok Garg is a Non-Executive (Independent) Director of the Company. He joined the Board of Directors in March, 2008. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, the term of Shri Alok Garg, as Independent Director is proposed to be fixed upto 31st March,2019.

The Company has received a notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of Rs. 1,00,000/- (Rupees One Lakh only) proposing the candidature of Shri Alok Garg for the office of Independent Director of the company.

The Company has received from Shri Alok Garg a declaration to the effect that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Shri Alok Garg as an Independent Director of the Company up to March 31, 2019 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder. He is not liable to retire by rotation.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Shri Alok Garg as an Independent Director.

No Director, Key Managerial Personnel or their relatives, except Shri Alok Garg to whom the resolution relates, is interested or concerned in the Resolution.

The Board recommends the Resolution No. 6 for the approval of the members.

ITEM NO. 7 : Shri Sulabh Singal is a Non-Executive (Independent) Director of the Company. He joined the Board of Directors in July, 2013. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, the term of Shri Sulabh Singal , as Independent Director is proposed to be fixed upto 31st March,2019.

The Company has received a notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of Rs. 1,00,000/- (Rupees One Lakh only) proposing the candidature of Shri Sulabh Singal for the office of Independent Director of the company.

The Company has received from Shri Sulabh Singal a declaration to the effect that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Shri Sulabh Singal as an Independent Director of the Company up to March 31, 2019 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder. He is not liable to retire by rotation.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Shri Sulabh Singal as an Independent Director.

No Director, Key Managerial Personnel or their relatives, except Shri Sulabh Singal to whom the resolution relates, is interested or concerned in the Resolution.

The Board recommends the Resolution No. 7 for the approval of the members.

ITEM NO. 8: At the Annual General Meeting of the Company held on September 30, 2009, the members had approved the terms of appointment and remuneration of Shri Anil Modi as Managing Director of the Company for a period of five years up to December 31, 2014.

Taking into consideration the increased business activities of the Company coupled with higher responsibilities cast on Shri Anil Modi, the Board has recommended his appointment for a further period of five years from January 1, 2015 till December 31, 2020 and the Board has recommended his remuneration in the following manner:-

I. Salary : Rs. 2,00,000/- p.m (in the time scale of 2,00,000-25,000-3,00,000)

II. Perquisites

a) The Company's contribution to Provident Fund and Superannuation Fund in accordance with the Rules and Regulations in force in the Company from time to time. Such contribution will not be included in the computation of the ceiling on remuneration to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

b) Gratuity shall be paid at a rate not exceeding half month's salary for each completed year of service and this would not be considered as remuneration or perquisite for the purpose of computing commission or minimum remuneration.

The aggregate of the remuneration as aforesaid shall be within the maximum limits as laid down under Sections 196, 197, 203 and all other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V of the Act as amended from time to time All other existing terms and conditions relating to the appointment of Shri Anil Modi as approved by the members of the Company will remain unchanged.

The terms set out in the resolution and this Statement may be treated as an abstract of the terms of appointment and remuneration pursuant to Section 190 of the Companies Act, 1956.

A copy of the contract of service entered into by the Company with Shri Anil Modi is open to inspection by any member of the Company on any working day during business hours at the Registered Office of the Company.

Except Shri Anil Modi and Shri Akshay Modi and their relatives, no other Director, Key Managerial Personnel of the Company is concerned or interested, financially or otherwise in the Resolution.

The Board recommends the Resolution for approval by the members.

ITEM NO. 9: The Board of Directors of the Company at their meeting held on May 30, 2014 has, on recommendation by the Audit Committee, appointed M/s. Manisha & Associates (Firm Registration number: 000321), Cost Accountants as the Cost Auditors for the Financial Year 2014-15 at a remuneration of INR 60,000/- (Rupees Sixty Thousand only) plus Service Tax and out of pocket expenses. As per Section 148 of Companies Act, 2013 and applicable rules thereunder, the remuneration payable to the Cost Auditor is to be ratified by the members of the Company.

The Board considers the remuneration payable to the cost auditor as fair and recommends the resolution contained in Item no. 9 of the accompanying notice for approval of the members as an Ordinary Resolution.

None of the Directors, Key Managerial Persons (KMPs) or the relatives of Directors or KMPs are interested or concerned in the said resolution.

Details of the Directors Seeking Appointment/Re-Appointment at the Annual General Meeting (Pursuant to clause 49 of the listing agreement)

Shri Anil Modi – Chairman and Managing Director

Shri Anil Modi, 57, is one of the founding members of Modi Naturals Limited and is the guiding force behind Modi Naturals. He possesses over three decades of invaluable experience in the business; experience that strengthens decision making process of the Company and its future plans.

He is a member of your Company's Stakeholders Relationship Committee.

He is also on the Board of Halwasiya Properties Private Limited and Modi Infratech Private Limited. He also, holds the position of Treasurer in the Solvent Extractors Association of India, a Non Government Organisation (NGO) recognized by the Ministry of Agriculture, Government of India and a Trade Promotion Organisation (TPO) recognized by the Ministry of Commerce, Government of India.

To satisfy the requirements of the provisions of the Companies Act, 2013, Shri Anil Modi, Chairman & Managing Director of the Company is made liable to retire by rotation and if re-appointed, his existing terms and conditions of employment with the Company shall remain unchanged.

Shri Akshay Modi - Executive Director

Shri Akshay Modi, 28, is an Engineer from the University of Leeds, U.K. He is a visionary entrepreneur who has conceptualized the launch of Edible Oils in consumer packs under the brand names, 'Oleev' and 'Tarai'.

He is also on the Board of Modi Infratech Private Limited.

To satisfy the requirements of the provisions of the Companies Act, 2013, Shri Akshay Modi, Executive Director of the Company is made liable to retire by rotation and if re-appointed, his existing terms and conditions of employment with the Company shall remain unchanged.