



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

Place : New Delhi
Date : September 4, 2012

sd/-
(Akshay Modi)
Executive Director

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

Place : New Delhi
Date : September 4, 2012

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. 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, 1st 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 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.

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

Place : New Delhi
Date : September 4, 2012

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 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

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

As a part of its growth strategy, the Company believes in adopting the 'best practices' that are followed in the area of Corporate Governance. The Company emphasises the need for full transparency and accountability in all its transactions, in order to protect the interests of its stakeholders.

BOARD OF DIRECTORS

Composition of the Board of Directors and other details as on 31.03.2012 is as under:

	Name of the Directors	Category of Director	No. of Board Meetings Attended	No. of Other Directorships held (*)	Committee memberships (excluding Modi Naturals Ltd.) (**)	Committee Chairmanships (excluding Modi Naturals Ltd.) (**)	Attendance at Last AGM
1.	Shri Anil Modi	Chairman & Managing Director	6	Nil	Nil	Nil	Yes
2.	Shri S.S.Halwasiya	Non- Executive & Independent Director	6	Nil	Nil	Nil	Yes
3.	Shri Alok Garg	Non – Executive & Independent Director	6	Nil	Nil	Nil	No
4.	Shri Akshay Modi	Executive Director	6	Nil	Nil	Nil	Yes

(*) Directorship in Companies registered under the Companies Act, 1956 excluding Directorships in Private Limited Companies, Companies under Section 25 of the Companies Act, Unlimited Companies, Foreign Companies and Alternate Directorships,

(**) Includes only Specified Committees i.e. Audit Committee and Shareholders Grievance Committee

Six Board Meetings were held during the period under review on 10/05/2011, 17/06/2011, 10/08/2011, 03/09/2011, 12/11/2011 and 09/02/2012.

INFORMATION REGARDING RE-APPOINTMENT OF DIRECTORS

Shri Alok Garg, Director of the Company retires by rotation and being eligible offers himself for re-appointment. The Board recommends his appointment to the shareholders at the ensuing AGM.

CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT

The Company has adopted a Code of Conduct for the members of the Board and Senior Management of the Company which has been posted on the website of the Company. The Company has in respect of the Financial Year ended on 31st March 2012, received from the members of the Board and Senior Management of the Company, a declaration of compliance with the Code of Conduct as applicable to them.

AUDIT COMMITTEE

Shri Sudhir Shankar Halwasiya, Independent and Non Executive Director is the Chairman of the Committee. Shri Anil Modi, Chairman and Managing Director and Shri Alok Garg, Independent and Non Executive Director are its members. The Company Secretary of the Company acts as the Secretary of the Audit Committee. Shri Pradeep Kapoor, Chief Financial Officer and a representative of M/s K.K. Jain & Co, Statutory Auditors are permanent invitees to the Audit Committee.

Five Meetings of the Audit Committee were held during the year under review on 10.05.2011, 10.08.2011, 03.09.2011, 12.11.2011 and 09.02.2012. Attendance in the above meetings is as follows:

Name of Director	No. of Meetings Attended
Shri S.S.Halwasiya	Five
Shri Anil Modi	Five
Shri Alok Garg	Five

SHAREHOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE

The Shareholders/ Investors Grievance Committee comprises of three directors, out of which two are Independent and Non-Executive Directors.

Shri Alok Garg, Independent and Non Executive Director is the Chairman of the Committee. Shri Anil Modi, Chairman and Managing Director and Shri Sudhir Shankar Halwasiya, Independent and Non Executive Director are its members. The Company Secretary of the Company acts as the Secretary of the Committee and is also the Compliance Officer of the company.

The functioning and terms of reference of the Committee is as prescribed under and in due compliance with the Listing Agreement with the Stock Exchanges with particular reference to transfer, dematerialization, complaints of shareholders etc.

During the year under review, one complaint was received and no complaint was pending as per records maintained & presented to the Shareholders' / Investors' Grievance Committee.

REMUNERATION COMMITTEE

The Remuneration Committee has the power to determine and recommend to the Board the remuneration and other related matters of Executive Directors. The Company does not pay any remuneration to the Non-Executive Directors. During the year under review, there was no eventuality which warranted the holding of the meeting of Remuneration Committee.

The details of remuneration paid to the Directors for the year ended 31st March,2012 are as under:-

(in ₹)

Sl. NO.	Name Of the Director	Salary	Perquisites and other benefits	Commission	Others	Sitting Fee	Total
1.	Mr. Anil Modi	1,500,000	180,000	----	----	----	1,680,000
2.	Mr Akshay Modi	600,000	576,000	----	----	----	1,176,000

The Company has not given any Stock Options to any Director.

ANNUAL GENERAL MEETING

Location and time of the last three Annual General Meetings of the Company:-

Year	Date	Location	Time	Special Resolution passed (Yes/ No)
2011	30/09/2011	Poorva Sanskrit Centre, 14, District Centre, Laxmi Nagar, Delhi-110092	10.30 A.M	No
2010	30/09/2010	Poorva Sanskrit Centre, 14, District Centre, Laxmi Nagar, Delhi-110092	10.30 A.M	Yes
2009	30/09/2009	Poorva Sanskrit Centre, 14, District Centre, Laxmi Nagar, Delhi-110092	10.30 A.M	Yes

No special resolution has been passed through Postal Ballot.

DISCLOSURES:

- ▶ During the year under review, the Company had no materially significant related party transactions as envisaged under the Corporate Governance Code that may have potential conflict with the interests of the company at large. However, the related party transactions during the year under review are mentioned in Note 35 to the “Notes to Financial Statements”.
- ▶ There has been no non-compliance, penalties/strictures imposed on the Company by Stock Exchange(s) or SEBI or any statutory authority, on any matter related to capital markets during the year under review.
- ▶ At present, the company does not have any Whistle Blower Policy.

MANAGEMENT DISCUSSION AND ANALYSIS IS REPORTED IN THIS ANNUAL REPORT

CEO/ CFO CERTIFICATION ON THE FINANCIAL STATEMENT

Pursuant to Clause 49 of the Listing Agreement, the Chairman and Managing Director and the Chief Financial Officer have submitted the desired Certificate to the Board of Directors and the same has been taken on record by the Board of Directors in their meeting held on September 4, 2012.

MEANS OF COMMUNICATION:

Wide publicity is accorded to the Quarterly, Half-yearly and the Annual Results which are published in widely circulated national English and Hindi dailies as required under the Listing Agreement with the Stock Exchanges. The same are also faxed to the BSE Ltd. where the company is listed.

The Company has its web site having updated details about the Company, shareholding pattern on quarterly basis and other statutory disclosures. The financial results are being regularly posted on the Company’s web site, i.e. www.modinaturals.com. The Company also has an exclusive e-mail ID i.e. investors@modinaturals.com for investors to contact the Company in case of any information and grievances.

The shareholders are requested to kindly update their e-mail IDs in the E - Communication Registration Form annexed at the end of the report and send it to the Company Secretary/ Registrar and Share Transfer Agent of the Company.

GENERAL SHAREHOLDERS INFORMATION

38th Annual General Meeting of the Company is scheduled to be held on Saturday, 29th September, 2012 at 10.30 A.M at Poorva Sanskrit Centre, 14, District Centre, Laxmi Nagar, Delhi-110092 as per the notice enclosed with the Annual Report.

Financial Calendar:

The Company follows the financial year from April to March. The quarterly Un-audited Financial Results for the year ended 31st March, 2012, were taken on record and approved by the Board in its meeting(s) held on the following dates:

Quarter Ended	Date of Board Meeting
April-June, 2011	August 10, 2011
July-September, 2011	November 12, 2011
October-December, 2011	February 9, 2012
January-March, 2012	May 14, 2012

Book Closure: Monday, 24/09/2012 to Saturday, 29/09/2012 (both days inclusive)

Listing on stock Exchanges:

The company is listed on the following Stock Exchange:-

Stock Exchange	Stock Code
BSE Ltd.	519003

The Company has paid the listing fees to BSE for the year 2012-2013.

Market Price Data:

Monthly High & Low quotes and Volume of Equity Shares traded during the year are as follows:-

Month	High	Low	Volume
April, 2011	15.95	13.50	14300
May, 2011	15.48	14.75	20100
June, 2011	15.48	14.75	9100
July, 2011	16.70	14.75	8800
August, 2011	14.75	14.03	7900
September, 2011	13.96	11.75	22200
October, 2011	11.75	10.55	7400
November, 2011	14.01	10.01	17900
December, 2011	15.00	12.85	11400
January, 2012	16.25	14.07	3700
February, 2012	14.03	12.74	2100
March, 2012	14.40	11.85	7000

Registrar and Transfer Agents:

The physical transfer of Equity Shares and electronic connectivity for the Depository mode for NSDL and CDSL is being provided by M/s Skyline Financial Services Pvt. Ltd. whose address is given below:

M/s Skyline Financial Services Pvt. Ltd.
 D-153A, Okhla Industrial Area, Phase - I,
 New Delhi-110 020
 Phone: 011-26812682

Share Transfer System:

The Company, in compliance of SEBI circular no. 15/2002 dated 27th December 2002, has appointed M/s Skyline Financial Services Pvt. Ltd., (Category – I SEBI registered Registrar and Share Transfer Agents) as Share Transfer Agent who follows the Share Transfer System as prescribed by the Securities and Exchange Board of India (SEBI). The Share Transfer requests in physical form sent by shareholders are manually checked. If the transfer deed and enclosures are valid, the shares are transferred within 15 days with the approval of the Share Transfer Committee, otherwise objection memo is sent to the transferor with necessary advice to take the required steps. The process is done within 15 days of receipt of request. The Company Secretary monitors the system.

Distribution of Equity Shareholding of the company as on 31st March, 2012

Shareholding	Number of Shareholders	Number of Shares	% of total Shares
Upto 5000	4111	1069250	9.61
5001-10000	305	243525	2.19
10001-20000	192	337294	3.03
20001-30000	31	76510	0.69
30001-40000	15	54040	0.49
40001-50000	10	45660	0.41
50001-100000	11	81985	0.74
100001 and above	18	9209670	82.84
Total	4693	11117934	100.00

DEMATERIALIZATION OF SHARES

The Equity Shares of the company are available for Dematerialisation. The International Securities Identification No. (ISIN) of the Company is INE537FO1012. The Equity Shares are now tradable only in dematerialized mode.

81.39% of the Company's Paid up Equity Share Capital has been dematerialized upto 31st March, 2012

Outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments, conversion date and likely impact on equity

Nil

LOCATION OF PLANTS OF THE COMPANY

Modi Naturals Limited,
Bisalpur Road, Pilibhit - 262001,
Uttar Pradesh

ADDRESS FOR CORRESPONDENCE

All the queries of investors may be sent at the following address:

Modi Naturals Limited,
405, Deepali Building ,
92, Nehru Place ,
New Delhi – 110019

These may also be e-mailed at investors@modinaturals.com

NOMINATION FACILITY:

Shareholders desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 109A of the Companies Act, 1956, are requested to submit to the Company their request in the prescribed Form 2B for this purpose.

MANAGEMENT DISCUSSION AND ANALYSIS

1) Industry Structure and Development

a) Global Economic Condition

The developments over the last year in major economies of the world have not been encouraging. There is an apprehension that the process of global economic recovery that began after the financial crisis of the 2008 is beginning to stall and the sovereign debt crisis in the eurozone area may persist for a while.

The global economy is expected to grow by 3.3 per cent in 2012 compared to 3.8 per cent in 2011 as per the International Monetary Fund's (IMF) January 2012 update of the World Economic Outlook (WEO). Gross domestic product (GDP) growth in advanced economies declined to 1.6 per cent in 2011 compared to 3.2 per cent in 2010 and is expected to be even lower at 1.2 per cent in 2012.

b) Overview of Indian Economy

In 2011-12, India found itself in the heart of conflicting demands. The Indian economy is estimated to grow by 6.9 per cent in 2011-12, after having grown at the rate of 8.4 per cent in each of the two preceding years. This indicates a slowdown compared not just to the previous two years but from 2003 to 2011 (except 2008-09).

At the same time, sight must not be lost of the fact that, by any cross country comparison, India remains among the front-runners. With agriculture and services continuing to perform well, India's slowdown can be attributed almost entirely to weakening industrial growth. The manufacturing sector grew by 2.7 per cent and 0.4 per cent in the second and third quarters of 2011-12.

Inflation as measured by the wholesale price index (WPI) was high during most of the current fiscal year, though by the year's end there was a clear slowdown. Food inflation, in particular, has come down to around zero, with most of the remaining WPI inflation being driven by non-food manufacturing products.

However, for the Indian economy, the outlook for growth and price stability at this juncture looks more promising. There are signs from some high frequency indicators that the weakness in economic activity has bottomed out and a gradual upswing is imminent.

2) Opportunities and Threats

a) Opportunities

The production of oilseeds during 2011-12 and net availability of edible oil from all domestic sources (primary) are estimated at 305.29 lakh tonnes and 72.69 lakh tonnes respectively..

Recent statistics and forecasts by analysts and experts show an interesting trend – domestic demand for edible oil in India will reach 30 million MT by 2020 from the current 15 million MT with an annual CAGR growth of 7%. The share of higher margin branded sales is expected to rise significantly from the current 25% to nearly 50-60% of market share by 2015.

The Company has grabbed these opportunities by capturing the markets in the field of Mustard Oil with its 'Tarai Shudh' and 'Tarai Tasty'. The Company is rigorously endeavoring to establish itself in the Indian Olive Oil market with its varied range of 'Oleev'.

b) Threats

50% of India's needs is met through imports and the import duty is at its lowest levels. The Government and also the Industry Associations are trying its best to increase the domestic crop so as to be less dependent on imports. There has been improvement in annual growth in the indices of yield and area under oilseeds during 2000-01 to 2011-12. The current level of growth rate in yield index needs to be maintained to ensure a reasonable level of self sufficiency in this crop.

3) Segment, Product wise Performance

a) **Segment:** Of various oil bearing materials such as Mustard, Soyabean, Groundnut etc., our Company is currently present in the Rice Bran, Sunflower and Mustard Oils segments.

b) **Product :**

The Product Portfolio of the Company comprises of the following:

Oils:

Oleev Olive Oil: Oleev brings you the magic of Mediterranean Olive Oils from the rich and fertile land of Andalusia in Spain.

- ▶ Oleev Active
- ▶ Oleev Extra Virgin Olive Oil
- ▶ Oleev Extra Light Olive Oil
- ▶ Oleev Pomace Olive Oil

Rice Bran Oil: Our Company has been at the forefront of the research and development of the best quality Rice oil. Keeping the nutritional qualities of brown rice intact, our rice bran oil is the ideal cooking medium that promises great health.

Tarai Shudh: Tarai Shudh is pure Kacchi Ghaani Mustard Oil at its best, as it has 25% more flavour than the Agmark Grade 1 standard.

Tarai Tasty+: A healthy blend of Mustard and Rice Bran Oil.

Sunflower Oil: To ensure such high standards in quality we acquire the best sunflower seeds from the Himalayan Region and then process it under the most stringent quality standards.

Mustard Oil: We make sure that the mustard oil we package is from the finest mustard producing regions of India. Following are our variants of Packaged Mustard Oil:

- ▶ Kacchi Ghaani
- ▶ Pakki Ghaani
- ▶ Refined

Waxes:

Refined Rice Bran Wax: Vegetable Wax extracted from the bran oil of rice used in paper coating, textiles, fruit & vegetable coatings, pharmaceuticals, candles etc.

4) Internal Control Systems and its adequacy

The Audit Committee continuously monitors the effectiveness of the Internal Controls by way of assessing opportunities for improvement in business processes, systems and controls; providing recommendations which are followed up by implementation of corrective actions and improvements in business processes.

5) Financial and Operational Performance

The Turnover of the company has increased from Rs. 110.90 crores to Rs. 166.83 crores and the Profit after Tax has increased from Rs. 3.91 lacs to Rs. 19.19 lacs.

6) Human Resource Development

Modi Naturals Limited recognizes people as the primary source of its competitiveness and continues to focus on people development. The human resources department has been continually focusing on the means to achieve the Company's goals of meeting such growth targets through external recruitment & right skilling and by improving the capabilities of existing people through people development initiatives.

CEO AND CFO CERTIFICATION

To
The Board of Directors
Modi Naturals Limited

Dear Sirs,

Sub: CEO/CFO Certificate
(Issued in accordance with provisions of Clause 49 of the Listing Agreement)

We have reviewed the Financial Statements and Cash Flow Statement of Modi Naturals Limited for the year ended March 31, 2012 and that to the best of our knowledge and belief, we state that;

- a) (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
- (ii) These Statements present a true and fair view of the Company's affairs and are in compliance with current accounting standards, applicable laws and regulations;
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the Financial Year ended 31st March, 2012 which are fraudulent or illegal or violative of the Company's code of conduct;
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of the internal control systems of the Company pertaining to Financial Reporting and have disclosed to the Auditors and the Audit Committee deficiencies in the design or operation of internal control systems, if any, and steps taken or proposed to be taken for rectifying those deficiencies;
- d) We have indicated to the Auditors and the Audit Committee that:
 - I) there have not been any significant changes in Internal Control over Financial Reporting during the year under reference;
 - ii) there has not been any significant change in accounting policies during the year requiring disclosure in the notes to the Financial Statements and
 - III) there has not been any instance of significant fraud with the involvement of the management or an employee having a significant role in the Company's internal control system over Financial Reporting.

Yours Sincerely,

Place : New Delhi
Date : September 4, 2012

sd/-
(Pradeep Kapoor)
Chief Financial Officer

sd/-
(Anil Modi)
Chairman & Managing Director

**AUDITORS' CERTIFICATE
ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

To
The Members
Modi Naturals Limited

We have examined the compliance of conditions of Corporate Governance by Modi Naturals Limited for the year ended March 31, 2012 as stipulated in Clause 49 of the Listing Agreement entered into by the Company with the BSE Ltd.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state in respect of the Investor Grievances received during the year ended 31st March, 2012, that one complaint was received and no complaint was pending as per the records maintained and presented to the Shareholders Grievance Committee of the Company.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For and on behalf of
K.K. Jain & Co.
Chartered Accountants
Firm's Registration No. 002465N

Place : New Delhi
Date : September 4, 2012

sd/-
(K. K. Jain)
Partner
M. No. 5436

AUDITORS' REPORT TO THE MEMBERS OF MODI NATURALS LIMITED

We have audited the attached Balance Sheet of MODI NATURALS LIMITED as at 31st March, 2012 and also the Statement of Profit & Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements, based on our audit.

1. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies Auditor's Report Order, 2003, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 & 5 of the said Orders.
3. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of accounts as required by Law, have been kept by the Company so far as appears from our examination of the books of the Company.
 - iii. The Balance Sheet and the Statement of Profit & Loss, dealt with by this Report, are in agreement with the books of account of the Company.
 - iv. In our opinion, the Balance Sheet and the Statement of Profit & Loss comply with the applicable Accounting Standards, referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
 - v. Based on the declaration made by the directors of the company and the information and explanations given to us, none of the Directors is, as at 31.03.2012, prima-facie disqualified from being appointed as a director in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and the Profit & Loss Account read with the Schedules and Notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) In the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2012, and
 - (b) In the case of the Statement of Profit & Loss of the profit for the year ended on that date.
 - (c) In the case of the cash flow statement, of the cash flows for the year ended on that date.

For and on behalf of
K.K. Jain & Co.
Chartered Accountants
Firm's Registration No. 002465N

Place : New Delhi
Date : September 4, 2012

sd/-
(K. K. Jain)
Partner
M. No. 5436

ANNEXURE REFERRED TO IN PARAGRAPH 2 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF MODI NATURALS LIMITED ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2012

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable having regard to the size of the company and nature of its assets. No material discrepancies between the book records and the physical inventory were noticed in respect of the assets physically verified.
- (c) In our opinion, the company has not disposed off substantial part of fixed assets during the year and the going concern status of the company is not affected.
2. (a) Inventories have been physically verified by the management at reasonable intervals during the year.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) On the basis of our examination of records of inventory produced to us, in our opinion, the company has maintained proper records of inventories. No material discrepancies were noticed on physical verification of inventory as compared to the book record.
3. (a) The company has not granted any loans, secured or unsecured, to any party covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) The company has taken unsecured loan from three parties covered in the register mentioned under section 301 of the Companies Act 1956. The maximum amount involved during the year was Rs.2,33,21,132/- and the year-end balance of loan taken from such parties was Rs.91,71,495/-.
- (c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions are not prima facie prejudicial to the interest of the company.
- (d) In respect of loan taken by the company, the interest payment and principal amount repayable are regular.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
5. (a) The company has entered all the particulars of contracts or arrangement referred to in section 301 of the Companies Act, 1956 in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us the transactions with parties with whom transactions exceeding the value of Rupees five Lacs have been entered into during the financial year, are at prices, which are reasonable, having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 58A and 58AA of the Companies Act 1956 and the Companies (Acceptance of Deposit) Rules, 1975 with regard to the deposit accepted from the public. No order has been passed by the Company Law Board in this regard.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. The Central Government has not prescribed for maintenance of cost records under section 209(1)(d) of the Companies Act 1956.
9. (a) According to the information and explanations given to us and on the basis of our examination of the records of the company amount deducted/accrued in the books of account in respect of undisputed statutory dues including Income Tax, Provident Fund, Employees State Insurance, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues have generally been regularly deposited during the year by the company with the appropriate authorities, except Rs.2,56,481/- on account of Provident Fund which was deposited late.

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income-Tax, Sales-Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess were outstanding at the year end for a period of more than six months from the date they became payable.
- (c) According to the record of the company and information and explanation given to us, there were no disputed dues outstanding as at 31st March, 2012 in respect of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Service Tax, Excise Duty and Cess.
10. The company has no accumulated losses as at 31st March, 2012 nor has it incurred any cash loss in the current and immediately preceding financial year.
11. In our opinion and according to the information and explanation given to us, the company has not defaulted in repayment of dues to financial institutions, bank or debenture holder.
12. According to the information and explanations given to us and based on the documents and records produced to us the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
14. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
15. According to the information and explanation given to us, the company has not given any guarantee for loan taken by others from bank or financial institution.
16. In our opinion the term loan was applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet and Cash Flow Statement of the company, we report that no funds raised on short-term basis have been used for long term investments.
18. The company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956, during the year.
19. No secured debentures were issued by the company. Therefore, no securities have been created.
20. The company has not raised any money by a public issue during the year.
21. According to the information and explanations given to us no fraud on or by the company has been noticed or reported during the course of our audit.

For and on behalf of
K.K. Jain & Co.
Chartered Accountants
Firm's Registration No. 002465N

Place : New Delhi
Date : September 4, 2012

sd/-
(K. K. Jain)
Partner
M. No. 5436

BALANCE SHEET
AS AT 31ST MARCH, 2012

PARTICULARS	Note No.	As At 31.03.2012 (in ₹)	As At 31.03.2011 (in ₹)
I. EQUITY AND LIABILITIES			
1. Shareholder's funds			
(a) Share Capital	3	111,179,340	105,499,340
(b) Reserves and Surplus	4	155,056,463	141,777,239
(c) Money received against share warrants		–	8,520,000
		<u>266,235,803</u>	<u>255,796,579</u>
2 Non- current liabilities			
(a) Long-term borrowings	5	7,759,784	14,190,358
(b) Deferred Tax liabilities (Net)	6	22,630,733	20,716,170
(c) Other Long term liabilities	7	323,234	188,367
(d) Long-term Provisions	8	3,600,353	2,958,133
		<u>34,314,104</u>	<u>38,053,028</u>
3 Current Liabilities			
(a) Short term borrowings	9	208,044,028	166,521,694
(b) Trade payables	10	34,063,295	20,955,118
(c) Other current liabilities	11	17,369,879	13,323,622
(d) Short term provisions	12	1,371,874	360,266
		<u>260,849,076</u>	<u>201,160,700</u>
TOTAL		<u>561,398,983</u>	<u>495,010,307</u>
II ASSETS			
1. Non-current assets			
(a) Fixed assets			
(i) Tangible assets	13	201,022,595	203,870,195
(ii) Intangible assets		391,736	373,655
(iii) Capital work-in-progress		–	72,133
(b) Long-term loans and advances	14	3,472,897	4,220,917
(c) Other non-current assets	15	4,911,539	4,522,698
		<u>209,798,767</u>	<u>213,059,598</u>
2. Current assets			
(a) Inventories	16	204,274,681	215,134,270
(b) Trade receivables	17	84,251,493	30,187,383
(c) Cash and Cash equivalents	18	44,746,588	11,183,416
(d) Short-term loans and advances	19	15,224,659	17,393,122
(e) Other current assets	20	3,102,795	8,052,518
		<u>351,600,216</u>	<u>281,950,709</u>
TOTAL		<u>561,398,983</u>	<u>495,010,307</u>

Significant accounting policies

2

The notes referred above form an integral part of these financial statements.

As per our report of even date, attached,

K.K. Jain & Co.

Chartered Accountants

Firm's Registration No. 002465N

 sd/-
(K. K. Jain)
 Partner
 M. No. 5436

 sd/-
(Pradeep Kapoor)
 Chief Financial Officer

 sd/-
(Purva Satija)
 Company Secretary

 sd/-
(Akshay Modi)
 Executive Director

 sd/-
(Anil Modi)
 Managing Director

For and on behalf of the Board Directors

Place : New Delhi

Date : September 4, 2012

PROFIT AND LOSS
AS AT 31ST MARCH, 2012

PARTICULARS	Note No.	For the year ended 31.03.2012 (in ₹)	For the year ended 31.03.2011 (in ₹)
I Income			
Revenue from Operation	21	1,668,319,125	1,109,040,949
Total Income		<u>1,668,319,125</u>	<u>1,109,040,949</u>
II Expenses			
Cost of Materials Consumed	22	1,283,902,214	977,705,876
Purchases of Stock in Trade	23	117,235,927	2,060,357
Changes in inventories of finished goods and Stock-in-trade	24	33,350,874	(20,604,945)
Employee benefits expense	25	38,930,485	32,912,060
Finance Costs	26	20,341,105	14,369,204
Depreciation and amortization expense	13	13,782,282	11,801,961
Selling and Distribution Expenses	27	29,721,081	15,187,290
Other expense	28	125,972,110	75,346,384
Total Expense		<u>1,663,236,078</u>	<u>1,108,778,187</u>
III Profit before tax (I-II)		5,083,047	262,762
IV Tax expense:			
(1) Current tax		1,249,260	185,986
(2) Taxes for earlier year		-	48,746
(3) Deferred tax		1,914,563	(363,349)
V Profit after Tax		1,919,224	391,379
VI Earnings per equity share (face value of Rs.10/- each)	29		
(1) Basic		0.17	0.04
(2) Diluted		0.17	0.04

See accompanying notes to the financial statements

The notes referred above form an integral part of these financial statements.

As per our report of even date, attached,

K.K. Jain & Co.

Chartered Accountants
 Firm's Registration No. 002465N

For and on behalf of the Board Directors

sd/-
(K. K. Jain)
 Partner
 M. No. 5436

sd/-
(Pradeep Kapoor)
 Chief Financial Officer

sd/-
(Purva Satija)
 Company Secretary

sd/-
(Akshay Modi)
 Executive Director

sd/-
(Anil Modi)
 Managing Director

Place : New Delhi

Date : September 4, 2012

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2012

PARTICULARS	For the year ended 31.03.2012 (in ₹)	For the year ended 31.03.2011 (in ₹)
(A) CASH FROM OPERATING ACTIVITIES :		
Profit before Taxation	5,083,047	262,762
Adjustments for:		
Depreciation	13,782,282	11,801,961
Foreign exchange fluctuation	12,402,788	–
Deferred revenue expenses incurred	(1,932,744)	(3,919,947)
Deferred revenue expenses written off	784,163	101,349
Provision for Gratuity	590,554	474,387
Profit(-)/loss on sale of assets (net)	9,423	82,389
Interest expenses	<u>15,784,732</u>	<u>41,421,198</u>
Operating profit before working Capital changes	46,504,245	12,619,986
Adjustments for:		21,160,125
Trade and other receivable	(45,309,256)	21,422,887
Inventories	10,859,589	(11,688,216)
Trade payables	16,772,041	(26,741,048)
Cash generated from operations	(17,677,626)	(2,224,039)
Interest paid	28,826,619	(40,653,303)
Direct taxes paid (Net of Refund)	(15,671,587)	(19,230,416)
Cash flow before extra ordinary items	<u>(314,894)</u>	<u>(1,443,677)</u>
Extra ordinary items (net)	12,840,138	(33,181,354)
Net cash from operating activities (A)	<u>–</u>	<u>–</u>
	<u>12,840,138</u>	<u>(33,181,354)</u>
(B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(10,934,106)	(35,601,081)
Sale of fixed assets	44,053	227,893
Net cash used in investing activities (B)	<u>(10,890,053)</u>	<u>(35,373,188)</u>
(C) CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from issue of share capital (including Share Warrants)	8,520,000	70,680,000
Proceeds from borrowings	23,093,087	(6,272,820)
Repayments of borrowings	–	–
Net Cash used in financing activities (C)	<u>31,613,087</u>	<u>64,407,180</u>
Net increase (decrease) in cash and cash equivalents (A+B+C)	33,563,172	(4,147,362)
Cash and cash equivalents opening	11,183,416	15,330,778
Cash and cash equivalents closing	<u>44,746,588</u>	<u>11,183,416</u>
Net increase/decrease(-) as disclosed above	<u>33,563,172</u>	<u>(4,147,362)</u>

As per our report of even date, attached,

K. K. Jain & Co.

Chartered Accountants
Firm's Registration No. 002465N

sd/-
(K. K. Jain)
Partner
M. No. 5436

sd/-
(Pradeep Kapoor)
Chief Financial Officer

sd/-
(Purva Satija)
Company Secretary

For and on behalf of the Board Directors

sd/-
(Akshay Modi)
Executive Director

sd/-
(Anil Modi)
Managing Director

Place : New Delhi
Date : September 4, 2012

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

1 : Corporate Information

Modi Naturals Limited is a Public Limited Company domiciled in India and incorporated under the provisions of Companies Act, 1956. The shares of company are listed at Bombay Stock Exchange. The Company is in the business of manufacturing and marketing of oils and de-oiled cakes.

2 : Summary of significant accounting policies

A. Basis of accounting

The financial statements are prepared under historical cost convention, on accrual basis, in accordance with the generally accepted accounting principles in India and to comply with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government in exercise of the power conferred under sub section (1)(a) of Section 642 and the relevant provisions of the Companies Act, 1956.

B. Change in presentation and disclosure of financial statement

During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

C. Inventory Valuation

- i. Raw Materials, Consumables, Packing Material, Baggase and Paddy Husk
At weighted average cost
- ii. Finished Goods
At lower of average cost or net realisable value.
- iii. Stores & Spares
At cost on FIFO basis.

D. Fixed, Intangible Assets and Depreciation

- i. Fixed Assets
At cost (including expenditure on installation where applicable) less accumulated depreciation.
- ii. Intangible Assets
Computer Software and Website which are expected to provide future enduring economic benefits are capitalised as Intangible Asset and are stated at cost of acquisition less accumulated depreciation.
- iii. Depreciation/Amortisation
Pro-rata on Straight line method at the rates prescribed in Schedule XIV to the Companies Act, 1956.
Computer Software is amortised over 5 years on straight line method.
Website development expenses are amortised over 10 years on straight line method.

E. Research & Development

Revenue expenditure on Research and Development is charged to Revenue. Capital expenditure on Research and Development is included as part of fixed assets cost.

F. Borrowing Cost

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of cost of such asset till such time as the asset is ready for its intended use or sale. All other borrowing costs are recognized as an expense in the period in which they are incurred.

G. Bonus

As per the provisions of the Payment of Bonus Act, 1965 to employees covered under that Act.

H. Employee Benefits

- i) Provident Fund : On accrual. The company makes regular contributions to Provident & Other Funds which are charged to Revenue.
- ii) Leave Encashment: Retirement benefits in respect of Leave encashment are not applicable since the company pays leave encashment to employees every year.
- iii) Gratuity : Liability in respect of Gratuity to employees has been determined and accounted on the basis of actuarial valuation.

I. Revenue Recognition

- i) Sales are recognised on delivery.
- ii) Interest : on accrual.
- iii) Other Miscellaneous Revenues are recognized when the amounts are actually received or the realisability is certain.

J. Exchange Rate Fluctuation

Transactions in Foreign Currency are recognised at rates prevailing on the date of transactions.

Monetary foreign currency assets & liabilities remaining unsettled at the balance sheet date are translated at exchange rate prevailing on that date. Gain/loss arising on account of realization/settlement of foreign currency transactions and on translation of foreign currency assets and liabilities are recognized in the Profit & loss account

K. Amortisation of expenses for Amalgamation

Amortised over a period of five years.

L. Taxation

- (i) Income Tax : Provision for Income Tax liability has been computed after taking into account allowable deduction under provisions of Income Tax Act, 1961.
- (ii) Deferred Tax: Based on business prudence, is recognised, on timing difference, being difference between taxable and accounting income/expenditure that originate in one period and are capable of reversal in one or more subsequent period.

M. Impairment of Assets

The carrying amount of assets are reviewed at each Balance Sheet date. An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable amount. An impairment loss, if any, is charged to the Profit and Loss Account in the year in which the asset is identified as impaired. Reversal of impairment loss recognised in prior years is recorded when there is an indication that impairment losses recognised for the asset no longer exists or has decreased.

N. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed, while Contingent Assets are neither recognised nor disclosed, in the financial statements.

O. Earnings per share

Basic earnings per share are computed by dividing the net profit/(loss) for the year attributable to the equity shareholders with the weighted average number of equity shares outstanding during the year. Diluted earnings per share are computed using the weighted average number of equity and dilutive potential equity shares outstanding during the year, except where the results would be anti-dilutive.

P. Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are classified as operating leases. Lease rents under operating leases are recognized in the Profit and Loss Account.

Q. Events occurring after the balance sheet date

Adjustment to assets and liabilities are made for events occurring after the balance sheet date that provide additional information materially affecting the determination of the amount of assets and liabilities relating to condition existing at the balance sheet date.

R. Deferred Revenue Expenditure

Expenditure is accounted on accrual basis except in specific cases of expenditure incurred against which a definite benefit is expected to flow in to future periods. Such sums are treated as Deferred Revenue Expenditure and charged to Revenue Account over the expected duration of benefits.

S. Salaries and wages on repairs & maintenance of Fixed Assets, where carried out internally, are charged to salaries and wages account. Such expenses in respect of Capital Work have, however, been allocated and capitalised.

3 : Share capital

PARTICULARS	As At 31.03.2012 (in ₹)	As At 31.03.2011 (in ₹)
Equity Share Capital		
Authorised		
120,00,000 (Previous year 120,00,000)		
Equity Shares of Rs.10/- each	120,000,000	120,000,000
Issued, Subscribed and Paid up		
11117934 (Previous Year 10549934) Shares of Rs.10/- each fully called up	111,179,340	105,499,340
	<u>111,179,340</u>	<u>105,499,340</u>

3.1. Reconciliation of the number of shares

	As At 31.03.2012		As At 31.03.2011	
	No of Shares	Amount (₹)	No of Shares	Amount (₹)
Equity Share Capital				
Number of shares at the beginning	10,549,934	105,499,340	8,477,934	84,779,340
Add : Shares issued during the year				
Conversion of Convertible warrants in to Equity Shares	568,000	5,680,000	2,072,000	20,720,000
At the end of the year	<u>11,117,934</u>	<u>111,179,340</u>	<u>10,549,934</u>	<u>105,499,340</u>

(3.2) The company has only one class of equity shares, having par value of Rs.10 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. Each shareholder is eligible to one vote per share held. The dividend proposed, if any, by the Board of Directors is subject to approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend. The repayment of equity share capital in the event of liquidation and buy back of shares are possible subject to prevalent regulations. In the event of liquidation, normally the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(3.3) Shares in the company held by each shareholder holding more than 5% shares are as under:

	As At 31.03.2012		As At 31.03.2011	
	No of Shares	% age	No of Shares	% age
Mr. Anil Modi	2,789,446	25.09	2,789,446	26.44
Ms. Nita Modi	1,630,500	14.67	1,630,500	15.46
Das Investments Private Limited	646,000	5.81	646,000	6.12
Prime India Investment Fund Limited, Apex Fund Services	1,036,000	9.32	1,036,000	9.82
India Max Investment Fund Limited	1,036,000	9.32	1,036,000	9.82
Rahn and Bodmer Co	568,000	5.11	-	-

(3.4) Issued, subscribed and paid-up capital of the company includes:-

- (i) 2,026,592 shares (Previous Year 2,026,592) of Rs 10 each fully paid up allotted in the last five years to shareholders of M/s J.P. Management Systems P Ltd pursuant to the scheme of amalgamation with the Company, for consideration other than cash.
- (ii) 4,238,967 shares (Previous Year 4,238,967) allotted as Bonus Shares by way of Capitalisation of Profits.
- (iii) 2,640,000 shares (Previous Year 2,072,000) issued by way of conversion of Optionally Convertible Warrants into equity shares Rs.10/- each at a premium of Rs.20/- each.

4 : Reserve & surplus

Capital Reserve

As per Last Balance Sheet	8,981,650	8,981,650
Additions/Deductios/ Appropriations during the year	-	-
Closing Balance	<u>8,981,650</u>	<u>8,981,650</u>

Profit & Loss Account

As per Last Balance Sheet	58,775,273	58,383,894
Additions/Deductions/ Appropriations during the year	1,919,224	391,379
Net Surplus in the Profit & Loss	<u>60,694,497</u>	<u>58,775,273</u>

Securities Premium Reserve

As per Last Balance Sheet	55,286,480	13,846,480
Additions/Deductios/ Appropriations during the year	11,360,000	41,440,000
Closing Balance	<u>66,646,480</u>	<u>55,286,480</u>

General Reserve

As per Last Balance Sheet	18,733,836	18,733,836
Additions/Deductios/ Appropriations during the year	-	-
Closing Balance	<u>18,733,836</u>	<u>18,733,836</u>
	<u>155,056,463</u>	<u>141,777,239</u>

5 : Long term borrowings

Secured

Term Loans :

Term Loans from Banks	13,360,732	20,587,649
Vehicle Loan - from Bank	440,358	706,262
- from Others	1,466,362	-
	<u>15,267,452</u>	<u>21,293,911</u>

Less :

Amount Disclosed under Current maturities of Long term debt (refer to note 11)	7,507,668	7,103,553
Net Amount	<u>7,759,784</u>	<u>14,190,358</u>

Security

- (a) Term Loan from banks is secured by way of equitable mortgage of Factory Land & Building and Hypothecation of Plant & Machinery of all the units at Bisalpur Road and Bareilly Road, Stock and Book Debts, Personal guarantees of Mr. Anil Modi and Mrs. Nita Modi and corporate guarantee of Das Investments Pvt. Ltd.
- (b) Vehicle Loans are secured against hypothecation of respective Vehicles.
- (c) Term of repayment and interest are as follows:-

Loan From	ROI*	No. of Instalments Left	Year of Maturity
Term Loan from Banks	14.75%	24	2014
Vehicle Loan from Bank	13.50%	17	2013
Vehicle Loan from Others	12.00%	35	2015

* Applicable Rate of Interest as on 31.03.2012

6 : Deferred Tax Liability (Net)

Deferred Tax Asset/(Liability) As At 01.04.2011	Current Year (Charge)/Credit	Deferred Tax Asset/(Liability) As At 31.03.2012
--	-------------------------------------	--

Liabilities :

Related to fixed assets	(24,392,088)	(1,327,473)	(25,719,561)
Taxes, Cess, PF under protest	30,766	(602,176)	(571,410)

Assets :

Benefits to Employees	1,210,234	(58,309)	1,151,925
Carry forward losses under Income Tax	2,434,918	(572,098)	1,862,820
Others	-	645,493	645,493
Total	<u>(20,716,170)</u>	<u>(1,914,563)</u>	<u>(22,630,733)</u>

7 : Other long term liabilities

Trade Payables	323,234	188,367
	<u>323,234</u>	<u>188,367</u>

8 : Long term provisions

Provisions for Employee Benefits	3,600,353	2,958,133
	<u>3,600,353</u>	<u>2,958,133</u>

9 : Short term borrowings

Secured

From Banks :

Working Capital Facility	82,846,245	113,200,562
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Unsecured

From Companies	6,471,495	20,621,132
From Bank	–	30,000,000
Foreign Currency Loan from Banks	116,026,288	–
Deposits	2,700,000	2,700,000
	<u>208,044,028</u>	<u>166,521,694</u>

9.1 Working Capital facility comprises cash credit from bank and is secured against hypothecation of raw materials, semi finished goods, finished goods, consumable stores, book debts, all securities of units at Bisalpur Road and Bareilly Road, Pilibhit and personal guarantees of Mr. Anil Modi and Mrs. Nita Modi and corporate guarantee of Das Investments Pvt. Ltd.

10 : Trade payables

Micro, Small and Medium Enterprises	47,128	12,161
Others	34,016,167	20,942,957
	<u>34,063,295</u>	<u>20,955,118</u>

10.1 The company had sought confirmation from its vendors on their status under Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") which came into force from 2 October 2006. Based on the confirmations received till date, the disclosure as required by section 22 of the MSMED Act are given below:-

Principal amount payable to suppliers as at year-end	47,128	12,161
Interest due thereon as at year-end	–	–
Interest amount for delayed payments to suppliers pursuant to provisions of MSMED Act	–	–
Amount of delayed payments actually made to suppliers during the year	–	–
Amount of interest due and payable for the year of delay in making payment (which has been paid, but beyond the appointed day during the year) but without adding interest specified under the MSMED Act.	–	–
Interest accrued and remaining unpaid at the end of year	–	–

11 : Other current liabilities

Current maturities of long term debt (refer to note 5)	7,507,668	7,103,553
Interest accrued but not due on borrowings	113,145	112,725
Unpaid Dividends	365,682	367,182
Book Overdraft	98,029	–
Expenses Payable	4,865,734	3,587,252
Statutory Dues Payable	2,881,133	873,957
Advance From Customers	1,538,488	1,278,953
	<u>17,369,879</u>	<u>13,323,622</u>

12 : Short term provisions

Provisions for Employee Benefits	122,614	174,280
Provision for Taxes	1,249,260	185,986
	<u>1,371,874</u>	<u>360,266</u>

13 : Fixed assets

ITEM	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	COST AS AT 31.03.2011	ADDITIONS DURING THE YEAR	SALE & ADJ. DURING THE YEAR	COST AS AT 31.03.2012	UP TO 31.03.2011	FOR THE YEAR	ADJ. FOR SALE DURING THE YEAR	UP TO 31.03.2012	AS AT 31.03.2012	AS AT 31.03.2011
TANGIBLE ASSETS (A)										
FREE HOLD LAND	9,781,073	-	-	9,781,073	-	-	-	-	9,781,073	9,781,073
BUILDING & FLAT	36,064,804	375,945	-	36,440,749	7,467,936	1,014,587	-	8,482,523	27,958,226	28,596,868
PLANT & MACHINERY	240,119,214	7,738,250	-	247,857,464	84,525,927	11,303,374	-	95,829,301	152,028,163	155,593,287
FURNITURE & FIXTURES	1,424,241	132,488	-	1,556,729	866,158	149,180	-	1,015,338	541,391	558,083
ELECTRICAL EQUIPMENTS	966,297	138,960	-	1,105,257	285,996	41,438	-	327,434	777,823	680,301
OFFICE EQUIPMENTS	2,582,971	352,181	-	2,935,152	1,605,854	244,535	-	1,850,389	1,084,763	977,117
VEHICLES	10,395,716	2,144,337	139,415	12,400,638	4,057,050	896,798	85,939	4,867,909	7,532,729	6,338,666
LAB EQUIPMENTS	1,604,031	49,828	-	1,653,859	259,231	76,201	-	335,432	1,318,427	1,344,800
SUB TOTAL A	302,938,347	10,931,989	139,415	313,730,921	99,068,153	13,726,113	85,939	112,708,325	201,022,595	203,870,195
PREVIOUS YEAR	249,033,621	54,745,576	840,850	302,938,347	87,848,617	11,750,103	530,568	99,068,152	203,870,195	161,185,004
INTANGIBLE ASSETS (B)										
COMPUTER SOFTWARES	163,401	74,250	-	237,651	104,343	19,990	-	124,333	113,318	59,058
WEBSITE DEVELOPMENT	361,784	-	-	361,784	47,187	36,179	-	83,366	278,418	314,597
SUB TOTAL B	525,185	74,250	-	599,435	151,530	56,169	-	207,699	391,736	373,655
PREVIOUS YEAR	366,353	158,832	-	525,185	99,672	51,858	-	151,530	373,654	266,681

Note : Addition includes borrowing cost capitalised during the year aggregating to NIL (Previous Year Rs 28,10,862.00)

14: Long term loans and advances
Unsecured considered good

Capital Advances	25,000	920,000
Security Deposits	3,348,662	3,199,182
Other loans and advances	99,235	101,735
	<u>3,472,897</u>	<u>4,220,917</u>

15: Other non current assets

Unsecured considered good

Trade Receivables	579,894	579,894
Vat Receivable	195,743	480,184
Deferred Revenue Expenditures	4,135,902	3,462,620
	<u>4,911,539</u>	<u>4,522,698</u>

16: Inventories

Raw Materials and stores	86,094,597	63,603,310
Finished Goods	109,542,898	150,880,036
Trading Goods - Indigenous	648,317	650,924
Trading Goods - Imported (includes Goods in Transit of Rs.14,20,885/-)	7,988,869	-
	<u>204,274,681</u>	<u>215,134,270</u>

17: Trade receivables

Secured considered good

- Over Six Months	-	547,858
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Unsecured considered good

- Over Six Months	897,679	109,691
- Others	83,353,814	29,529,834
	<u>84,251,493</u>	<u>30,187,383</u>

18: Cash and cash equivalents

Balances with banks	18,919,058	9,623,692
Unpaid Dividend Account with bank	360,057	361,557
Cheques/Draft on hand	1,938,020	36,621
Cash in hand/including Imprest	2,224,703	1,161,546
Fixed deposits with banks against margin money* :	-	-
- with maturity period of more than 3 months but less than 12 months	17,404,750	-
- with maturity period of less than 3 months	3,900,000	-
	<u>44,746,588</u>	<u>11,183,416</u>

*Against guarantee issued by the bank on behalf of the Company and are not available for use by the company

19: Short term loans and advances

Unsecured considered good

Advance recoverable in cash or in kind or for value to be received	15,045,285	17,342,656
Advance Tax	179,374	50,466
	<u>15,224,659</u>	<u>17,393,122</u>

20: Other Current Assets

Amalgamation Expenses	–	101,349
Capital goods Vat Receivable	335,227	323,127
Deferred Revenue Expenditures	1,033,975	457,327
Interest Receivable	1,703,812	181,324
Other	29,781	6,989,391
	<u>3,102,795</u>	<u>8,052,518</u>

21: Revenue from operations

Sale of Products (Net of Rebate)	1,659,829,070	1,103,294,123
Less: Provision for Discount	<u>497,726</u>	–
Net sales (refer note 42)	1,659,331,344	1,103,294,123
Other operating income:		
Interest Income	1,907,904	668,815
Foreign Exchange Fluctuation	–	13,565
Miscellaneous Income	7,024,160	4,651,911
Sundry Balances W/back/ Excess Provision W/ Back	55,717	412,535
	<u>1,668,319,125</u>	<u>1,109,040,949</u>

22: Cost of material consumed

(Refer Note 44)

Raw Material	1,219,364,958	935,365,692
Packing Material	23,571,252	14,305,273
Chemicals	40,966,004	28,034,911
	<u>1,283,902,214</u>	<u>977,705,876</u>

23: Purchase of traded goods

(refer note 45)

Imported	117,235,927	–
Indigenous	–	2,060,357
	<u>117,235,927</u>	<u>2,060,357</u>

24 : Changes in inventories of finished goods and stock in trade

INVENTORIES (at commencement) :

Finished Goods	150,880,036	130,820,557
Stock In Trade	650,924	105,458
	<u>151,530,960</u>	<u>130,926,015</u>

INVENTORIES (at close) : (refer note 43)

Finished Goods	109,542,898	150,880,036
Stock In Trade	8,637,186	650,924
	<u>118,180,084</u>	<u>151,530,960</u>
	<u>33,350,874</u>	<u>(20,604,945)</u>

25: Employee benefits expense		
Salaries, wages, allowances and bonus	35,839,068	30,900,680
Contributions to provident and other funds	1,524,109	1,318,866
Staff Welfare Expenses	739,741	162,064
Gratuity	827,567	530,450
	<u>38,930,485</u>	<u>32,912,060</u>
26: Finance costs		
Interest expense on :		
- Short term borrowings	10,935,522	7,563,089
- Long term liabilities	4,849,210	5,056,897
Bank Charges	2,979,234	440,165
Other Financial Charges	1,577,139	1,309,053
	<u>20,341,105</u>	<u>14,369,204</u>
27: Selling and distribution expenses		
Brokerage and Commission	2,729,244	3,132,665
Freight Outward	23,461,072	11,067,456
Laboratory Expenses	285,581	298,220
Other Selling Expenses	3,245,184	688,949
	<u>29,721,081</u>	<u>15,187,290</u>
28: Other expenses		
Consumption of stores and spare parts	8,469,726	4,968,823
Power and fuel	87,557,690	54,837,633
Repairs :		
- Buildings	156,742	54,195
- Machinery	1,435,296	1,786,799
- Others	1,709,778	2,341,065
Insurance	954,456	716,908
Rates and taxes excluding taxes on income	1,464,283	966,368
Rent	927,000	500,500
Payment to Auditors (refer note 41)	358,475	358,475
Loss on Sale of Fixed Assets (net of profit on sale of assets)	9,423	82,389
Foreign Exchange Fluctuation	12,402,788	-
Settlement Loss	-	150,435
Amalgamation Expenses Written off	101,349	101,349
Service Tax/Entry Tax Paid	695,413	418,653
Deferred Revenue expenditures written off	784,163	-
Other Expenses	8,945,528	8,062,792
	<u>125,972,110</u>	<u>75,346,384</u>

29: Earning per share

(a) Calculation of Weighted Average Number of Equity Shares of Rs 10/- each

- Number of equity share at the beginning of the year	10,549,934	8,477,934
- Shares issued during the year	568,000	2,072,000
- Total Number of equity shares outstanding at the end of the year	11,117,934	10,549,934
- Weighted average number of equity shares	11,057,409	9,516,772
(b) Net Profit (Loss) after tax available for shareholders	1,919,224	391,379
(c) Basic and diluted Earning (in Rupees) per share	0.17	0.04

30: Contingent liabilities (not provided for)

	This Year (in ₹)	Previous Year (in ₹)
i. Claim against the company not acknowledge as debts :		
Provident Fund	3,812,063	-
Others	3,830,142	3,830,142
ii. Capital commitment (Net of advances)	-	5,861,828
iii. Sales Tax Liability against pending forms	1,675,208	-

31: Security Deposits under Note 14 Long Term Loan and Advances includes:-

- In Post Office Saving Bank Account, pledged with: RFC	5,000	5,000
- National Saving Certificates, pledged with: Sales Tax Department	1,000	1,000
- National Saving Certificates, pledged with: RFC	5,000	5,000
- National Saving Certificates, pledged with: Senior Marketing Inspector, Pilibhit	5,000	5,000
- National Saving Certificate pledged with DSO, Pilibhit	22,000	22,000
- National Saving Certificate pledged with Krishi Utpadan Mandi Samiti	7,000	7,000

32: Sales/Trade Tax, Excise Duty, CENVAT and Service Tax have been accounted for as per deposit/book records, the liability/refunds of such taxes being accounted for on finalisation of assessment/demand.

33: Income tax assessments for and upto assessment year 2009-10 have been made.

34: The Company has provided for minimum alternate tax in the Profit & Loss Account of the year as per section 115JB of the Income Tax Act, 1961. Any credit available in subsequent year against this tax shall be adjusted against the Income Tax payable for these years.

35: Related Parties Disclosures as required by Accounting Standard (AS 18) are as under:-

1. Names of the related parties with whom transactions have taken place during the year:-

(A) Key Management Personnel

Mr. Anil Modi, Managing Director

Mr. Akshay Modi, CEO, Whole time Director from 15.12.2010

(B) Relatives of Key Management Personnel.

Nita Modi

(C) Enterprises over which key Management personnel, or his relative, has significant influence.

Anil Modi (HUF)

Note : Related parties are as identified by the company and relied upon by the Auditors.

2. Transactions carried out with related parties referred in 1 above in ordinary course of business:-

Nature of Transaction	THIS YEAR			PREVIOUS YEAR		
	Referred in 1(A) above	Referred in 1(B) above	Referred in 1(C) above	Referred in 1(A) above	Referred in 1(B) above	Referred in 1(C) above
Expenses:						
Remuneration	2,280,000	420,000	–	2,290,604	384,000	–
Perquisites	576,000	–				
Interest Paid	88,149	–	209,319	88,000	–	209,000
Outstanding Payables:						
Remuneration	–	37,500	–	110,000	34,500	–
Fixed Deposit	800,000	–	1,900,000	800,000	–	1,900,000
Interest	30,294	–	82,851	30,161	–	82,564
Recoverable	53,893	–	–	459,515	–	–

36: Defined Benefit Plans as per Actuarial Valuations as on March 31, 2012 and recognised in the financial statements in respect of Employee Benefit Schemes:

	This Year Gratuity Unfunded	Previous Year Gratuity Unfunded
I Change in Present Value of Obligation		
Present value of the obligation at the beginning of the year	3,132,413	2,658,926
Current Service Cost	437,117	378,482
Interest Cost	266,255	212,645
Actuarial (Gain)/Loss on Obligation	124,195	(645,323)
Benefits Paid	(237,013)	(56,063)
Past Service Cost	–	584,646
Present value of the obligation at the end of the year	3,722,967	3,132,413
II Change in Plan Assets		
Fair value of Plan Assets at the beginning of the year	–	–
Expected return on Plan Assets	–	–
Actuarial Gain/(Loss) on Plan Assets	–	–
Contributions by the Employer	–	–
Benefits Paid	–	–
Fair value of Plan Assets at the end of the year	–	–
III Amounts Recognised in the Balance Sheet		
Present value of Obligation at the end of the year	3,722,967	3,132,413
Fair value of Plan Assets at the end of the year	–	–
Net Asset/(liability) recognized in balance sheet	(3,722,967)	(3,132,413)

IV Amounts Recognised in the statement of Profit and Loss

Current Service Cost	437,117	378,482
Interest cost on Obligation	266,255	212,645
Expected return on Plan Assets	–	–
Past Service Cost	–	584,646
Net Actuarial (Gain)/Loss recognised in the year	124,195	(645,323)
Net Cost included in Personnel Expenses	827,567	530,450

V Actuarial Assumptions

Discount Rate	8.5%	8%
Expected Rate of Return on Plan Assets	–	–
Salary Escalation Rate	6%	5%
Employee Turnover		
Upto 30 years	3%	3%
Upto 44 years	2%	2%
Above 44 years	1%	1%
Mortality	LIC (1994-96) duly modified	

37: The company's sole business segment is manufacturing and marketing of Oils & De-oiled Cakes and the geographical segment is India. Consequently no separate disclosure, as required under Accounting Standard 17 - Segment Reporting, is considered relevant.

38: Disclosure in respect of operating leases under Accounting Standard (AS) – 19 "Leases" prescribed by the Companies (Accounting Standards) Rules, 2006.

(a) General description of the Company's operating lease arrangements:

The Company enters into operating lease arrangements for leasing area offices, factory building, equipments and residential premises for its employees.

Some of the significant terms and conditions of the arrangements are:

- Agreements for most of the premises may generally be terminated by the lessee or either party by serving two to three month's notice or by paying the notice period rent in lieu thereof.
- The lease arrangements are generally renewable on the expiry of lease period subject to mutual agreement.
- The company shall not sublet, assign or part with the possession of the premises without prior written consent of the lessor.

(b) Lease rent charged to the Profit and Loss Account on account of Minimum lease rentals Rs. 762,000/- (Previous year Rs.1,40,000/-)

39: Loan & Advances include the debit balance at the year end in respect of :

	This Year (in ₹)	Previous Year (in ₹)
Mr. Akshay Modi, Whole Time Director	DR 53,893	DR 459,515
Maximum debit balance outstanding at any time during the year was Rs.459,515/- (Previous Year Rs.459,515/-)		

40: Directors have been paid remuneration in terms of special resolution and in accordance with Schedule XIII to the Companies Act, 1956, as under:

Remuneration to the Managing Director and Whole Time Director

	This Year (in ₹)	Previous Year (in ₹)
- Salary	2,100,000	1,675,000
- P.F. & Other Funds	180,000	180,000
- Other Perquisites	576,000	147,604
	<u>2,856,000</u>	<u>2,002,604</u>

Note: Remuneration excludes provision for gratuity determined on actuarial basis as these are determined for the company as a whole.

Computation of Profit in accordance with Section 349 and 350 of the Companies Act, 1956 for the purpose of Section 198 of the said Act is as under:-

	This Year (in ₹)	Previous Year (in ₹)
Profit (Loss) for the year before taxation (as per Profit & Loss Account)	5,083,047	262,762
Add:-		
(a) Depreciation provided in the Accounts	13,782,282	11,801,916
(b) Director's Remuneration	2,280,000	2,002,604
(c) Loss on sale of Fixed Assets	<u>9,423</u>	<u>82,389</u>
	16,071,705	13,890,158
Less:-		
(a) Depreciation as per section 350 of the Companies Act, 1956	13,782,282	11,801,916
Profit(Loss) u/s 349/350	<u>7,372,470</u>	<u>2,347,755</u>

Shri Anil Modi, Chairman & Managing Director has not been paid any commission during the current year due to inadequate profits.

41. Amount paid/payable to Auditors:
(included under Other Expenses)

	This Year (in ₹)	Previous Year (in ₹)
As Audit Fee	225,000	225,000
For Tax Audit	75,000	75,000
For Taxation Work	25,000	25,000
Service Tax	33,475	33,475
	<u>358,475</u>	<u>358,475</u>

42. Sales of Products comprises of:

	This Year (in ₹)	Previous Year (in ₹)
Manufactured Goods		
Rice Bran Oil	718,734,376	514,049,827
SF DOC	5,674,800	9,948,811
Deoiled Rice Bran	392,537,641	378,365,716

Other Oils	346,952,202	163,195,176
Fatty	41,742,600	28,977,470
Others	45,091,038	7,242,232
Total – Sale of Manufactured Goods	1,550,732,657	1,101,779,232
Trading Goods:		
Crude Palm Oil	98,935,560	–
Other Oil	9,661,827	1,514,891
Certified Sunflower Seed	1,300	–
Total – Sale of Traded Goods	108,598,687	1,514,891
Total Sales	1,659,331,344	1,103,294,123
43. Closing Stock of Finished Goods		
Manufactured Goods		
Rice Bran Oil	83,860,992	83,143,493
Deoiled Rice Bran	9,893,893	53,341,343
Other Oils	12,787,786	10,659,582
Fatty	311,068	2,436,218
Others	2,689,159	1,299,400
Total	109,542,898	150,880,036
Trading Goods:		
Other Oil	8,534,335	545,466
Certified Sunflower Seed	102,851	105,458
Total	8,637,186	650,924
44. Material Consumed		
A. Raw Material		
Rice Bran	778,022,821	716,999,301
Rice Bran Oil	301,447,522	145,021,709
Olive Oil	3,899,710	–
Others	135,994,905	73,344,682
Total	1,219,364,958	935,365,692
B. Chemical		
Hexane	16,077,991	10,314,418
Activated Earth	14,574,262	11,987,807
Others	10,313,751	5,732,686
Total	40,966,004	28,034,911

45. Purchase of Stock in Trade

	This Year (in ₹)	Previous Year (in ₹)
Crude Palm Oil	103,380,179	–
Olive Oil	13,855,748	–
Other Oil	–	2,060,357
Total	117,235,927	2,060,357
46. Value of import on CIF basis of raw material	119,840,619	1,447,346
47. Expenditure in Foreign Currency		
Travelling Expenses	71,519	60,000
48. Remittance in Foreign Currencies for Dividend	–	–
49. Earning in foreign currency	–	–
50. Value of imported and indigenous raw materials, stores, components and spare parts consumed:		

		For the year ended 31.03.2012		For the year ended 31.03.2011	
		Amount	%	Amount	%
(i)	Raw Material				
a.	Imported	3,899,710	0.32	–	–
b.	Indigenous	1,215,465,248	99.68	935,365,692	100.00
	Total	1,219,364,958	100.00	935,365,692	100.00
(ii)	Packing Material				
a.	Imported	–	–	–	–
b.	Indigenous	23,571,252	100.00	14,305,273	100.00
(iii)	Chemicals				
a.	Imported	–	–	–	–
b.	Indigenous	40,966,004	100.00	28,034,911	100.00
	Total	40,966,004	100.00	28,034,911	100.00

51 Figures have been rounded off to the nearest rupee and previous year figures have been updated/regrouped/rearranged wherever necessary.

As per our report of even date, attached,

K.K. Jain & Co.

Chartered Accountants
Firm's Registration No. 002465N

For and on behalf of the Board Directors

sd/-
(K. K. Jain)
Partner
M. No. 5436

sd/-
(Pradeep Kapoor)
Chief Financial Officer

sd/-
(Purva Satija)
Company Secretary

sd/-
(Akshay Modi)
Executive Director

sd/-
(Anil Modi)
Managing Director

Place : New Delhi

Date : September 4, 2012

Dear Shareholder,

Sub: Green initiative in Corporate Governance.

The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by Companies through electronic mode. In accordance with the recent Circular No. 17/2011 dated 21.04.2011 and Circular No.18/2011 dated 29.04.2011 issued by the MCA, Companies can now send various notices and documents, including Annual Report through electronic mode also to their shareholders at their registered e-mail addresses.

It is a welcome move for the society at large, as this will reduce paper consumption to a great extent and this will allow the Company and shareholders to contribute towards a Greener Environment. It will also ensure prompt receipt of communication and avoid loss in postal transit.

We therefore invite all our shareholders to contribute to the cause by agreeing to receive e- communications by filling up the form given below. It is requested that the filled up form may kindly be sent back to the Company Secretary of the Company. Alternatively an e-mail to investors@modinaturals.com may be sent quoting your folio number/DP ID & Client ID.

Please note that as a shareholder of the Company, you will be entitled to receive all such communication in physical form upon request.

Best Regards,
Modi Naturals Limited

sd/-
Purva Satija
Company Secretary and Compliance Officer

Place : New Delhi
Date : September 4, 2012

E-Communication Registration Form

Folio No./DP ID & Client ID :

Name of 1st Registered Holder:

Name of Joint Holder(s):

Registered Address:

E-mail ID (to be registered):

I/We shareholder(s) of Modi Naturals Limited agree to receive communication from the company in electronic mode. Please register my above e-mail ID in your records for sending communication through e-mail.

Date:

Signature:

(First Holder)

Note: Shareholder(s) are requested to keep the Company informed as and when there is any change in their e-mail address.



Regd. Office: 405, Deepali Building, 92, Nehru Place, New Delhi-110019

Attendance Slip

Regd. Folio No./Client ID :
Name & Address :
of First/Sole Shareholder :
No. of Shares held :

I hereby record my presence at the 38th Annual General Meeting of the Company on Saturday, 29th September, 2012 at 10.30 A.M. at Poorva Sanskritik Kendra (PSK), 14, District Centre, Laxmi Nagar, Delhi-110092.

Signature of Member/Proxy

Note: Member/Proxy wish to attend the meeting must bring this Attendance Slip to the meeting and handover at the entrance duly signed.



Regd. Office: 405, Deepali Building, 92, Nehru Place, New Delhi-110019

PROXY FORM

Regd. Folio No./Client ID :
No. of Shares held :

I/We of in the district of being a Member/Members of the above named Company, hereby appoint of in the district of or failing him/her of in the district of as my/

our proxy to attend and vote for me/us on my/our behalf at the 38th Annual General Meeting of the Company to be held on Saturday, 29th September, 2012 at 10.30 A.M. at Poorva Sanskritik Kendra (PSK), 14, District Centre, Laxmi Nagar, Delhi-110092 and at any adjournment thereof.

Signed this day of 2012.

Revenue
stamp

- Note:**
- a) **PROXY NEED NOT BE A MEMBER.**
 - b) **THE PROXY FORM DULY SIGNED BY THE MEMBER(S) ACROSS A REVENUE STAMP SHOULD REACH THE COMPANY'S REGISTERED OFFICE – MODI NATURALS LIMITED, 405, DEEPALI BUILDING, 92, NEHRU PLACE, NEW DELHI-110019 AT LEAST 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.**

BOOK POST

TO

If undelivered, please return to :



modi naturals limited

Regd. off : 405 Deepali Building
92, Nehru Place, New Delhi- 110019