

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

At **Modi Naturals Limited** (formerly Anil Modi Oil Industries Limited) , corporate governance is an integral part of the company's values, ethics, business practices and norms. Towards this, 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 the Board of Directors and other details as on 31.03.2010 is as under:

	Name of the Directors	Category of Director	No. of Board Meetings Attended	No. Of Other Directorships held (*)	Committee memberships (excluding Modi Naturals Ltd.) (**)	Committee Attendance at Last AGM (excluding Modi Naturals Ltd.) (**)
1.	Mr. Anil Modi	Chairman & Managing Director	6	Nil	Nil	Yes
2.	Mr. S.S.Halwasiya	Non- Executive Director	6	Nil	Nil	No
3.	Mr. Deepak Bansal	Non – Executive & Independent Director	6	Nil	Nil	Yes
4.	Mr. Alok Garg	Non – Executive & Independent Director	6	Nil	Nil	No

(*) Directorship in Companies registered under the Companies Act, 1956 excluding Directorships in Private Limited Companies, Companies under Section 25 of the Companies Act, Unlimited Companies, Foreign Companies and Alternate Directorships,

(**) Includes only Specified Committees i.e. Audit Committee and Shareholders Grievance Committee

Six Board Meetings were held during the period under review on 30/4/2009, 31/07/2009, 02/09/2009, 27/10/09, 31/10/2009 and 30/1/2010.

INFORMATION REGARDING RE-APPOINTMENT OF DIRECTORS

Mr. Alok Garg, Director of the Company retires by rotation and being eligible offers himself for re-appointment. He does not hold any shares in the Company.

CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT

The Company has adopted a Code of Conduct for the members of the Board and Senior Management of the Company which is intended to focus the areas of ethical risk, provide guidance mechanisms to report unethical conduct and help foster a culture of honesty and accountability. The Code has been circulated to all the members of the Board and Senior Management Personnel and compliance of the same has been affirmed by them.

AUDIT COMMITTEE

The Company has an Audit Committee comprising of three directors, all of whom are Independent and Non-Executive Directors. Mr. Deepak Bansal is the Chairman of the Committee and Mr. S.S. Halwasiya and Mr. Alok Garg are its members. The Company Secretary of the Company acts as the Secretary of the Audit Committee. The Chief Financial Officer and a representative of M/s K.K. Jain & Co, Statutory Auditors are permanent invitees to the Audit Committee.

Five Meetings of the Audit Committee were held during the year under review on 30th April, 2009, 31st July, 2009, 2nd September, 2009 , 31st October, 2009 and 30th January, 2010. Attendance in the above meetings is as follows:

Name of Director	No. of Meetings Attended
Mr. Deepak Bansal	Five
Mr. S.S.Halwasiya	Five
Mr. Alok Garg	Five

SHAREHOLDERS'/ INVESTORS GRIEVANCE COMMITTEE

The Shareholders' Grievance Redressal Committee comprises of 3 Directors, Mr. Alok Garg, Non-Executive Director is the Chairman and Mr. Deepak Bansal and Mr. S.S.Halwasiya as its members. The Company Secretary of the Company is the Compliance Officer of the Committee.

The functioning and terms of reference of the Committee is as prescribed under and in due compliance with the Listing Agreement with the Stock Exchanges with particular reference to transfer, dematerialization, complaints of shareholders etc.

27 shareholders'/ investors' complaints, received directly from them or through SEBI/ Stock Exchanges and other authorities, were replied and redressed by the company to the satisfaction of the shareholders and none remained outstanding at the end of the year under review.

REMUNERATION COMMITTEE

The Remuneration Committee consists of three Non-Executive Directors two third of whom are Independent Directors. Mr. Deepak Bansal is the Chairman and Mr. S.S.Halwasiya and Mr. Alok Garg are its members.

The Remuneration Committee has the power to determine and recommend to the Board the remuneration and other related matters of Executive Director.

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

During the year under review, there was no eventuality which warranted holding of meeting of Remuneration Committee.

The details of remuneration paid to the Directors for the year ended 31st March,2010 are as under:-

(Rupees)

Sl. NO	Name Of the Director	Salary	Perquisites and other benefits	Commission	Others	Sitting Fee	Total
1.	Mr. Anil Modi	12,57,000	1,50,840	----	---	----	14,07,840

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

ANNUAL GENERAL MEETING

Location and time of the last three Annual General Meetings:-

Year	Date	Location	Time	Special Resolution passed (Yes/ No)
2009	30/09/2009	Poorva Sanskrit Centre, 14, District Centre, Laxmi Nagar, Delhi-110092	10.30 A.M	Yes
44200	30/09/2008	Poorva Sanskrit Centre, 14, District Centre, Laxmi Nagar, Delhi-110092	10.30 A.M	No
2007	29/09/2007	Poorva Sanskrit Centre, 14, District Centre, Laxmi Nagar, Delhi-110092	10.30 A.M.	No

No special resolution has been passed through postal ballot

DISCLOSURES:

- 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 B -7 to the “Notes to Accounts”.

- There has been no non-compliance, penalties/strictures imposed on the Company by Stock Exchange(s) or SEBI or any statutory authority, on any matter related to capital markets during the year under review.
- At present, the company does not have any Whistle Blower Policy.

MANAGEMENT DISCUSSION AND ANALYSIS IS REPORTED IN THIS ANNUAL REPORT

CEO/ CFO CERTIFICATION ON THE FINANCIAL STATEMENT

Pursuant to Clause 49 of the Listing Agreement, the Chief Executive Officer 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 4th September, 2010.

MEANS OF COMMUNICATION:

Wide publicity is accorded to the Quarterly, Half-yearly and the Annual Results which are published in widely circulated English daily (The Pioneer) and a Hindi daily (Haribhoomi) as is required under the Listing Agreement with the Stock Exchanges. The same are also faxed to the Stock Exchanges where the company is listed.

The Company has not yet started sending the half yearly report to each household but if the shareholder seeks any information, the same is provided by the Company.

GENERAL SHAREHOLDERS INFORMATION

36th Annual General Meeting of the company is scheduled to be held on September, 2010 at 10.30 A.M at Poorva Sanskrit Centre, 14, District Centre, Laxmi Nagar, Delhi-110092 as per the notice enclosed with the Annual Report.

Financial Calendar:

1. Quarter ended 31.03.2010: 30th April, 2010 2. Quarter ended 30.06.2009: 31st July, 2010
3. Quarter ended 30.09.2010: 31st Oct, 2010 4. Quarter ended 31.12.2010: 30th Jan, 2010

Book Closure: Monday, 27/09/2010 to Thursday, 30/09/2010 (both days inclusive)

Listing on stock Exchanges:

The company is listed on the following Stock Exchange:-

Stock Exchange	Stock Code
Bombay Stock Exchange Association Limited	519003

The company has paid the listing fees to BSE for the year 2009-2010.

Market Price Data:

Monthly High & Low quotes and Volume of Shares traded since are as follows:-

Month	High	Low	Volume
April,2009	11.26	10.45.	1400
May,2009	11.62	10.03	1500
June,2009	17.86	12.14	11400
July,2009	19.65	14.80	4500
August,2009	19.40	14.77	3100
September,2009	41.25	20.30	58700
October,2009	49.05	18.30	29000
November,2009	19.95	14.80	20100
December,2009	19.15	15.15	28600
January,2010	19.30	14.10	22800
February,2010	15.76	11.21	11500
March,2010	15.00	11.31	22800

Registrar and Transfer Agents:

The physical transfer of Equity Shares and Electronic Connectivity for the Depository mode for NSDL and CDSL is being provided by M/s Skyline Financial Services Pvt. Ltd. whose address is given below:

M/s Skyline Financial Services Pvt. Ltd.
D-153A, Okhla Industrial Area, Phase - I,
New Delhi 110 020

Share Transfer System:

The Company, in compliance of SEBI circular no. 15/2002 dated 27th December 2002, has appointed M/s Skyline Financial Services Pvt. Ltd., (Category – I SEBI registered Registrar and Share Transfer Agents) as Share Transfer Agent who follows the Share Transfer System as prescribed by the Securities and Exchange Board of India (SEBI). The share transfer requests in physical form sent by shareholders are manually checked. If the transfer deed and enclosures are valid, the shares are transferred within a month with the approval of the Share Transfer Committee, otherwise objection memo is sent to the transferor with necessary advice to take the required steps. The process is done within a month of receipt of request. The Company Secretary monitors the system.

Distribution of Equity Shareholding of the company as on 31st March, 2010

No of Shares	Number of Shareholders	Number of Shares	% of total Shares
Upto 500	4168	1134295	13.38
501-1000	332	267610	3.16
1001-2000	213	368644	4.35
2001-3000	35	85450	1.01
3001-4000	19	69525	0.82
4001-5000	6	27310	0.32

5001-10000	14	101160	1.19
10000 and above	13	6423940	75.77
Total	4800	8477934	100.00

Dematerialisation of Shares

The Equity Shares of the company are available for Dematerialisation. The International Securities Identification No. (ISIN) of the Company is INE537FO1012. The Equity Shares are now tradable only in dematerialized mode.

9.94% of the Company's Paid up Equity Share Capital has been dematerialized upto 31st March, 2010

Outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments, conversion date and likely impact on equity

The Company has issued 26, 40,000 optionally convertible warrants on 5th August, 2010 on preferential basis with a lock in period of 12 months. After the conversion of these warrants into equity shares, the paid up capital of the company shall become Rs 11, 11, 79,340.

Location of Plants of the Company

Pilibhit, Uttar Pradesh

Address for Correspondence

All the queries of investors regarding the Company's shares may be sent at the following address:

Modi Naturals Limited
405, Deepali Building
92, Nehru Place
New Delhi - 110019

Nomination Facility:

Shareholders desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 109A of the Companies Act, 1956, are requested to submit to the Company their request in prescribed Form 2B for this purpose: