



modi naturals limited
39th ANNUAL REPORT AND ACCOUNTS
2012-2013

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

State Bank of India, Pilibhit & New Delhi
Bank of Baroda, Pilibhit & New Delhi
Axis Bank, Pilibhit
ICICI Bank, New Delhi
HDFC Bank, Pilibhit & 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,

It is my privilege to write to you at the end of another eventful year at Modi Naturals.

The world today presents an unflattering picture of economic performance. Developed economies are in the throes of financial disarray and sluggish growth. Europe is in the midst of debt crisis and the US is still wrestling with fragile growth. The Indian economy is facing challenging times. Investor sentiment is muted, growth numbers are showing a decline and the political environment has not been encouraging. Your company's brands, however, have been able to stand firm in this environment.

This year, your company continued to focus on expanding its consumer base and grow in volumes. Geographically, our target to have more coverage and greater penetration while commensurately increasing our products' presence and distribution found manifestation in our marketing initiatives to create brand awareness. We are working towards creating a stronger brand recall, which will allow us to consolidate and attain higher orbits of growth for the years to come. Incisive strategic initiatives relating to a gamut of activities were taken as far as the branding is concerned and higher sales revenues provided powerful impetus to our Company's growth.

We have demonstrated the value of well defined and focused strategy consistently. We pride ourselves in providing the most trusted brands and high quality products to customers and we shall continue to accelerate the efforts to reach every Indian kitchen and satisfy every Indian household's desire for a healthy, happy and fulfilling life.

My gratitude is due to my colleagues on the Board for their valuable guidance. The Board joins me in expressing our deep appreciation to the employees, our customers, suppliers, bankers, auditors, legal advisors, business associates, the Government and various authorities for their continued support, co-operation and understanding. I thank you, dear shareholders, for your support and look forward to your continued trust.

Thank You

Place : New Delhi
Date : August 30, 2013

sd/-
(Akshay Modi)
Executive Director

NOTICE

Notice is hereby given that the 39th 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, September 24, 2013 at 10.30 A.M. to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2013 and the Profit & Loss Account for the year ended on that date and the reports of Board of Directors and Auditors' thereon.
2. To appoint a Director in place of Shri Sudhir Shankar Halwasiya, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

"RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. K K Jain & Co., Chartered Accountants (Firm Registration No. 002465N) be appointed as Statutory Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of next Annual General Meeting of the Company on a remuneration to be fixed by the Board of Directors of the Company."

SPECIAL BUSINESS

4. Appointment of Shri Sulabh Singal as Director

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

"RESOLVED THAT Shri Sulabh Singal who was appointed as an Additional Director of the Company with effect from July 30, 2013 by the Board of Directors under Section 260 of the Companies Act, 1956 read with Article 93 of the Articles of Association of the Company and who holds office till commencement of this Annual General Meeting and in respect of whom the Company has received a notice from a member in writing, proposing his candidature for the office of Director, under Section 257 of the Companies Act, 1956 and who is eligible for appointment to the office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation.

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

5. Borrowings in excess of paid-up capital and free reserves

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

"RESOLVED THAT in supersession to the Resolution passed at the Thirtieth Annual General Meeting of the Company held on September 30, 2004, and pursuant to Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 and Articles of Association of the Company, consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time, any sum or sums of money which together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of paid up capital of the Company and its free reserves not set apart for any specific purpose, provided that the maximum amount of moneys to be borrowed by the Board shall not exceed Rs. 75,00,00,000/- (Rupees Seventy Five Crores), excluding interest, commitment charges, liquidated damages, premia on redemption, at any one time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this Resolution.

RESOLVED FURTHER THAT in the event of any re-enactment or recodification of the Companies Act, 1956 or the amendments thereto, this Resolution shall continue to remain in force and the reference to various provisions of the Companies Act, 1956, shall be deemed to be substituted by the corresponding provisions of the new Act or the amendments thereto or the Rules and notifications issued there under.”

6. Increase in Authorised Share Capital of the Company

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 Article 5 of the Articles of Association and Section(s) 13, 16 and 94 and other applicable provisions of the Companies Act, 1956, the Authorized Share Capital of the Company be altered and increased from the present Rs. 12,00,00,000/- (Rupees Twelve Crore) consisting of 1,20,00,000 (One Crore Twenty Lakh) Equity Shares of Rs. 10/- (Rupees Ten) each to Rs. 20,00,00,000/- (Rupees Twenty Crore) divided into 2,00,00,000 (Two Crore) Equity Shares of Rs. 10/- (Rupees Ten) each and the existing Clause V of the Memorandum of Association of the Company relating to the Share Capital be substituted with the following clause:

V. The Share Capital of the Company is Rs. 20,00,00,000/- (Rupees Twenty Crore) divided into 2,00,00,000/- (Two Crore) Equity Shares of Rs. 10/- (Rupees Ten) each.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this Resolution.

RESOLVED FURTHER THAT in the event of any re-enactment or recodification of the Companies Act, 1956 or the amendments thereto, this Resolution shall continue to remain in force and the reference to various provisions of the Companies Act, 1956, shall be deemed to be substituted by the corresponding provisions of the new Act or the amendments thereto or the Rules and notifications issued there under.”

7. Alteration of Articles of Association of the Company

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

“**RESOLVED THAT** pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, Article 91 of the Articles of Association of the Company be altered by substituting the following in place of the existing Article 91:

91. The following were the first Directors of the Company:

- i) Shri Devi Dayal Modi.
- ii) Smt. Satya Modi.
- iii) Ms. Renu Modi.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this Resolution.

RESOLVED FURTHER THAT in the event of any re-enactment or recodification of the Companies Act, 1956 or the amendments thereto, this Resolution shall continue to remain in force and the reference to various provisions of the Companies Act, 1956, shall be deemed to be substituted by the corresponding provisions of the new Act or the amendments thereto or the Rules and notifications issued there under.”

8. Revision in terms of Remuneration of Shri Anil Modi, Managing Director

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

“**RESOLVED THAT** in modification of Resolution passed at the Annual General Meeting of the Company held on September 30, 2009 relating to the appointment and remuneration of Shri Anil Modi as Managing Director of the Company w.e.f January 1, 2010 for a period of five years ending on December 31, 2014, the Company hereby approves the revision in terms of remuneration of Shri Anil Modi, Managing Director of the Company by way of an increase in

the maximum amount of his remuneration (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment) within maximum permissible limits pursuant to the provisions of Section 198, 302, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, as amended or re-enacted from time to time, read with Schedule XIII of the Companies Act, 1956 with an authority to the Board of Directors or a Committee thereof to revise his remuneration, including thereby, all benefits in addition to salary with effect from October 1, 2013 till the remainder of tenure of his appointment, i.e up to December 31, 2014 as recommended by the Remuneration Committee of the Board of Directors of the Company and as set out in Explanatory Statement annexed to the Notice convening this Annual General Meeting.

RESOLVED FURTHER THAT the Board or a Committee thereof be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this Resolution.

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

9. Revision in terms of remuneration of Shri Akshay Modi, Executive Director of the Company

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

"RESOLVED THAT in modification of Resolution passed at the Annual General Meeting of the Company held on September 30, 2011 relating to the appointment and remuneration of Shri Akshay Modi as Executive Director of the Company w.e.f December 15, 2010 for a period of three years ending on December 14, 2013, the Company hereby approves the revision in terms of remuneration of Shri Akshay Modi, Executive Director of the Company by way of an increase in the maximum amount of his remuneration (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment) within maximum permissible limits pursuant to the provisions of Section 198, 302, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, as amended or re-enacted from time to time, read with Schedule XIII of the Companies Act, 1956 with an authority to the Board of Directors or a Committee thereof to revise his remuneration, including thereby, all benefits in addition to remuneration with effect from October 1, 2013 till the remainder of tenure of his appointment, i.e up to December 14, 2013 as recommended by the Remuneration Committee of the Board of Directors of the Company and as set out in Explanatory Statement annexed to the Notice convening this Annual General Meeting.

RESOLVED FURTHER THAT the Board or a Committee thereof be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this Resolution.

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

10. Re-appointment of Shri Akshay Modi as Executive Director of the Company

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 302, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII of the said Act, including any statutory modification or re-enactment thereof, for time being in force, and subject to such approvals as may be necessary, approval of the shareholders be and is hereby accorded for re-appointment of Shri Akshay Modi as Executive Director of the Company for a period of three years with effect from December 15, 2013 commencing immediately after the expiry of his tenure on December 14, 2013, on the terms and conditions as recommended by the Remuneration Committee of the Board of Directors of the Company and as set out in the Explanatory Statement which shall be deemed part thereof.

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

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

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

By order of the Board of Directors

sd/-

(Purva Satija)

Company Secretary

Place : New Delhi

Date : August 30, 2013

NOTES

1. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business set out in Item Nos. 4 to 10 of the accompanying Notice is annexed hereto.
2. The particulars in respect of the Directors seeking appointment/re-appointment in the forthcoming Annual General Meeting as required under Clause 49 of the Listing Agreement, are available in the 'Board of Directors' section in the Corporate Governance in the Annual Report.
3. **A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. Proxies, in order to be effective, must be received at the Company's Registered Office not less than FORTY-EIGHT HOURS before the meeting.**
4. The Register of Members and Share Transfer Books of the Company will remain closed on Thursday, September 19, 2013 to Tuesday, September 24, 2013 (both days inclusive).
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. Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares and for ease in portfolio management. Members can contact Company or the Company's RTA in this regard.
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 the Annual Accounts may write to the Company at its Registered Office at least seven days prior to the date of the meeting so as to enable the Management to keep the information ready at the meeting.
10. **Transfer of Unclaimed/ Unpaid amounts to Investor Education and Protection Fund (IEPF):**
Pursuant to Sections 205A and 205C and other applicable provisions, if any, of the Companies Act, 1956, all unclaimed/unpaid dividend, application money, debenture interest and interest on deposits as well as the principal amount of debentures and deposits, as applicable, remaining unclaimed/unpaid for a period of seven years from the date they became due for payment, in relation to the Company shall be transferred to the IEPF established by the Central Government. No claim shall lie against the IEPF or the Company for the amounts so transferred nor shall any payment be made in respect of such claim.

Members who have not encashed the dividend for the Financial Year ended on 31.03.2007 may please approach the Company or its Registrar and Transfer Agent, M/s. Skyline Financial Services Private Limited for payment of such Unpaid Dividend. It may be noted that the unclaimed Final Dividend for the Financial Year 2006-2007 declared on 29.09.2007 can be claimed by the shareholders by 28.09.2014. Members' attention is particularly drawn for the dates of the said transfer to the "Unpaid Dividend" in the Corporate Governance Report.

11. Shareholders are requested to provide their E-mail address, telephone numbers and quote their Folio Numbers / DP ID & Client ID in all correspondences to facilitate prompt response from the Company.
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GREEN INITIATIVE

In accordance with Green Initiative circular issued by Ministry of Corporate Affairs (MCA), members are requested to inform their current E-mail address in the following manner:

- For shares held in Electronic Form: to their Depository Participant (DP)
- For shares held in Physical Form: to the Company or its Registrar and Transfer Agent (RTA)

In terms of the aforesaid Green Initiative circular of MCA, the Company is sending Annual Report and other communications/ documents required to be sent to its members under Section 219 of the Companies Act, 1956 by E-mail to the members whose E-mail address is registered.

In case your E-mail address is not registered with your Depository Participant/ the Company, a physical copy of the Annual Report and other communications / documents will be sent to you as hitherto.

You can also change your instructions at anytime hereinafter and request the Company to send the communications to you in physical form.

EXPLANATORY STATEMENT (Pursuant to Section 173(2) of the Companies Act, 1956)

As required by Section 173 of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to the business mentioned under Item Nos. 4 to 10 of the accompanying Notice:

ITEM NO. 4 : Shri Sulabh Singal was appointed as Additional Director of the Company by the Board of Directors at its meeting held on July 30, 2013. As per the provisions of Section 260 of the Companies Act, 1956 read with Article 93 of the Articles of Association of the Company, he holds the office of Director till the commencement of this Annual General Meeting. His appointment is proposed under Section 257 of the Companies Act, 1956 and he shall be liable to retire by rotation. The Company has received a Notice under Section 257 of the Companies Act, 1956 alongwith the requisite deposit from a member proposing the candidature of Shri Sulabh Singal for appointment as a Director of the Company. It is felt that appointment of Shri Sulabh Singal as Non Executive and Independent Director would help the Company in strengthening its core management team.

The Company does not pay any remuneration to the Non-Executive Directors.

Approval of shareholders is sought for appointment of Shri Sulabh Singal as Independent and Non – Executive Director of the Company as detailed in Resolution No. 4 of the notice.

None of the other Directors of the Company is in any way concerned or interested in the resolution.

The Board recommends the resolution for your approval.

ITEM NO. 5 : Under Section 293(1)(d) of the Companies Act, 1956, the Board of Directors of a Company cannot, except with the consent of the Company in General Meeting, borrow monies, apart from temporary loans obtained from the company's bankers in the ordinary course of business, in excess of the aggregate paid-up capital and free reserves of the Company. At the Annual General Meeting of the Company held on September 30, 2004 , the Board of Directors of the Company was empowered to borrow upto the extent of Rs. 20 crores (Rupees Twenty Crores) (apart from temporary

loans obtained from the Company's bankers in the ordinary course of business). In view of the expanding operations of the Company, the Board of Directors proposes to increase the said limit to Rs. 75 crores (Rupees Seventy Five Crores only).

None of the Directors of the Company is concerned or interested in the resolution.

The Board recommends for passing of the resolution in the best interests of the Company.

ITEM NO. 6 : The Authorised Share Capital of your Company is proposed to be increased from Rs. 12,00,00,000/- (Rupees Twelve Crore) to Rs. 20,00,00,000/- (Rupees Twenty Crore) to augment the additional capital required for funding the expansion plans of the Company.

As per the provisions of the Section 94 of the Companies Act, 1956, approval of the shareholders is required for amending the Clause V of the Memorandum of Association of the Company. The altered Memorandum of Association of the Company is available for inspection of the members during business hours of the Company.

None of the Directors of the Company is in any way concerned or interested in the Resolution.

Your Directors recommend the above Resolution for your approval.

ITEM NO. 7 : The present Article 91 in the Articles of Association of the Company under the heading "First Directors" states as follows:

The following persons shall be the directors of the Company at the time of adoption of these Articles :

1. Shri Devi Dayal Modi
2. Shri Jagdish Chand Bagadia
3. Shri Balraj Kumar (Nominee of Punjab Financial Corporation)
4. Shri Mahendra Kumar Doogar
5. Shri Anil Modi

However, the First Directors were :

1. Shri Devi Dayal Modi
2. Smt. Satya Modi
3. Ms. Renu Modi

Pursuant to Section 31 of the Companies Act, 1956, the Articles of Association of the Company can be altered by taking approval of the shareholders. The altered Articles of Association of the Company is available for inspection of the members during business hours of the Company.

None of the Directors of the Company is in any way concerned or interested in the Resolution.

Your Directors recommend the above Resolution for your approval.

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.

Taking into consideration the increased business activities of the Company coupled with higher responsibilities cast on Shri Anil Modi, the Board on recommendation of the Remuneration Committee of the Company has revised the remuneration of Shri Anil Modi with effect from October 1, 2013 till the tenure of his appointment, i.e December 31, 2014 in the following manner:-

- I. **Salary :** Rs. 1,50,000/- p.m (in the time scale of 1,50,000-25,000-1,75,000)
- II. **Allowance:** House Rent Allowance shall be allowed to the extent of total remuneration (as may be decided by the Board) in accordance with the maximum permissible limits as laid down under Sections 198, 309, 310 and all other applicable provisions, if any, of the Act, read with Schedule XIII of the Act as amended from time to time.

III. 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 198, 309, 310 and all other applicable provisions, if any, of the Act, read with Schedule XIII 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 Explanatory Statement may be treated as an abstract of the terms of revision in remuneration pursuant to Section 302 of the Companies Act, 1956.

Except Shri Anil Modi and Shri Akshay Modi, no other Director is concerned or interested in the Resolution.

The Board recommends the Resolution for approval by the members.

ITEM NO. 9 : At the Annual General Meeting of the Company held on September 30, 2011, the members had approved the appointment and terms of remuneration of Shri Akshay Modi as Executive Director of the Company for a period of three years. Taking into consideration the increased business activities of the Company coupled with higher responsibilities casted on Shri Akshay Modi, the Board on recommendation of Remuneration Committee has revised the salary of Shri Akshay Modi with effect from October 1, 2013 till the tenure of his appointment, i.e December 14, 2013 in the following manner:-

I. Salary : Rs. 1,25,000/- p.m.

II. Allowance: House Rent Allowance or Actual Rent, whichever is lower, shall be allowed to the extent of remuneration as per the maximum permissible limits as laid down under Sections 198, 309, 310 and all other applicable provisions, if any, of the Act, read with Schedule XIII of the Act as amended from time to time.

III. Perquisites : 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 198, 309, 310 and all other applicable provisions, if any, of the Act, read with Schedule XIII of the Act as amended from time to time. All other existing terms and conditions relating to the appointment of Shri Akshay Modi as approved by the members of the Company will remain unchanged.

The terms set out in the resolution and Explanatory Statement may be treated as an abstract of the terms of revision in remuneration pursuant to Section 302 of the Companies Act, 1956.

Except Shri Akshay Modi and Mr Anil Modi, no other Director is concerned or interested in the Resolution.

The Board recommends the Resolution for approval by the members.

ITEM NO. 10 : Shri Akshay Modi was appointed as Executive Director of the Company for a period of three years commencing from December 15, 2010 to December 14, 2013. In view of valuable contributions of Shri Akshay Modi towards the growth of the Company, it is decided to re-appoint him as Executive Director for a further period of 3 (three) years from December 15, 2013 commencing immediately after the expiry of his current tenure on December 14, 2013, on terms and conditions as mentioned below.

I. Term: December 15, 2013 to December 14, 2016

II. Remuneration:

Salary: Rs. 1,25,000/- p.m (in the time scale of 1,25,000-20,000-1,65,000)

Allowance : House Rent Allowance or Actual Rent, whichever is lower, shall be allowed to the extent of remuneration as per the maximum permissible limits as laid down under Sections 198, 309, 310 and all other applicable provisions, if any, of the Act, read with Schedule XIII of the Act as amended from time to time.

III. Perquisites : 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.

In the event of loss or inadequacy of profits of the Company in any financial year, Shri Akshay Modi shall be entitled during his tenure, to receive the total remuneration not exceeding the limits specified under Section II of Part II of Schedule XIII to the Companies Act, 1956.

The terms set out in the resolution and Explanatory Statement may be treated as an abstract of the terms of re-appointment pursuant to Section 302 of the Companies Act, 1956.

Except Shri Akshay Modi and Shri Anil Modi, no other Director is concerned or interested in the Resolution.

The Board recommends the Resolution for approval by the members.

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:-

I. Shri Sudhir Shankar Halwasiya:

Name	:	Shri Sudhir Shankar Halwasiya
Date of Birth	:	03.10.1961
Qualification	:	B.Com
Experience	:	He is having rich managerial and administrative experience in running corporate and apart from being a business man of great repute, he is also a respected social worker.
Directorship in other Companies	:	
01) Ganeshdass Ramgopal Private Limited	02)	Halwasiya Properties Private Limited
03) Richmond Marketing Private Limited	04)	Sundaram Developers Private Limited
05) Amrapalee Greens Apartments Private Limited	06)	Skybac Infotec Private Limited
07) Halwasiya Financial Services Private Limited	08)	Umatech Developers Private Limited
09) Kumkum Greens Apartments Private Limited	10)	Scolex Marketing Concept Private Limited
11) Umatech Township Private Limited	12)	Target Trades Private Limited
13) Sri Harkrishan Colonisers & Promoters Private Limited	14)	Om Credit Private Limited
15) Sheetla Vintrade Private Limited	16)	Jaiganpati Infraprojects Private Limited
17) Gurkripa Infrabuild Private Limited	18)	The Mahomed Bagh Club Limited
19) K.L. Investment 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	:	910 Equity Shares (0.01% of paid up share capital)

II. Shri Sulabh Singal:

Name	:	Shri Sulabh Singal
Date of Birth	:	28.10.1977
Qualification	:	B.Com (Delhi University) and M.B.A (Marketing & Finance)
Experience	:	He possesses over 13 years of professional experience in retail banking and management consulting with organizations including Accenture Consulting, HSBC, Standard Chartered Bank, Citi Group, Bank Muscat and BNP Paribas.
Directorship in other Companies	:	Varenyaa Properties Private Limited
Membership/ Chairmanship of the Board Committees of the Companies	:	Nil
No. of shares held (both own or held by/ for other persons on a beneficial basis) in the company	:	Nil

DIRECTORS' REPORT

To the Members,

Your Directors hereby present the 39th Annual Report and Audited Accounts of the Company for the Financial Year ended on March 31, 2013.

PERFORMANCE

The summarized financial results for the year ended March 31, 2013 and for the previous year ended March 31, 2012 are as follows: -

(₹ in Lacs)

	2012-13	2011-12
Sales and Other Income	19456.11	16683.19
Profit before interest and depreciation	584.82	346.50
Interest	142.76	157.85
Profit before Depreciation and Tax	442.06	188.65
Depreciation	136.82	137.82
Profit before Taxation	305.50	50.83
Provision for Taxation	70.55	12.49
Short provision for Taxes for earlier years	0.73	-
Provision for Deferred Tax	30.65	19.15
Profit after Taxation	203.31	19.19
Balance brought forward from previous year	606.94	587.75
Amount available for appropriation	203.31	19.19
Appropriation		
Surplus carried to Balance Sheet	810.25	606.94

DIVIDEND

The Directors do not recommend any dividend for the year under review.

DIRECTORS

Shri Sudhir Shankar Halwasiya, retires by rotation at the ensuing Annual General Meeting, and, being eligible, offers himself for re-appointment. Shri Sulabh Singal was inducted as an Additional Director on the Board with effect from July 30, 2013. His office as Additional Director will expire at the ensuing Annual General Meeting. Your Directors recommend appointment of Shri Sudhir Shankar Halwasiya and Shri Sulabh Singal as Directors of the Company.

The Board has recommended revision in the remuneration of Shri Anil Modi, Managing Director and Shri Akshay Modi, Executive Director of the Company with effect from October 1, 2013 for the remainder of their tenure. The Board has also recommended re-appointment of Mr Akshay Modi for a further term of three years with effect from December 15, 2013.

DEPOSITS

The Company has renewed the deposits and there are no unclaimed deposits during the year.

AUDITORS

M/s. K. K. Jain & Co., Chartered Accountants were the statutory auditors of the Company for the year ended on March 31, 2013. They retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. M/s K.K.Jain

& Co. have indicated their willingness to be re-appointed as Statutory Auditors of Company. The Board recommends their re-appointment as Statutory Auditors 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

Based on the Audit Committee recommendations at its meeting held on May 30, 2013, the Company has appointed M/s. Manisha Taiyal & Associates as the Cost Auditors of the Company for the year ended on March 31, 2014.

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

The particulars, as prescribed under sub-section 1(e) of Section 217 of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are given in the Annexure which forms part of this report.

PARTICULARS OF EMPLOYEES

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

PERSONNEL

Identifying employees with high potential to grow and grooming them for competitive positions has been a constant effort of your Company. Your Company aims to be a preferred employer in the industry and remains committed to developing its employees to meet the current and future challenges of the business.

DIRECTORS' RESPONSIBILITY STATEMENT

In compliance of Section 217(2AA) of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 2000, the Directors of your Company hereby confirm that:

- a) the applicable Accounting Standards have been followed in the preparation of final accounts and that there are no material departures;
- b) such accounting policies have been selected and applied consistently and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at March 31, 2013 and of the profit of your Company for the year ended on that date;
- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities; and
- d) the annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, Reports on Management Discussion and Analysis and on Corporate Governance have been included elsewhere in this Report as separate sections. A certificate from M/s K K Jain & Co., Chartered Accountants confirming compliance with Clause 49 of the Listing Agreement has also been included in the Annual Report. Further, as required under the Clause 49, your Company has adopted a 'Code of Conduct and Ethics for its Directors and Senior Executives'.

ACKNOWLEDGEMENTS

The Directors' express their gratitude to the employees of the Company for their commitment, dedication and support in fulfilling Company's commitments to its customers and thereby contributing to the performance of the Company. They would also like to express their gratitude to various Government/ Regulatory authorities, customers, vendors, Banks and members for their continued understanding and support during the Financial Year ended on March 31, 2013 and look forward to the same in the years to come.

On behalf of the Board of Directors

Place : New Delhi
Date : August 30, 2013

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

Adequate measures have been taken to conserve and reduce the energy consumption by using energy efficient hardware and other equipment. The Company has a multi-fuel boiler for various agro fuels in place which helps in increasing its usage of bio-fuels thereby supplementing energy requirements of the company.

b) Energy Conservation measures taken

We believe that energy saved is energy produced and take adequate measures to ensure optimum use of all equipments so as conserve energy.

c) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy

Investments earlier made in purchasing certain equipments by the Company have been contributing 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 : The Company will continue to strive to develop new products to serve customers better.

d) Expenditure on R&D : NIL

2. Technology Absorption, Adaptation and Innovation : Your Company continues to use state-of-the-art technology for improving the productivity and quality of its products and services. Benefits derived as a result of the above efforts include product development and improvement as well as cost reduction.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The details of the Foreign Exchange Earnings and Outgo are as under:

Foreign Exchange Earnings : Nil

Foreign Exchange Outgo : Rs. 3.16 Lakhs

MANAGEMENT DISCUSSION AND ANALYSIS

1. Industry Structure and Development

a. Global Economic Condition

During the year under review, the international economic and political situations coupled with difficult monetary conditions have influenced domestic business sentiments. Also, volatility in the currency and commodity prices, the depreciation in the value of Indian rupee, change in the tariff structure of the exporting countries and the delayed response in our import tariff followed by the subsequent revision during the year has impacted cost structure and margins.

b. Overview of Indian Economy and Industrial Outlook

India's FMCG sector is currently undergoing a paradigm shift, driven by a 'lifestyle change' of the customers. It has forced major players in the sector to promote products with customer preferences

Indian edible oil sector is, by and large, a price conscious and price sensitive market, as a substantial part of consumption takes place at the bottom end of the pyramid. The propensity to consume is correlated with the changes in prices of edible oil and the quantum of disposable income. There has been a consistent demand growth over a period and this pattern is also expected to continue in the foreseeable future. However, the pattern of consumption of edible oil is moving towards packed and/or branded form due to factors such as, amongst others, rising incomes coupled with changes in household demographics, visual advertisements, improving health consciousness, growing organised retail improving reach of the products across the country.

According to the industry estimates, the consumption of edible oil is expected to increase from the current level of approximately 18 million MT to over 20 million MT by the year 2015.

2. Opportunities and Threats

a. Opportunities

The growth of edible oil in packed form has far exceeded the industry wide growth rate over the last five years and in the foreseeable future, it is envisaged that the overall quantum of edible oil consumption will continue to grow significantly in the packed segment. The Company has grabbed these opportunities by capturing the markets in the Indian Olive Oil market with its varied range of 'Oleev'.

Your Company has created a robust organisational structure to evolve appropriate response mechanisms closer to ground realities and faster to the consumer needs, in line with the emerging business needs and trends. The increase in the Company's share of packed and branded retail segment is a testimony of your company's efforts to deliver consumer oriented products in the market place.

b. Threats

- | | |
|----------------------------------|------------------------------------|
| ❖ Price Volatility | ❖ Government Policies |
| ❖ Weather Conditions and Monsoon | ❖ Fuel Prices |
| ❖ Domestic Economy | ❖ Volatility in Foreign Currencies |

3. Segment, Product wise Performance

a. Segment & Products : Your Company is currently present in only one segment comprising of the following products:

Oleev Olive Oil: Oleev Active Oil, Oleev Extra Virgin Olive Oil, Oleev Extra Light Olive Oil and Oleev Pomace Olive Oil

Rice Bran Oil

Mustard Oil: Tarai Shudh, Tarai Tasty+

Sunflower Oil

Waxes: Refined Rice Bran Wax

4. Internal Control Systems and its adequacy

Your Company, in a rapidly changing business environment under which it operates, identifies and assesses risks; prepares response to the same and monitors them on continuous basis through a structured organisation reporting, delegation of authority, development of personnel, risk mitigation, management style and ethical values. The Company has a well-established governance process of regular meetings, review of its actual and planned performance, potential risks assessment of its various functions which aid in establishing competitive advantage. The Company has a focused approach towards risk and Internal Controls covering all aspects of its businesses.

5. Financial and Operational Performance

The Turnover of the company has increased from Rs. 166.83 crores to Rs. 194.56 crores and the Profits after Tax have increased from Rs. 19.19 lacs to Rs. 203.32 lacs.

6. Human Resource Development

Management focus for the year has been on building up the organisation structure and recruitment of key management team in various business areas. Company has been able to attract quality people thereby strengthening its result oriented manpower.

The total employee strength of the Company was 419 as on March 31, 2013.

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's philosophy on Corporate Governance revolves around principles of ethical governance and is aimed at conducting of business in an efficient and transparent manner and in meeting its obligations to shareholders and other stakeholders. This objective is achieved by adopting corporate practices based on principles of transparency, accountability, fairness and integrity to create long term sustainable value for all its stakeholders.

BOARD OF DIRECTORS

A. Composition of the Board

The present strength of the Board of Directors is five (5). Of the total five Directors, three are Non-Executive and Independent Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreement, which stipulates that at least half of the Board should consist of Non-Executive Directors and in case the Chairman is a Non-Executive Independent Director, at least one-third of the Board should comprise of Independent Directors.

B. Attendance of Directors at the Board Meetings, last Annual General Meeting and their Directorships and Committee positions

Details of the Attendance of Directors at the Board Meetings, last Annual General Meeting and their Directorships and Committee positions during the financial year under report is as under:

Sl. No.	Name of the Director	Category	No. of Board Meetings Attended	No. of outside Directorships of public companies held (*)	Committee memberships (excluding Modi Naturals Ltd.) (**)	Committee Chairmanships (excluding Modi Naturals Ltd.) (**)	Attendance at last AGM
1.	Shri Anil Modi	Chairman & Managing Director	7	Nil	Nil	Nil	Yes
2.	Shri S.S.Halwasiya	Non- Executive & Independent Director	7	Nil	Nil	Nil	Yes
3.	Shri Alok Garg	Non – Executive & Independent Director	7	Nil	Nil	Nil	No
4.	Shri Akshay Modi	Executive Director	7	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

As mandated by the Clause 49 of the Listing Agreement, none of the Directors is a member of more than ten Board-level committees of public limited Indian companies; nor are they Chairperson of more than five committees in which they are members.

C. Number of Board Meetings

During the financial year ended March 31, 2013, the Company had seven (7) Board meetings on – May, 14, 2012, July 2, 2012, August 14, 2012, September 4, 2012, September 29, 2012, November 10, 2012 and February 12, 2013.

D. Code of Conduct and Ethics

In line with Clause 49 of the Listing Agreement, the Company's Board of Directors has laid down a 'Code of Conduct and Ethics for the Board of Directors and Senior Executives of the Company'. The Code is posted on the Company's website - www.modinaturals.com/investor.htm.

All Directors and senior management have affirmed compliance with the Code for the financial year ended March 31, 2013.

E. Remuneration to Directors

Details of remuneration to Directors, both executive and non-executive, during the financial year ended March 31, 2013 are as under:

SI. NO.	Name Of the Director	Salary	Perquisites and other benefits	Commission	Others	Sitting Fee	Total
1.	Shri Anil Modi (Chairman & Managing Director)	15,00,000	1,80,000	----	----	---	16,80,000
2..	Shri Akshay Modi (Executive Director)	6,00,000	5,76,000	----	----	---	11,76,000
3.	Shri Sudhir Shankar Halwasiya (Non-Executive and Independent Director)	----	----	----	----	----	----
4.	Shri Alok Garg (Non-Executive and Independent Director)	----	----	----	----	----	----
5.	Shri Sulabh Singal (Non-Executive and Independent Director)	----	----	----	----	----	----

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

F. Shareholding of Directors

SI. NO.	Name Of the Director	Number of Shares held	Percentage of Shareholding
1.	Shri Anil Modi (Chairman & Managing Director)	33,29,446 Equity Shares	29.95
2.	Shri Akshay Modi (Executive Director)	4,55,236 Equity Shares	4.09
3.	Shri Sudhir Shankar Halwasiya (Non-Executive and Independent Director)	910 Equity Shares	0.01
4.	Shri Alok Garg (Non-Executive and Independent Director)	14,000 Equity Shares	0.13
5.	Shri Sulabh Singal (Non-Executive and Independent Director)	----	----

CEO/ CFO Certification

In line with the requirements of Clause 49 (V) of the Listing Agreement, the Managing Director, Shri Anil Modi and the Chief Financial Officer, Shri Pradeep Kapoor have submitted a certificate to the Board, certifying inter-alia, that the Financial Statements and the Cash Flow Statement for the year ended March 31, 2013 were reviewed to the best of their knowledge and belief, that they do not contain any material untrue statement, do not omit any material facts, are not misleading statements, together present a true and fair view and are in compliance with the applicable laws and regulations. The certificate further confirms that the transactions entered into by the Company for establishing internal control, financial reporting, evaluation of the internal control systems and making of necessary disclosures to the Auditors and the Audit Committee have been complied with. The CEO and CFO certification of the financial statements for the year under report is given at the end of the report.

COMMITTEES OF THE BOARD OF DIRECTORS

A. 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 and M/s. Manisha Taiyal & Associates, Cost Auditors are permanent invitees to the Audit Committee.

Five Meetings of the Audit Committee were held during the year under review on May, 14, 2012, August 14, 2012, September 4, 2012, November 10, 2012 and February 12, 2013. Attendance in the above meetings was as follows:

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

B. SHAREHOLDERS'/ INVESTORS GRIEVANCE COMMITTEE

The Board of Directors have constituted a "Share Transfer and Shareholders/ Investors Grievance Committee" in terms of the Listing Agreement. The Committee is responsible for all matters concerning the share transfers, transmissions, issue of duplicate share certificates and attending to the grievances of the shareholders.

The present composition of the Committee is as under:

Shri Alok Garg - Chairman

Shri Sudhir Shankar Halwasiya

Shri Anil Modi

The Company has appointed the Company Secretary as the 'Compliance Officer', who may be contacted for any matter relating to share transfers/ transmissions, non-receipt of Annual Reports, Dividend, etc.

During the financial year ended March 31, 2013, the Company received one complaint from one of its shareholders and it was replied suitably to the satisfaction of the shareholder.

C. REMUNERATION COMMITTEE

In the Financial Year 2012 – 2013, the Board of Directors of the Company had not constituted Remuneration Committee as the same was not required in terms of the Listing Agreement and the Companies Act, 1956. The remuneration paid to Shri Anil Modi, Chairman & Managing Director and Shri Akshay Modi, Executive Director, is as per the applicable provisions of the Companies Act, 1956 and was within the limits specified under Schedule XIII thereto during the financial year.

The Remuneration Committee of your Company was constituted on August 29, 2013 and the present composition of the Committee is as under:

Shri Sulabh Singal - Chairman

Shri Alok Garg

Shri Sudhir Shankar Halwasiya

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.

On the basis of recommendations of Remuneration Committee, the Board proposes the revision in the remuneration of Shri Anil Modi, Chairman & Managing Director and Shri Akshay Modi, Executive Director of your Company in the manner specified in the Explanatory Statement to the Notice.

GENERAL BODY MEETINGS

Year	Date	Venue	Time	Whether Special Resolution passed
Annual General Meetings				
2012	September 29, 2012	Poorva Sanskrit Centre, 14, District Centre, Laxmi Nagar, Delhi-110092	10.30 A.M	No
2011	September 30, 2011	Poorva Sanskrit Centre, 14, District Centre, Laxmi Nagar, Delhi-110092	10.30 A.M	No
2010	September 29, 2010	Poorva Sanskrit Centre, 14, District Centre, Laxmi Nagar, Delhi-110092	10.30 A.M	Yes

Resolutions by Postal Ballot

None of the resolutions was required to be passed through Postal Ballot during the year under Report.

DISCLOSURES:

Materially significant related party transactions

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 34 to the "Notes to Accounts".

Details of non-compliance

The Company has complied with all the requirements of the Listing Agreement with the Stock Exchanges as well as regulations and guidelines of SEBI. No penalties or strictures have been imposed by SEBI, Stock Exchanges or any other statutory authority on matters relating to capital markets during the last three years.

Whistle Blower policy

The Company has not adopted any formal Whistle Blower policy, but no personnel has been debarred from having access to the Audit Committee.

Compliance with Clause 49

The Company has complied with all the applicable mandatory requirements of the Clause 49. The Company has adopted non-mandatory requirements wherever necessary.

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

In compliance with the SEBI Prevention of Insider Trading Regulations, the Company has adopted a 'Code of Conduct' for its Directors, management and staff. The Code lays down guidelines which advise management and staff on procedures to be followed and disclosures to be made while dealing with Securities of the Company, and cautions them of the consequences of violations.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis report forms part of the Directors' 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 August 29, 2013.

MEANS OF COMMUNICATION

Financial Results:

The Company intimates un-audited as well as audited financial results to the Stock Exchanges, immediately after the Board meetings at which they are approved. The results of the Company are also published in at least one prominent national and one regional newspaper having wide circulation. Normally the results are published in The Financial Express (English) and Haribhoomi (Hindi) in Delhi. The financial results are also displayed on the Company's website www.modinaturals.com/investor.htm. The same are also faxed to the Stock Exchange where the company is listed.

Website:

The website www.modinaturals.com/investor.htm contains a separate dedicated section for the Company's 'Investor Relations' where shareholders' information is available. The full Annual Report, Shareholding Pattern and all Financial Reports are available in the 'Investor Relations' sections on the website of the Company. 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.

UNCLAIMED DIVIDEND

The amount of Dividends lying unclaimed for a period of seven years in the Unpaid Dividend Accounts of the Company will be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government under Section 205C of the Companies Act, 1956.

Financial Year	Date of Declaration of Dividend (Date of Annual General Meeting)	Due date to Transfer to IEPF
2006-2007	September 29, 2007	September 28, 2014

GENERAL SHAREHOLDERS INFORMATION

A.	Annual General Meeting (AGM)	
	Date	Tuesday, September 24, 2013
	Time	10.30 A.M
	Venue	Hotel Chirag Residency, B-18, Chirag Enclave, Nehru Place, Opp. Devika Tower, New Delhi-110019

B.	Financial Calendar	April to following March
	Announcement of Financial Results for	
	Quarter ending June 30, 2013	Held on July 30, 2013
	Quarter ending September 30, 2013	Upto November 14, 2013
	Quarter ending December 31, 2013	Upto February 14, 2014
	Financial Year ending on March 31, 2014 and for the fourth quarter ending on that date	Upto May 30, 2014
C.	Dates of Book Closure	From Thursday, September 19, 2013 to Tuesday, September 24, 2013 (both days inclusive)
D.	Dividend Payment Date	No Dividend is declared for the Financial Year 2012-2013
E.	Listing on stock Exchanges	BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001.
F.	Listing Fee	Annual Listing Fee for the year 2012-2013 and 2013-2014, as applicable has been paid to the Stock Exchange
G.	Stock Code / Symbol	
	BSE Limited	519003; MODINATUR
	ISIN Number for NSDL and CDSL	INE537F01012
H.	Company Identification Number	L15142DL1974PLC007349
I.	Market Price Data (Source: www.bseindia.com)	

Month	Modi Naturals Limited Share prices on BSE		BSE SENSEX
	High (Rs.)	Low (Rs.)	Volume (No. of shares traded)
April'12	13.60	12.50	12600
May'12	15.00	12.65	18700
June'12	14.26	12.37	586458
July'12	16.00	13.59	27239
August'12	15.30	13.35	7896
September'12	15.15	12.74	18356
October'12	15.20	11.75	13588
November'12	13.89	10.95	10890
December'12	19.88	13.25	28051
January'13	17.80	12.45	15282
February'13	14.01	11.40	6580
March'13	11.55	9.04	551617

J. Shareholding Pattern as on March 31, 2013				
Category		Number of Equity Shares held	Percentage (%)	
Indian Promoters		6844140	61.56	
Financial Institutions and Banks		200	0.01	
Foreign Institutional Investors		2100000	18.88	
Bodies Corporate		48794	0.44	
General Public		2104421	18.92	
N.R.I (Repat & Non- Repat)		3580	0.03	
Public Trusts		800	0.01	
Hindu Undivided Family		15259	0.14	
Clearing Members / House		740	0.01	
Total		11117934	100	
K. Distribution of Holdings as on March 31, 2013				
Category	Number of Shareholders	Percentage (%)	Number of Shares	Percentage (%)
1-500	3999	87.37	1037218	9.33
501-1000	306	6.69	244262	2.20
1001-2000	193	4.22	337814	3.04
2001-3000	30	0.66	73611	0.66
3001-4000	15	0.33	54180	0.49
4001-5000	5	0.11	22410	0.20
5001-10000	11	0.24	79858	0.72
10000 & Above	18	0.38	9268581	83.36
Total	4577	100.00	11117934	100.00
L.	Registrar and Share Transfer Agents	M/s Skyline Financial Services Pvt. Ltd. D-153A, Okhla Industrial Area, Phase - I, New Delhi 110 020 Tel. No.: 011-26812682 E-mail: admin@skylinerta.com		

M.	Share Transfer System	
<p>The Company, in compliance of SEBI circular no. 15/2002 dated December 27, 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.</p> <p>Investor correspondence should be addressed to the Registrars and Share Transfer Agents or the Company, as per contact details as given at the end of the Report .</p>		
N.	Dematerialisation of shares and liquidity	
<p>To facilitate the investors in having an easy access to the Demat System, the Company has signed up with both the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The connectivity has been established through the Company's Registrars, Skyline Financial Services Pvt. Ltd. As at March 31, 2013, a total of 92,74,715 Equity Shares of the Company, constituting 83.42% of the paid-up share capital, stand dematerialised.</p>		
O.	Share Capital Reconciliation Report	
<p>As stipulated by the SEBI, a qualified Practicing Company Secretary carries out the Share Capital Audit to reconcile the total admitted Capital with NSDL and CDSL and the total issued and listed capital. The Audit is carried out every quarter and the Report thereon is submitted to the Stock Exchanges and is also placed before the Board of Directors. The Report inter-alia confirms the total listed and paid up share capital of the Company is in agreement with the aggregate of the total dematerialised shares and those in the physical mode.</p>		
P.	Outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments, Conversion date and likely impact on Equity	
<p>The Company does not have any outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments.</p>		
Q.	Plant Location	Bisalpur Road, Pilibhit - 262001, Uttar Pradesh
R.	Address for Correspondence / Investor Complaints	
	Registrar and Share Transfer Agents	
	M/s Skyline Financial Services Pvt. Ltd. D-153A, Okhla Industrial Area, Phase - I, New Delhi 110 020 Tel. No.: 011-26812682 E-mail: admin@skylinerta.com	

	Company	
	Registered Office: 405, Deepali Building 92, Nehru Place New Delhi – 110019 www.modinaturals.com	Contact Person: Company Secretary Tel No.: 011-41889999 Fax No.: 011-46597994 www.investors@modinaturals.com
S.	Nomination Facility	
<p>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.</p>		

CEO/CFO CERTIFICATION

The Board of Directors Modi Naturals Limited

We, Anil Modi, Managing Director and Pradeep Kapoor, Chief Financial Officer, certify that:

- a) We have reviewed the financial statements and cash flow statement for the financial year ended on March 31, 2013 and to the best of our knowledge and belief:
 - (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 together present a true and fair view of the Company's affairs and are in compliance with current accounting standards, applicable laws and regulations.
- b) To the best of our knowledge and belief, there are no transactions entered into by the Company during the financial year ended March 31, 2013 which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and 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, of which we are aware and the steps we have taken or propose to be take, to rectifying these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee that:
 - (i) there has not been any significant change in internal control over Financial Reporting during the financial year ended on March 31, 2013;
 - (ii) there has not been any significant change in accounting policies during the financial year ended on March 31, 2013 requiring disclosure in the notes to the Financial Statements; and
 - (iii) we are not aware of any instance of significant fraud during the financial year ended on March 31, 2013 with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Place : New Delhi
Date : August 30, 2013

sd/-
(Pradeep Kapoor)
Chief Financial Officer

sd/-
(Anil Modi)
Chairman & Managing Director

DECLARATION BY THE MANAGING DIRECTOR UNDER CLAUSE 49 OF THE LISTING AGREEMENT

I, Anil Modi, Managing Director of Modi Naturals Limited, hereby declare that all the members of the Board of Directors and the Senior Management Executives have affirmed compliance with the Company's "Code of Conduct and Ethics for Directors and Senior Executives" for the financial year ended on March 31, 2013.

Place : New Delhi
Date : August 30, 2013

sd/-
(Anil Modi)
Chairman & Managing Director

AUDITORS' CERTIFICATE REGARDING 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, 2013, as stipulated in Clause 49 of the Listing Agreement entered into by the Company with the Bombay Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and 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 with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

As informed to us, the records relating to investors' grievances pending against the Company, if any, is maintained by the Registrars of the Company, who have certified that as at March 31, 2013, no grievances remained unattended / pending for more than 30 days.

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

sd/-
(Simmi Jain)
Partner
M. No. 86496

Place : New Delhi
Date : August 30, 2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MODI NATURALS LIMITED

1. Report on the Financial Statements

We have audited the accompanying financial statements of Modi Naturals Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material mis-statements, whether due to fraud or error.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material mis-statements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material mis-statements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 March 31, 2013;
- (b) in the case of the Statement of Profit & Loss, of the profit for the year ended on that date; and
- (c) In the case of the cash flow statement of the cash flows for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

As required by section 227(3) of the Act, we report that:

- a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

- d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956; and
- e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under Section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

sd/-
(Simmi Jain)
Partner
M. No. 86496

Place : New Delhi
Date : August 30, 2013

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 MARCH 31, 2013

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 and the year-end balance of loan taken from such parties was Rs.1,12,78,096/-.
- (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. We have broadly reviewed the books of accounts relating to material, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of such records with a view to determine whether they are accurate or complete.
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.4,05,576/- 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 March 31, 2013 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 March 31, 2013 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

sd/-
(Simmi Jain)
Partner
M. No. 86496

Place : New Delhi
Date : August 30, 2013

BALANCE SHEET
AS AT MARCH 31, 2013

PARTICULARS	Note No.	As At 31.03.2013 (in ₹)	As At 31.03.2012 (in ₹)
I. EQUITY AND LIABILITIES			
1. Shareholder's funds			
(a) Share Capital	3	111,179,340	111,179,340
(b) Reserves and Surplus	4	175,387,707	155,056,463
		<u>286,567,047</u>	<u>266,235,803</u>
2. Non- current liabilities			
(a) Long-term borrowings	5	5,461,751	7,759,784
(b) Deferred Tax liabilities (Net)	6	25,695,533	22,630,733
(c) Other Long term liabilities	7	657,999	323,234
(d) Long-term Provisions	8	4,046,441	3,600,353
		<u>35,861,724</u>	<u>34,314,104</u>
3. Current Liabilities			
(a) Short term borrowings	9	169,269,085	208,044,028
(b) Trade payables	10	102,276,633	34,063,295
(c) Other current liabilities	11	24,610,534	17,369,879
(d) Short term provisions	12	7,693,679	1,371,874
		<u>303,849,932</u>	<u>260,849,076</u>
TOTAL		<u>626,278,703</u>	<u>561,398,983</u>
II. ASSETS			
1. Non-current assets			
(a) Fixed assets			
(i) Tangible assets	13	198,730,377	201,022,595
(ii) Intangible assets		514,112	391,736
(b) Long-term loans and advances	14	3,691,624	3,472,897
(c) Other non-current assets	15	5,785,111	4,911,539
		<u>208,721,224</u>	<u>209,798,767</u>
2. Current assets			
(a) Inventories	16	304,423,306	204,274,681
(b) Trade receivables	17	61,391,709	84,251,493
(c) Cash and Cash equivalents	18	33,413,151	44,746,588
(d) Short-term loans and advances	19	11,768,260	15,224,659
(e) Other current assets	20	6,561,053	3,102,795
		<u>417,557,479</u>	<u>351,600,216</u>
TOTAL		<u>626,278,703</u>	<u>561,398,983</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/ (Simmi Jain) Partner
 M. No. 86496

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 : August 30, 2013

PROFIT AND LOSS
AS AT MARCH 31, 2013

PARTICULARS	Note No.	For the year ended 31.03.2013 (in ₹)	For the year ended 31.03.2012 (in ₹)
I Income			
Revenue from Operation	21	1,945,611,062	1,668,319,125
Total Income		<u>1,945,611,062</u>	<u>1,668,319,125</u>
II Expenses			
Cost of Materials Consumed	22	1,668,314,603	1,283,902,214
Purchases of Stock in Trade	23	78,464,322	117,235,927
Changes in inventories of finished goods and Stock-in- trade	24	(72,276,228)	33,350,874
Employee benefits expense	25	44,070,507	38,930,485
Finance Costs	26	17,866,901	20,341,105
Depreciation and amortization expense	13	13,682,218	13,782,282
Selling and Distribution Expenses	27	37,237,297	29,721,081
Other expense	28	127,727,208	125,972,110
Total Expense		<u>1,915,086,828</u>	<u>1,663,236,078</u>
III Profit before tax (I-II)		30,524,234	5,083,047
IV Tax expense:			
(1) Current tax		7,054,845	1,249,260
(2) Taxes for earlier year		73,344	-
(3) Deferred tax		3,064,800	1,914,563
V Profit after Tax		20,331,245	1,919,224
VI Earnings per equity share (face value of Rs.10/- each)	29		
(1) Basic		1.83	0.17
(2) Diluted		1.83	0.17

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

sd/

(Simmi Jain)

Partner

M. No. 86496

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 : August 30, 2013

CASH FLOW STATEMENT
FOR THE YEAR ENDED MARCH 31, 2013

PARTICULARS	For the year ended 31.03.2013 (in ₹)	For the year ended 31.03.2012 (in ₹)
(A) CASH FROM OPERATING ACTIVITIES :		
Profit before Taxation	30,524,234	5,083,047
Adjustments for :		
Depreciation	13,682,218	13,782,282
Foreign exchange fluctuation	9,663,854	12,402,788
Deferred revenue expenses incurred	-	(1,932,744)
Deferred revenue expenses written off	1,033,975	784,163
Provision for Gratuity	962,308	590,554
Profit(-)/loss on sale of assets (net)	(132,646)	9,423
Interest expenses	<u>14,275,113</u>	<u>15,784,732</u>
Operating profit before working Capital changes	70,009,056	46,504,245
Adjustments for :		
Trade and other receivable	27,725,388	(45,309,256)
Inventories	(100,148,625)	10,859,589
Trade payables	<u>70,540,136</u>	<u>16,772,041</u>
Cash generated from operations	68,125,955	28,826,619
Interest paid	(14,162,151)	(15,671,587)
Direct taxes paid (Net of Refund)	<u>(8,316,341)</u>	<u>(314,894)</u>
Cash flow before extra ordinary items	45,647,463	12,840,138
Extra ordinary items (net)	-	-
Net cash from operating activities (A)	<u>45,647,463</u>	<u>12,840,138</u>
(B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(11,532,011)	(10,934,106)
Sale of fixed assets	152,281	44,053
Net cash used in investing activities (B)	<u>(11,379,730)</u>	<u>(10,890,053)</u>
(C) CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from issue of share capital (including Share Warrants)	-	8,520,000
Proceeds from borrowings	78,869,295	23,093,087
Repayments of borrowings	(124,470,465)	-
Net Cash used in financing activities (C)	<u>(45,601,170)</u>	<u>31,613,087</u>
Net increase (decrease) in cash and cash equivalents (A+B+C)	(11,333,437)	33,563,172
Cash and cash equivalents opening	44,746,588	11,183,416
Cash and cash equivalents closing	<u>33,413,151</u>	<u>44,746,588</u>
Net increase/decrease(-) as disclosed above	<u>(11,333,437)</u>	<u>33,563,172</u>

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/

(Simmi Jain)

Partner

M. No. 86496

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 : August 30, 2013

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013**

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. 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.

C. 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.

D. 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.

E. 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.

F. Bonus

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

G. 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.

H. 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.
- I. 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
- J. Amortisation of expenses for Amalgamation
Amortised over a period of five years.
- K. 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.
- L. 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.
- M. 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.
- N. 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.
- O. 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.
- P. 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.
- Q. 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.
- R. 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 31.03.2013	As At 31.03.2012
	(in ₹)	(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 11117934) Shares of Rs.10/- each fully called up	<u>111,179,340</u>	<u>111,179,340</u>
	<u>111,179,340</u>	<u>111,179,340</u>

3.1. Reconciliation of the number of shares

	As At 31.03.2013		As At 31.03.2012	
	No of Shares	Amount (₹)	No of Shares	Amount (₹)
Equity Share Capital				
Number of shares at the beginning	11,117,934	111,179,340	10,549,934	105,499,340
Add : Shares issued during the year				
Conversion of Convertible warrants in to Equity Shares	0	0	568,000	5,680,000
At the end of the year	<u>11,117,934</u>	<u>111,179,340</u>	<u>11,117,934</u>	<u>111,179,340</u>

(3.2) The company has only one class of equity shares, having a 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 31.03.2013		As At 31.03.2012	
	No of Shares	% age	No of Shares	% age
Mr. Anil Modi	3,329,446	29.95	2,789,446	25.09
Ms. Nita Modi	1,630,500	14.67	1,630,500	14.67
Das Investments Private Limited	646,000	5.81	646,000	5.81
Prime India Investment Fund Limited, Apex Fund Services	1,036,000	9.32	1,036,000	9.32
India Max Investment Fund Limited	496,000	4.46	1,036,000	9.32
Rahn and Bodmer Co			568,000	5.11
Silverstreak Asset Management Company Limited A/c				
Grovsnor Investment Fund Limited	568,000	5.11		

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

- 2026592 Shares (Previous Year 2026592) of Rs 10 each fully paid up allotted in the last five years to Share holders of M/s J.P. Management Systems P Ltd pursuant to the scheme of amalgamation with the Company, for consideration other than cash
- 4238967 shares (Previous Year 4238967) allotted as Bonus Shares by way of Capitalisation of Profits
- 2640000 Shares (Previous Year 2640000) 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/Deductions/ Appropriations during the year	-	-
Closing Balance	<u>8,981,650</u>	<u>8,981,650</u>

Profit & Loss Account

As per Last Balance Sheet	60,694,497	58,775,273
Additions/Deductions/ Appropriations during the year	<u>20,331,245</u>	<u>1,919,224</u>
Net Surplus in the Profit & Loss	<u>81,025,742</u>	<u>60,694,497</u>

Securities Premium Reserve

As per Last Balance Sheet	66,646,480	55,286,480
---------------------------	------------	------------

Additions/Deductions/ Appropriations during the year		11,360,000
Closing Balance	<u>66,646,480</u>	<u>66,646,480</u>
General Reserve		
As per Last Balance Sheet	18,733,836	18,733,836
Additions/Deductions/ Appropriations during the year	-	-
Closing Balance	<u>18,733,836</u>	<u>18,733,836</u>
	<u>175,387,707</u>	<u>155,056,463</u>

5 : LONG TERM BORROWINGS

Secured -

Term Loans :

Term Loans from Banks	5,356,914	13,360,732
Vehicle Loan - from Bank	-	440,358
- from Others	<u>3,084,312</u>	<u>1,466,362</u>
	<u>8,441,226</u>	<u>15,267,452</u>

Less :

Amount Disclosed under Current maturities of Long term debt (refer to note 11)	<u>2,979,475</u>	<u>7,507,668</u>
Net Amount	<u>5,461,751</u>	<u>7,759,784</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	11.20%	32	2015
Vehicle Loan from Others Jetta	11.515%	23	2015
Vehicle Loan from Others Passat	10.895%	34	2016

* Applicable Rate of Interest as on 31.03.2013

6 : Deferred Tax Liability (Net)

	Deferred Tax Asset/(Liability) As At 01.04.2012	Current Year (Charge)/Credit	Deferred Tax Asset/(Liability) As At 31.03.2013
Liabilities :			
Related to fixed assets	(25,719,561)	(919,032)	(26,638,593)
Taxes, Cess, PF under protest	(571,410)	20,236	(551,174)
Assets :			
Benefits to Employees	1,151,925	295,825	1,447,750
Carry forward losses under Income Tax	1,862,820	(1,816,336)	46,484
Others	<u>645,493</u>	<u>(645,493)</u>	-
Total	<u>(22,630,733)</u>	<u>(3,064,800)</u>	<u>(25,695,533)</u>

7 : OTHER LONG TERM LIABILITIES

Trade Payables	<u>657,999</u>	<u>323,234</u>
	<u>657,999</u>	<u>323,234</u>

8 : LONG TERM PROVISIONS

Provisions for Employee Benefits	<u>4,046,441</u>	<u>3,600,353</u>
	<u>4,046,441</u>	<u>3,600,353</u>

9 : SHORT TERM BORROWINGS
Secured

From Banks :

Working Capital Facility	157,990,989	82,846,245
--------------------------	-------------	------------

Unsecured

From Companies	8,578,096	6,471,495
Foreign Currency Loan from Banks	-	116,026,288
Deposits	2,700,000	2,700,000
	<u>169,269,085</u>	<u>208,044,028</u>

9.1 Working Capital facility comprises cash credit from bank and is secured against hypothecation of raw materials, semi finished goods, finished goods, consumbale 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
Others	102,276,633	34,016,167
	<u>102,276,633</u>	<u>34,063,295</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
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)	2,979,475	7,507,668
Interest accrued but not due on borrowings	112,962	113,145
Unpaid Dividends	363,732	365,682
Book Overdraft	-	98,029
Expenses Payable	11,799,469	4,865,734
Statutory Dues Payable	2,627,036	2,881,133
Advance From Customers	6,727,860	1,538,488
	<u>24,610,534</u>	<u>17,369,879</u>

12 : SHORT TERM PROVISIONS

Provisions for Employee Benefits	638,834	122,614
Provision for Taxes	7,054,845	1,249,260
	<u>7,693,679</u>	<u>1,371,874</u>

13: FIXED ASSETS

ITEM	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	COST AS AT 31.03.2012	ADDITIONS DURING THE YEAR	SALE & ADJ. DURING THE YEAR	COST AS AT 31.03.2013	UP TO 31.03.2012	FOR THE YEAR	ADJUSTMENT FOR SALE DURING THE YEAR	UP TO 31.03.2013	AS AT 31.03.2013	AS AT 31.03.2012
TANGIBLE ASSETS (A)										
FREEHOLD LAND	9,781,073	1,294,020	-	11,075,093	-	-	-	-	11,075,093	9,781,073
BUILDING & FLAT	36,440,749	1,200,437	-	37,641,186	8,482,523	1,026,089	-	9,509,412	28,131,774	27,959,226
PLANT & MACHINERY	247,857,464	2,574,648	1,211,150	249,220,962	95,829,301	10,974,924	1,211,150	105,593,075	143,627,887	152,028,163
FURNITURE & FIXTURES	1,556,729	38,903	-	1,595,632	1,015,338	52,279	-	1,067,917	527,715	541,391
ELECTRICAL EQUIPMENTS	1,105,257	2,969,275	-	4,074,532	327,434	86,377	-	413,811	3,660,721	777,823
OFFICE EQUIPMENTS	2,935,152	499,310	-	3,434,462	1,850,389	251,839	-	2,102,228	1,332,234	1,084,763
VEHICLES	12,400,638	2,739,418	46,247	15,093,809	4,867,909	1,125,066	26,612	5,966,363	9,127,446	7,532,729
LABEQUIPMENTS	1,653,859	-	-	1,653,859	335,432	70,920	-	406,352	1,247,507	1,318,427
SUB TOTAL A	313,730,921	11,316,011	1,257,397	323,789,535	112,708,326	13,588,594	1,237,762	125,059,158	198,730,377	201,022,595
PREVIOUS YEAR	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
INTANGIBLE ASSETS (B)										
COMPUTER SOFTWARES	237,651	216,000	-	453,651	124,333	57,445	-	181,778	271,873	113,318
WEBSITE DEVELOPMENT	361,784	-	-	361,784	83,366	36,179	-	119,545	242,239	278,418
SUB TOTAL B	599,435	216,000	-	815,435	207,699	93,624	-	301,323	514,112	391,736
PREVIOUS YEAR	525,185	74,250	-	599,435	151,530	56,169	-	207,699	391,736	373,655

14: LONG TERM LOANS AND ADVANCES

Unsecured considered good		
Capital Advances	-	25,000
Security Deposits	3,545,946	3,348,662
Other loans and advances	145,678	99,235
	<u>3,691,624</u>	<u>3,472,897</u>

15: OTHER NON CURRENT ASSETS

Unsecured considered good		
Trade Receivables	2,631,642	579,894
Vat Receivable	51,542	195,743
Deferred Revenue Expenditures	3,101,927	4,135,902
	<u>5,785,111</u>	<u>4,911,539</u>

16: INVENTORIES

Raw Materials and stores	113,966,994	86,094,597
Finished Goods	167,925,103	109,542,898
Trading Goods - Indigenous	547,266	648,317
Trading Goods - Imported	21,983,943	7,988,869
	<u>304,423,306</u>	<u>204,274,681</u>

17: TRADE RECEIVABLES

Secured considered good		
- Over Six Months	-	-
Unsecured considered good		
- Over Six Months	2,034,834	897,679
- Others	59,356,875	83,353,814
	<u>61,391,709</u>	<u>84,251,493</u>

18: CASH AND CASH EQUIVALENTS

Balances with banks	27,696,903	18,919,058
Unpaid Dividend Account with bank	347,051	360,057
Cheques/Draft on hand	64,220	1,938,020
Cash in hand/including Imprest	5,304,977	2,224,703
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>33,413,151</u>	<u>44,746,588</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	4,595,149	15,045,285
Advance Tax	7,173,111	179,374
	<u>11,768,260</u>	<u>15,224,659</u>

20: OTHER CURRENT ASSETS

Capital goods Vat Receivable	195,800	335,227
Deferred Revenue Expenditures	1,033,975	1,033,975
Interest Receivable	746,003	1,703,812
Other	4,585,275	29,781
	<u>6,561,053</u>	<u>3,102,795</u>

21: REVENUE FROM OPERATIONS

Sale of Products (Net of Rebate)	1,938,076,792	1,659,829,070
Less: Provision for Discount	-	(497,726)
Net sales (refer note 39)	1,938,076,792	1,659,331,344
Other operating income:		
Interest Income	752,464	1,907,904
Profit on Sale of Fixed Assets	140,000	
Miscellaneous Income	6,579,536	7,024,160
Sundry Balances W/back/ Excess Provision W/ Back	62,270	55,717
	<u>1,945,611,062</u>	<u>1,668,319,125</u>

22: COST OF MATERIAL CONSUMED

(Refer Note 41)

Raw Material	1,601,287,467	1,219,364,958
Packing Material	29,430,755	23,571,252
Chemicals	<u>37,596,380</u>	<u>40,966,004</u>
	<u>1,668,314,603</u>	<u>1,283,902,214</u>

23: PURCHASE OF TRADED GOODS

(refer note 42)

Imported	63,927,214	117,235,927
Indigenous	<u>14,537,108</u>	<u>-</u>
	<u>78,464,322</u>	<u>117,235,927</u>

24 : CHANGES IN INVENTORIES OF FINISHED GOODS AND STOCK IN TRADE

INVENTORIES (at commencement) :

Finished Goods	109,542,898	150,880,036
Stock In Trade	<u>8,637,186</u>	<u>650,924</u>
	<u>118,180,084</u>	<u>151,530,960</u>

INVENTORIES (at close) : (refer note 40)

Finished Goods	167,925,103	109,542,898
Stock In Trade	<u>22,531,209</u>	<u>8,637,186</u>
	<u>190,456,312</u>	<u>118,180,084</u>
	<u>(72,276,228)</u>	<u>33,350,874</u>

25: EMPLOYEE BENEFITS EXPENSE

Salaries, wages, allowances and bonus	41,089,929	35,839,068
Contributions to provident and other funds	1,741,348	1,524,109
Staff Welfare Expenses	167,998	739,741
Gratuity	<u>1,071,232</u>	<u>827,567</u>
	<u>44,070,507</u>	<u>38,930,485</u>

26: FINANCE COSTS

Interest expense on :

- Short term borrowings	12,832,594	10,935,522
-Long term liabilities	1,442,519	4,849,210
Bank Charges	2,115,802	2,979,234
Other Financial Charges	<u>1,475,987</u>	<u>1,577,139</u>
	<u>17,866,901</u>	<u>20,341,105</u>

27: SELLING AND DISTRIBUTION EXPENSES

Brokerage and Commission	4,090,239	2,729,244
Freight Outward	18,519,379	23,461,072
Laboratory Expenses	178,116	285,581
Other Selling Expenses	<u>14,449,562</u>	<u>3,245,184</u>
	<u>37,237,297</u>	<u>29,721,081</u>

28: OTHER EXPENSES

Consumption of stores and spare parts	9,469,683	8,469,726
Power and fuel	80,945,843	87,557,690
Repairs :		
- Buildings	177,887	156,742
- Machinery	1,517,803	1,435,296
- Others	1,309,350	1,709,778
Insurance	1,520,378	954,456
Rates and taxes excluding taxes on income	1,037,455	1,464,283
Rent	2,033,783	927,000
Payment to Auditors (refer note 38)	449,440	358,475
Loss on Sale of Fixed Assets	7,354	9,423
Foreign Exchange Fluctuation	9,663,854	12,402,788
Amalgamation Expenses Written off	-	101,349
Service Tax/Entry Tax Paid	991,328	695,413
Deferred Revenue expenditures written off	1,033,975	784,163
Other Expenses	<u>17,569,075</u>	<u>8,945,528</u>
	<u>127,727,208</u>	<u>125,972,110</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	11,117,934	10,549,934
- Shares issued during the year	-	568,000
-Total Number of equity shares outstanding at the end of the year	11,117,934	11,117,934
- Weighted average number of equity shares	11,117,934	11,057,409
(b) Net Profit (Loss) after tax available for shareholders	20,331,245	1,919,224
(c) Basic and diluted Earning (in Rupees) per share	1.83	0.17

30. CONTINGENT LIABILITIES (not provided for)

	This Year (in ₹)	Previous Year (in ₹)
i. Claim against the company not acknowledge as debts :		
Sales Tax	39,23,541	38,30,142
Provident Fund	38,12,063	38,12,063
	-	-
ii. Sales Tax Liability against pending forms	38,53,093	16,75,208

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 2011-2012 have been made.

34. 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, Executive Director

(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	22,80,000	4,56,000	-	22,80,000	4,20,000	-
Perquisites	5,76,000	-		5,76,000		
Interest Paid	88,000	-	2,09,000	88,149	-	2,09,319
Outstanding Payables:						
Remuneration	-	-	-	-	37,500	-
Fixed Deposit	8,00,000	-	19,00,000	8,00,000	-	19,00,000
Interest	30,161	-	82,564	30,294	-	82,851
Recoverable		-	-	53,893	-	-
Payable	2,44,186					

35. Defined Benefit Plans as per Actuarial Valuations as on March 31, 2013 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	3722967	3132413
Current Service Cost	654801	437117
Interest Cost	297837	266255
Actuarial (Gain)/Loss on Obligation	72625	124195
Benefits Paid	(108924)	(237013)
Past Service Cost	-	-
Present value of the obligation at the end of the year	4639306	3722967
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	4639306	3722967
Fair value of Plan Assets at the end of the year		
Net Asset/(liability) recognized in balance sheet	(4639306)	(3722967)
IV Amounts Recognised in the statement of Profit and Loss		
Current Service Cost	654801	437117
Interest cost on Obligation	297837	266255
Expected return on Plan Assets	-	-
Past Service Cost	-	-
Net Actuarial (Gain)/Loss recognised in the year	72625	124195
Net Cost included in Personnel Expenses	1025263	827567

V Actuarial Assumptions

Discount Rate	8.0%	8.5%
Expected Rate of Return on Plan Assets	-	-
Salary Escalation Rate	5.5%	6%
Employee Turnover		
Upto 30 years	3%	3%
Upto 44 years	2%	2%
Above 44 years	1%	1%
Mortality	LIC (1994-96) duly modified	

36. 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.

37. 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.19,82,783/- (Previous year Rs.5,76,000/-)

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

	This Year (in ₹)	Previous Year (in ₹)
As Audit Fee	2,75,000	2,25,000
For Tax Audit	1,00,000	75,000
For Taxation Work	25,000	25,000
Service Tax	49,440	33,475
	4,49,440	3,58,475

39. Sales of Products comprises of:

	This Year (in ₹)	Previous Year (in ₹)
Manufactured Goods		
Rice Bran Oil	870711267	718734376
SF DOC		5674800
Neem DOC	289800	
Deoiled Rice Bran	570142129	392537641
Other Oils	353700125	346952202
Fatty	43859675	41742600
Others	16324035	45091038
Total – Sale of Manufactured Goods	1855027031	1550732657
Trading Goods:		
Crude Palm Oil		98935560
Other Oil	81492685	9661827
Mustard Cake	1557076	
Certified Sunflower Seed		1300
Total – Sale of Traded Goods	83049761	108598687
Total Sales	1938076792	1659331344

40. Closing Stock of Finished Goods

	This Year (in ₹)	Previous Year (in ₹)
Manufactured Goods		
Rice Bran Oil	83977382	83860992
Deoiled Rice Bran	46505134	9893893
Other Oils	23254009	12787786
Fatty	3127451	311068
Others	11061127	2689159
Total	167925103	109542898
Trading Goods:		
Other Oil	22529409	8534335
Certified Sunflower Seed	1800	102851
Total	22531209	8637186
41. Material Consumed		
A. Raw Material		
Rice Bran	1010464889	778022821
Rice Bran Oil	446711237	301447522
Olive Oil	36190048	3899710
Others	107921293	135994905
Total	1601287467	1219364958
B. Chemical		
Hexane	12895027	16077991
Activated Earth	10918462	14574262
Others	13782891	10313751
Total	37596380	40966004
42. Purchase of Stock in Trade		
Crude Palm Oil	-	103380179
Olive Oil	63927214	13855748
Others	14537108	-
Total	78464322	117235927
43. Value of import on CIF basis of raw material	54836173	119840619
44. Expenditure in Foreign Currency		
Travelling Expenses	315510	71519
45. Remittance in Foreign Currencies for Dividend	-	-
46. Earning in foreign currency	-	-

		For the year ended 31.03.2013		For the year ended 31.03.2012	
		Amount	%	Amount	%
(i)	Raw Material				
a.	Imported	36190048	2.26	3899710	0.32
b.	Indigenous	1565097419	97.74	1215465248	99.68
	Total	1601287467	100.00	1219364958	100.00
(ii)	Packing Material				
a.	Imported	-	-	-	-
b.	Indigenous	29430756	100.00	23571252	100.00
(iii)	Chemicals				
a.	Imported	-	-	-	-
b.	Indigenous	37596380	100.00	40966004	100.00
	Total	1668314603		1283902214	

47. Value of imported and indigenous raw materials, stores, components and spare parts consumed:
48. 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/-

(Simmi Jain)

Partner

M. No. 86496

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 : August 30, 2013

Modi Naturals Limited

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 39th Annual General Meeting of the Company on Tuesday, September 24, 2013 at 10.30 AM at Hotel Chirag Residency, B-18, Chirag Enclave, Nehru Place, Opp. Devika Tower, New Delhi-110019.

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.

Modi Naturals Limited

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 39th Annual General Meeting of the Company to be held on Tuesday, September 24, 2013 at 10.30 AM at Hotel Chirag Residency, B-18, Chirag Enclave, Nehru Place, Opp. Devika Tower, New Delhi-110019 and at any adjournment thereof.

Signed this.....day of.....2013.

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.

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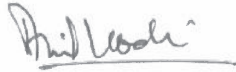
modi naturals limited

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

Form A

Annexure-I

1. Name of the Company : Modi Naturals Limited
2. Annual Financial Statements for the year ended : March 31, 2013
3. Type of Audit observation : The Audit Report contains no qualification and no matter has been particularly emphasised.
4. Frequency of observation : N.A



Anil Modi
Chairman & Managing Director



Pradeep Kapoor
Chief Financial Officer



For Modi Naturals Limited

Sudhir Shankar Halwasiya
Audit Committee Chairman

FOR K. K. JAIN & CO.,
Chartered Accountants,
Firm Registration No.002465N




(SIMMI JAIN)
Partner
M. No.86496