CORPORATE GOVERNANCE REPORT

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

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.

BOARD OF DIRECTORS

- COMPOSITION OF BOARD:

 (i) The Board consists of eight directors as on the date of report. Out of these e
 - (i) The Board consists of eight directors as on the date of report. Out of these eight directors, six are non-executive directors which include two independent directors. The Company did not have any material pecuniary relation or transaction with non-executive directors during the year under review.
 - (ii) The Company is a sick industrial company within the meaning of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985 as declared by the Hon'ble BIFR vide their order dated 14th March, 1991. The Hon'ble Supreme Court in SLP (Civil) Nos. 23095 23097 of 2010 (M.K. Modi vs. U.K. Modi) has passed an order dated 27th August, 2010 directing the parties therein to maintain "status quo" with regard to the management of the company.

In view of the above order of Hon'ble Supreme Court, Board of Directors are unable to appoint any new director under provisions of Companies Act, 1956/2013 and Listing Agreement to comply with the composition of Board and/or various Board Committees.

(b) **BOARD/ SHAREHOLDERS' MEETINGS:**

During the year, five Board meetings were held on 14th May, 2013, 8th August, 2013, 28th September, 2013, 13th November, 2013 and 6th February, 2014. 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 2013-14 and at the last Annual General Meeting held on 13th November, 2013 and also number of other directorship are given herein below:

Name	Cate- gory	No.of Board meetings attended	Attendance at previous AGM	No. of Directorship(s) and Committe Membership(s)/Chairmanship(s) of other Indian Public Limited Companies			
				other Directorship(s)	committee Membership(s)\$	committee Chairmanship(s)\$	
Shri Mahendra Kumar Modi	MĐ	5	Yes	. 2	1	-	
Shri Umesh Kumar Modi	MD	4	Yes	6	_	-	
Shri Krishan Kumar Modi	NED	3	No	10	2	1	
Shri Vinay Kumar Modi	NED	-	No	2	2	1	
Shri Rakesh Kumar Modi	NED	5	Yes	_	_	_	
Shri Manish Kumar Modi	NED	4	No	2	1	· —	
Shri Abhishek Modi	NED	5	Yes	5	-	_	
Shri Santosh Kumar Aggarwal	NED	5	No	_	-	_	
Shri Krishna Kumar Jain*	NED	1	No-	• -	-	_	

MD: Managing Director,

NED: Non-Executive Director

\$Represents Audit Committee and Investors' Grievance Committee.

*Shri Krishana Kumar Jain has expired on 24th July, 2013.

(c) **BOARD PROCEDURE**:

As per Corporate Policy, statutory and material information is placed before the Board with a view to enable it to discharge efficiently its responsibilities in formulating the strategies and policies for the growth of the Company. The Agenda and other relevant papers are circulated prior to the scheduled dates of the meetings. The day-to-day affairs of the Company are managed by both the Managing Directors subject to the supervision and control of the Board of Directors. Opinion and advice of non-executive Independent Directors are considered valuable guidance. For specific matters, the various Committees of the Directors deliberate in detail, analyze situations, information and firm up views and advise the Board on decision making and follow up actions as may be considered appropriate.

(d) 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 Kumar 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, during the year under review, consists of two Non-Executive Independent Directors, namely, (1) Shri Rakesh Kumar Modi and (2) Shri Santosh Kumar Aggarwal, as members. The Dy. Company Secretary acts as Secretary to the Committee. During the year, five Audit Committee Meetings were held on 14th May, 2013, 8th August, 2013, 28th September, 2013, 13th November, 2013 and 6th February, 2014. All the five meetings were attended by all its members.

4. REMUNERATION COMMITTEE AND REMUNERATION OF DIRECTORS :

The Remuneration Committee*, during the year under review, consists of two Non-Executive Independent Directors, namely, (1) Shri Rakesh Kumar Modi and (2) Shri Santosh Kumar Aggarwal, 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.

Remuneration Committee has been renamed as 'Nomination and Remuneration Committee' with effect from 14th August, 2014.

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

(EI) Executive Directors:

No remuneration has been paid to Shri Umesh Kumar Modi, Managing Director during the year under review. The Central Government has succorded its approvals for payment of remuneration to Shri Mahendra Kumar Modi as Managing Director for the period from 1st November, 2009 to 31st October, 2012 and from 1st November, 2012 to 31st October, 2014 and accordingly the Company has made a payment of ₹18.00 Lac to him for the period from 1st April, 2013 to 31st March, 2014.

(b) Non-Executive Directors:

Name	Sitting Fees	Shares	held
	(₹ in thousands)	Equity	Preference
Shri Krishan Kumar Modi	6.0	9664	8
Shri Vinay Kumar Modi	-	25477	8
Shri Rakesh Kumar Modi	17.5	48901	10
Shri Manish Kumar Modi	8.0	22050	_
Shri Abhishek Modi	10.0	100	_
Shri Santosh Kumar Aggarwal	12.5	100 ·	
Shri Krishna Kumar Jain	2.5	100	_

5. SHARE TRANSFER & INVESTORS' GRIEVANCE COMMITTEE*

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 Rakesh Kumar Modi chaired all meetings of the Committee held during the year under review. The Dy. 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 22 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 Dy. Company Secretary.

*Share Transfer & Investors' Grievance Committee has been renamed as 'Stakeholders Relationship Committee' with effect from 14th August, 2014.

6. **GENERAL BODY MEETINGS**:

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

Financial year	Date	Time	
2012-13	13.11.2013	12.30 P.M.	
2011-12	19.12.2012	12.30 P.M.	
2010-11	29.09.2011	12.30 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 19th December, 2012. Special Resolution for commencement of new object under clause 3(34) of Memorandum of Association was passed in the Annual General Meeting of the Company held on 29th September, 2011.

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 of 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 form a pairt of annual report and is given in a separate chapter thereto.

MODI INDUSTRIES LIMITE

GENERAL SHAREHOLDERS' INFORMATION:

(a) **Annual General Meeting:**

> Date 29th September, 2014

Time 12.30 P.M.

Venue Modi Industries Transit House

(Modi Industries Complex) Modi Nagar, Distt. Ghaziabad (U.P.)

(b) Financial Calendar:

(i) Financial year

April to March

(ii) First quarter results (iii) Second quarter results

Upto 14th August, 2014 Upto 14th November, 2014

(iv) Third quarter results

Upto 14th February, 2015

(v) Fourth quarter results (Audited) (v) Annual General Meeting for the

Year 2014-15

Upto 30th May, 2015

End of September, 2015

Date of Book Closure: (c)

22nd September, 2014 to 29th September, 2014 (both days inclusive).

(d) Dividend payment date:

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

Stock Exchange Listing: (e)

Shares of the company are listed on:

U.P. Stock Exchange Ltd., Kanpur (U.P.) (UPSE)

Delhi Stock Exchange Ltd., New Delhi. (DSE)

(f) Stock Code:

Uttar Pradesh Stock Exchange Ltd.

Z-493

Delhi Stock Exchange Ltd.

013154

Market Price Data: High/Low during each month in the year 2013-14: (g)

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.

Registrar and Transfer Agents: (h)

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

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.

Distribution of Shareholding as on 31.03.2014: (j)

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	681530	248	8935	20	20.59	0.61
501 - 1000	94637	j -	125	_	2.86	
1001 - 2000	100655	_	67	-	3.04	
2001 - 3000	44945	_	18		1.36	
3001 - 4000	23173	. 3520	7	1	0.70	8.64
4001 - 5000	28088	9005	6	2	0.85	22.10
5001 - 10000	115778	14344	16	2	3.50	35.21
10001 and above	2220408	13624	52	1	67.10	33.44
Total	3309214	40741	9226	26	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.

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.

Plant Location:

At Modinagar

District Ghaziabad (U.P.) 201204.

Address for Correspondence: (n)

Modi Industries Limited

Registered Office, P.O. Modinagar,

District Ghaziabad (U.P.)

Pin 201204.

MODI INDUSTRIES LIMITED