

## CORPORATE GOVERNANCE REPORT

### CORPORATE GOVERNANCE AS REQUIRED BY CLAUSE 49 OF THE LISTING AGREEMENT WITH STOCK EXCHANGES

#### 1. COMPANY'S PHILOSOPHY

Your company firmly believes in good corporate governance. Towards this end, the company consistently evaluates and defines its management practices aimed at enhancing its commitment and delivery of the basic tenets of the corporate governance.

#### 2. BOARD OF DIRECTORS

##### (a) COMPOSITION OF BOARD :

The Board consists of nine directors as on the date of report. Out of these Nine directors, seven are non-executive directors which include three independent directors. The Company did not have any material pecuniary relation or transaction with non-executive directors during the year under review.

##### (b) BOARD PROCEDURE :

During the year, five Board meetings were held on 9<sup>th</sup> May, 2011, 9<sup>th</sup> August, 2011 adjourned and held on 16<sup>th</sup> August, 2011, 29<sup>th</sup> August, 2011, 11<sup>th</sup> November, 2011 and 14<sup>th</sup> February, 2012 adjourned and held on 21<sup>st</sup> February, 2012. The Board was presented with the relevant and necessary information at its meetings. None of the directors is a member of more than ten Committees or acting as Chairman of more than five Committees across all companies in which he is a director. The attendance at the Board meetings during the year 2011-12 and at the last Annual General Meeting held on 29<sup>th</sup> September, 2011 and also number of other directorship are given herein below:

Name	Category	No. of Board meetings attended	Attendance at previous AGM	No. of outside directorships @	No. of other Committee(s)\$	
					Membership	Chairmanship
Shri Mahendra Kumar Modi	MD	5	Yes	2	1	-
Shri Umesh Kumar Modi	MD	5	Yes	7	-	-
Shri Krishan Kumar Modi	NED	-	No	11	2	1
Shri Vinay Kumar Modi	NED	-	No	3	2	1
Shri Rakesh Kumar Modi	NED	5	No	-	-	-
Shri Suraj Parkash Modi *	NED	5	Yes	-	-	-
Shri Manish Modi	NED	3	Yes	3	-	-
Shri Abhishek Modi	NED	5	Yes	6	-	-
Shri Santosh Kumar Aggarwal	NED	5	No	-	-	-
Shri Krishna Kumar Jain	NED	5	No	1	1	1

MD: Managing Director, NED: Non-Executive Director  
 @Excludes Private Limited Companies & Foreign Companies. \$Represents Audit Committee and Investors' Grievance Committee. \* Shri Suraj Parkash Modi has ceased to be Director with effect from 17<sup>th</sup> March, 2012

##### (c) RELATIONSHIP AMONGST DIRECTORS :

Shri Krishan Kumar Modi, Non-Executive Director, Shri Vinay Kumar Modi, Non-Executive Director and Shri Umesh Kumar Modi, Managing Director are real brothers. Shri Manish Modi, Non-Executive Director, is son of Shri Mahendra Kumar Modi, Managing Director and Shri Abhishek Modi, Non-Executive Director, is son of Shri Umesh Kumar Modi, Managing Director.

#### 3. AUDIT COMMITTEE :

##### (a) TERMS OF REFERENCE :

Terms of Reference of the Audit Committee specified by the Board are as contained in Clause 49 of the Listing Agreement.

##### (b) COMPOSITION :

The 'Audit Committee' of the Company, as on the date of report, consists of 3 Non-Executive Independent Directors, namely, (1) Shri Rakesh Kumar Modi, (2) Shri Santosh Kumar Aggarwal and (3) Shri Krishna Kumar Jain, as members.

During the year, five Audit Committee Meetings were held on 9<sup>th</sup> May, 2011, 9<sup>th</sup> August, 2011 adjourned and held on 16<sup>th</sup> August, 2011, 29<sup>th</sup> August, 2011, 11<sup>th</sup> November, 2011 and 14<sup>th</sup> February, 2012 adjourned and held on 21<sup>st</sup> February, 2012. All five meetings were attended by all its members.

#### 4. REMUNERATION OF DIRECTORS :

The Remuneration Committee, as on the date of report, consists of 3 Non-Executive Independent Directors, namely, (1) Shri Rakesh Kumar Modi, (2) Shri Santosh Kumar Aggarwal and (3) Shri Krishna Kumar Jain, as members. The decisions regarding remuneration of executive and non-executive directors are taken by the entire Board on recommendation of the Remuneration Committee subject to such approvals from the Shareholders or Central Government as may be necessary. The Company does not pay any remuneration to the non-executive directors except payment of Sitting Fees for attending Board/ Committee meetings.

Details of remuneration paid to the directors during the year under review are given below:

**MODI INDUSTRIES LIMITED**

(a) **Executive Directors :**

No remuneration has been paid to Shri Umesh Kumar Modi, Managing Director during the year under review. The Central Government has accorded its approval for payment of remuneration to Shri Mahendra Kumar Modi as Managing Director for the period 1<sup>st</sup> November, 2009 to 31<sup>st</sup> October, 2012 and accordingly the Company has made a payment of ₹18.00 Lacs to him for the period 1<sup>st</sup> April, 2011 to 31<sup>st</sup> March, 2012.

(b) **Non-Executive Directors :**

Name	Sitting Fees (₹ in thousands)	Shares held	
		Equity	Preference
Shri Krishan Kumar Modi	-	9664	8
Shri Vinay Kumar Modi	-	25477	8
Shri Rakesh Kumar Modi	16.0	48901	10
Shri Suraj Parkash Modi	21.0	870	-
Shri Manish Modi	6.0	22050	-
Shri Abhishek Modi	10.0	100	-
Shri Santosh Kumar Aggarwal	12.5	100	-
Shri Krishna Kumar Jain	12.5	100	-

5. **SHARE TRANSFER & INVESTORS' GRIEVANCE COMMITTEE:**

During the year under review Shri Suraj Parkash Modi had resigned from the directorship of the company with effect from 17<sup>th</sup> March, 2012. Now the Committee, consisting of three members i.e. Shri Mahendra Kumar Modi, Managing Director, Shri Umesh Kumar Modi, Managing Director, and Shri Rakesh Kumar Modi, Independent-Non-Executive Director, has been entrusted with the work of Share/Debenture Transfer and dealing with Investors grievances. Shri Suraj Parkash Modi chaired all meetings of the Committee held during the year under review. The Company Secretary, acts as Secretary to the Committee and is Compliance Officer under Clause 49 of the Listing Agreement. All transfers, transmissions etc. of Shares and Debentures were effected within the stipulated period by the Company.

All 29 Shareholders/Investors complaints, received directly from them or through SEBI/Stock Exchanges and other authorities during the year under review, have been replied by the company and none remained outstanding at the end of the year under review. The status of Shareholders/Investors complaints received during the period under review were reported to the Share Transfer and Investors' Grievance Committee by the Compliance Officer.

6. **GENERAL BODY MEETINGS :**

The last three Annual General Meetings were held at Modi Industries Transit House (Modi Industries Complex), Modinagar, on the following dates and time:

Financial year	Date	Time
2010-11	29.09.2011	12.30 P.M.
2009-10	27.09.2010	12.30 P.M.
2008-09	29.09.2009	03.00 P.M.

Special resolutions for re-appointment of Statutory Auditors of the Company were passed in the last three Annual General Meetings of the Company. However, Special Resolution for remuneration payable to Shri Mahendra Kumar Modi as Managing Director of the Company was passed in the Annual General Meeting of the Company held on 29<sup>th</sup> September, 2009.

The Company has so far no business which had to be conducted through postal ballot for passing any resolution at general meetings.

7. **DISCLOSURES :**

There were no transactions of the company of material significance with its directors or the management, their subsidiaries or relatives during the year which may have potential conflict with interest of the company. There was no non-compliance during the last three years by the company on any matters related to capital markets. Consequently, neither any penalties were imposed nor strictures passed on the company by Stock Exchanges, SEBI or any Statutory Authority. The company has complied with all the mandatory requirements of revised Clause 49.

8. **MEANS OF COMMUNICATION :**

The Quarterly results of the Company are published in English and local language news-papers as required under the Listing Agreement. All financial and other vital information are promptly communicated to the Stock Exchanges on which company's shares are listed. Company's Financial Results and Shareholding Pattern for each quarter and Annual Accounts of the Company are being uploaded on the Company's Website – www.modiindustries.net. Management discussion and analysis report form a part of annual report and is given in a separate chapter thereto.

9. GENERAL SHAREHOLDERS' INFORMATION :

(a) Annual General Meeting :

Date : 19th December, 2012  
Time : 12.30 P.M.  
Venue : Modi Industries Transit House  
(Modi Industries Complex) Modi Nagar.

(b) Financial Calendar :

(i) Financial year : April to March  
(ii) First quarter results : Within 45 days from the end of the quarter  
(iii) Second quarter results : - do -  
(iv) Third quarter results : - do -  
(v) Fourth quarter results : - do -

(c) Date of Book Closure :

14th December, 2012 to 19th December, 2012 (both days inclusive).

(d) Dividend payment date :

The Directors have not recommended any dividend on shares in view of accumulated losses.

(e) Stock Exchange Listing :

Shares of the company are listed on:  
Uttar Pradesh Stock Exchange Ltd., Kanpur (U.P.)  
Delhi Stock Exchange Ltd., New Delhi.

(f) Stock Code :

Uttar Pradesh Stock Exchange Ltd. Z-493  
Delhi Stock Exchange Ltd. 013154

(g) Market Price Data : High/Low during each month in the year 2011-12:

The Company is a Sick Industrial Unit. There have been no transactions of Company's shares on the Stock Exchanges, where the shares of the Company are listed, since long.

(h) Registrar and Transfer Agents :

Company has not appointed any Registrar for Shares/ Debenture Transfer. All such work is done in-house at Company's Share Department.

(i) Share Transfer System :

Shares lodged with the Company for transfer are processed and returned to the Shareholders within the stipulated time, provided transfer documents are complete and valid in all respect.

(j) Distribution of Shareholding as on 31.03.2012 :

Distribution of shareholding	Number of		No. of Shareholders		%age of Shareholding	
	Equity shares of ₹10 each	Pref. shares of ₹100 each	Equity shares	Pref. shares	Equity shares	Pref. shares
Upto 500	681007	248	8932	19	20.58	0.61
501 - 1000	94524	-	126	-	2.86	-
1001 - 2000	98522	-	66	-	2.98	-
2001 - 3000	39160	-	16	-	1.18	-
3001 - 4000	32732	3520	10	1	0.99	8.64
4001 - 5000	27988	9005	6	2	0.84	22.10
5001 - 10000	92957	14344	13	2	2.81	35.21
10000 and above	2242324	13624	53	1	67.76	33.44
Total	3309214	40741	9222	25	100.00	100.00

(k) Dematerialisation of Shares and Liquidity :

The Company is a Sick Industrial Company within the meaning of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985 and all its shares are held in physical form.

(l) Outstanding GDRs/ADRs/Warrant or any Convertible Instruments, Conversion date and likely Impact on Equity :

The Company has no GDRs/ADRs/or any convertible instrument.

(m) Plant Location :

At Modinagar, District Ghaziabad (U.P.) 201204.

(n) Address for Correspondence :

Modi Industries Limited  
Registered Office,  
P.O. Modinagar,  
District Ghaziabad (U.P.)  
Pin 201204.