

42<sup>nd</sup> ANNUAL REPORT  
2015-2016



modi naturals limited

## Corporate Information

### Board of Directors

**Mr. Anil Modi**  
Chairman and Managing Director

**Mr. Akshay Modi**  
Executive Director

**Mr. S. S. Halwasiya**  
Director

**Mr. Alok Garg**  
Director

**Mr. Sulabh Singal**  
Director

**Ms. Aditi Gupta**  
Director

**Mr. Pradeep Kapoor**  
CFO

**Mr. Ankit Agarwal**  
Company Secretary

### Auditors

**K. K. Jain & Co.**  
Chartered Accountants

### Bankers

HDFC Bank  
Yes Bank

### Registered Office

Modi Naturals Limited  
405, Deepali Building,  
92, Nehru Place,  
New Delhi-110019  
Tel : 011-41889999 Fax : 011-46597994  
Website : www.modinaturals.com

### Works

Bisalpur Road, Pilibhit - 262001  
Uttar Pradesh

### Registrar and Transfer Agents

**Skyline Financial Services Pvt. Ltd.**  
D-153A, Okhla Industrial Area  
Phase-I, New Delhi-110020

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## Message to Shareholders

It gives me great pleasure to write to you as your company witnesses tremendous growth in the branded segment.

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

The year 2015-16 had been a demanding, but also a tremendously rewarding, one. Whilst India enters a faster growth period from three years of stunted growth, the transition period is marked by global uncertainty and volatility in financial markets. Despite this, your company has fared well in the segments it operates in. We are fast emerging as leaders within sub-categories of the branded edible oil segment. This has been achieved by innovative and thoughtful product strategy, followed by focused brand promotion activities.

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

In spite of the evolutionary changes, our Company has undertaken over the years to respond to those challenges, the one thing that has remained constant, since our inception, is our commitment to stewarding our Company in the best interests of our shareholders. We see this as a source of competitive advantage for the business now and in the years ahead. I, thank you, dear shareholders for placing your faith in the Company. I also thank the very committed members of the Modi Naturals' team and the Company's business associates for their continued support. My team and I look forward to the challenges of delivering sustainable profitable growth in the years ahead with confidence.

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

Sincerely,  
sd/-  
**Akshay Modi**  
Executive Director

## NOTICE TO SHAREHOLDERS

Notice is hereby given that the 42nd Annual General Meeting (AGM) of the Shareholders of Modi Naturals Limited will be held on Thursday, 29th September, 2016 at 3.00 P.M at Hotel Chirag Residency, B-18, Chirag Enclave, Nehru Place, Opp. Devika Tower, New Delhi-110019 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements as at 31st March, 2016 and the Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Shri Anil Modi (DIN: 00187078), Director, who retires by rotation and being eligible, offers himself for re-appointment.
3. **Ratification of Appointment of Auditors**

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, pursuant to the recommendations of the Audit Committee of the Board of Directors and pursuant to the resolution passed by the members at the AGM held on August 19, 2014, the Company hereby ratifies the appointment of Messrs. K. K. Jain & Co. (Firm Registration No. 002465N), Chartered Accountants, New Delhi as Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the next AGM of the Company on such remuneration, as may mutually be agreed between the Auditors and the Board of Directors of the Company."

### SPECIAL BUSINESS

4. **Re-appointment of Shri Akshay Modi as Whole Time Director (Executive Director) of the Company**

To consider and if thought fit, to pass the following resolution as **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013, read with Schedule V 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 Whole Time Director of the Company (designated as Executive Director) for a period of three years with effect from December 15, 2016 commencing immediately after the expiry of his tenure on December 14, 2016, liable to retire by rotation, on the terms and conditions as recommended by the Nomination and 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 as Whole Time Director shall be the minimum payable to him in terms of the provisions of Schedule V of the Companies Act, 2013.

**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 V of the Companies Act, 2013, or any statutory modification thereof, from time to time and to settle any question or difficulty in connection therewith or incidental thereto."

5. **Ratification of Payment of Remuneration of Cost Auditors**

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to the approval of Central Government as may be required, the Company hereby approves and ratifies the remuneration of Rs. 60,000/- (Rupees Sixty Thousand only) plus Service Tax and out of pocket expenses, if any, payable to Messrs. Manisha & Associates (Firm Registration No.: 000321), Cost Accountants, appointed as Cost Auditors of the Company for the Financial Year 2016-17.

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

6. **Invitation and acceptance of deposits from the shareholders of the Company**

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to Section 73 and any other applicable provisions of the Companies Act, 2013 read with Companies (Acceptance of Deposit) Rules, 2014 (including any statutory modification or re-enactment thereof) and subject to fulfillment of such conditions, approvals, permissions as may be necessary under the Act or otherwise, consent of the members be and is hereby accorded to the Board of Directors of the Company to invite/accept/renew/receive money by way of unsecured deposits from the members through a circular or advertisement or through any other permissible mode upto

the permissible limits prescribed under the Act and rules made thereunder and the overall borrowing limits of the Company, as approved by the Members, from time to time.

**RESOLVED FURTHER** THAT the Board of Directors or a Committee thereof be and is hereby authorized to finalise the scheme for invitation and acceptance of fixed deposits from the Members and to sign and execute deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do and perform all such other acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this Resolution."

**Registered Office:**

405, Deepali Building,  
92, Nehru Place,  
New Delhi-110019  
CIN: L15142DL1974PLC007349

By order of the Board

Sd/-

**(Akshay Modi)**

Executive Director

DIN No.03341142

**New Delhi, August 8, 2016**

**NOTES:**

1. The Statement pursuant to Section 102(1) of the Companies Act, 2013 with respect of the Special Business set out at Item Nos. 4 to 6 of the accompanying Notice is annexed hereto.
2. **AMEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF (ONLY ON A POLL) AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY, DULY COMPLETED, MUST BE DEPOSITED AT THE COMPANY'S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY FORM FOR THE AGM IS ENCLOSED.**
3. A person can act as a proxy on behalf of members not exceeding fifty and holding in aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
4. Members / Proxies should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
5. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts and arrangements in which directors are interested maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the Members at the AGM.
6. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 24 September, 2016 to Thursday, 29 September, 2016 (both days inclusive) for the purpose of AGM.
7. Members are requested to intimate immediately the change of address or demise of any Member, if any, to the Company's Registrar and Transfer Agents or Depository Participant, as the case may be to prevent frauds.
8. 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 to intimate such changes to the Company or the Registrar and Transfer Agent of the Company.
9. 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.
10. 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.
11. The Company is concerned about the environment and utilizes natural resources in a sustainable way. We request you to update your email address with your Depository Participant to enable us to send you the communications via email.
12. The Annual Report 2015-16, the Notice of 42nd AGM and Instructions of e-voting, along with Attendance Slip and Proxy Form are being sent by electronic mode to all members whose email addresses are registered with the Company / Depository Participant(s) for communication purposes unless any member has requested for hard copy of the same. For members who have not registered their email addresses, physical copies of the documents are being sent by the permitted mode.
13. Members may also note that the Notice of the 42nd AGM and the Annual Report 2016 will be available on the Company's

website, [www.modinaturals.com](http://www.modinaturals.com). The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Members who require communication in physical form in addition to e-communication, or have any other queries, may write to us at: [investors@modinaturals.com](mailto:investors@modinaturals.com).

14. Additional Information pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the Directors seeking appointment / re-appointment at the AGM are furnished and forms part of the Notice. The Directors have furnished the requisite consents / declarations for their appointment / re-appointment.
15. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form shall submit their PAN details to the Company.
16. All documents referred to in the notice will be available for inspection at the Company's registered office during normal business hours on working days up to the date of the AGM.
17. Annual Listing Fee for the year 2016-17 has been paid to the BSE Ltd on which shares of the Company are listed.
18. **NO GIFT(S) SHALL BE DISTRIBUTED AT THE ENSUING 42nd ANNUAL GENERAL MEETING OF YOUR COMPANY.**

#### **Voting through Electronic Means - Remote E-Voting**

- I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 as substituted by the Companies (Management and Administration) Amendment Rules, 2015, (including any statutory modification(s) or re-enactment thereof, for the time being in force) and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company is pleased to provide the Members with a facility to exercise their right to vote for the 42nd AGM by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the Members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
- II. The facility for voting through Poll Paper shall be made available at the AGM and the Members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through Poll Paper.
- III. Members who have cast their vote by remote e-voting prior to the AGM may also attend AGM but shall not be entitled to cast their vote again.
- IV. The remote e-voting period commences on Sunday, 25th September 2016 (9:00 am) and ends on Wednesday, 28th September, 2016 (5:00 pm). During this period Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. 23rd September, 2016, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Members, the Member shall not be allowed to change it subsequently.
- V. Any person who acquires shares of the Company and becomes Member of the Company after dispatch of the Notice of AGM and holding shares as of the cut-off date i.e. 23rd September, 2016 can obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [investors@modinaturals.com](mailto:investors@modinaturals.com) However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/ Password" option available on [www.evoting.nsd.com](http://www.evoting.nsd.com).
- VI. Members whose name appears in the Register of Members or in the register of beneficial owners maintained by the depositories as on the cut-off date i.e. 23rd September, 2016 only shall be entitled to avail the facility of remote e-voting and vote at the AGM through Poll Paper.

#### **VII. The instructions for remote e-voting are as under:**

- A Members whose shareholding is in the dematerialization form and whose e-mail address are registered with the Company/ Depository Participants will receive an E-mail from NSDL informing user ID and Password:
  1. Open E-mail and open PDF file attached therein with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
  2. Launch internet browser by typing the following URL: <https://www.evoting.nsd.com/>
  3. Click on Shareholder - Login
  4. Put user ID and password as initial password/PIN noted in step (1) above. Click Login.
  5. Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

6. Home page of e-voting opens. Click on remote e-voting: Active Voting Cycles.
  7. Select "EVEN" of Modi Naturals Limited.
  8. Now you are ready for e-voting as Cast Vote page opens.
  9. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
  10. Upon confirmation, the message "Vote cast successfully" will be displayed.
  11. Once you have voted on the resolution, you will not be allowed to modify your vote.
  12. Institutional Members (i.e. other than individuals, HUF, NRI etc.,) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to deepakbansal.fcs@gmail.com with a copy marked to evoting@nsdl.co.in.
- B. For members whose email IDs are not registered with the Company/ Depository Participants(s) or requesting physical copy may also vote electronically through the following procedure:
1. Initial password will be provided separately.
  2. Please follow the instructions from 1 to 12 as mentioned in S. No. VII.A above, to cast your vote.
- VIII. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the Downloads section of <https://www.evoting.nsdl.com> or contact NSDL at the following toll free no.: 1800-222-990.
- IX. Login to the remote e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot Password" option available on the site to reset the password.
- X. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- XI. You can also update your mobile number and E-mail ID in the user profile details of the folio which may be used for sending future communication(s).
- XII. The voting rights of Members shall be in proportion to their shares of the paid up equity Share Capital of the Company as on the cut-off date i.e. 23rd September, 2016.
- XIII. Mr. Deepak Bansal, Company Secretary in Practice (CP No. 7433) has been appointed as the Scrutinizer to scrutinize the remote e-voting and poll process in a fair and transparent manner.
- XIV. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of poll paper for all those Members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- XV. The Scrutinizer shall immediately after the conclusion of voting at the AGM will count the votes casted at the Meeting and thereafter unblock the votes casted through remote e-voting in the presence of at least two (2) witnesses not in the employment of the Company and make not later than 48 hours of conclusion of AGM, a consolidated Scrutinizer's Report of the total votes casted in favour or against, if any, forthwith to the Chairman or a person authorized by him in writing who shall countersign the same and declare the results of the voting forthwith.
- XVI. The Results declared along with the report of the Scrutinizer shall be placed on the Company's website: [www.modinaturals.com](http://www.modinaturals.com) and on the website of NSDL immediately after the declaration of results by the Chairman or a person authorized by him in writing. The Results shall also be simultaneously forwarded to the concerned Stock Exchanges.

**Explanatory Statement  
(Pursuant to Section 102 of the Companies Act, 2013)**

As required by Section 102 of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to the business mentioned under Item Nos. 4 to 6 of the accompanying Notice:

**Item No. 4:** Shri Akshay Modi was appointed as Executive Director of the Company for a period of three years commencing from December 15, 2013 to December 14, 2016. In view of valuable contributions of Shri Akshay Modi towards the growth of the Company, the Board of Directors at their meeting held on 08th August, 2016 on the recommendation of the Nomination and Remuneration Committee has decided to re-appoint him as Whole Time Director (designated as Executive Director) for a further period of 3 (three) years from December 15, 2016 commencing immediately after the expiry of his current tenure on December 14, 2016, on terms and conditions as mentioned below:

**I. Term:** December 15, 2016 to December 14, 2019

**II. Remuneration:-**

**Salary:** Rs. 1,65,000/- p.m. (in the time scale of 1,65,000-20,000-2,05,000)

**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 197, 198 and all other applicable provisions, if any, of the Act, read with Schedule V 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 Part II of Schedule V to the Companies Act, 2013.

To satisfy the requirements of the provisions of the Companies Act, 2013, Shri Akshay Modi, shall be subject to retirement by rotation during his tenure as Whole Time Director.

Pursuant to the provisions of Section 197 read with Schedule V of the Companies Act, 2013, any appointment including reappointment of any Managerial Personnel and remuneration payable shall be subject to approval of shareholders of the Company.

None of the Directors, Key Managerial Personnel or their relatives, except Mr. Akshay Modi and Mr. A nil Modi and their relatives is interested or concerned financially or otherwise in the Resolution.

The Board recommends the Special Resolution at Item No. 4 for approval of the Members.

**Item No. 5:** The Board of Directors of the Company at their meeting held on 08th August, 2016 has, on recommendation by the Audit Committee, appointed M/s. Manisha & Associates (Firm Registration number: 000321), Cost Accountants as the Cost Auditors for the Financial Year 2016-17 at a remuneration of INR 60,000/- (Rupees Sixty Thousand only) plus Service Tax and out of pocket expenses. As per Section 148 of Companies Act, 2013 and applicable rules thereunder, the remuneration payable to the Cost Auditor is required to be ratified by the Members of the Company.

The Board considers the remuneration payable to the Cost Auditors is fair and recommends the resolution contained at Item no.5 for approval of the Members.

None of the Directors, Key Managerial Persons or the relatives of Directors or KMPs are interested or concerned in the said resolution except to the extent of their shareholding, if any, in the company.

**Item No. 6:** The Board of Directors, on 08th August 2016, have in-principal approved and recommended the invitation and acceptance of deposits from shareholders pursuant to section 73 to 74 of the Companies Act, 2013 ("Act") and Companies (Acceptance of Deposits) Rules, 2014 ("Rules") as one of the modes to meet the on-going fund requirements of the Company.

The members are hereby apprised that in compliance with the provisions of Section 73 to 74 of the Act, read with the Companies (Acceptance of Deposits) Rules, 2014, approval of shareholders is required for inviting/accepting/renewing deposit and subject to fulfillment of such conditions including filing circular or circular in the form of advertisement, providing insurance etc. Further acceptance of deposits shall be subject such other provisions and within overall limits prescribed under the Companies Act, 2013.

Further the resolution is proposed for enabling the Board to do the necessary compliances including fulfillment of conditions for accepting of deposits from shareholders in terms of sections 73 to 74 of the Companies Act, 2013.

Further the Company may accept deposit without deposit insurance till March 31, 2017 or till the availability of deposit insurance product in market, whichever is earlier pursuant to the Companies (Acceptance of Deposits) Amendment Rules, 2016 notified on 29.06.2016. The proposed fixed deposit schemes are unsecured deposits.



None of the Directors or Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, in the said resolution, except to the extent of any Fixed Deposits that may be placed with company by them, their relatives or by the Companies/Body Corporates in which they are directors and/or shareholding in the Company.

The Board recommends the Ordinary Resolution as set out at Item No. 6 of the Notice for approval by the Members.

**Registered Office:**

405, Deepali Building,  
92, Nehru Place,  
New Delhi-110019  
CIN: L15142DL1974PLC007349

By order of the Board

Sd/-  
**( Akshay Modi )**  
Executive Director  
DIN No.03341142

**New Delhi, August 8, 2016**

**DETAILS OF THE DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING PURSUANT TO REGULATION 36 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

**Shri Anil Modi - Chairman and Managing Director**

Shri Anil Modi, 59, is one of the founding members of Modi Naturals Limited and is the guiding force behind Modi Naturals. He possesses over three decades of invaluable experience in the business; experience that strengthens decision making process of the Company and its future plans. He holds 4545922 equity shares in the company.

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

He is also on the Board of Halwasiya Properties Private Limited, The Solvent Extractors Association of India and Modi Infratech Private Limited.

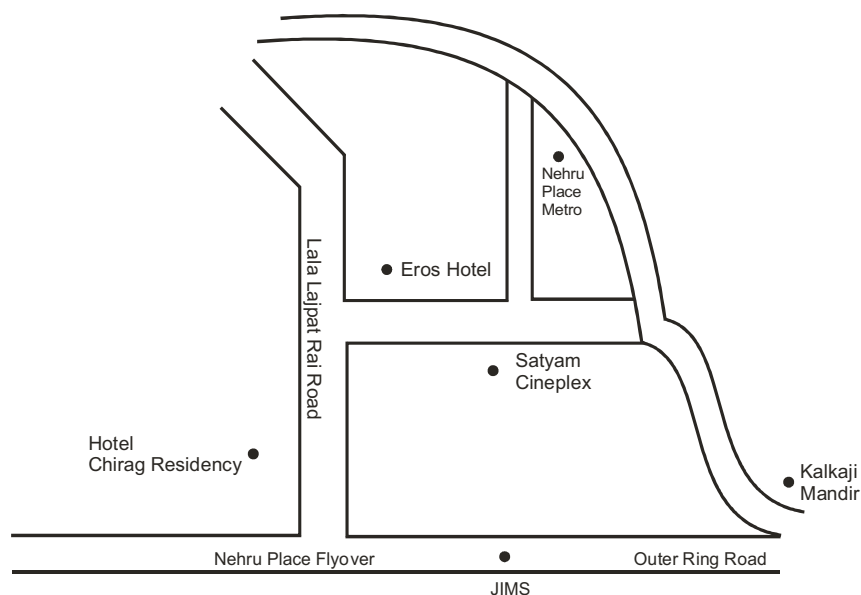
To satisfy the requirements of the provisions of the Companies Act, 2013, Shri Anil Modi, Chairman & Managing Director of the Company is made liable to retire by rotation and if re-appointed, his existing terms and conditions of employment with the Company shall remain unchanged.

**Shri Akshay Modi - Executive and Non Independent Director**

Shri Akshay Modi, 30, is an Engineer from the University of Leeds, U.K. He is a visionary entrepreneur who has conceptualized the launch of Edible Oils in consumer packs under 'Oleev', 'Tarai', 'Rizolo', 'Miller' and 'Olivana wellness'. He holds 455236 equity shares in the company.

He is also on the Board of Modi Infratech Private Limited and member of Indian Olive Association.

The route map of the venue of the AGM is given herein below. The prominent landmark near the venue is Eros Hotel.



## DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present the 42nd Annual Report and Audited Accounts of the Company for the financial year ended March 31, 2016.

### 1. Financial highlights

The summarised financial results for the year ended March 31, 2016 and for the previous year ended March 31, 2015 are as follows: -

(in lakh)

Particulars	2015-16	2014-15
<b>Revenue from Operations / Net Sales</b>	26930.35	23194.87
Other Income	243.09	199.81
Profit before interest, depreciation and tax	886.24	421.64
Profit before exceptional item and tax	419.23	14.52
<b>Profit before tax</b>	<b>419.23</b>	<b>14.52</b>
<b>Tax expense</b>		
-Current Tax	94.00	7.58
-Deferred Tax	128.34	(8.84)
<b>Profit after tax</b>	<b>196.88</b>	<b>15.78</b>
<b>EPS (face value of Rs.10/- each)</b>		
-Basic & Diluted	1.77	0.14

The Company achieved gross turnover including other income of Rs 27,173.44 Lacs and posted net profit of Rs.196.88 Lacs for the financial year ended on 31st March, 2016 as against gross turnover including other income of Rs. 23,394.68 Lacs and net profit of Rs. 15.78 Lacs in the previous financial year.

### 2. State of company affairs and future outlook

In the current financial year, the company continues to focus on growth of its branded business and is confident that the consumer business will continue its steady growth, which is in line with our medium to long term strategy. The flagship brand where the company is seeing a growing leadership position is:

**Oleev** - olive oils and healthy oils

Other than that we have developed the following value added products:

**Rizolo** - India's Finest - Rice Bran Oil

**Miller** - Canola Oil with low absorption technology

**Olivana Wellness** - massage oils.

Whilst Rizolo and Miller have a direct fit in the edible oil stable, Olivana Wellness is the company's foray into the personal care segment of FMCG. With the launch of the new brands of packaged edible oils, the focus is slowly tilting more towards enhancing value through well branded consumer focused products. The Company is also creating niche brands in edible oils and blended oils which have various health benefits and thereby commanding a premium in the marketplace.

By increasing its foothold across all major distribution platforms like wholesale, modern retail, ecommerce etc., the Company is poised to strengthen its brand presence across the country. The Company has launched its largest advertisement campaign until now to strengthen its brand presence and improving brand recall.

In the years to come, Modi Naturals visualizes itself as a major contributor to the Indian FMCG sector and primarily the branded edible oil industry.

### 3. Change in nature of business

The Company is engaged in the business of manufacturing and marketing of Edible oil and De-oiled cake. There was no change in the nature of business of your company during the year.

### 4. Dividend

No dividend is proposed for the financial year ended March 31, 2016.

### 5. Transfer to reserves

No amount is proposed to be transferred to reserves.

## 6. Change in Share Capital

Your Company has neither issued any equity shares with differential rights nor granted any employees stock options / sweat equity shares to the directors, officers or employees of the Company during the year.

## 7. Deposits from public

During the year, your Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 and there is no outstanding amount of deposits at the end of the financial year.

## 8. Extract of Annual Return

As provided under Sections 134(3) (a) and 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the extract of annual Return in Form MGT-9 is given in "**Annexure-1**" which forms part of this report.

## 9. Number of Board Meetings

During the financial year ended March 31, 2016, the Company had ten (10) Board meetings on April 10, 2015, May 30, 2015, August 12, 2015, September 2, 2015, October 15, 2015, November 14, 2015, November 30, 2015, January 27, 2016, February 3, 2016, and March 30, 2016 respectively.

## 10. Particulars of loans, guarantees and investments

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the Note no. 14 and 19 to the Financial Statements.

## 11. Particulars of contracts or arrangements with related parties

All related party transactions that were entered into during the year were on arm's length basis and were in the ordinary course of the business. There are no materially significant related party transactions made by the Company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with interest of the Company at large. The details of related party transactions are provided in Note no. 34 to the Financial Statements.

During the year, pursuant to Section 177 of the Companies Act, 2013 and erstwhile Clause 49 of the Listing Agreement and/or Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, all related party transactions were placed before the Audit Committee and also for the Board approval, wherever required.

## 12. Auditors and Auditors' Report

### Statutory Auditors'

Pursuant to the provisions of Section 139 of the Act and the rules framed there under, Messrs K. K. Jain & Co., Chartered Accountants, were appointed as statutory auditors of the Company from the conclusion of the 40th annual general meeting (AGM) of the Company held on August 19, 2014 till the conclusion of the 43rd Annual General Meeting, subject to ratification of their appointment at every Annual General Meeting. In terms of the first proviso to Section 139 of the Companies Act, 2013, the appointment of the auditors shall be placed for ratification at every Annual General Meeting. Accordingly, the appointment of Messrs K. K. Jain & Co, Chartered Accountants, as statutory auditors of the Company, is placed for ratification by the shareholders at the 42nd Annual General Meeting of the Company. In this regard, the Company has received a certificate from the auditors to the effect that if they are reappointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

There are no qualifications made by the Auditors in their Report which requires any explanation from the Board of Directors of the Company. The Notes to Accounts referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

### Secretarial Auditors'

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Deepak Bansal & Associates, Company Secretaries to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith as "**Annexure 2**".

The said Secretarial Audit Report has no qualification, reservation or adverse remarks and it is self-explanatory. Thus there is no need to give any further explanation or comment by the Board.

### Cost Auditors'

Based on the Audit Committee's recommendations at its meeting held on August 8, 2016 and subject to approval by the Central Government, the Board recommends the appointment of M/s. Manisha & Associates as the Cost Auditors of the Company for the year ended on March 2016-17 at a remuneration of Rs. 60000/- plus traveling, lodging and boarding expenses. The remuneration payable to the Cost Auditors for the financial year 2016-17 requires ratification by the members at the ensuing annual general meeting.

The cost audit report for the financial year 2014-15 has been filed to the Central Government vide SRN S42517854 dated 28.10.2015. The Cost Audit Report for the financial year 2015-16, prescribed under Cost Audit Rules, 2014, is due to be filed with MCA on or before 30.09.2016 (being within 180 days from the end of reporting year).

**13. Material changes affecting the financial position of the company**

There are no material changes affecting the financial position of the Company.

**14. Conservation of energy, technology absorption, foreign exchange earnings and outgo**

The Particulars with regard to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo are given below:

**A. Conservation of energy:**

i) Steps taken or impact on conservation of energy:

ii) The steps taken by the company for utilizing alternate sources of energy

Your Company has taken adequate measures to ensure optimum use of all equipments so as to conserve energy.

iii) Capital Investment on energy conservation equipments: Nil

**B. Technology absorption, adaption and innovation:**

The company strives continuously to upgrade its technology adopted in all its operations.

**C. Foreign exchange earnings and outgo**

a) Earnings - Nil

b) Outgo - Rs. 486105

**16. Details of subsidiary, joint venture or associates**

The Company does not have any Subsidiary/Joint Venture/Associate Company.

**17. Risk management**

The Audit Committee has additional oversight in the area of financial risks and controls. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

**18. Directors and key managerial personnel (KMP)**

Ms. Purva Satija, Company Secretary and Compliance Officer of the Company resigned on 30.04.2015. On the basis of recommendation of Nomination and Remuneration Committee, the Board of Directors at its meeting held on 15th October, 2015 has appointed to Mr. Ankit Agarwal as Company Secretary from 15th October, 2015 in terms of provision of the Companies Act, 2013 and rules made thereunder.

Pursuant to Section 152 and other applicable provisions, if any, of the Companies Act, 2013, Mr. Anil Modi, Director of the Company retires by rotation at the ensuing Annual General Meeting, and being eligible, offers himself for re-appointment in accordance with the provisions of the said Act.

The Board of Directors in their meeting held on 08th August, 2016 has recommended to re-appoint Mr. Akshay Modi as Executive Non-Independent Director within the meaning of Section 196, 197 and 203 of the Companies Act, 2013 read with Schedule IV thereto and Rules made there under, for a further period of 3 (three) years from December 15, 2016 commencing immediately after the expiry of his current tenure on December 14, 2016, subject to retirement by rotation.

The Nomination and Remuneration Committee of the Board in its meeting held on 08th August, 2016 has considered and recommended the aforesaid re-appointments of Mr. Anil Modi and Mr. Akshay Modi to the Board for their approval.

The Board has considered that the presence of Mr. Anil Modi and Mr. Akshay Modi as Directors on the Board would be of immense benefit to the Company and has decided to recommend their reappointment for the approval of members of the Company at the ensuing annual general meeting of the company.

A brief resume of the Directors being appointed/ re-appointed, are furnished in the explanatory statement to the notice of the ensuing AGM.

**19. Details of significant & material orders passed by the regulators or courts or tribunal**

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

**20. Internal financial controls**

Your Company has a proper and adequate system of internal financial controls. This ensures that all assets are safeguarded and protected against loss from unauthorised use or disposition and the transactions are authorised, recorded and reported correctly. The internal financial control system has been designed to ensure that the financial and other records are reliable for preparing financial and other statements and for maintaining accountability of assets.

Audit Committee periodically reviews the performance of internal audit function and discusses internal audit reports with the Internal Auditor

**21. Fraud**

Neither the Statutory Auditors nor the Secretarial Auditors have brought to the notice of the Audit Committee or the Board of Directors or the Central Government the occurrence or brewing of any fraud in the Company.

**22. Code of conduct for regulating and reporting trading by insiders and for fair disclosure, 2015**

Your Company has adopted the "Code of Conduct for regulating & reporting trading by insiders and for fair disclosure, 2015" which, inter alia, prohibits purchase or sale of securities of the Company by Directors, employees and other connected persons while in possession of unpublished price sensitive information in relation to the Company.

**23. Disclosure of ratio of remuneration of directors and key managerial personnel**

As required under Section 197(12) read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the details of the ratio of the remuneration of each director to the median employee's remuneration and such other details as prescribed therein are given in "**Annexure-3**, which is attached hereto and forms a part of the Directors' Report.

**24. Particulars of employees**

The information required pursuant to Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, names and other particulars in respect of employees of the Company are required to be attached to the Directors' Report. In terms of Section 136 of the Act, the reports and accounts are being sent to the members and other entitled thereto, excluding the information on employees' particulars required to be disclosed in this report. The said information is available for inspection at Registered Office of the Company during the working hours and any member interested in obtaining such information may write to the Company Secretary.

**25. Personnel**

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.

**26. Code of conduct**

The Board of Directors has approved a Code of Conduct which is applicable to the Members of the Board and Senior Management Personnel in the course of day to day business operations of the Company. The Code has been posted on the Company's website ([www.modinaturals.com](http://www.modinaturals.com)).

**27. Audit committee**

The details pertaining to composition of Audit Committee are included in the Corporate Governance Report which forms part of this report.

**28. Corporate governance**

Your Company has complied with the requirements and disclosures that have to be made under the Code of Corporate Governance as required under Regulation 27(2) of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015. Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") the Company has executed fresh Listing Agreement(s) with the Stock Exchange(s).

As a listed company, necessary measures are taken to comply with the Listing Agreement with the Stock Exchange. A report on Corporate Governance, along with a certificate of compliance from the Statutory Auditors, forms part of this Annual Report. The Chairman & Managing Directors' declaration regarding compliance with 'Modi Naturals' Code of Conduct for Board Members and Senior Management' is attached to the Corporate Governance Report.

**29. Corporate social responsibility (CSR) policy**

The provisions of the Companies Act, 2013 relating to Corporate Social Responsibility are not applicable on the Company.

**30. Annual evaluation of board, committees & directors' performance**

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration and other Committees. The manner in which the evaluation has been carried out has been explained hereunder.

A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

In a separate meeting of independent Directors, performance of non-independent directors, performance of the board as a whole and performance of the Chairman was reviewed, taking into account the views of executive directors and non-executive directors of the company.

### Declaration from Independent Directors

As required by Section 149 (7) of the Companies Act, 2013, All Independent Directors of the Company have made declaration to the effect that they meet the criteria of independence as stipulated under Section 149(6) of the Act.

#### 31. Remuneration policy

The Nomination and Remuneration Committee recommend the appointment of Director, and their appointment or re-appointment, based on their qualifications, professional experience, positive attributes, view points, skills and area of expertise and independence. The Company follows a policy on remuneration of Directors and Senior Management employees, details of the same are given in the Corporate Governance Report. The Remuneration Policy has been posted on the Company's website ([www.modinaturals.com](http://www.modinaturals.com)).

#### 32. Whistle blower / vigilance policy

Your Company has established a whistle blower policy/vigil mechanism for the Directors, employees of the company, to report genuine concerns, calling the attention of the Audit Committee to some wrong doing occurring within an organization. Your Company has also provided adequate safeguards against victimization of whistleblowers who express their concerns against such wrongdoings occurring in the organization. The Company has also provided direct access to the chairman of the Audit Committee, in exceptional circumstances.

During the financial year 2015-16, there were no instances of unethical behaviour, fraud or violation of the company's code of conduct or ethics policy and no personnel have been denied access to the audit committee. The details of establishment of such mechanism are disclosed on the website of the Company viz. ([www.modinaturals.com](http://www.modinaturals.com)).

#### 33. Disclosure under sexual harassment of women at workplace, (prevention, prohibition & redressal) act, 2013

Your company did not come across any complaints by any employee during the year under review relating to the sexual harassment.

#### 34. Directors' responsibility statement

Pursuant to Section 134(5) of the Companies Act, 2013, the board of directors, to the best of their knowledge and ability, confirm that:

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- ii. the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- iii. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the directors had prepared the annual accounts on a going concern basis;
- v. the directors had laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively;
- vi. the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### 35. Acknowledgements

The Board of Directors take this opportunity to thank all its Shareholders, valued customers, banks, Government and Statutory Authorities, Investors and the Stock Exchange for their continued support to the Company. Your Directors also wish to place on record their deep sense of appreciation for the committed services by your Company's employees. Your Directors acknowledge with gratitude the encouragement and support extended by our valued Shareholders and the Promoters of the Company.

On behalf of the board of directors

Sd/-

Anil Modi

Chairman and Managing Director

DIN No.: 00187078

Place: New Delhi

Date: 08th August, 2016

**FORM NO. MGT 9  
EXTRACT OF ANNUAL RETURN  
(As on financial year ended on 31.03.2016)**

**Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014**

**I. REGISTRATION & OTHER DETAILS:**

1. CIN	L15142DL1974PLC007349
2. Registration Date	06.07.1974
3. Name of the Company	MODI NATURALS LIMITED
4. Category/Sub-category of the Company	Company limited by shares Indian Non Government Company
5. Address of the Registered office & contact details	405, Deepali Building, 92, Nehru Place, New Delhi-110019 Phone No-011-46597994 Website- www.modinaturals.com
6. Whether Listed Company	Listed
7. Name, Address & contact details of the Registrar & Transfer Agent, if any.	Name : Skyline Financial Services Private Limited Address : D-153A, Okhla Industrial Area, Phase-I, New Delhi - 110020 Facsimile: 011 - 26812682 Email: admin@skylinerta.com Website: www.skylinerta.com

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)**

S. No.	Name and Description of main products / services	NIC Code of the Product /service	% to total turnover of the company	
			2015-16	2014-15
1.	Edible oil	10402	67.84	65.31
2.	De-oiled rice bran	10406	31.59	29.47

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES - NIL**

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**  
**A) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2015]			No. of Shares held at the end of the year [As on 31-March-2016]			% Change during the year
	Demat	Physical	Total	Demat	Physical	Total	
<b>A. Promoters</b>							
<b>(1) Indian</b>							
a) Individual/ HUF	7259616	-	7259616	7559616	-	7559616	2.70
b) Central Govt	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-
d) Bodies Corp.	646000	-	646000	646000	-	646000	5.81
e) Banks / FI	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-
<b>(2) Foreign</b>							
<b>Total shareholding of Promoter (A)</b>	<b>7905616</b>	-	<b>7905616</b>	<b>8205616</b>	-	<b>8205616</b>	<b>2.70</b>
<b>B. Public Shareholding</b>							
1. Institutions							
a) Mutual Funds	-	-	-	-	-	-	-
b) Banks / FI	-	200	200	-	200	200	-
c) Central Govt	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-
g) FIs	1036000	-	1036000	721000	-	721000	-2.83
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	<b>1036000</b>	-	<b>1036200</b>	<b>721200</b>	-	<b>721200</b>	<b>-2.83</b>
<b>2. Non-Institutions</b>							
a) Bodies Corp.	74908	16450	91358	187489	16450	203939	1.01
i) Indian	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital up to Rs. 2 lakh	568296	1137524	1705820	576324	1083069	1659393	-0.44
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	352652	-	352652	260487	-	260487	-0.83
c) Others (specify)	26288	-	26288	274238	-	274238	2.22
Non Resident Indians	4500	-	4500	25837	-	25837	-
Hindu Undivided Families	20988	-	20988	40080	-	40080	-
Trusts	800	-	800	800	-	800	-
Clearing Members	-	-	-	3582	-	3582	-
<b>Sub-total (B)(2):-</b>	<b>1022144</b>	<b>1153974</b>	<b>2176118</b>	<b>1094599</b>	-	<b>2191118</b>	<b>-1.27</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>2058144</b>	<b>1154174</b>	<b>3212318</b>	<b>1815599</b>	<b>1096719</b>	<b>2912318</b>	<b>-2.70</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>							
<b>Grand Total (A+B+C)</b>	<b>9963760</b>	<b>1154174</b>	<b>11117934</b>	<b>10021215</b>	<b>1096719</b>	<b>11117934</b>	<b>-</b>



**B) Shareholding of Promoter-**

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Neha Modi	1,82,500	1.64	-	1,82,500	1.64	-	-
2	D D Modi HUF	40,858	0.37	-	40,858	0.37	-	-
3	Anil Modi HUF	1,20,750	1.09	-	265750	2.39	-	1.3
4	Anil Modi	43,90,922	39.49	-	45,45,922	40.89	-	1.4
5	Satya Modi	4,38,850	3.95	-	4,38,850	3.95	-	-
6	Akshay Modi	4,55,236	4.09	-	4,55,236	4.09	-	-
7	Nita Modi	16,30,500	14.67	-	16,30,500	14.67	-	-
8	Das Investments Pvt Ltd	6,46,000	5.81	-	6,46,000	5.81	-	-

**C) Change in Promoters' Shareholding (please specify, if there is no change)**

S.No.	Name of Shareholders	No of Shares At the Beginning of Year 01/04/2015 and End of The Year 31/03/2016	% To the Total Shares	Transaction Date	Increase / Decrease	Reason	Cummulative Shareholding Holding during the Period Between 01/04/2015 and 31/03/2016	% of Total Shares of the Company
1	Das Investments Private Limited	646000	5.81					
2	Akshay Modi	646000	5.81			Nil		
		455236	4.09			Nil		
3	Satya Modi	438850	3.95					
		438850	3.95			Nil		
4	D D Modi-HUF	40858	0.37					
		40858	0.37			Nil		
5	Neha Modi	182500	1.64					
		182500	1.64			Nil		
6	Nita Modi	1630500	14.67					
		1630500	14.67			Nil		
7	Anil Modi	4390922	39.49	30/10/2015	155000	Purchase	4545922	40.89
		4545922	40.89					
8	Anil Modi - HUF	120750	1.09	30/10/2015	145000	Purchase	265750	2.39
		265750	2.39					

**D) Shareholding Pattern of top ten Shareholders:  
(Other than Directors, Promoters and Holders of GDRs and ADRs):**

S.No.	Name of Shareholders	No of Shares At the Beginning of Year 01/04/2015 and End of The Year 31/03/2016	% To the Total Shares	Transaction Date	Increase / Decrease	Reason	Cummulative Shareholding Holding during the Period Between 01/04/2015 and 31/03/2016	% of Total Shares of the Company
1	Prime India Investment Fund Ltd	1036000	9.32	30/10/2015	-300000	Sale	736000	6.62
		721000	6.49	31/03/2016	-15000	Sale	721000	6.49

2	Mukul Agrawal	0	0	17/04/2015	2508	Purchase	2508	0.02
				24/04/2015	22175	Purchase	24683	0.22
				01/05/2015	25000	Purchase	49683	0.45
				19/06/2015	20000	Purchase	69683	0.63
				25/12/2015	-69683	Sale	0	0
				31/12/2015	134683	Purchase	134683	1.21
		134683	1.21					
3	Marytime Trimpex Private Limited	0	0	05/02/2016	22857	Purchase	22857	0.21
				12/02/2016	1785	Purchase	24642	0.22
				19/02/2016	26963	Purchase	51605	0.46
				26/02/2016	4028	Purchase	55633	0.5
				11/03/2016	7605	Purchase	63238	0.57
				25/03/2016	16985	Purchase	80223	0.72
				31/03/2016	19777	Purchase	100000	0.9
		100000	0.9					
4	Shivaz Rai	159773	1.44	18/12/2015	-12307	Sale	147466	1.33
				25/12/2015	-67693	Sale	79773	0.72
		79773	0.72					
5	Alok Garg	14000	0.13	01/05/2015	2000	Purchase	16000	0.14
				22/05/2015	11000	Purchase	27000	0.24
				17/07/2015	-15000	Sale	12000	0.11
				07/08/2015	1185	Purchase	13185	0.12
				27/11/2015	367	Purchase	13552	0.12
				04/12/2015	766	Purchase	14318	0.13
				11/12/2015	2123	Purchase	16441	0.15
				18/12/2015	20000	Purchase	36441	0.33
				08/01/2016	9590	Purchase	46031	0.41
46031	0.41							
6	Narpatkumar Kewalchand Chopra Huf .	0	0	21/08/2015	13467	Purchase	13467	0.12
				12/02/2016	10000	Purchase	23467	0.21
		23467	0.21					
7	M/S. Bela Properties Private Ltd	45612	0.41	17/07/2015	-9416	Sale	36196	0.33
				31/07/2015	-1196	Sale	35000	0.31
				04/12/2015	-2100	Sale	32900	0.3
				25/03/2016	-10000	Sale	22900	0.21
		22900	0.21					
8	Devrath Bakebihari Choursiya	0	0	31/03/2016	20000	Purchase	20000	0.18
		20000	0.18					
9	Skunk Agents Private Limited	0	0	17/07/2015	5004	Purchase	5004	0.05
				24/07/2015	976	Purchase	5980	0.05
				31/07/2015	369	Purchase	6349	0.06
				07/08/2015	3308	Purchase	9657	0.09
				14/08/2015	5343	Purchase	15000	0.13
				16/10/2015	2250	Purchase	17250	0.16
		17250	0.16					
10	Rupal Ramesh Goradia	0	0	14/08/2015	525	Purchase	525	0
				21/08/2015	1475	Purchase	2000	0.02
				28/08/2015	749	Purchase	2749	0.02
				04/09/2015	77	Purchase	2826	0.03
				11/09/2015	107	Purchase	2933	0.03
				18/09/2015	870	Purchase	3803	0.03
				23/09/2015	3097	Purchase	6900	0.06
				25/09/2015	742	Purchase	7642	0.07
				30/09/2015	185	Purchase	7827	0.07
				16/10/2015	2173	Purchase	10000	0.09
		30/10/2015	2	Purchase	10002	0.09		

				06/11/2015	998	Purchase	11000	0.1
				13/11/2015	1203	Purchase	12203	0.11
				20/11/2015	550	Purchase	12753	0.11
				27/11/2015	71	Purchase	12824	0.12
				11/12/2015	-1824	Sale	11000	0.1
				18/12/2015	-1000	Sale	10000	0.09
				25/12/2015	-868	Sale	9132	0.08
				31/12/2015	1868	Purchase	11000	0.1
				08/01/2016	2118	Purchase	13118	0.12
				15/01/2016	4382	Purchase	17500	0.16
				22/01/2016	6117	Purchase	23617	0.21
				29/01/2016	-1617	Sale	22000	0.2
				05/02/2016	-4000	Sale	18000	0.16
				12/02/2016	2000	Purchase	20000	0.18
				19/02/2016	1000	Purchase	21000	0.19
				26/02/2016	-1000	Sale	20000	0.18
				04/03/2016	-2000	Sale	18000	0.16
				18/03/2016	-5000	Sale	13000	0.12
		13000	0.12					
11	Ashok Banwarilal Singhania	0	0	17/04/2015	20000	Purchase	20000	0.18
				04/09/2015	-1000	Sale	19000	0.17
				23/09/2015	-3000	Sale	16000	0.14
				09/10/2015	-3405	Sale	12595	0.11
		12595	0.11					
12	Fairgrowth Financial Services Ltd.	9600	0.09					
		9600				Nil		
13	Ashish Nalinbhai Patel	8900	0.08					
		8900				Nil		
14	Prem Chand Gupta	38100	0.34	31/12/2015	-600	Sale	37500	0.34
				08/01/2016	-20000	Sale	17500	0.16
				12/02/2016	-1000	Sale	16500	0.15
				19/02/2016	-2000	Sale	14500	0.13
				25/03/2016	-6000	Sale	8500	0.08
		8500	0.08					
15	C L N Prasad	25405	0.23	10/04/2015	-400	Sale	25005	0.22
				17/04/2015	-5000	Sale	20005	0.18
				01/05/2015	1790	Purchase	21795	0.2
				08/05/2015	210	Purchase	22005	0.2
				22/05/2015	-1200	Sale	20805	0.19
				05/06/2015	25	Purchase	20830	0.19
				19/06/2015	-4000	Sale	16830	0.15
				10/07/2015	2900	Purchase	19730	0.18
				07/08/2015	-100	Sale	19630	0.18
				14/08/2015	100	Purchase	19730	0.18
				04/09/2015	-700	Sale	19030	0.17
				23/10/2015	-1500	Sale	17530	0.16
				30/10/2015	700	Purchase	18230	0.16
				20/11/2015	-546	Sale	17684	0.16
				04/12/2015	-3700	Sale	13984	0.13
				11/12/2015	-5556	Sale	8428	0.08
				18/12/2015	-2300	Sale	6128	0.06
				29/01/2016	1400	Purchase	7528	0.07
				05/02/2016	-4728	Sale	2800	0.03
				04/03/2016	-2600	Sale	200	0
		200	0					
16	Harsha Hitesh Javeri	57914	0.52	17/04/2015	-13000	Sale	44914	0.4
				14/08/2015	-34900	Sale	10014	0.09
				16/10/2015	-3126	Sale	6888	0.06
				18/03/2016	-6700	Sale	188	0
		188	0					

17	Hitesh Ramji Javeri	60260	0.54	17/04/2015	-50000	Sale	10260	0.09
				14/08/2015	-10159	Sale	101	0
		101	0					
18	C Sailaja	10400	0.09	29/05/2015	-500	Sale	9900	0.09
				19/06/2015	-1000	Sale	8900	0.08
				30/06/2015	100	Purchase	9000	0.08
				14/08/2015	-300	Sale	8700	0.08
				28/08/2015	-300	Sale	8400	0.08
				04/09/2015	-1000	Sale	7400	0.07
				27/11/2015	-100	Sale	7300	0.07
				11/12/2015	-5100	Sale	2200	0.02
				18/12/2015	-2200	Sale	0	0
	0	0						

**E) Shareholding of Directors and Key Managerial Personnel:**

S.No.	Name of Shareholders	No of Shares At the Beginning of Year 01/04/2015 and End of The Year 31/03/2016	% To the Total Shares	Transaction Date	Increase / Decrease	Reason	Cummulative Shareholding Holding during the Period Between 01/04/2015 and 31/03/2016	% of Total Shares of the Company
1	Akshay Modi (Director & KMP)	455236	4.09					
		455236	4.09			Nil		
2	Anil Modi (Director & KMP)	4390922	39.49	30/10/2015	155000	Purchase	4545922	40.89
		4545922	40.89					
3	S. S. Halwasiya (Director)	910	1.09					
		910	2.39			Nil		
4	Alok Garg (Director)	14000	0.13	01/05/2015	2000	Purchase	16000	0.14
				22/05/2015	11000	Purchase	27000	0.24
				17/07/2015	-15000	Sale	12000	0.11
				07/08/2015	1185	Purchase	13185	0.12
				27/11/2015	367	Purchase	13552	0.12
				04/12/2015	766	Purchase	14318	0.13
				11/12/2015	2123	Purchase	16441	0.15
				18/12/2015	20000	Purchase	36441	0.33
		08/01/2016	9590	Purchase	46031	0.41		
		46031	0.41					
5	Sulabh Singal (Director)	0	0.00					
		0	0.00			Nil		
6	Aditi Gupta (Director)	0	0.00					
		0	0.00			Nil		
7	Pradeep Kapoor (KMP-CFO)	0	0.00					
		0	0.00			Nil		
8	Purva Satija (KMP-CS)@	0	0.00					
		0	0.00			Nil		
9	Ankit Agarwal (KMP-CS)@	0	0.00					
		0	0.00			Nil		

@Ms. Purva Satija resigned on 30.04.2015. Mr. Ankit Agarwal was appointed as Company Secretary w.e.f 15.10.2015.

**V. INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment**

(Amount in Rs.)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	260473133	20942288		281415421
ii) Interest due but not paid				0
iii) Interest accrued but not due	469247	2186435		2655682
<b>Total (i+ii+iii)</b>	<b>260942380</b>	<b>23128723</b>		<b>284071103</b>
Change in Indebtedness during the financial year				
* Addition	3077099135	23611442		3100710577
* Reduction	2995153368	36150000		3031303368
Net Change	81945767	-12538558	0	69407209
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	342433932	8928723		351362655
ii) Interest due but not paid				
iii) Interest accrued but not due @	454215	1661442		2115657
<b>Total (i+ii+iii)</b>	<b>342888147</b>	<b>10590165</b>	<b>0</b>	<b>353478312</b>

@ This amount is included in Expenses Payable (Schedule 11 - Other Current liabilities)

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

(Amount in Rs.)

SN.	Particulars of Remuneration	Name of MD/ WTD/ Manager		Total Amount
		Anil Modi (MD)	Akshay Modi (WTD)	
<b>1</b>	<b>Gross salary</b>			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2475000.00	1810968.00	4285968.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
<b>2</b>	<b>Stock Option</b>	-	-	-
<b>3</b>	<b>Sweat Equity</b>	-	-	-
<b>4</b>	<b>Commission</b> - as % of profit - others, specify...	-	-	-
<b>5</b>	<b>Others, please specify</b>	-	-	-
	<b>Total (A)</b>	<b>2475000.00</b>	<b>1810968.00</b>	<b>4285968.00</b>
	<b>Ceiling as per the Act</b>	Remuneration paid is within the ceiling of 10% of the net profit of the Company calculated as per Section 198 of the Companies Act, 2013		

**B. Remuneration to Other Directors:** NIL

**C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD**

(Amount in Rs.)

SN	Particulars of Remuneration	Key Managerial Personnel				
		CEO	CS		CFO	Total Amount
		NA	Purva Satija @	Ankit Agarwal @	Pradeep Kapoor	
<b>1</b>	<b>Gross salary</b>					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	36667.00	352584.00	701430.00	1090681.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-
<b>2</b>	<b>Stock Option</b>	-	-	-	-	-
<b>3</b>	<b>Sweat Equity</b>	-	-	-	-	-
<b>4</b>	<b>Commission</b>	-	-	-	-	-
	- as % of profit	-	-	-	-	-
	- others, specify...	-	-	-	-	-
<b>5</b>	<b>Others, please specify</b>	-	-	-	-	-
	<b>Total</b>	-	<b>36667.00</b>	<b>352584.00</b>	<b>701430.00</b>	<b>1090681.00</b>

@ Ms. Purva Satija resigned on 30.04.2015. Mr. Ankit Agarwal was appointed as Company Secretary w.e.f 15.10.2015.

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL**

Form No. MR-3

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2016**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Members,  
M/s Modi Naturals Limited  
405, Deepali Building,  
92, Nehru Place,  
New Delhi-110 019

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Modi Naturals Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2016 (Audit Period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not Applicable to the Company during the audit period)
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not Applicable to the Company during the audit period)**
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not Applicable to the Company during the audit period)**
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not Applicable as the Company is not registered as Registrar to an Issue and Share Transfer Agent during the audit period)
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and **(Not Applicable to the Company during the audit period)**
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not Applicable to the Company during the audit period)**
  - (i) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, from its applicability i.e. from 1st December, 2015.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Limited for the compliances till its validity upto 30th November, 2015 during the year

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically to the Company:

- a) Food Safety and Standards Act, 2006 and rules made there under,
- b) Legal Metrology Act, 2009 and rules made there under
- c) VOPPA (Regulation) Order, 2011 and rules made there under,
- d) The Boilers Act, 1923 and rules made there under,

The company is registered with Food Safety and Standards Authority of India vide FSS License Nos. 10012051000395 and 10012051000407.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance except in few instances, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period there had been no specific events/ actions having bearing on company's affairs.

**For Deepak Bansal & Associates**  
**Company Secretaries**  
Sd/-  
**(Deepak Bansal)**  
Prop.  
FCS 3736; CP 7433

**Place:** New Delhi  
**Date:** 05th August, 2016

\*This report is to be read with our letter of even date which is annexed as 'Annexure A' and forms an integral part of this report.

#### 'ANNEXURE A'

To,  
The Members,  
Modi Naturals Limited  
405, Deepali Building,  
92, Nehru Place,  
New Delhi-110 019

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For Deepak Bansal & Associates**  
**Company Secretaries**  
Sd/-  
**(Deepak Bansal)**  
Prop.  
FCS 3736; CP 7433

**Place:** New Delhi  
**Date:** 05th August, 2016



**Annexure-3**
**Details Pertaining to Remuneration as required under section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.**

(i) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;	Ratio Managing Director and Employees	2.25 : 0.22	
	Ratio Director and Employees	1.65 : 0.22	
(ii) The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	Basis: Calculated on the basis of Salary increase/decrease during the year at any point of time as compared to salary drawn in March 2015.		
	<b>Name</b>	<b>Designation</b>	
		<b>% increase/ (decrease) in remuneration</b>	
	Mr. Anil Modi	Managing Director	12.50
	Mr. Akshay Modi	Director	13.79
	Mr. Pradeep Kapoor	CFO	13.61
	Ms. Purva Satija / Mr. Ankit Agarwal @	Company Secretary	68.78
(iii) The percentage increase in the median remuneration of employees in the financial year;	10% approx		
(iv) The number of permanent employees on the rolls of company;	The number of permanent employees on the rolls of the company as of 31.03.2016 was 545.		
(v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	Average increase in salaries of employees was about 10 % and average increase in remuneration of Key Managerial Personnel was 18.03%. And there is no exceptional increase in managerial remuneration.		
(vi) Affirmation that the remuneration is as per the remuneration policy of the company.	It is affirmed that the remuneration is as per the Remuneration Policy of the Company.		

@Ms. Purva Satija resigned on 30.04.2015. Mr. Ankit Agarwal was appointed as Company Secretary w.e.f 15.10.2015.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. Industry Structure and Development

#### a. Global Economic Condition

The global economy continues to face challenges such as declining commodity prices, subdued growth, volatile financial markets and fluctuating exchange rates. Several emerging economies are grappling with slowing growth, inflation, currency devaluations and high deficits. However, India seems to be the most stable growth market amongst emerging markets hence the medium to long term will see a lot of investment coming into India.

#### b. Overview of Indian Economy and Industrial Outlook

The new government has brought in a renewed focus on growth and is determined to make suitable reforms. Major reforms are taking time, but the India story is intact and growth is back at over 7%. With global commodity prices at a historical low, India, a huge importer of commodities is at a good position. The Reserve Bank of India (RBI) has reduced interest rates to supplement the government's growth initiatives and to identify new avenues of growth.

Due to moderated level of inflation, reduced current account deficit and fiscal consolidation, the Country is currently characterised as a stable macroeconomic situation, Furthermore, increased industrial production complimented by various government leading initiatives could further prove to be an impetus to the economy.

Rising incomes and growing youth population have been key growth drivers of the FMCG sector. Brand consciousness has also aided demand. Low penetration levels in rural market offers room for growth

### 2. Threats and Opportunities

#### a. Threats

With commodity prices falling across categories, the only threat visible in the short term is that of lower priced competitors.

#### b. Opportunities

With growth back on track, consumer confidence is back and can be seen across categories. This is supplemented by low commodity prices, which increases the consumer spending power and also FMCG margins. Higher margins can be used to fuel volume growth and innovation into new products and categories.

### 3. Segment, Product wise Performance

Your Company's sole business segment is manufacturing and marketing of Edible Oils and de-oiled cakes and geographical segment is India.

Since 2010, the company has slowly transitioned its business from the commoditized non-branded manufacturing and marketing of edible oils to making unique branded edible oils and also becoming India's third largest Blended Oil Brand.

The company's branded product portfolio includes Oleev Olive oil, Oleev Active oil (Blend of Olive oil and Rice Bran Oil), Rizolo Rice bran oil, Tarai shudh Mustard oil, Tarai Tasty+ (Blend of mustard and rice bran oil), Mi ller Canola Oil and Olivana Wellness Oil. In the non-branded segment, the company manufactures and markets Sunflower oil, Rice Bran oil, Mustard oil, Rice Bran wax and De-oiled cakes.

In FY'16 the Company's brand 'Oleev Active' has attained a significant market share of the premium 'healthy edible oil' segment, in organised retail and in few of the major chains. Your Company continues to support our flagship Oleev Active in this Category with adequate level of investments to ensure that our position in this category remains healthy and profitable while delivering the highest returns to our shareholders.

### 4. Outlook

An improvement in the macro-economic fundamentals is expected to ramp up demand by improving the overall consumer sentiment. The Company expects demand to pick up as and when the disposable income in the hands of consumers increases due to pick up in economic activity and various government initiatives like NREGA, 7th Pay commission, implementation of DBT schemes etc.

The company has a good product pipeline and has also been investing in various distribution channels to service the demand all across geographies. We are well poised to effectively capture the growth opportunities in the FMCG Sector.

### 5. Risk Management

Business risks exist for any enterprise having national and international exposure. Your Company also faces some such risks, the key ones being - a longer than anticipated delay in economic revival, unfavourable exchange rate fluctuations, emergence of inflationary conditions, rise in counterfeits and look-alikes and any unexpected changes in regulatory framework.

The Company is well aware of these risks and challenges and has put in place mechanisms to ensure that they are managed and mitigated with adequate timely actions.

## **6. 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.

## **7. Financial and Operational Performance**

During fiscal 2015-16, your Company recorded revenue from operations including other income of Rs. 27,173.44 Lacs, a growth of 16.2% over previous year.

The Company's EBIDTA grew by 117.9% to Rs. 886.24 Lacs. Consequently, our EBIDTA margins improved to 3.1% from 1.7% in the previous year. Profit after tax (PAT) for FY16 was Rs. 196.87 Lac, a growth of 1148% over FY15. PAT margins improved consequently to 0.7% from 0.04% in the previous year.

The year 2015-16 witnessed many new product launches as well as a revamp of some of our existing products.

## **8. Human Resource / Industrial Relations Development**

The Company's industrial relations are cordial at all locations. The Company lays great emphasis on proper management of human resources and believes that this is the most important ingredient for achieving excellence in performance and sustainable growth. The management constantly reviews the skill mix and takes appropriate steps to achieve desired skill mix.

## **9. Cautionary Statement**

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations might be construed as 'forward looking statements' within the meaning of applicable laws and regulations.

Actual results may differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downward trend in the FMCG industry, rise in input costs, exchange rate fluctuations and significant changes in political and economic environment.

## REPORT ON CORPORATE GOVERNANCE

Pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 effective from 1st December, 2015 ("SEBI Listing Regulations") the Company has executed fresh Listing Agreement with the BSE Limited.

The Company is in compliance with the requirements as stipulated under erstwhile Clause 49 of the Listing Agreement and regulations 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of regulation 46 of the SEBI Listing Regulations, as applicable, with regard to corporate governance.

### 1. 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.

### 2. BOARD OF DIRECTORS

The Composition of the Board of Directors and other details as on 31st March, 2016 is as under:

During the financial year ended March 31, 2016, the Company had ten (10) Board meetings on April 10, 2015, May 30, 2015, August 12, 2015, September 2, 2015, October 15, 2015, November 14, 2015, November 30, 2015, January 27, 2016, February 3, 2016, and March 30, 2016 respectively.

S. No.	Name of the Directors	Category	Designation	No. of Board Meetings attended	No. of Directorships of other companies held@	No. of Chairmanship and memberships in Committees of the Board of other Companies#	Attendance at Last AGM held on 30.9.2015
1.	Mr. Anil Modi (DIN-00187078)	Promoter, Executive	Chairman & Managing Director	10	Nil	Nil	Yes
2.	Mr. Akshay Modi (DIN-03341142)	Promoter, Executive	Whole time Director	10	Nil	Nil	Yes
3.	Ms. Aditi Gupta (DIN-01786037)	Non- Independent Non-Executive	Director	4	Nil	Nil	No
4.	Mr. S.S. Halwasiya (DIN-00020000)	Independent, Non-Executive	Director	6	Nil	Nil	Yes
5.	Mr. Alok Garg (DIN-01394308)	Independent Non-Executive	Director	9	Nil	Nil	No
6.	Mr. Sulabh Singal (DIN-05270534)	Independent Non-Executive	Director	5	Nil	Nil	No

#### Notes:

@ Excluding private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013.

# Committees viz. the Audit Committee and the Stakeholders Relationship Committee are considered.

- Mr. Anil Modi, Mr. Akshay Modi and Ms. Aditi Gupta are relatives of each other in terms of the definition of 'Relative' given under the Companies Act, 2013 read with the Rules made thereunder. None of other Directors are related to any other Director on the Board.
- None of the Non-Executive Directors, except Mr. Alok Garg and Mr. S. S. Halwasiya, who holds 46031 and 910 shares respectively, hold any shares or convertible instruments in the Company.
- The details of the familiarisation programme of the Independent Directors are uploaded on the website and can be accessed on ([http://www.modinaturals.com/corporate\\_governance.html](http://www.modinaturals.com/corporate_governance.html))

### 3. MEETING OF THE INDEPENDENT DIRECTORS

The Independent Directors met during the year under review, inter alia, to discuss review of the performance of Non-Independent Directors and the Board as a whole, review the performance of the Chairperson of the company, taking into account the views of the Executive Directors and Non- Executive Directors, assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

All the Independent Directors were present at the Meeting.

### 4. CODE OF CONDUCT FOR THE BOARD MEMBERS AND SENIOR MANAGEMENT

In line with the Regulation 17(5) of the SEBI Listing Regulations, the Company's Board of Directors has adopted a 'Code of Conduct and Ethics' ("the Code") 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](http://www.modinaturals.com/investor.htm).

The purpose of this 'Code of Conduct and Ethics' is to promote conduct of business ethically in an efficient and transparent manner and to meet its obligations to shareholders and all other stakeholders. The 'Code of Conduct' is also a tool in carrying out the Company's Business and Social responsibility in a more effective manner. The Code sets out a broad policy for one's conduct in dealing with the Company, fellow directors and employees and the external environment in which the Company operates.

As required under Chapter IV of the SEBI Listing Regulations, all Directors and senior management have affirmed compliance with the Code for the financial year ended March 31, 2016. A declaration to the effect, signed by the Chairman and Managing Director, is annexed to and forms part of this Annual Report.

### 5. COMMITTEES OF THE BOARD OF DIRECTORS

#### A. AUDIT COMMITTEE

The Audit Committee formed in pursuance to Regulation 18 of SEBI Listing Regulations and Section 177 of the Companies Act, 2013 is instrumental in reviewing the procedures of financial reporting besides reviewing the quarterly, half yearly, annual financial results of the Company, internal control systems, auditing and accounting matters including the recommendation for appointment of independent auditors, compliance with legal and statutory requirements and integrity of the Company's financial statements.

The Company Secretary of the Company acts as the Secretary of the Audit Committee. Shri Pradeep Kapoor, Chief Financial Officer of the Company and a representative of M/s K.K. Jain & Co, Statutory Auditors are permanent invitees to the Audit Committee.

Eight Meetings of the Audit Committee were held during the year under review on 30.05.2015, 12.08.2015, 02.09.2015, 15.10.2015, 14.11.2015, 30.11.2015, 27.01.2016 and 30.03.2016 respectively. The composition of the Audit committee and the details of meetings attended by its members are given below:

Name of Director	Category	Position held in the Committee	Number of meetings during the financial year 2015 -16	
			Held	Attended
Mr. S. S. Halwasiya	Independent, Non-Executive	Chairperson	8	6
Mr. Alok Garg	Independent, Non-Executive	Member	8	8
Mr. Anil Modi	Non-Independent, Executive	Member	8	8

#### B. NOMINATION AND REMUNERATION COMMITTEE

The Board of Directors have constituted a 'Nomination & Remuneration Committee' in terms of Section 178 (1) of the Companies Act, 2013. The terms of reference of the Committee cover evaluation of compensation and benefits for Executive Director(s), Non-Executive Director(s), KMP, framing of policies and systems of the Employee Stock Option Scheme and looking after the issues relating to major HR policies.

Four Meetings of the Nomination and Remuneration Committee were held during the year under review on 15.10.2015, 30.11.2015, 27.01.2016 and 30.03.2016 respectively. The composition of the Nomination and Remuneration Committee and the details of meetings attended by its members are given below:

Name of Director	Category	Position held in the Committee	Number of meetings during the financial year 2015 -16	
			Held	Attended
Mr. Sulabh Singal	Independent, Non-Executive	Chairperson	4	4
Mr. S. S. Halwasiya	Independent, Non-Executive	Member	4	3
Mr. Alok Garg	Independent, Non-Executive	Member	4	4

- **Remuneration Policy**

The Board upon recommendation of the Nomination and Remuneration Committee has adopted following Policies/ Framework in line with the SEBI Listing Regulations and the Companies Act, 2013.

- Remuneration Policy relating to remuneration of Directors, Key Managerial Personnel and other employees.
- Framework for evaluation of the Board, its Committees and individual Board Members including Independent Directors.
- Framework for determining qualifications, positive attributes and independence of a director
- Framework for the appointment of directors and senior management personnel.

- **Non-Executive Directors (including Independent Directors)**

Fees and compensation, if any, paid to any Non-Executive Director, including Independent Director shall be fixed by the Board of Directors and shall be previously approved by the shareholders, as may be required, at the general body meeting. Further, the Independent Directors shall not be entitled to any stock options.

- **Executive Directors**

The Board of Directors on the recommendation of the Nomination and Remuneration Committee fixes remuneration of Executive Directors (i.e. Managing Director/ Whole-Time Director) and thereafter the same is approved by the shareholders at a General Meeting. The remuneration structure comprises of salary, allowances, commissions, perquisites and employee benefits, if any.

The evaluation criteria of the Board, its Committees and individual Board Members including Independent Directors have been disclosed in the Director's Report which forms part of the Annual Report. The formal Remuneration policy of the Company is available on the Company's website at the following link-[http://www.modinaturals.com/corporate\\_governance.htm](http://www.modinaturals.com/corporate_governance.htm)

- **Remuneration to Directors**

Details of remuneration paid to Directors for the Financial Year 2015-16 is as under:- (In Rupees except Share data)

Name of Directors	Salary	Perquisites / Allowances	Commission	Sitting Fee	Total	Service Contract	No of Equity Share held
Mr. Anil Modi	2475000.00	-	-	-	2475000.00	•	4545922
Mr. Akshay Modi	1810968.00	-	-	-	1810968.00	#	455236
Mr. S. S. Halwasiya	-	-	-	-	-	\$	910
Mr. Alok Garg	-	-	-	-	-	\$	46031
Mr. Sulabh Singal	-	-	-	-	-	\$	-
Ms. Aditi Gupta	-	-	-	-	-	@	-

- The term of appointment is for 3 years commencing from 01st January, 2015, as approved in the 40th AGM held on 19.8.2014. Mr. Anil Modi is liable to retire by rotation.
- # The term of appointment is for 3 years commencing from 15th December, 2013, as approved in the 39th AGM held on 24.9.2013. Mr. Akshay Modi is liable to retire by rotation.
- \$ The term of appointment is for 5 consecutive years commencing from 01st August, 2014, as approved in the 40th AGM held on 19.8.2014.
- @ Rotational director
- Services of the Managing Director and Executive Director may be terminated by either party, giving the other party one month' notice or the Company paying one month' salary in lieu thereof. There is no separate provision for payment of severance fees.

The Company does not have any Stock Option Scheme and Pension Scheme.

The Company did not have any material pecuniary relationship or transactions with Non-Executive Directors during the year.

### C. **STAKEHOLDERS' RELATIONSHIP COMMITTEE**

The Board of Directors have constituted a 'Stakeholders Relationship Committee' in terms of Regulation 20 of SEBI Listing Regulations and Section 178(5) of the Companies Act, 2013. The Committee ensures cordial investor relations and oversees the mechanism for redressal of investors' grievances. The Committee specifically looks into redressing shareholders'/ investors' complaints/ grievances pertaining to share transfers, non-receipts of annual reports, non- receipt of dividend etc. and all other securities-holders related matters.

Five meetings of the stakeholders' relationship committee were held during the year on 02.09.2015, 15.10.2015, 30.11.2015, 27.01.2016 and 30.03.2016 respectively. The composition of the stakeholders' relationship committee and the details of meetings attended by its members are given below:

Name of Director	Category	Position held in the Committee	Number of meetings during the financial year 2015 -16	
			Held	Attended
Mr.Alok Garg	Independent, Non-Executive	Chairperson	5	5
Mr. S. S. Halwasiya	Independent, Non-Executive	Member	5	4
Mr.Anil Modi	Non-Independent, Executive	Member	5	5

Mr. Ankit Agarwal has been appointed as Company Secretary and Compliance Officer w.e.f. 15th October, 2015, who may be contacted for any matter relating to share transfers/ transmissions, non-receipt of Annual Reports, Dividend, etc.

Details of investor complaints received and redressed during the financial year 2015-16:

Pending as on 1 April, 2015	NIL
Received during the year	4
Resolved during the year	4
Pending as on 31 March, 2016	NIL

## 6. GENERAL BODY MEETINGS

The detail of last three AGM's are as follows:

Financial Year	Date	Venue	Time	No. of Special Resolutions passed
2014-15	September 30, 2015	Hotel Chirag Residency, B-18, Chirag Enclave, Nehru Place, Opp. Devika Tower, New Delhi-110019	12:15 P.M.	Nil
2013-14	August 19, 2014		11.00 A.M	5
2012-13	September 24, 2013		10.30 A.M	4

## POSTAL BALLOT

During the year under review, the Company has passed no resolution through the exercise of Postal Ballot.

No special resolution is proposed to be conducted through postal ballot at the AGM to be held on September 29, 2016.

## 7. OTHER 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". The board has approved a policy for related party transactions which has been uploaded on the Company's website at the following link-[http://www.modinaturals.com/corporate\\_governance.htm](http://www.modinaturals.com/corporate_governance.htm)

### • Disclosure of Accounting Treatment

The Company has complied with the appropriate accounting policies and has ensured that they have been applied consistently. There have been no deviations from the treatment prescribed in the Accounting Standards. The Management reviews the accounting treatments adopted and wherever deviations noted, will be presented in the Financial Statements. A detailed report on significant accounting policies is provided elsewhere in the Annual Report.

### • Details of non-compliance

There has not been any non-compliance, penalties or strictures imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority, on any matter relating to the capital markets during the last three years except payment of fine to BSE Limited towards delay of 5 days in filing of corporate governance report for the quarter June 2015.

### • Whistle Blower Policy / Vigil Mechanism

The Company has adopted a Whistle Blower Policy and has established the necessary vigil mechanism as defined under Regulation 22 of the SEBI Listing Regulations for directors and employees to report concerns about unethical behaviour. No person has been denied access to the Chairman of the audit committee. The said policy has been also put up on the website of the Company at the following link-[http://www.modinaturals.com/corporate\\_governance.htm](http://www.modinaturals.com/corporate_governance.htm)

- **Compliance with mandatory requirements and adoption of the non-mandatory requirements**

The Company has complied with all the applicable mandatory requirements of Chapter IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has adopted non-mandatory requirements wherever necessary.

A compliance certificate from the statutory auditors regarding compliance of conditions of corporate governance as required by Schedule V of the SEBI Listing Regulations is given as an annexure to this report.

- **Subsidiary Companies**

The Company does not have any subsidiary companies.

- **Web link**

As required by the SEBI Listing Regulations, the Company has also adopted Policy on Determination of Materiality for Disclosures, Policy on Archival of Documents and Policy for Preservation of Documents, which are disclosed on its website at the following link-[http://www.modinaturals.com/corporate\\_governance.htm](http://www.modinaturals.com/corporate_governance.htm)

- **Code of Conduct for Prevention of Insider Trading**

In compliance with the SEBI (Prohibition of Insider Trading) Regulations 2015, the Company has adopted a 'Code of Conduct to regulate, monitor and report trading by insiders and 'Code of practices and procedures for fair disclosure of unpublished price sensitive information' for its Directors, management and staff and other connected persons defined therein. These Codes lay 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. The Code of Conduct is posted on the Company's website - [www.modinaturals.com/investors.htm](http://www.modinaturals.com/investors.htm)

- **Legal Compliance Reporting**

The Board of Directors reviews quarterly report of compliance with respect to all laws and regulations applicable to the Company. The Company has devised a Legal Compliance reporting mechanism, wherein the Company Secretary shall obtain the Compliance status reports from the respective person who is responsible for compliance within the Company, and submit periodically a comprehensive compliance report to the Executive Director(s) of the Company.

Any non-compliance is seriously taken up by the Board, with fixation of accountability and reporting of steps taken for rectification of non-compliance.

- **Management Discussion and Analysis report forms part of the Directors' Report.**

- **CEO/ CFO Certification**

As required by the SEBI Listing Regulations 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 30th May, 2016. The same certificate is provided in this Annual Report.

## 8. 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](http://www.modinaturals.com/investor.htm). Presentations made to the institutional investors and analysts after the declaration of the quarterly, half-yearly and annual results are also displayed on the Company's website. The Quarterly Results, Shareholding Pattern and all other corporate communication to the Stock Exchange(s) are filed through BSE Listing Centre, for dissemination on its website.

- **Website**

The website [www.modinaturals.com.investor.htm](http://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](mailto:investors@modinaturals.com) for investors to contact the Company in case of any information and grievances.



**9. GENERAL SHAREHOLDERS INFORMATION**

<b>A.</b>	<b>Annual General Meeting (AGM) for FY 2015-16</b>			
	Date	September 29, 2016		
	Time	3.00 PM		
	Venue	Hotel Chirag Residency, B-18, Chirag Enclave, Nehru Place, Opp. Devika Tower, New Delhi-110019		
<b>B.</b>	<b>Financial Calendar</b>			
	<b>Financial Year</b>	April 1 - March 31		
	<b>Tentative Schedule for declaration of financial results during the financial year 2016-17</b>			
	First Quarter ending 30.06.2016	August 8, 2016		
	Second Quarter ending 30.09.2016	Upto November 14, 2016		
	Third Quarter ending 31.12.2016	Upto February 14, 2017		
	Annual and fourth quarter ending 31.03.2017	Upto May 30, 2017		
<b>C.</b>	<b>Dates of Book Closure</b>	From Saturday, September 24, 2016 to Thursday, September 29, 2016 (both days inclusive)		
<b>D.</b>	<b>Dividend Payment Date</b>	No Dividend is declared for the Financial Year 2015-16		
<b>E.</b>	<b>Listing on stock Exchanges</b>	BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001.		
<b>F.</b>	<b>Listing Fee</b>	Annual Listing Fee for the year 2016-17 as applicable has been paid to the Stock Exchange.		
<b>G.</b>	<b>Stock Code / Symbol</b> BSE Limited ISIN Number for NSDL and CDSL	519003; MODINATUR INE537F01012		
<b>H.</b>	<b>Company Identification Number (CIN)</b>	L15142DL1974PLC007349		
<b>I.</b>	<b>Market Price Data</b> High, Low (based on daily closing prices) and number of equity shares traded during each month in the year 2015-16 on BSE (Source: www.bseindia.com)			
	<b>Month</b>	<b>BSE</b>		
		<b>High (Rs.)</b>		
		<b>Low (Rs.)</b>		
		<b>Volume (No. of shares traded)</b>		
	April -2015	41.90	21.15	236593
	May - 2015	60.80	42.70	51754
	June - 2015	64.45	51.85	80649
	July - 2015	64	45	53384
	August - 2015	65.60	45	81196
	September - 2015	58.50	38	14503
	October - 2015	69.75	42	342480
	November - 2015	65.90	52.9	17187
	December - 2015	101.95	61.10	239194
	January - 2016	106.65	60.50	105268
	February - 2016	125.75	90.50	156290
	March - 2016	164.40	114.10	157709

**J. Shareholding Pattern as on March 31, 2016**

Sl. No.	Category of Shareholders	No of Shares held	No of Shares in De-mat Form	% Shareholding
<b>A.</b>	<b>Promoters and Promoters Group Shareholding</b>			
1.	Indian			
a.	Individuals / HUF	7559616	7559616	67.99
b.	Bodies Corporate	646000	646000	5.81
2.	Foreign	0	0	0.00
	<b>Total - (A)</b>	<b>8205616</b>	<b>8205616</b>	<b>73.80</b>
<b>B.</b>	<b>Public Shareholding:</b>			
<b>1.</b>	<b>Institutions:</b>			
a.	Mutual Funds	0	0	0
b.	Financial Institutions /Banks	200	0	0.00
c.	Foreign Institutional Investors	721000	721000	6.49
	<b>Sub-Total - B(1)</b>	<b>721200</b>	<b>721000</b>	<b>6.49</b>
<b>2.</b>	<b>Non-Institutions:</b>			
a.	Bodies Corporate	203939	187489	1.83
b.	Individuals	1916880	836811	17.24
c.	Any Other specify:			
i.	Non Resident Indians	25837	25837	0.23
ii.	Resident Indian HUF	40080	40080	0.36
iii.	Trusts	800	800	0.01
iv.	Clearing Member/House	3582	3582	0.03
	<b>Sub-Total - B (2)</b>	<b>2191118</b>	<b>1094599</b>	<b>19.71</b>
	<b>Total - B = B(1)+B(2)</b>	<b>2912318</b>	<b>1815599</b>	<b>26.20</b>
	<b>Grand Total (A + B)</b>	<b>11117934</b>	<b>10021215</b>	<b>100.00</b>

**K. Distribution of Holdings as on March 31, 2016**

Category	Number of Shareholders	% to Total Numbers	Share Holding Amount	% to Total Amount
Up to 5,000	3946	88.22	9585270	8.62
5,001 to 10,000	274	6.13	2192510	1.97
10,001 to 20,000	178	3.98	3115790	2.8
20,001 to 30,000	23	0.51	575440	0.52
30,001 to 40,000	6	0.13	205950	0.19
40,001 to 50,000	11	0.25	498030	0.45
50,001 to 1,00,000	14	0.31	919700	0.83
1,00,000 and Above	21	0.47	94086650	84.63
<b>Total</b>	<b>4473</b>	<b>100</b>	<b>111179340</b>	<b>100</b>

**L. Registrar and Share Transfer Agents**

The Company has appointed M/s Skyline Financial Services Pvt. Ltd. as its Registrar and Transfer Agent for handling the share registry work relating to shares held both in physical and electronic form at a single point. The shareholders may address their communications and any grievances or queries pertaining to share transfer/demat including physical transfer requests and demat requisition forms, to the Registrar & Transfer Agent of the Company at the following address:

Skyline Financial Services Pvt. Ltd.  
D-153A, Okhla Industrial Area, Phase - I,  
New Delhi-110 020  
Tel: 011-26812682  
E-mail: admin@skylinerta.com

**M. Share Transfer System**

To expedite the process and disposal of share transfers in physical form, the Board of Directors has delegated the power of share transfer, transmission, split /consolidation of share certificates, to the Registrar and Transfer Agent (RTA) of the Company viz. M/s Skyline Financial Services Pvt. Ltd.

Transfers in physical form are registered by the Registrar and Share Transfer Agent immediately on receipt of completed documents and certificates are issued within 15 days of date of lodgement of transfer. Invalid share transfers are returned within 15 days of receipt.

A periodic report of transfer/transmission/demat/re-mat etc. of securities of the Company so approved by RTA is placed at every subsequent Board meeting / Stakeholders' Relationship Committee meeting. The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of the SEBI Listing Regulations and files a copy of the said certificate with Stock Exchanges. The Company Secretary monitors the system.

All requests for dematerialisation of shares are processed and the confirmation is given to respective Depositories i.e., National Securities Depository Limited and Central Depository Services (India) Limited, generally within 21 days.

**N. SCORES (SEBI Complaints Redressal System)**

SEBI complaints redressal system i.e. SCORES is an online complaints redressal system for investors / shareholders. Through this system a shareholder can lodge complaint against a company for his grievance. The Company uploads the action taken on the complaint which can be viewed by the shareholder.

**O. Dematerialisation of shares and liquidity**

The Company's shares are compulsorily traded in dematerialised form on BSE. 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. Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE537F01012.

As at March 31, 2016, a total of 1,00,21,215 Equity Shares of the Company, constituting 90.13% of the paid-up share capital, stands dematerialised.

To enable us to serve our investors better, we request shareholders whose shares are in the physical mode to dematerialize their shares and update their email address and bank accounts with the respective depository participants.

**P. Share Capital Reconciliation Report**

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.

**Q. Transfer of unclaimed / unpaid amounts to the Investor Education and Protection Fund ("IEPF")**

Pursuant to Sections 205A and 205C of the erstwhile Companies Act, 1956 and other applicable provisions, if any, of the Act, unclaimed balance of the dividends lying in the dividend accounts in respect of the dividend declared till FY 2006-2007, remaining unclaimed / unpaid for a period of seven years from the date they became -due for payment, in relation to the Company, have been transferred to the IEPF established by the Central Government. No claim shall lie against the IEPF or the Company for the amounts so transferred prior to March 31, 2016, nor shall any payment be made in respect of such claims.

The Company has uploaded the information in respect of the Unclaimed Dividends in respect of the Financial year 2006-2007 on the website of the IEPF viz. [www.iepf.gov.in](http://www.iepf.gov.in) and under 'Investor Section' on the website of the Company - ([www.modinaturals.com](http://www.modinaturals.com)).

**R. Commodity price risk or foreign exchange risk and hedging activities**

We manage our exposure to commodity risks and foreign exchange risks through a mechanism including monitoring market dynamics on an ongoing basis, strategic buying decisions, forward cover for foreign currency time to time etc.

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<b>S. Outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments, Conversion date and likely impact on Equity</b>	The Company does not have any outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments.
<b>T. Plant Location</b>	Bisalpur Road, Pilibhit - 262001, Uttar Pradesh
<b>U. Address for Correspondence</b>	
• <b>Registrar and Share Transfer Agents</b>	<b>Skyline Financial Services Pvt. Ltd.</b> D-153A, Okhla Industrial Area, Phase - I, New Delhi-110 020 <b>Tel.:</b> 011-26812682 <b>E-mail:</b> admin@skylinerta.com
• <b>Company</b>	<b>Registered Office:</b> 405, Deepali Building 92, Nehru Place New Delhi - 110019 www.modinaturals.com  <b>Contact Person:</b> Company Secretary <b>Tel:</b> 011-41889999 <b>Fax:</b> 011-46597994 <b>E-mail:</b> investors@modinaturals.com

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## AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE

### To the Members of Modi Naturals Limited

We have examined the compliance of conditions of Corporate Governance by Modi Naturals Limited ('the Company') for the year ended 31st March, 2016, as stipulated in Clause 49 of the Listing Agreement of the said Company with the BSE Ltd for the period 1st April 2015 to 30th November 2015 and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as referred to in Regulation 15(2) of the Listing Regulations for the period 1st December 2015 to 31st March 2016.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company, for ensuring compliance with 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 and based on the representations made by Directors and the Management, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement / Listing Regulations as applicable.

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 K.K. Jain & Co.**  
**Chartered Accountants**  
**Firm's Registration No. 002465N**

**Sd/-**  
**(Simmi Jain)**  
**Partner**  
**M. No. 86496**

**Place:** New Delhi  
**Date:** May 30, 2015

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**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 statements of Modi Naturals Limited for the financial year ended on March 31, 2016 and to the best of our knowledge and belief certify that:
  - (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 year 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 not come across any reportable deficiency in the design or operations of such internal controls.
- 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 year;
  - (ii) There has not been any significant change in accounting policies during the year; and
  - (iii) There are no instances of significant fraud of which we have become aware.

This certificate is being given pursuant to Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Sd/-  
**Anil Modi**  
Chairman & Managing Director  
DIN No. : 00187078

Sd/-  
**Pradeep Kapoor**  
Chief Financial Officer

**Place:** New Delhi  
**Date:** 30th May, 2016

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**DECLARATION-COMPLIANCE WITH THE CODE OF CONDUCT**

I hereby declare that the Board members and the Senior Management Personnel have affirmed compliance with the "Code of Conduct and Ethics" of the Company for the financial year ended on March 31, 2016.

**Place:** New Delhi  
**Date:** 30th May, 2016

**For Modi Naturals Limited**  
Sd/-  
**(Anil Modi)**  
Chairman and Managing Director  
DIN No. : 00187078

## Independent Auditor's Report

### To the Members of Modi Natural Limited

#### Report on the Financial Statements

1. We have audited the accompanying financial statements of Modi Natural Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; safeguarding the assets of the Company; preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at 31 March 2016, and its profit and its cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
8. Further to our comments in annexure A, as required by Section 143(3) of the Act, we report that:
  - a. we have sought and 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 it appears from our examination of those books,
  - c. the financial statements dealt with by this report are in agreement with the books of account ;
  - d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
  - e. on the basis of the written representations received from the directors as on 31 March 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in

terms of Section 164(2) of the Act;

- f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- g. in our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements in note 30.
  - ii. The Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise
  - iii. There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of delay in transferring such sums does not arise

**For K. K. JAIN & CO.**  
**Chartered Accountants**  
**Firm Registration No.002465N**

**Sd/-**  
**(Simmi Jain)**  
**Partner**  
**M. No.86496**

**Place:** New Delhi  
**Date:** 30.05.2016

**Annexure A referred to in paragraph 7 of our Report of even date to the members of Modi Naturals Limited on the accounts of the company for the year ended 31st March, 2016**

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The title deeds of all the immovable properties are held in the name of the Company.
- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on physical verification.
- (iii) The company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under section 189 of the Act.
- (iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 or Section 186 of the Act.
- (v) The Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products and 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 the cost records with a view to determine whether they are accurate or complete.
- (vii) (a) The Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) The dues outstanding in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

**Statement of Disputed Dues**

Name of the Statute	Nature of Dues	Amount	Period to which amount relates	Forum where dispute is pending	Remark
Central Excise	Excise Duty	2,64,63,303	1-4-08 to 30-09-13	Additional Commissioner Central Excise Meerut II Uttar Pradesh	Demand Stayed Vide order No. SO/54452-54453/2014-Ex(DB) by The Hon'ble CESTAT
Central Excise	Excise Duty	58,30,856	1-10-13 to 31-03-15	Additional Commissioner Central Excise Meerut II Uttar Pradesh	Show Cause Notice was Issued and the Company has filed its reply.

- (viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the year. The Company did not have any outstanding debentures during the year.
- (ix) In our opinion, the term loans were applied for the purposes for which the loans were obtained. The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) during the year.
- (x) According to the information and explanation given to us, no fraud by the Company or on the company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) Managerial remuneration has been paid (and)/ provided by the company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable accounting standards.



- (xiv) During the year, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

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

Place: New Delhi  
Date: 30.05.2016

#### **Annexure - B to the Auditors' Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of M/s Modi Naturals Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and

expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For K. K. JAIN & CO.**  
**Chartered Accountants**  
**Firm Registration No.002465N**

**Sd/-**  
**(Simmi Jain)**  
**Partner**  
**M. No.86496**

**Place:** New Delhi  
**Date:** 30.05.2016

**BALANCE SHEET as at 31.03.2016**

PARTICULARS	Note No.	Amount in Rs	
		As At 31.03.2016	As At 31.03.2015
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholder's funds</b>			
(a) Share Capital	3	1111,79,340	1111,79,340
(b) Reserves and Surplus	4	2045,63,077	1848,75,461
		<b>3157,42,417</b>	<b>2960,54,801</b>
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	5	85,46,372	11,21,383
(b) Deferred Tax liabilities (Net)	6	413,06,195	284,71,279
(c) Other Long term liabilities	7	3,85,875	3,86,642
(d) Long-term Provisions	8	78,02,130	57,62,255
		<b>580,40,572</b>	<b>357,41,559</b>
<b>3 Current Liabilities</b>			
(a) Short term borrowings	9	3419,19,930	2810,98,980
(b) Trade payables	10	599,86,905	973,91,914
(c) Other current liabilities	11	798,85,894	524,13,281
(d) Short term provisions	12	138,78,679	74,63,936
		<b>4956,71,407</b>	<b>4383,68,111</b>
<b>TOTAL</b>		<b>8694,54,397</b>	<b>7701,64,471</b>
<b>II ASSETS</b>			
<b>1. Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	13	1826,10,389	1799,68,374
(ii) Intangible assets		5,07,307	6,74,966
(iii) Capital work-in-progress		35,26,630	11,32,668
(b) Long-term loans and advances	14	85,73,139	68,78,635
(c) Other non-current assets	15	606,23,019	319,08,388
		<b>2558,40,484</b>	<b>2205,63,031</b>
<b>2. Current assets</b>			
(a) Inventories	16	4369,86,339	3960,28,394
(b) Trade receivables	17	1263,23,018	1183,96,276
(c) Cash and Cash equivalents	18	89,87,284	117,74,480
(d) Short-term loans and advances	19	100,46,016	79,08,929
(e) Other current assets	20	312,71,256	154,93,361
		<b>6136,13,913</b>	<b>5496,01,440</b>
<b>TOTAL</b>		<b>8694,54,397</b>	<b>7701,64,471</b>

Significant accounting policies 2

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

As per our report of even date, attached,

**For K. K. Jain & Co.**

Chartered Accountants

Registration No.: 002465N

**For and on behalf of the Board of Directors**

Sd/-

**Simmi Jain**

Partner

Membership No.: 86496

Sd/-

**Pradeep Kapoor**

Chief Financial Officer

Sd/-

**Anil Modi**

Managing Director

DIN-00187078

Sd/-

**Ankit Agarwal**

Company Secretary

Sd/-

**Akshay Modi**

Whole-time Director

DIN-03341142

Place : New Delhi

Date : 30.05.2016

**STATEMENT OF PROFIT AND LOSS** For Year Ended 31.03.2016

PARTICULARS	Note No.	Amount in Rs	
		For the year ended 31.03.2016	For the year ended 31.03.2015
<b>I Income</b>			
Revenue from Operation	21	27173,44,452	23394,68,084
<b>Total Income</b>		<b>27173,44,452</b>	<b>23394,68,084</b>
<b>II Expenses</b>			
Cost of Materials Consumed	22	21879,35,978	19789,33,586
Purchases of Stock in Trade	23	313,91,962	84,01,455
Changes in inventories of finished goods and Stock-in- trade	24	(502,35,403)	(88,38,448)
Employee benefits expense	25	1312,06,759	1111,46,545
Finance Costs	26	349,44,072	289,91,618
Depreciation and amortization expense	13	117,57,544	117,20,663
Selling and Distribution Expenses	27	1671,76,933	682,13,850
Other expense	28	1612,44,076	1394,47,241
<b>Total Expense</b>		<b>26754,21,921</b>	<b>23380,16,509</b>
<b>III Profit before tax (I-II)</b>		419,22,532	14,51,574
<b>IV Tax expense:</b>			
(1)Current tax		94,00,000	7,58,370
(2)Taxes for earlier year		-	-
(3)Deferred tax		128,34,916	(8,84,500)
<b>V Profit after Tax</b>		196,87,616	15,77,704
<b>VI Earnings per equity share (face value of Rs.10/- each)</b>	29		
(1)Basic		1.77	0.14
(2)Diluted		1.77	0.14

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,

**For K. K. Jain & Co.**

Chartered Accountants

Registration No.: 002465N

**For and on behalf of the Board of Directors**

Sd/-  
**Simmi Jain**  
Partner  
Membership No.: 86496

Sd/-  
**Pradeep Kapoor**  
Chief Financial Officer

Sd/-  
**Anil Modi**  
Managing Director  
DIN-00187078

Place : New Delhi  
Date : 30.05.2016

Sd/-  
**Ankit Agarwal**  
Company Secretary

Sd/-  
**Akshay Modi**  
Whole-time Director  
DIN-03341142

**CASH FLOW STATEMENT** For Year Ended 31.03.2016

PARTICULARS	For the year ended 31.03.2016	For the year ended 31.03.2015
<b>(A) CASH FROM OPERATING ACTIVITIES :</b>		
Profit before Taxation	419,22,532	14,51,574
<b>Adjustments for:</b>		
Depreciation	117,57,544	117,20,663
Foreign exchange fluctuation	29,11,932	(108,22,155)
Deferred revenue expenses incurred	(522,13,789)	(266,19,160)
Deferred revenue expenses written off	139,99,494	66,84,264
Provision for Gratuity	26,01,164	8,49,584
Profit(-)/loss on sale of assets (net)	(183,88,771)	(84,404)
Interest expenses	310,93,869	263,69,865
<b>Operating profit before working Capital changes</b>	<b>336,83,975</b>	<b>95,50,231</b>
<b>Adjustments for:</b>		
Trade and other receivable	(136,59,304)	(218,28,753)
Inventories	(409,57,945)	55,64,010
Trade payables	(168,25,856)	(311,65,775)
<b>Cash generated from operations</b>	<b>(377,59,130)</b>	<b>(378,80,287)</b>
Interest paid	(310,77,586)	(263,60,913)
Direct taxes paid (Net of Refund)	(51,35,629)	(44,48,467)
Cash flow before extraordinary items	(739,72,345)	(686,89,667)
Extra ordinary items (net)	-	-
<b>Net cash from operating activities (A)</b>	<b>(739,72,345)</b>	<b>(686,89,667)</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of fixed assets	(186,22,806)	(26,48,016)
Sale of fixed assets	203,85,714	90,790
<b>Net cash used in investing activities (B)</b>	<b>17,62,908</b>	<b>(25,57,226)</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from issue of share capital (including Share Warrants)	-	-
Proceeds from borrowings	896,52,709	703,41,427
Repayments of borrowings	(202,30,468)	(61,40,264)
Dividend paid	-	(3,63,732)
<b>Net Cash used in financing activities (C)</b>	<b>694,22,241</b>	<b>638,37,431</b>
<b>Net increase (decrease) in cash and Cash equivalents (A+B+C)</b>	<b>(27,87,196)</b>	<b>(74,09,462)</b>
Cash and cash equivalents opening	117,74,480	191,83,942
Cash and cash equivalents closing	89,87,284	117,74,480
Net increase/decrease(-) as disclosed above	<b>(27,87,196)</b>	<b>(74,09,462)</b>

As per our report of even date, attached,

**For K. K. Jain & Co.**

Chartered Accountants

Registration No.: 002465N

Sd/-

**Simmi Jain**

Partner

Membership No.: 86496

Sd/-

**Pradeep Kapoor**

Chief Financial Officer

Sd/-

**Ankit Agarwal**

Company Secretary

Sd/-

**Anil Modi**

Managing Director

DIN-00187078

Sd/-

**Akshay Modi**

Whole-time Director

DIN-03341142

Place : New Delhi

Date : 30.05.2016

## Notes to financial statements for the year ended March 31, 2016

### 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 notified under relevant provisions of the Companies Act, 2013.

#### B. Inventory Valuation

- |  |   |
|--|---|
| i. Raw Materials, Consumables,<br>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 | Depreciation on Fixed Assets is provided to the extent of depreciable amount on straight line method over the useful life of the asset as prescribed in Schedule II of the Companies Act, 2013.<br>Computer Software is amortised over 5 years on straight line method.<br>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	<p>(i) Income Tax : Provision for Income Tax liability has been computed after taking into account allowable deduction under provisions of Income Tax Act, 1961.</p> <p>(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.</p>
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	<p>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.</p> <p>Contingent Liabilities are not recognised but are disclosed, while Contingent Assets are neither recognised nor disclosed, in the financial statements.</p>
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.	

Particulars	As At 31.03.2016	As At 31.03.2015
<b>NOTE NO. 3 : SHARE CAPITAL</b>		
<b>Equity Share Capital</b>		
<b>Authorised</b>		
200,00,000 (Previous year 200,00,000) Equity Shares of Rs.10/- each	2000,00,000	2000,00,000
<b>Issued, Subscribed and Paid up</b>		
11117934 (Previous Year 11117934) Shares of Rs.10/- each fully called up	1111,79,340	1111,79,340
	<b>1111,79,340</b>	<b>1111,79,340</b>

**(3.1) Reconciliation of the number of shares**

	As At 31.03.2016		As At 31.03.2015	
	No of Shares	Amount (Rs)	No of Shares	Amount (Rs)
Equity Share Capital				
Number of shares at the beginning	111,17,934	1111,79,340	111,17,934	1111,79,340
Add : Shares issued during the year				
Conversion of Convertible warrants in to Equity Shares	0	0	0	0
<b>At the end of the year</b>	<b>111,17,934</b>	<b>1111,79,340</b>	<b>111,17,934</b>	<b>1111,79,340</b>

(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 31.03.2016		As At 31.03.2015	
	No of Shares	% age	No of Shares	% age
Mr. Anil Modi	45,45,922	40.89	43,90,922	39.49
Ms. Nita Modi	16,30,500	14.67	16,30,500	14.67
Das Investments Private Limited	6,46,000	5.81	6,46,000	5.81
Prime India Investment Fund Limited, Apex Fund Services	721000	6.49	10,36,000	9.32

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

- (i) 2026592 Shares (Previous Year 2026592) of Rs 10 each fully paid up allotted in the last five years to Shareholders of M/s J.P. Management Systems P Ltd pursuant to the scheme of amalgamation with the Company, for co nsideration other than cash.
- (ii) 4238967 shares (Previous Year 4238967) allotted as Bonus Shares by way of Capitalisation of Profits.
- (iii) 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.



**NOTE NO. 4 : RESERVE & SURPLUS**
**Capital Reserve**

As per Last Balance Sheet	89,81,650	89,81,650
Additions/Deductions/ Appropriations during the year	-	-
Closing Balance	<b>89,81,650</b>	<b>89,81,650</b>

**Profit & Loss Account**

As per Last Balance Sheet	905,13,495	892,52,060
Additions/Deductions/ Appropriations during the year	196,87,616	12,61,435
Net Surplus in the Profit & Loss	<b>1102,01,111</b>	<b>905,13,495</b>

**Securities Premium Reserve**

As per Last Balance Sheet	666,46,480	666,46,480
Additions/Deductions/ Appropriations during the year	-	-
Closing Balance	<b>666,46,480</b>	<b>666,46,480</b>

**General Reserve**

As per Last Balance Sheet	187,33,836	187,33,836
Additions/Deductions/ Appropriations during the year	-	-
Closing Balance	<b>187,33,836</b>	<b>187,33,836</b>
	<b>2045,63,077</b>	<b>1848,75,461</b>

**NOTE NO. 5 : LONG TERM BORROWINGS**
**Secured**
**Term Loans :**

Term Loans from Banks	85,47,445	15,04,115
Vehicle Loan - from Bank	7,04,191	-
- from Others	18,52,531	9,98,761
	<b>111,04,167</b>	<b>25,02,876</b>

**Less :**

Amount Disclosed under Current maturities of Long term debt (refer to note 11)	25,57,795	13,81,493
<b>Net Amount</b>	<b>85,46,372</b>	<b>11,21,383</b>

**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, Mrs. Nita Modi and Sh Akshay Modi.
- (b) Vehicle Loans are secured against hypothecation of respective Vehicles
- (c) Term of repayment and interest are as follows:-

Loan From	ROI*	No. of Installments Left	Year of Maturity
Term Loan from Banks	10.30%	60	2021
Vehicle Loan from Others Skoda	10.55%	25	2018
Vehicle Loan from Others Polo	10.47%	9	2016
Vehicle Loan from Banks Ford Eco Sport	10.10%	30	2018

\* Applicable Rate of Interest as on 31.03.2016

**Note No. 6 : Deferred Tax Liability (Net)**

	Deferred Tax Asset/ (Liability) as at 01.04.2015	Current Year (Charge)/ Credit	Deferred Tax Asset/ (Liability) as at 31.3.2016
<b>Liabilities :</b>			
Related to fixed assets	(274,13,396)	(6,13,478)	(280,26,874)
Taxes, Cess, PF under protest	(5,66,015)	(20,082)	(5,86,097)
Others	(112,30,986)	(115,18,030)	(227,49,016)
<b>Assets :</b>			
Benefits to Employees	23,32,864	8,03,759	31,36,623
Carry forward losses under Income Tax	84,06,254	(14,87,085)	69,19,169
<b>Total</b>	<b>(284,71,279)</b>	<b>(128,34,916)</b>	<b>(413,06,195)</b>

**NOTE NO. 7 : OTHER LONG TERM LIABILITIES**

Trade Payables	3,85,875	3,86,642
	<b>3,85,875</b>	<b>3,86,642</b>

**NOTE NO. 8 : LONG TERM PROVISIONS**

Provisions for Employee Benefits	78,02,130	57,62,255
	<b>78,02,130</b>	<b>57,62,255</b>

**NOTE NO. 9 : SHORT TERM BORROWINGS**
**Secured**

From Banks :

<b>Working Capital Facility</b>	2813,29,765	2179,70,257
Term Loan	500,00,000	400,00,000

**Unsecured**

From Companies	28,98,255	231,28,723
From Bank	-	-
Loan from Directors	76,91,910	-
Deposits	-	-
	<b>3419,19,930</b>	<b>2810,98,980</b>

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

**NOTE NO. 10 : TRADE PAYABLES**

Micro, Small and Medium Enterprises	-	-
Others	599,86,905	973,91,914
	<b>599,86,905</b>	<b>973,91,914</b>

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	-	-
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	-	-

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**NOTE NO. 11 : OTHER CURRENT LIABILITIES**

Current maturities of long term debt (refer to note 5)	25,57,795	13,81,493
Interest accrued but not due on borrowings	16,283	8,952
Unpaid Dividends	-	-
Book Overdraft	-	17,77,789
Expenses Payable	584,47,098	360,26,451
Statutory Dues Payable	55,54,430	49,82,781
Security Received	70,00,000	42,00,000
Advance From Customers	63,10,288	40,35,815
	<b>798,85,894</b>	<b>524,13,281</b>

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**NOTE NO. 12 : SHORT TERM PROVISIONS**

Provisions for Employee Benefits	23,48,755	17,87,466
Provision for Expenses	21,29,925	49,18,100
Provision for Taxes	94,00,000	7,58,370
	<b>138,78,680</b>	<b>74,63,936</b>

**NOTE NO. 13: DEPRECIATION**

ITEM	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	Cost as at 01.04.2015	Addition during the year	Sale & Adj. During The Year	Cost as at 31.03.2016	Up to 01.04.2015	For The Year	Adjustment For Sale During The Year	Up to 31.03.2016	As At 31.03.2016	As at 31.03.2015
<b>TANGIBLEASSETS (A)</b>										
Land	11075093	-	1627163	9447930	-	-	-	-	9447930	11075093
Building	37905218	-	-	37905218	11736334	1188160	-	12924494	24980724	26168884
Plant & Machinery	253448585	8825430	-	262274015	123429726	7251042	-	130680768	131593247	130018859
Electrical Equipment	4076732	-	-	4076732	1005146	401926	-	1407072	2669660	3071586
Furniture & Fixture	2108405	34012	-	2142417	1300887	116328	-	1417215	725202	807518
Laboratory Equipment	1792144	64582	-	1856726	693781	207704	-	901485	955241	1098363
Office Equipment	1004565	82515	-	1087080	856722	64522	-	921244	165836	147843
Computers	3097352	766247	-	3863599	2445446	414699	-	2860145	1003454	651906
Vehicles	13794476	6456058	1760790	18489744	6866153	1945504	1391010	7420648	11069096	6928323
<b>TOTAL</b>	<b>328302570</b>	<b>16228844</b>	<b>3387953</b>	<b>341143461</b>	<b>148334195</b>	<b>11589885</b>	<b>1391010</b>	<b>158533071</b>	<b>182610390</b>	<b>179968375</b>
Previous Year	325617679	3012228	327337	328302570	136763769	11891378	320951	148334195	179968375	188853910
<b>INTANGIBLEASSETS (B)</b>										
Computer Software	882954	-	-	882954	379590	133104	-	512694	370260	503364
Intangible Assets	361784	-	-	361784	190182	34555	-	224737	137047	171602
<b>TOTAL</b>	<b>1244738</b>	<b>-</b>	<b>-</b>	<b>1244738</b>	<b>569772</b>	<b>167659</b>	<b>-</b>	<b>737431</b>	<b>507307</b>	<b>674966</b>
Previous Year	1063787	180951	-	1244738	424218	145554	-	569772	674966	639569

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**NOTE NO. 14: LONG TERM LOANS AND ADVANCES**


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**Unsecured considered good**

Capital Advances	19,25,600	3,00,000
Security Deposits	62,46,420	64,81,496
Other loans and advances	4,01,119	97,139
	<b>85,73,139</b>	<b>68,78,635</b>

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**NOTE NO. 15: OTHER NON CURRENT ASSETS**


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**Unsecured considered good**

Trade Receivables	36,50,745	36,59,466
Vat Receivable	2,09,296	41,644
Deferred Revenue Expenditures	567,62,978	282,07,278
	<b>606,23,019</b>	<b>319,08,388</b>

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**NOTE NO. 16: INVENTORIES**


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Raw Materials and stores	1731,24,617	1817,66,450
Finished Goods	2533,65,936	2080,38,141
Trading Goods - Indigenous	1,800	1,800
Trading Goods - Imported	104,93,986	55,86,379
Promotional Material	-	6,35,624
	<b>4369,86,339</b>	<b>3960,28,394</b>

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**NOTE NO. 17: TRADE RECEIVABLES**


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**Secured considered good**

- Over Six Months

**Unsecured considered good**

- Over Six Months

- Others

-	-	-
51,63,656	2,77,967	
1211,59,362	1181,18,309	
<b>1263,23,018</b>	<b>1183,96,276</b>	

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**NOTE NO. 18: CASH AND CASH EQUIVALENTS**


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Balances with banks	32,88,670	55,02,448
Cheques/Draft on hand	25,000	-
Cash in hand/including Imprest	31,21,069	54,53,706
<b>Fixed deposits with banks against margin money* :</b>		
- with maturity period of more than 3 months but less than 12 months	25,52,544	8,18,326
- with maturity period of less than 3 months	-	-
	<b>89,87,284</b>	<b>117,74,480</b>

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

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**NOTE NO. 19: SHORT TERM LOANS AND ADVANCES**


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**Unsecured considered good**

Advance recoverable in cash or in kind or for value to be received	51,12,546	73,52,719
Advance Tax	49,33,469	5,56,210
	<b>100,46,016</b>	<b>79,08,929</b>

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**NOTE NO. 20: OTHER CURRENT ASSETS**


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Capital goods Vat Receivable	1,44,480	57,637
Deferred Revenue Expenditures	193,95,002	97,36,407
Interest Receivable	3,11,058	4,12,515
Other	114,20,716	52,86,802
	<b>312,71,256</b>	<b>154,93,361</b>

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**NOTE NO. 21: REVENUE FROM OPERATIONS**


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Sale of Products (Net of Rebate) (refer Note 39)	26939,15,388	23228,37,441
Less: Provision for Discount	8,79,761	33,50,000
<b>Net sales</b>	<b>26930,35,627</b>	<b>23194,87,441</b>
<b>Other operating income:</b>		
Interest Income	6,17,876	6,67,965
Profit on Sale of Fixed Assets	183,96,421	84,404
Foreign Exchange Fluctuation	-	108,22,155

Miscellaneous Income	40,00,541	52,63,825
Sundry Balances W/back/ Excess Provision W/ Back	12,93,987	31,42,295
	<b>27173,44,452</b>	<b>23394,68,084</b>

**NOTE NO. 22: COST OF MATERIAL CONSUMED**

(Refer Note 41)

Raw Material	20859,37,380	18940,55,359
Packing Material	651,65,803	437,81,139
Chemicals	368,32,794	410,97,088
	<b>21879,35,978</b>	<b>19789,33,586</b>

**NOTE NO. 23: PURCHASE OF TRADED GOODS**

(refer note 42)

Imported	209,30,522	-
Indigenous	104,61,440	84,01,455
	<b>313,91,962</b>	<b>84,01,455</b>

**NOTE NO. 24: CHANGES IN INVENTORIES OF FINISHED GOODS AND STOCK IN TRADE**
**INVENTORIES (at commencement) :**

Finished Goods	2080,38,141	1892,00,308
Stock In Trade	55,88,179	155,87,564
	<b>2136,26,320</b>	<b>2047,87,872</b>

**INVENTORIES (at close) : (refer note 40)**

Finished Goods	2533,65,936	2080,38,141
Stock In Trade	104,95,786	55,88,179
	<b>2638,61,722</b>	<b>2136,26,320</b>
	<b>(502,35,403)</b>	<b>(88,38,448)</b>

**NOTE NO. 25: EMPLOYEE BENEFITS EXPENSE**

Salaries, wages, allowances and bonus	1204,54,749	1042,24,367
Contributions to provident and other funds	66,84,248	47,17,954
Recruitment Expenses	9,00,801	9,52,890
Staff Welfare Expenses	4,26,066	3,08,432
Gratuity	27,40,895	9,42,902
	<b>1312,06,759</b>	<b>1111,46,545</b>

**NOTE NO. 26: FINANCE COSTS**

Interest expense on :		
- Short term borrowings	306,78,526	258,90,680
-Long term liabilities	4,15,342	4,79,185
Bank Charges	30,73,855	17,11,569
Other Financial Charges	7,76,348	9,10,184
	<b>349,44,072</b>	<b>289,91,618</b>

**NOTE NO. 27: SELLING AND DISTRIBUTION EXPENSES**

Brokerage and Commission	110,33,747	74,62,585
Freight Outward	577,73,490	289,58,783
Laboratory Expenses	1,83,104	2,44,605
Other Selling Expenses	975,50,968	313,30,441
Add : Opening Stock of Promotional Material	6,35,624	8,53,060
Less Stock of Biscuit And T Shirt	-	(6,35,624)
	<b>1671,76,933</b>	<b>682,13,850</b>

**NOTE NO. 28: OTHER EXPENSES**

Consumption of stores and spare parts	118,04,516	93,25,172
Power and fuel	778,33,369	854,99,714
Repairs :		
- Buildings	7,03,178	4,87,601
- Machinery	15,30,553	11,15,170
- Others	19,09,493	15,70,531
Insurance	23,79,086	20,28,365
Rates and taxes excluding taxes on income	16,51,025	12,06,369

Rent	75,84,873	53,08,924
Payment to Auditors (refer note 38)	5,15,250	5,05,620
Loss on Sale of Fixed Assets	7,650	-
Foreign Exchange Fluctuation	29,11,932	-
Service Tax/Entry Tax Paid	34,45,709	14,04,511
Deferred Revenue expenditures written off	139,99,494	66,84,264
Other Expenses	349,67,948	243,11,000
	<b>1612,44,076</b>	<b>1394,47,241</b>

#### NOTE NO. 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	111,17,934	111,17,934
- Shares issued during the year	-	-
- Total Number of equity shares outstanding at the end of the year	111,17,934	111,17,934
- Weighted average number of equity shares	111,17,934	111,17,934
(b) Net Profit (Loss) after tax available for shareholders	196,87,616	15,77,704
(c) Basic and diluted Earnings (in Rupees) per share	1.77	0.14

#### 30. CONTINGENT LIABILITIES (not provided for)

	This Year (Rs.)	Previous Year (Rs.)
i. Claim against the company not acknowledge as debts :		
- Sales Tax	-	40,000
- Provident Fund	54,62,669	54,62,669
- Excise Duty	3,27,06,216	3,06,49,361
ii. Sales Tax Liability against pending forms	45,49,026	45,61,570
iii. Capital commitment (net of advance)	80,39,675	3,00,900

#### 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 rec ords, the liability/ refunds of such taxes being accounted for on finalisation of assessment/demand.

33. Income tax assessments for and upto assessment year 2013-2014 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	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
<b>Expenses:</b>						
Remuneration	42,85,968	5,22,000	-	41,95,968	5,22,000	-
Perquisites						
Company's Contribution to Provident Fund	2,97,000	-		2,34,000	-	
Interest Paid	4,91,011	-	-	88,000	-	2,09,000
Fixed Deposit Repaid	-	-	-	8,00,000	-	19,00,000
Loan Taken	1,95,50,000	-	-	-	-	
Loan Repaid	1,23,00,000					
<b>Outstanding Payables:</b>						
Loan Payable	72,50,000	-	-	-	-	-
Interest Payable	1310689	-	-	-	-	-
Interest Payable	441910			1,70,787		

35. Defined Benefit Plans as per Actuarial Valuations as on March 31, 2016 and recognised in the financial statements in respect of Employee Benefit Schemes:

	As on 31.03.2016	As on 31.03.2015	As on 31.03.2014	As on 31.03.2013	As on 31.03.2012
	Gratuity Unfunded	Gratuity Unfunded	Gratuity Unfunded	Gratuity Unfunded	Gratuity Unfunded
<b>I Change in Present Value of Obligation</b>					
Present value of the obligation at the beginning of the year	7471259	6630906	4639306	3722967	3132413
Current Service Cost	1987351	1323621	1396520	654801	437117
Interest Cost	579023	530472	371144	297837	266255
Actuarial (Gain)/Loss on Obligation	174521	(911191)	262070	72625	124195
Benefits Paid*	(169009)*	(102549)*	(38134)	(108924)	(237013)
Past Service Cost	-	-	-	-	-
Present value of the obligation at the end of the year	10043145	7471259	6630906	4639306	3722967
*Includes Rs 1,07,740/- (Previous Year Rs.78,462/-) payable to resigned, retired, deceased and terminate employees.					
<b>II Change in Plan Assets</b>					
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	10043145	7471259	6630906	4639306	3722967
Fair value of Plan Assets at the end of the year					
Net Asset/(liability) recognized in balance sheet	(10043145)**	(7471259)**	(6630906)	(4639306)	(3722967)

\*\*Does not include gratuity of Rs 1,07,740/- (Previous Year Rs.78,462/-) payable to resigned, retired, deceased and terminated employee.

### IV Amounts Recognised in the statement of Profit and Loss

Current Service Cost	1987351	1323621	1396520	654801	437117
Interest cost on Obligation	579023	530472	371144	297837	266255
Expected return on Plan Assets	-	-	-	-	-
Past Service Cost	-	-	-	-	-
Net Actuarial (Gain)/Loss recognised in the year	174521	(911191)	262070	72625	124195
Net Cost included in Personnel Expenses	2740895	942902	2029734	1025263	827567

### V Actuarial Assumptions

Discount Rate	8%	7.75%	8%	8%	8.50%
Expected Rate of Return on Plan Assets	-	-	-	-	-
Salary Escalation Rate	6%	5.25%	6%	5.50%	6%
Employee Turnover					
Upto 30 years	3%	3%	3%	3%	3%
Upto 44 years	2%	2%	2%	2%	2%
Above 44 years	1%	1%	1%	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.75,84,873/- (Previous year Rs. 53,08,924/-)

38. Amount paid/payable to Auditors: (included under Other Expenses)	This Year	Previous Year
As Audit Fee	3,25,000	3,25,000
For Tax Audit	1,00,000	1,00,000
For Taxation Work	25,000	25,000
Service Tax	62,250	55,620
	<b>5,15,250</b>	<b>5,05,620</b>

39. Sales of Products comprises of:	2015-16	2014-15
<b>Manufactured Goods</b>		
- Oils	1799559192	1590396219
- Neem DOC	-	212737
- Deoiled Rice Bran	842750284	684432202
- Fatty	10238800	17385750
- Others	5208395	10655115
<b>Total - Sale of Manufactured Goods</b>	<b>2657756671</b>	<b>2303082023</b>
<b>Trading Goods:</b>		
- Other Oil	28151267	19755418
- DORB	8007450	-
<b>Total - Sale of Traded Goods</b>	<b>36158717</b>	<b>19755418</b>
<b>Total Sales</b>	<b>2693915388</b>	<b>2322837441</b>

40. Closing Stock of Finished Goods		
<b>Manufactured Goods</b>		
- Oils	197939584	164249351
- Deoiled Rice Bran	54349401	40714599
- Others	840141	1839139
- Fatty	236810	1235052
<b>Total</b>	<b>253365936</b>	<b>208038141</b>
<b>Trading Goods</b>		
- Other Oil	10493986	5586379
- Certified Sunflower Seed	1800	1800
<b>Total</b>	<b>10495786</b>	<b>5588179</b>

41. Material Consumed		
<b>A. Raw Material</b>		
- Rice Bran	1361396242	1157450775
- Oils	724541138	736604584
- Others	-	-
<b>Total</b>	<b>2085937380</b>	<b>1894055359</b>
<b>B. Chemical</b>		
- Hexane	11112743	14271265
- Activated Earth	15115481	15713074
- Others	10604570	11112749
<b>Total</b>	<b>36832794</b>	<b>41097088</b>

	<b>2015-16</b>	<b>2014-15</b>
<b>42. Purchase of Stock in Trade</b>		
- Oils	25136069	8401455
- Deoiled Rice Bran	6255893	-
<b>Total</b>	<b>31391962</b>	<b>8401455</b>
<b>43. Value of import on CIF basis of raw material</b> (includes Goods in Transit of Rs 2,63,29,544/- (Previous Year Rs 1,21,75,532/-))	113775304	128073521
<b>44. Expenditure in Foreign Currency</b>		
- Travelling Expenses	486105	304500
<b>45. Remittance in Foreign Currencies for Dividend</b>	-	-
<b>46. Earning in foreign currency</b>	-	-

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

	For the year ended 31.03.2016		For the year ended 31.03.2015	
	Amount	%	Amount	%
<b>(i) Raw Material</b>				
a. Imported	154449123	7.40	135900544	7.18
b. Indigenous	1931488257	92.60	1758154815	92.82
<b>Total</b>	<b>2085937380</b>	<b>100.00</b>	<b>1894055359</b>	<b>100.00</b>
<b>(ii) Packing Material</b>				
a. Imported	1014792	1.56	551195	1.26
b. Indigenous	64151012	98.44	43229944	98.74
<b>Total</b>	<b>65165804</b>	<b>100.00</b>	<b>43781139</b>	<b>100.00</b>
<b>(iii) Chemicals</b>				
a. Imported	-	-	-	-
b. Indigenous	36832794	100.00	41097088	100.00
<b>G Total</b>	<b>2187935978</b>		<b>1978933586</b>	

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,

**For K. K. Jain & Co.**

Chartered Accountants

Registration No.: 002465N

Sd/-

**Simmi Jain**

Partner

Membership No.: 86496

**For and on behalf of the Board of Directors**

Sd/-

**Pradeep Kapoor**

Chief Financial Officer

Sd/-

**Anil Modi**

Managing Director

DIN-00187078

Sd/-

**Ankit Agarwal**

Company Secretary

Sd/-

**Akshay Modi**

Whole-time Director

DIN-03341142

Place : New Delhi

Date : 30.05.2016

**FORM NO.: MGT - 11: PROXY FORM**

(Pursuant to section 105(6) of the Companies Act, 2013 and rule 19 (3) of the Companies (Management and Administration) Rules, 2014

**42nd Annual General Meeting**

**Thursday, 29th September, 2016**

**CIN** : L15142DL1974PLC007349  
**Name** : Modi Naturals Limited  
**Registered Office** : 405, Deepali Building, 92, Nehru Place, New Delhi-110019  
**Website** : www.modinaturals.com

Name of the member(s): _____ (IN BLOCK LETTERS)
Registered Address: _____
E-mail ID: _____
Folio No. / Client ID No.: _____
DP ID: _____

I/We, being the member(s) of ..... Shares of the above named company, hereby appoint:

1. Name:.....

Address:.....

E-mail ID: .....

Signature:.....or failing him / her

2. Name:.....

Address:.....

E-mail ID:.....

Signature:.....or failing him / her

3. Name:.....

Address:.....

.....

E-mail ID:.....

Signature:.....or failing him / her

As my / our proxy to attend and vote (on a poll) for me/ us and on my/ our behalf at the 42nd Annual General Meeting of the company, to be held on Thursday, 29th September, 2016 at 3.00 PM at Hotel Chirag Residency, B-18, C hirag Enclave, Nehru Place, Opp. Devika Tower, New Delhi - 110019.and at any adjournment thereof in respect of such resolutions as are indicated below:

\*\* I/We wish my/our above Proxy to vote in the manner as indicated in the box below:-

Resolution No.	Description of Resolutions	For	Against
1.	Adoption of the Audited Financial Statements of the Company for the year ended 31st March, 2016 together with the reports of the Directors' and Auditors' thereon.		
2.	Re-appointment of Mr. Anil Modi as a Director, who is retiring by rotation		
3.	Ratification of appointment of M/s K. K. Jain & Co. Chartered Accountants as Statutory Auditors of the Company		
4.	Re-appointment of Mr. Akshay Modi as Whole Time Director		
5.	Ratification of Payment of Remuneration of Cost Auditors for FY 2016-17		
6.	Invitation and acceptance of deposits from the shareholders of the company		

Signed this ..... day of ..... 20.....  
 Signature of shareholder(s) ..... Signature of Proxy holder(s) .....

**Notes:**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Annual General Meeting.
2. The Proxy Form should be signed across the Revenue Stamp as per specimen signature(s) registered with the Company/ Depository Participant.
3. A Proxy need not be a Member.
4. \*\*This is only optional. Please put a 'x' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

**Affix  
Revenue Stamp**

**MODI NATURALS LIMITED**  
**CIN: L15142DL1974PLC007349**  
**Reg. Office: 405, Deepali Building, 92, Nehru Place, New Delhi-110019**

**Attendance Slip**  
**42nd Annual General Meeting on Thursday, 29th September, 2016**

DP ID- Client ID No./ Folio No.....  
 No. of Share(s) held:.....  
 Name of the Member / Proxy:.....  
 Address of the Member:.....  
 .....

I/ We hereby record my/our presence at the 42nd Annual General Meeting of Modi Naturals Limited held on Thursday, 29th September, 2016 at 3.00 P.M. at Hotel Chirag Residency, B-18, Chirag Enclave, Nehru Place, Opp. Devi ka Tower, New Delhi - 110019.

.....  
**Signature of Member/ Proxy**

**Notes:**

1. Please complete this attendance slip and hand it over at the entrance of the meeting hall.
2. Members are informed that no duplicate slips will be issued at the venue of the meeting and are requested to bring this slip for the Meeting.

COURIER

*If undelivered, please return to:*



modi naturals limited

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