

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Corporate Governance:

The Company is committed to good corporate governance and taking steps for implementing corporate governance norms as prescribed by SEBI. The Company respects the rights of its shareholders to incorporation on the performance of the company and considers itself a trustee of its shareholders.

2. Board of Directors:

▪ Composition & category of Directors and their other Directorships and Committee Memberships:

The Board of Directors of the Company is having optimum combination of executive and Non-Executive Directors in compliance of Clause 49 of the Listing Agreement.

The Board of Directors of the Company comprises Five Members – Two (2) Executive Director and Three (3) Non-Executive and independent Directors. The composition of Board of Directors, the number of other Directorships or Board Committees of which he is a Member / Chairman is as under:

Name of Director	Category	Other Directorships/Board Committees	
		Directorships	Board Committee
Mr. Vrajlal Vaghasia	Promoter & Executive Director	NIL	NIL
Mr. Jiten Vaghasia	Promoter & Executive Director	NIL	NIL
Mr. Ketalbhai Baldha	Independent & Non-Executive Director	NIL	NIL
Mr. Vinesh Babaria	Independent & Non-Executive Director	NIL	NIL
Mr. Kantibhai Devani	Independent & Non-Executive Director	NIL	NIL

- Directorships in other Companies mentioned above exclude Directorships in Private Limited Companies, foreign companies and companies under Section 25 of the Companies Act.
- While calculating the number of Membership / Chairmanship in Committees of other Companies, Membership / Chairmanship of only Audit Committee and Shareholders' / Investors' Grievance Committee have been considered pursuant to Clause 49 of the Listing Agreement. None of the Director is a Member in more than ten Committees and acts as a Chairman in more than five Committees across all companies in which he is a Director.
- None of the Director of the Company is relative of each other.

▪ Board Meetings:

Seven (7) Board Meetings were held, during the financial year 2012-13, details of Board Meeting are as under:

19 th April, 2012	15 th May, 2012	14 th August, 2012
21 st August, 2012	9 th November, 2012	14 th February, 2013
30 th March, 2013	-	-

All the meetings of Board of Directors of the Company are scheduled well in advance and the Board meets at least once in a quarter to review the quarterly performance and the financial results. Agenda of the meeting were prepared and all necessary papers were circulated to Members of the Board in advance. All Members of the Board have access to all information of the Company and are free to recommend inclusion of any matter in the Agenda for discussions.

▪ **Attendance of Directors at the Board Meetings and Last Annual General Meeting:**

Name of Director	Board Meetings Attended	Attendance in AGM (Yes/No)
Mr. Vrajlal Vaghasia	7	YES
Mr. Jiten Vaghasia	7	YES
Mr. Ketanbhai Baldha	7	YES
Mr. Vinesh Babaria	7	YES
Mr. Kantibhai Devani	5	YES

3. AUDIT COMMITTEE:

▪ **Terms of Reference:**

The Audit Committee has been mandated with the same terms of reference specified in Clause 49 II of the Listing Agreement with the Stock Exchange, as revised from time to time and as well as those stipulated by SEBI Guidelines.

▪ **Composition:**

Presently, the Audit Committee comprises two Non-Executive and Independent Directors (Mr. Ketanbhai Baldha & Mr. Vinesh Babaria) and one Executive Director (Mr. Jiten Vaghasia). Mr. Ketanbhai Baldha is a Chairman of the Audit Committee.

▪ **Meeting and the Attendance during the year 2012-13:**

Five (5) Audit Committee meetings were held during the year 2012-13. The Committee also met prior to finalization of accounts for the year ended on March 31, 2013. The details of attendance at the Audit Committee meetings is as under:

Name of Director	Designation	No. of Meetings Attended
Mr. Ketanbhai Baldha	Chairman	5
Mr. Vinesh Babaria	Member	5
Mr. Jiten Vaghasia	Member	5

4. REMUNERATION COMMITTEE:

The Company had constituted a Remuneration Committee. The Committee constitutes with Mr. Ketanbhai Baldha, Mr. Vinesh Babaria and Mr. Kantibhai Devani, all of them are Non-Executive & Independent Directors. Mr. Ketanbhai Baldha is a Chairman of the Committee.

The Remuneration Committee recommends to the Board the compensation, terms of Executive Director(s) and its responsibilities include:

- Framing and implementing on behalf of the Board and on behalf of the Shareholders, a credible and transparent policy on remuneration of Executive Director(s) including ESOP, pension rights and any compensation payment.
- Considering, approving and recommending to the Board the changes in designation and increase in salary of the Executive Director(s)
- Ensuring that remuneration policy is good enough to attract, retain and motivate the Director(s).
- Brining about objectivity in determining the remuneration package while striking a balance between the interest of the Company and the Shareholders

▪ **Meeting and the Attendance during the year 2012-13:**

During the year, no meeting of Remuneration Committee was held.

▪ **Remuneration Policy:**

The Company pays remuneration to its Managing Director and Whole Time Director by way of salary, perquisites and allowances. Salary is paid within the ceiling prescribed under the applicable provisions of the Companies Act, 1956 and as approved by the shareholders of the Company.

The details of remuneration paid to the Managing Director and Whole Time Director during the financial year 2012-13 are as under:

Name & Designation	Remuneration in form of Salary paid during the year (` In lakhs)
Mr. Vrajlal Vaghasia Chairman & Managing Director	1,78,000
Mr. Jiten Vaghasia Whole Time Director	1,20,000
Total	2,98,000

5. SHAREHOLDERS/ INVESTORS GRIEVANCE COMMITTEE:

The Company has constituted a shareholders / investors grievances committee in accordance with Clause 49 of the Listing Agreement. The Committee looks into redressal of investors' complaints and requests like delay in transfer of shares, non-receipt of dividend, non-receipt of annual report etc.

The Committee comprises of three directors. Mr. Jiten Vaghasia is the Chairman of the Committee and Mr. Ketanbhai Baldha and Mr. Vinesh Babaria are members of the Committee. During the year ended 31st March, 2013 Committee met four times.

During the year under review, the Company has not received any compliant.

6. SHARE TRANSFER COMMITTEE:

The Company has Share Transfer Committee since 1994. At present members of the Committee are Mr. Jiten Vagharia, Chairman of the Committee and Mr. Ketanbhai Baldha and Mr. Vinesh Babaria are members of the Committee. During the year ended 31st March, 2013 Committee met four times.

The Company has appointed M/s. Purva Sharegistry Private Limited as the Registrar and Share Transfer Agent of the Company in the month of November, 2011. They have taken full charge of their responsibilities and started with their services.

7. Details of General Meetings

▪ Annual General Meeting:

The last three Annual General Meeting of the Company were held within the Statutory time period and the details of the same are as under:

Financial Year	Location	Date	Time
2009-2010	Plot No. 119-120,Santej-Vadsar Road, At & Post Santej, Taluka : Kalol, Dist. : Gandhinagar	30/09/2010	3.00 P.M.
2010-2011	Plot No. 119-120,Santej-Vadsar Road, At & Post Santej, Taluka : Kalol, Dist. : Gandhinagar	30/09/2011	3.00 P.M.
2011-2012	Plot No. 119-120,Santej-Vadsar Road, At & Post Santej, Taluka : Kalol, Dist. : Gandhinagar	29/09/2012	4.00 P.M.

▪ Extra Ordinary General Meeting:

During the last three years, only one Extra Ordinary General meeting (EGM) was held. The details of the EGM are as under:

Financial Year	Location	Category	Date	Time
2011-12	Plot No. 119-120, Santej-Vadsar Road, At & Post Santej, Taluka: Kalol, District Gandhinagar	EGM	07/05/2011	3.00 P.M.

▪ Special Resolutions passed during last three years:

During the last three years, no Special resolution was passed.

There were no resolutions put through postal ballot last year. There is no business at the ensuing AGM requiring implementation of the postal ballot under the applicable rule.

8. Disclosures:

- Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the Directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of Company

at large. There are no materially significant related party transactions during the Financial Year 2012-13 that may have potential conflict with the interest of the Company at large.

- Details of non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority(ies), on any matter related to capital markets, during the last three years. NIL
- CEO Certificate: The Managing Director of the Company has furnished the requisite certificate to the Board of Directors under Clause 49 V of the Listing Agreement.
- Whistle Blower Policy: The Company does not have Whistle Blower Policy. The Company hereby affirms that no personnel has been denied access to the Audit Committee.

9. Means of Communication:

- Half -Yearly result is not sent to each shareholder.
- Quarterly results are taken on record by the Board of Directors and submitted to the Stock Exchanges in terms of the requirement of Clause 41 of the Listing Agreement.
- The Quarterly results are published in Western Times (Ahmedabad) in English and Gujarati edition.
- No presentation has been made to Institutional Investors or to analysts.
- Quarterly results have been displayed on company's website.
- The Management Discussion and Analysis Report is attached with the Director's report in this Annual Report.

10. Compliance Certificate of the Auditors:

The Certificate from the Auditors of the Company, M/s. S. D. Mehta & Co., Chartered Accountants, Ahmedabad, confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49, is attached to the Directors' Report forming part of the Annual Report. This Certificate has also been forwarded to the Stock Exchanges where the securities of the Company are listed.

11. General Shareholder Information:

I. Annual General Meeting

Date and Time : **30/09/2013 at 4.00 P.M.**
Venue : Plot No. 119-120, Santej-Vadsar Road,
At & Post Santej, Taluka: Kalol,
Dist.: Gandhinagar

II. Financial Calendar (Tentative):

Financial Year : 1st April - 31st March
First Quarter Results : Second week of August, 2013
Second Quarter Results : Second week of November, 2013
Third Quarter Results : Second week of February, 2014
Results for the year ending
31st March, 2014 : Last week of May, 2014

III. Book Closure Date : **26th September, 2013 to 30th September, 2013**
(Both days inclusive)

IV. Registered Office : Plot No. 119-120, Santej-Vadsar Road,
At & Post Santej, Taluka: Kalol,
Dist.: Gandhinagar

V. Dividend Payment Date : No dividend is recommended for the financial year 2012-13

VI. Listing of Equity Shares on Stock Exchange:

Your Company's equity shares are listed on

Sr. No.	Name of Stock Exchange	Address of Stock Exchange
1	The Ahmedabad Stock Exchange Ltd.	Kamdhenu Complex, Opp. Sahajanand College, Ambawadi, Ahmedabad – 380 015
2	The BSE Ltd.	Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001
3	The Saurashtra Kutch Stock Exchange Ltd	Popatbhai Sorathiya bhawan, Sardar Bazar, Rajkot – 360 001
4	Madras Stock Exchange Ltd	No. 30, Second Line Beach, Chennai – 600 001

Annual Listing Fees for the year 2013-14 have been paid to the BSE only.

VII. Stock Code:

- a) The Ahmedabad Stock Exchange Limited, Ahmedabad : 39200
- b) The BSE Limited, Mumbai : 517431
- c) The Saurashtra Kutch Stock Exc. Ltd. : Not Available
- d) The Madras Stock Exchange Ltd. : Not Available

VIII. Registrar & Share Transfer Agent:

The Company has appointed M/s. Purva Sharegistry Pvt. Ltd. as the Registrar and Share Transfer Agent for Demat shares w.e.f November, 2011 having their Registered Office at:

Unit no. 9, Shiv Shakti Ind. Estate,
J .R. Boricha marg, Opp. Kasturba Hospital Lane
Lower Parel (E) Mumbai 400 011
Tel: 91-22-2301 6761 / 8261
Fax: 91-22-2301 2517

IX. Share Transfer System:

Trading in Equity Shares of the Company is permitted only in dematerialized form w.e.f. 23rd March, 2001 as per circular issued by the Securities and Exchange Board of India (SEBI).

The transfer of shares in physical form is processed and completed by M/s. Purva Sharegistry Pvt. Ltd., Registrar & Share Transfer Agent, within the statutory stipulated period. In case

where shares are held in electronic form, the transfers are processed by NSDL/CDSL through the Depository Participants and Registrar.

X. Distribution of Shareholding (as on March 31, 2013):

No. of Equity Shares Held	No. of Shareholders	% of Shareholders	Total No. of Shares Held	% of Shareholding
1-500	2275	82.04	787800	21.74
501-1000	278	10.03	249400	6.88
1001-2000	125	4.51	207200	5.72
2001-3000	44	1.59	117300	3.24
3001-4000	4	0.14	13100	0.36
4001-5000	19	0.69	90700	2.50
5001-10000	13	0.47	95700	2.64
10001 & Above	15	0.54	2061800	56.91
Total	2773	100.00	3623000	100.00

XI. Categories of Shareholding (as on 31st March, 2013):

Category of Holder	No. of Shares	% of Shareholding
Promoters / Persons acting in concert	1574300	43.45
Banks / Institutions / Mutual Funds	48700	1.34
Private Corporate Bodies	84400	2.33
Indian Public	1912800	52.80
NRI's	1500	0.04
Any other – (HUF)	1300	0.04
Total	3623000	100.00

XII. Details on use of public funds obtained in the last three years:

No funds have been raised from the public during the last three years.

XIII. Outstanding GDR / ADRs / Warrants and Convertible bonds, conversion date and likely impact on the equity: No GDRs / ADRs / Warrants issued by the company.

XIV. Investor Correspondence:

For any assistance regarding dematerialization of shares, share transfers, transmissions, change of address and any other query relating to shares of the Company, please write to:

RTA: PURVA SHAREGISTRY PVT LTD

Unit no. 9, Shiv Shakti Ind. Estate,
J .R. Boricha marg, Opp. Kasturba Hospital Lane
Lower Parel (E) Mumbai 400 011

Tel: 91-22-2301 6761 / 8261
Fax: 91-22-2301 2517

For any other general matters or in case of any difficulties / grievances please write to:

NARMADA MACPLAST DRIP IRRIGATION SYSTEMS LIMITED

Corp. Office: A-16 Parulnagar Society, 1st floor, Bhuyangdev Char Rasta, Sola Road
Ghatlodia, Ahmedabad – 380 061

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, all Board Members and Senior Management Personnel have affirmed compliance with Narmada Macplast Drip Irrigation Systems Limited Code of Business Conduct and Ethics for the year ended 31st March, 2013.

For, NARMADA MACPLAST DRIP IRRIGATION SYSTEMS LTD

Sd/-

Place: Ahmedabad

Date : 21st August, 2013

VRAJLAL VAGHASIA
CHAIRMAN & MANAGING DIRECTOR

CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT(S)

To
The Members of
Narmada Macplast Drip Irrigation Systems Limited

1. We have reviewed the compliance of conditions of Corporate Governance by **Narmada Macplast Drip Irrigation Systems Limited** (the Company) during the year ended **31st March, 2013** with the relevant records and documents maintained by the Company and furnished to us.
2. The Compliance of conditions of corporate governance is the responsibility of the management. Our examination has been limited review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an express of opinion on the financial statements of the Company.
3. On the basis of our review and according to the information and explanations given to us, we certify that the Company has, for the year ended March 31, 2013, complied in all material respects with the conditions of Corporate Governance as stipulated in Clause 49 of the listing agreement(s) with the Stock Exchange(s).
4. We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investors' grievances Committee.
5. We further 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, S. D. Mehta & Co.
Chartered Accountants

Sd/-
Shaishav Mehta
Proprietor

Date: 21st August, 2013

Place: Ahmedabad

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

In the financial year 2012-13, the global economy improved slowly which had been leading the recovery, also experienced deceleration in growth due to high unemployment, banking fragility, fiscal tightening and sluggish growth. The U.S. economy improved marginally due to the consumer and housing sectors. Asian economies improved slowly also experienced deceleration in growth. As of now, the overall economic environment continues to be fragile.

During Financial year 2012-13, the Indian economy experienced a low growth rate which was slowed down to 5-5.5 % from 6.5 % in 2011-12.

Agricultural growth rate experienced a lower at 1.8% as compared to 3.6% of the previous year because of the delayed onset of monsoon that resulted in food grain production contracting by about 3.5%.

The company is in the business of manufacturing PVC and HDPE pipes used for agriculture, household and infrastructure sectors. Indian Plastic Industry uses almost 8 mn. MT of resin as per Industry estimate. Out of this more than 75% is accounted by extrusion of pipes, profile and films. The large part of the pipe industry is scattered near user belts in the country large part being small and medium size companies.

OPPORTUNITIES AND THREATS

The rise the agriculture and infrastructure sectors bode well for the pipe market. The government spends on programmes for safe drinking water; rural sanitation, etc. are expected to generate substantial demand for piping products. Rise in PVC resin prices is the biggest potential threat for the Industry.

FUTURE OUTLOOK

The Company is identifying the various opportunities available with the Company. Looking at the overall scenario of the economic conditions, the company is planning for the maximum utilization of the available resources. The Company expects in raising the demands of the products in which the company is engaged. Thus, the Overall outlook for the coming year looks good and may benefit your company at large.

RISKS AND CONCERNS

The risk associated with the products of the Company is always a cause of concern for the Company. The general risk associated with the competition from large organization as well as from the unorganized and small-scale organizations affects the domestic market to a large extent. Your company is confident of performing better in spite of such business risks.

INTERNAL CONTROL SYSTEMS

The Company does not have any formal internal audit system. The internal policies of the Company ensure efficient use and protection of assets and resources, compliance with policies and reliability of the financial and operational reports. The management is taking steps to introduce the internal audit system commensurate with the size and nature of the business of the company. The Audit Committee of the Board of Directors deals with the adequacy of internal controls and budgeting functions.

FINANCIAL PERFORMANCE

The Company's performance was satisfactory during the year 2012-13.

HUMAN RESOURCES

The Company continued to have cordial and harmonious relations with its employees during the year under review.

CAUTIONARY STATEMENT

Statement in this Management Discussion and Analysis report describing the Company's objective, expectations or predictions may be "forward – looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand / supply and price conditions in the domestic and overseas markets, changes.