



## NOTICE

**Notice** is hereby given that the Seventh Annual General Meeting of the Members of Natures Basket Limited will be held on Thursday, the 13<sup>th</sup> day of August, 2015 at 3.00 P.M, at the Registered Office of the Company, Pirojshanagar, Eastern Express Highway, Vikhroli (E), Mumbai – 400 079, to transact the following business:-

### **ORDINARY BUSINESS:**

1. To consider and adopt the Audited Balance Sheet of the Company as at March 31 2015, Profit and Loss Account and Cash Flow Statement for the year ended on that date and the Boards' Report and Auditors' Report thereon.
2. To appoint a Director in place of Mr. Mohit Khattar (DIN 02673201) who retires by rotation and being eligible, offers himself for re-appointment.
3. To ratify the appointment of Auditors and fix their remuneration and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, M/s. Kalyaniwalla & Mistry, Chartered Accountants (Registration No.104607W), be and is hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the Ninth AGM of the Company to be held in the year 2017 (subject to ratification of their appointment at every AGM), at such remuneration plus service tax, out-of-pocket, travelling and living expenses, as may be mutually agreed between the Board of Directors of the Company and the Auditors."

### **SPECIAL BUSINESS:**

4. **Increase in Authorized Share capital of the Company as Special Resolution:**

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

**"RESOLVED THAT** pursuant to the provisions of Section 61(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications or re-enactment thereof, for time being in force), if any, consent of the members be and is hereby accorded to increase the Authorized Share Capital of the Company from Rs. 2,000,000,000/- (Rupees Two hundred Crore Only) divided into 200,000,000 (Twenty Crore) Equity Shares of Rs. 10/- (Rupees Ten) each to Rs. 2,350,000,000/- (Rupees Two Hundred and





Thirty Five Crore Only divided into 235,000,000 (Twenty Three Crore Fifty Lakh) Equity Shares of Rs. 10/- (Rupees Ten) each."

**"RESOLVED FURTHER THAT**, the Board of Directors and the Company Secretary of the Company be and are hereby jointly and / or severally authorized to do all such acts, deeds, matters and things as may be considered necessary, proper, expedient or incidental for the purpose of giving effect to this resolution."

**5. Amendment in the Memorandum of Association of the Company as an Ordinary Resolution:**

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

**"RESOLVED THAT** pursuant to the provisions of Section 13 and other applicable provisions, of the Companies Act, 2013 (including any statutory modifications or re-enactment thereof, for time being in force) if any, consent of the members be and is hereby accorded to amend the Memorandum of Association of the Company by substituting following clause V (i) in place of the existing:

"V (i) The Authorized Share Capital of the Company is Rs. 2,350,000,000/- (Rupees Two Hundred and Thirty Five Crore Only divided into 235,000,000 (Twenty Three Crore Fifty Lakh) Equity Shares of Rs. 10/- (Rupees Ten) each."

**"RESOLVED FURTHER THAT** the amended Memorandum of Association of the Company be and is hereby adopted."

**6. Rights Issue of the Share capital of the Company as a Special Resolution:**

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

**"RESOLVED THAT** pursuant to the provisions of Section 62 (1) and other applicable provisions, if any, of the Companies Act, 2013 (including any amendments, modifications, variation or re-enactment thereof), and subject to the Memorandum and Articles of Association of the Company and subject to such conditions and modifications as may be considered appropriate by the Board of Directors of the Company, consent of the members be and is hereby accorded to grant authority to the Board of Directors of the Company to exercise its powers as conferred by this resolution (to the extent permitted by law), to create, offer, issue and allot Equity shares to the existing members of the Company in one or more tranches, at such time or times, at such price or prices, as may be decided by the Board in its absolute





discretion at the time of issue of Equity shares in one or more offerings/tranches, provided that the total number of Equity Shares that may be issued pursuant to this resolution shall not exceed Rs. 35,00,00,000 (Thirty Five Crore) divided into 3,50,00,000 (Three Crore Fifty Lakh) Equity shares of Rs. 10 each".

**"RESOLVED FURTHER THAT** the approval is hereby accorded to the Board to issue and allot such number of Equity Shares as may be required to be issued and allotted or as may be necessary in accordance with the terms of the issue/ offering and all such Equity Shares shall rank pari passu with the existing Equity Shares of the Company in all respects."

**"RESOLVED FURTHER THAT** for the purpose of giving effect to the above the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds, matters and things as may be necessary with regard to the said issue and /or allotment of the equity shares, utilization of the issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto for the purpose of giving effect to the above resolution".

**7. Reappointment and Remuneration payable to Mr. Mohit Khattar as the Managing Director of the Company, in conformity with the Companies Act, 2013.**

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

**"RESOLVED THAT** pursuant to Sections 196, 197 & 203, read with Schedule V and all other applicable provisions, if any of the Companies Act, 2013, (including any statutory modification(s) or re-enactment thereof, for the time being in force) and the applicable rules framed under the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) consent of the members of the Company is accorded for reappointment of Mr. Mohit Khattar as Managing Director of the Company and for the remuneration payable to, including increase in remuneration and/or waiver of refund of excess remuneration and/or the remuneration to be paid in the event of loss or inadequacy of profit in any financial year during the tenure of appointment of Mr. Mohit Khattar as the Managing Director of the Company, for a period of three years from August 25, 2015 to August 24, 2018 on the terms and conditions as set out in the Explanatory Statement annexed to this Notice, with liberty to the Directors/ Nomination and Compensation Committee to alter and vary the





terms and conditions of the said appointment in such manner as may be agreed to between the Directors/ Nomination and Compensation Committee and Mr. Mohit Khattar."

**"RESOLVED FURTHER THAT** the Directors and the Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things as may be necessary, proper, expedient, required or incidental thereto, in this regard including but not limited to filing of requisite application/ forms/ reports, etc. with the Ministry of Corporate Affairs or with such other authorities as may be required for the purpose of giving effect to this resolution."

**By Order of the Board of Directors  
For Natures Basket Limited**

**Sd/-  
Sushma Shukla  
Company Secretary**

Mumbai, 22 July, 2015

REGISTERED OFFICE:  
Pirojshanagar, Eastern Express Highway,  
Vikhroli (East), Mumbai - 400 079

#### NOTES:

1. A Statement pursuant to Section 102(1) of A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the meeting is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.

A person can act as proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. However, a member holding more than 10% 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 proxy for any other shareholder. The instrument of proxy in order to be effective, should be deposited at the Registered Office of the Company, duly





- completed and signed, not less than 48 hours before the commencement of the meeting.
3. Corporate Members intending to send their authorized representatives to attend and vote at the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
  4. Proxy- holders are requested to carry an Identity Proof at the time of attending the meeting.
  5. Members are requested to bring their copy of the Annual Report to the Annual General Meeting.
  6. Members are requested to send their queries at least a week in advance to the Company Secretary at the Registered Office of the Company to facilitate clarifications during the meeting.
  7. All documents referred to in the accompanying notice and the statement shall be open for inspection at the Registered Office of the Company during normal business hours from 11 a.m. to 1 p.m. on all working days, up to and including the date of the Annual General Meeting of the Company and will also be available for inspection at the meeting.
  8. Members/Proxies are requested to bring their duly filled attendance slip sent herewith at the meeting.
  9. Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.

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

### **Item 4 & 5**

In order to enable the Company to raise additional short-term finance by issue of securities/equity shares to the shareholders of the Company, the existing Authorised Share Capital may not be sufficient for the purpose. It is therefore considered necessary to increase the Authorised Share Capital of the Company to the extent mentioned in item No. 1 of the Notice, with the consequential alterations in the Capital Clauses of the Memorandum of Association of the Company as set out in item 2 of the Notice. The provisions of the Companies Act, 2013 require the Company to seek the approval of the Members for increase in the Authorised Share Capital and for the alteration of Capital Clause of the Memorandum of Association and the Articles of Association of the Company and accordingly the Board recommends the relevant resolutions for the approval of the Members.





The Board of Directors accordingly recommend the special resolution set out at Item No. 4 and 5 of the Notice for your approval.

## Item 6

The Company proposes to increase its capital base for the financing and expansion objectives of the Company as well as to pursue new opportunities, repayment of borrowings, working capital requirement, capital expenditure and also promotional as well as brand building exercise by way of issue of new equity shares on right basis to the existing members of the Company in one or more tranches.

Further the Articles and Memorandum of Association of the Company mandates approval of members through special resolution in general meeting for issuing equity shares to the members of the Company.

Resolution at Item No. 6 seeks to empower the Board to issue Equity shares by way of Rights Issue to the existing members of the Company in one or more tranches, such that the total no. of shares issued pursuant to this resolution shall not exceed Rs. 35,00,00,000 (Thirty Five Crore) divided into 3,50,00,000 (Three Crore Fifty Lakh) Equity shares of Rs. 10 each".

The Resolution at Item no.6 seeks to give the Board powers to issue equity shares to the members of the Company, in one or more tranches, at such time or times, at such price or prices and to the members of the Company, as the Board in its absolute discretion deem fit. The detailed terms and conditions for the issue(s)/offering(s) will be determined by the Board in its sole discretion.

The Resolution at Item no.6, if passed, will have the effect of allowing the Board to offer, issue and allot Securities to the members of the Company.

The Board of Directors accordingly recommend the special resolution set out at Item No. 6 of the Notice for your approval.

## Item 7

Mr. Mohit Khattar is B. Sc. in Engineering and MBA in marketing, having total experience of 24 years in leading Companies, of which 10 years has been in the Retail Sector. With his experience and understanding of consumer behavior, operational excellence and people management skills, the Company has shown robust growth and is being acknowledged amongst India's finest Food Retail Companies.





# NATURE'S BASKET

The Board of Directors at its meeting held on August 8, 2012 had appointed Mr. Mohit Khattar as Managing Director of the Company for a period of 3 years with effect from August 25, 2012 on such terms & conditions and remuneration as approved by the Members of the Company at its 4<sup>th</sup> Annual General Meeting held on September 7, 2013. The present term of Mr. Khattar will be expiring on August 24, 2015 and the Board of Directors at its meeting held on 22 July, 2015 on recommendation of Nomination & Remuneration Committee, has proposed to re-appoint Mr. Mohit Khattar, as Managing Director of the Company for a further period of 3 years with effect from August 25, 2015 on terms & conditions and remuneration as set out in the draft agreement, subject to the approval of Members and Central Government. The Company has incurred net loss of Rs.(426190) thousands in the financial year 2014-15. After considering the performance of the Company in the financial year 2014-15, the Company may not have adequate profit for the purpose of computation of managerial remuneration of Mr. Mohit Khattar as detailed above upon his re-appointment. As per section 197 of the Companies Act, 2013 read with Schedule V of the Companies Act, 2013, the remuneration payable to Mr. Mohit Khattar, as detailed below, may exceed the limits prescribed under Part II of the Schedule V for minimum remuneration in case of inadequacy of profit or loss made by the Company. In terms of section 197 read with Schedule V of the Companies Act, 2013 approval of the Members and the Central Government is required in case the Company suffers loss or its profit is inadequate for paying above remuneration as minimum remuneration to Mr. Mohit Khattar. The remuneration paid or to be paid to Mr. Mohit Khattar is in line with the remuneration being paid by the Companies of comparable size in the industry in which the Company operates, i.e. the Retail Industry. The Board of Directors considers that in view of the background and experience of Mr. Mohit Khattar, it would be in the interest of the Company to re-appoint him as Managing Director of the Company.

The terms and conditions of Mr. Mohit Khattar's appointment including his remuneration for the said appointment as approved by the Board have been set out in the draft Agreement between the Company and Mr. Khattar, which are as follows:

(i) Fixed Compensation:

Fixed Compensation shall include Basic Salary and the Company's Contribution to Provident Fund and Gratuity Fund. The Basic Salary shall be in the range of Rs.35,66,799/- to Rs.60,00,000/- p.a. payable monthly. The Basic Salary as approved by the Nomination and Remuneration Committee to Mr. Khattar for the financial year 2014-15 is Rs.33,03,907/- p.a. The Annual Basic Salary and increments will be decided by the Nomination and Remuneration Committee/Board of Directors depending on the performance of the Directors, the profitability of the Company and other relevant factors.





(ii) Performance Linked Variable Remuneration (PLVR):

Performance Linked Variable Remuneration according to the Scheme of the Company for each of the financial years as may be decided by the Nomination and Remuneration Committee/Board of Directors of the Company based on Sales and Profit Before Taxation (PBT) and having regard to the performance of the abovementioned Director for each year.

(iii) Employee Stock Grant Scheme (ESGS) or Employee Stock Option Scheme (ESOS):

Mr. Mohit Khattar is also entitled to Equity Shares of Godrej Industries Limited (Holding Company) pursuant to ESGS or ESOS scheme as may be decided by the Nomination and Remuneration Committee/Board of Directors of the Company based on performance of the abovementioned Director for each year.

(iv) Flexible Compensation:

In addition to the Fixed Compensation, PLVR and ESGS/ESOS, the abovementioned Director shall be entitled to the following allowances, perquisites, benefits, facilities and amenities as per the Rules of the Company and subject to the relevant provisions of the Companies Act, 2013 (collectively called "perquisites and allowances").

These perquisites and allowances may be granted to the abovementioned Director in the manner as the Board may decide as per the Rules of the Company.

- Housing (i.e. furnished residential accommodation cost of which shall be at actuals OR House Rent Allowance at 85% of Basic Salary)
- Supplementary Allowance;
- Leave Travel Assistance;
- Educational Allowance;
- Dressing/ Clothing Allowance;
- Payment/reimbursement of domiciliary medical expenses for self and family;
- Payment/reimbursement of food vouchers, conveyance & fuel reimbursement;
- Provision of telephone(s) at residence; payment/reimbursement of expenses thereof;
- Housing Loan and contingency loan as per rules of the Company. These loans shall be subject to Central Government approval, if any;
- Casual/Sick leave as per the rules of the Company;
- Such other perquisites and allowances as per the policy/rules of the Company in force and/or as may be approved by the Board from time to time.







## NATURE'S BASKET

The maximum cost to the Company for the aggregate of the allowances listed above for the abovementioned Director shall be between Rs.74,00,000/- to Rs.1,20,00,000/-p.a., payable monthly upto 25 August, 2018 (including fuel, maintenance and other incidental expenses for Car) plus housing (i.e. furnished residential accommodation cost of which shall be at actuals OR House Rent Allowance at 85% of Basic Salary). In addition to the above, the abovementioned director shall be eligible for group insurance cover, group hospitalization cover, and/or any other allowances, perquisites and facilities as per the Rules of the Company.

Explanation:

- a) For Leave Travel Assistance and reimbursement of medical and hospitalization expenses, 'family' means spouse, dependent children and dependent parents;
- b) Perquisites shall be evaluated at actual cost or if the cost is not ascertainable the same shall be valued as per Income Tax Rules.

(v) Overall Remuneration:

The aggregate of salary and perquisites as specified above or paid additionally in accordance with the rules of the Company in any financial year, which the Board in its absolute discretion pay to the abovementioned Director from time to time, shall not exceed the limits prescribed from time to time under Sections 197 read with Schedule V and all other applicable provisions, if any of the Companies Act, 2013, (including any statutory modification(s) or re-enactment thereof, for the time being in force), unless approved by the Central Government.

(vi) Loans:

- (a) Granting of loans according to Company's Scheme subject to Central Government's approval, if applicable.
- (b) Continuation of Loans, if already availed.

Notes:

- i. Unless otherwise stipulated, for the purpose of the above, the perquisites shall be evaluated as per Income Tax Rules wherever actual cost cannot be determined.
- ii. Notwithstanding the foregoing, where in any Financial Year during the currency of the tenure of the abovementioned director, the Company has no profits or its profits are inadequate, the remuneration by way of salary, commission and perquisites shall not exceed, the maximum limits prescribed in Schedule V to the Companies Act, 2013, except with the approval of the Central Government.
- iii. The limits specified above are the maximum limits and the Nomination and Remuneration Committee / Board may in its absolute discretion pay to the abovementioned Director lower remuneration and revise the same from time to time within the maximum limits stipulated above.





iv. In the event of any re-enactment or re-codification of the Companies Act, 2013 or the Income Tax Act, 1961 or amendments thereto, the foregoing shall continue to remain in force and the reference to various provisions of the Companies Act, 2013 or the Income Tax Act, 1961 shall be deemed to be substituted by the corresponding provisions of the new Act or the amendments thereto or the Rules and notifications issued there under.

v. If at any time the abovementioned Director cease to be in the employment of the Company for any cause whatsoever, he/she shall cease to be the Managing Director of the Company.

vi. The Managing Director is appointed by virtue of their employment in the Company and their appointment is subject to the provisions of Section 167 of the Companies Act, 2013 while at the same time the Director is liable to retire by rotation. The appointment is terminable by giving three months' notice in writing on either side.

The Board and the Nomination and Remuneration Committee of the Company have on 22 July, 2015 accorded their approvals to the above and have recommended the aforesaid resolutions as set out in this notice for approval of the shareholders.

The Board recommends the resolutions as set out at item numbers 4, 5 6 & 7, Mr. T. A. Dubash and Mr. Mohit Khattar may be deemed to be interested in the resolutions at item No. 4, 5, 6 and 7, respectively. None of the other Directors, Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested in the said resolutions.

The following additional information as required under Schedule V of the Companies Act, 2013 is given below:

**I. General Information:**

**1. Nature of Industry**

The Company is engaged in the business of Gourmet Food Retailing.

**2. Date or expected date of commencement of commercial production or Date of Commencement of Business:** May 2008.

**3. In case of new companies expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:** Not Applicable.

**4. Financial Performance based on given indicators:**

Fig. in Thousands

Particulars	Current Year 2014-2015	Previous Year 2013-2014
Total Income	2094537	1743573





Expenditure other than Interest and Depreciation	2378162	1956766
Profit before Interest, Depreciation and Tax, Interest (Net)	(283625)	(213193)
Profit before depreciation and tax	(229053)	(165834)
Depreciation	88009	52683
Profit before Tax and exceptional items	(426190)	(313235)
Provision for Current Tax	-	-
Net Profit	(426190)	(313235)

## 5. Foreign Investments and Collaborations:

The Company has not made any Foreign Investments and neither entered into any collaborations during the last year.

## II. Information about the Appointee:

### 1. Background Details:

Mr. Mohit Khattar is B. Sc. in Engineering and MBA in marketing, having total experience of 24 years in leading Companies, of which 10 years has been in the Retail Sector. With his experience and understanding of consumer behavior, operational excellence and people management skills, the Company has shown robust growth and is being acknowledged amongst India's finest Food Retail Companies.

### 2. Past remuneration:

During the financial year ended March 31, 2015, a sum of Rs. 1,35,28,572/- was paid as remuneration to Mr. Mohit Khattar.

### 3. Recognition and Awards:

Under the leadership of Mr. Mohit Khattar, the Company has been able to create tremendous goodwill in the retail industry and the Company has also been awarded with various awards such as Coca Cola Golden Spoon Award for the outstanding retailer of the year in 2010, 2011, 2012, 2013 & 2014, CMO Asia Award for outstanding retailer of the year in 2013 & 2014, India Retail Forum Award for the best retailer of the year in 2012 & 2013, Star Retailer Award in 2012, 2013 & 2014, Asia Retail Award 2014, ABP Award 2013 and India Retail Award 2014.

In addition to the above Mr. Mohit Khattar has also been individually recognized in who's who list of professionals for the year 2013 and was listed amongst the top 50 CXO's for the years 2008 & 2012. He has also been awarded with the Brand Slam Leadership Awards in 2012 by CMO and with Most Talented Retail Professional for the year 2015, by the Asia Retail Congress. He is also a prominent speaker and thought leader at prominent retail forums across the country.





#### 4. Job profile Suitability:

Mr. Mohit Khattar has in his over two decades of experience gained invaluable insight and expertise working with organisations such as Titan Industries, Reckitt-Benckiser, Murugappa Group and Subhiksha. His roles have spanned sales and distribution management, product and brand management, product development and Innovation, channel development, general management etc., This has given him a rich understanding of diverse organizational demands besides equipping him to handle P&L responsibilities.

#### 5. Remuneration proposed:

Salary proposed to Mr. Mohit Khattar in the basic scale of Rs. 35,66,799/- to Rs.60,00,000/-p.a. payable monthly and other perquisites, allowances, other benefits etc. respectively, as fully set out herein above.

#### 6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin):

Retail being a growing sector has seen exponential growth in CXO salaries over the past 4 to 5 years. With demand for talent intensifying, remunerations for the right candidates will only grow further. In this context Mr Khattar's Remuneration would be marginally lower than the median remuneration in the retail Industry. Taking into consideration the size of the business currently and growth expectations, the remuneration proposed to be paid is appropriate.

#### 7. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel:

Not Applicable

### III. Other Information:

#### 1. Reasons of loss or inadequate profits:

The Company is in the retail industry which typically has longer gestation periods. The Company had commenced its business towards the end of year 2008 and since then it has been on a continuous growth path. Infact almost all of its stores that have been in operation for 3 years or more are now turning profitable. The losses are largely on account of stores that are relatively newer or less than 3 yrs old. This is typical of the pattern within the retail Industry. We expect these store to come into profitability soon too. In this fiscal the business has also added e-commerce and planned to grow that significantly. This will help it target a new base of consumers even though in the initial years the investments in this channel will exceed the returns.





## 2. Steps taken or proposed to be taken for improvement

The business has been growing at a CAGR of 36% over the last 3 years which is significantly higher than the growth shown by the other retailers in the same period. Actions are being taken to further improve availability of key product ranges, drive awareness of the business, introduction and growth of a private label portfolio, growth in margins besides controlling its costs.

## 3. Expected increase in productivity and profits in measurable terms:

With the expected additions of further new stores every year as well as the continuing investments in the e commerce channel, the business is expected to break even only by the year 2019-20.

## IV. Disclosures:

The information and disclosures of the remuneration package of the managerial personnel have been mentioned in the Annual Report in the Related Party Transaction under the heading 'Remuneration' for the year ended March 31, 2015.

**By Order of the Board of Directors**

**For Natures Basket Limited**

**Sd/-**

**Sushma Shukla**

**Company Secretary**



Mumbai, 22 July, 2015

REGISTERED OFFICE:

Pirojshanagar, Eastern Express Highway,

Vikhroli (East), Mumbai - 400 079