

REPORT ON CORPORATE GOVERNANCE **(Pursuant to Clause 49 of the Listing Agreement)**

1. Company's philosophy:

Corporate Governance is an integral part of value, ethics and best business practices followed by the Company. The core values of the Company are commitment to excellence and customer satisfaction, maximizing long-term value for stakeholders, socially valued enterprise and caring for people and environment.

PARTH INDUSTRIES LIMITED is committed to good Corporate Governance in order to all stakeholders - Customers, suppliers, lenders, employees, the shareholders. The detailed report on implementation by the company of the Corporate Governance Code as incorporated in Clause 49 of the Listing Agreement with the Stock Exchanges, is set out below :

2. Board of Directors:

2.1 Composition of the Board:

The Board of Directors as at 31st March, 2014 comprises of four directors. Two are Executive and two non-executive directors. Mr. Deepak Patel, Active Director of the Company and he conducts the day to day management of the Company, subject to the supervision and control of the Board of Directors. The independent directors on the Board are senior, competent and highly respected persons from their receptive fields:

2.2 Responsibilities of the Board

The responsibility such as policy formulation, performance review and analysis and control, direction and management of the affairs of the company is vested in the Board of Directors presided over by the Chairman and Director. The Board has delegated some of its powers to the executives of the company. The Board reviews from time to time such delegated powers and their utilization for effective functioning of the Company.

2.3 Meeting and Attendance Record of Directors

The meetings of the Board of Directors are held at periodical intervals and are generally at the registered office of the Company, Ahmedabad. The meeting dates are decided well in advance and the agenda and notes on agenda are circulated in advance to the directors. All material information is incorporated in the notes on agenda for facilitating meaningful and focused discussion at the meeting. Where it is not perusable to attach supporting or relevant documents to the agendas, the same is tabled before the meeting. In case of business exigencies or urgency of matters, resolutions are passed by circulation. Senior Management

persons are often invited to attend the Board Meetings and provide clarifications as and when required.

During the Financial year 2013-14, Following Board meeting were held during the year.

17/04/2013	29/05/2013	16/07/2013	12/08/2013
14/11/2013	26/12/2013	17/01/2014	12/02/2014

Extra Ordinary General Meeting:

One Extra Ordinary General Meeting was held on 6th March, 2014 during the year under review to fill up the casual vacancy caused by the resignation of the Statutory auditor Mr. Bhadresh I Shah by appointing M/s. Suresh R Shah & Associates, Chartered Accountant, Ahmedabad.

The composition, attendance and other memberships of the Board of Directors of the company is as follows: c. Attendance of Directors at Meetings of Board of Directors and last AGM:

Name of the Director	Designation	Category	No. of Board meetings attended	Attendance at last AGM	Total No. of Directorships in public Companies	Total No. of Committee membership	Total no. of Board Chairmanship
Deepak Narayanbhai Patel	Director	Executive	8	Yes	----	0	0
Mitul Narayanbhai Patel	Director	Executive	8	Yes	----	0	0
Sanjay Mahendra Vyas	Director	Independent / Non Executive	8	Yes	----	0	0
Mineshbhai Narendrabhai Sheth	Director	Independent / Non Executive	8	Yes	2	0	0

2.4 Details of Directors seeking re-appointment at the ensuing Annual General Meeting

As per the provisions of the Companies Act, 2013, two third of the directors of a company should be retiring directors, of which one third of such directors are required to retire every year and if eligible, they qualify for re-appointment.

Mr. Minesh N. Sheth, retire by rotation at the ensuing Annual General Meeting and offer him for re-appointment.

Profile of Mr. Minesh N. Sheth, Director being appointed u/s 152 of the Companies Act, 2013

Name	Mr. Minesh N. Sheth
Date of Birth	11/09/1951
Date of Appointment	01/04/2010
Directorship in other company	2
No of Shares Held	NIL
Membership of Committees of other public limited companies	NIL

2.5 Details of Directors who are as Chairman and Directors in other Public Companies

None of the Directors on the Board is a member or Chairman of any Committees (as specified in Clause 49 (C) (ii) across all the Companies in which he is a director. The necessary disclosure regarding Directorship and Committee position have been made by the Directors who are on the Board of the Company as on 31st March, 2014 and the same is reproduced herein below:

Sr. No.	Name of Director	No of Directorship in other Public Companies	No. of Committees held as Chairman on other public Companies	No. of Committees positions held as member in other public Company
1.	Deepak Narayanbhai Patel	--	--	--
2.	Mitul Narayanbhai Patel	--	--	--
3.	Sanjay Mahendra	--	--	--

	Vyas			
4.	Mineshbhai Narendrabhai Sheth	2	--	--

3. COMMITTEE OF BOARD:

The Company had four Board Committees. These are

1. Audit Committee
2. Remuneration Committee
3. Sub-Committee (Quarterly Results Review Committee)
4. Share Transfer & Shareholders/Investor Grievance Committee

Moving with various committees formed and reported in the previous Annual Report and in line with the requirements of SEBI and Stock Exchanges, the Board has formally constituted the following committees of Directors.

3.1 Audit Committee:

The Audit committee constituted by the Board of directors as per the provisions of Clause 49 of the listing Agreements as well as in Section 292A of the Companies Act, 1956, comprises of three members viz. Mr. Mineshbhai Narendrabhai Sheth, Chairman (Non-Executive) and Mr. Sanjay Vyas, Member (Non-Executive), Mr. Deepak Patel, Member (Executive) who are aware with finance, accounts, management and corporate affairs. Two members constitute the quorum of the said Audit Committee Meeting.

The Audit Committee of the Board of Directors of the Company, Inter-aila, provides assurance to the Board on the adequacy of the internal control systems and financial disclosures.

The audit committee while reviewing the Annual Financial Accounts ensures compliance of the Accounting Standard (AS) issued by the Institute of Chartered Accountants of India.

- Review the financial reporting process and disclosure of its financial information
- Review with the management, Annual financial statements before submission to the Board
- Review with the management, statutory Auditors and Internal Auditors and adequacy of internal control systems
- Review the company's accounting and risk management policies
- Review the company's accounting and management reporting systems and updates the same from time to time.

- Recommend the appointment and removal of statutory and Internal Auditors and fixation of fees for the same.
- Review quarterly financial statement
- Review internal investigations made statutory/ Internal Auditors.
- Scope of Statutory/ Internal Audit.
- Review fixed deposits/repayment systems etc.
- Any other applicable functions as described in Corporate Governance.
- Review related party transactions.

The terms and reference of the Audit Committee covers the matters specified as per clause 49 of the Listing Agreement besides other terms as may be referred from time to time by the Board of Directors. The Audit Committee met 4 times during the year.

29/05/2013	12/08/2013	14/11/2013	12/02/2014
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3.2 Remuneration Committee:

The Remuneration Committee reviewing the overall compensation policy, service agreements and other employments and other employment conditions of Managing / Whole time Directors and Managing Director:

The Composition of remuneration committee is as under;

Mr. Sanjay Vyas	Chairman	- Director
Mr. Mineshbhai Sheth	Member	- Director
Mr. Mitul Patel	Member	- Director

Remuneration Committee constituted for the purpose of considering remuneration of executive and non-executive directors.

Non- Executive Director

The Company has not paid any sitting fees to any of the Directors of the Company.

Remuneration Policy

Payment of remuneration to the Managing/Whole Time Director is governed by the respective Agreements executed between them and the company. These agreements were approved by the Board and the Shareholders. Their Remuneration structure comprises salary, perquisites and allowances.

No meeting of Remuneration Committee was held during the year.

Details of Remuneration of Executive / Non-Executive Directors for the financial year ended 31st March, 2014

Name	Executive / Non-Executive	Salary	Bonus	Contribution to PF	Perquisites	Total
Deepak Narayanbhai Patel	Executive	-	-	-	-	-
Mitul Narayanbhai Patel	Executive	-	-	-	-	-
Sanjay Mahendra Vyas	Non Executive	-	-	-	-	-
Mineshbhai Narendrabhai Sheth	Non Executive	-	-	-	-	-

3.3 Share Transfer & Shareholders'/Investor Grievance Committee:

The Share Transfer & Shareholders'/Investor Grievance committee comprises as under:

- 1 Mr. Deepak Patel
- 2 Mr. Mitul Patel
- 3 Mr. Sanjay Vyas

The committee is responsible for approving and monitoring transfers, transmission, splitting and consolidation of shares issued by the Company. In addition to that, the committee also monitors redressal of complaints from shareholders relating to transfer of shares, non-receipt of balance sheet etc., No sitting fees is paid to the committee members. The Committee reviewed redressal of investors Grievances pertaining to share transfer, dematerialization of shares, replacement of lost, mutilated and old share certificates, change of address etc. The committee has also taken steps to strengthening investors relations.

The status of shareholders' complaints received so far/number not solved to the satisfaction of shareholders/number of pending share transfer transactions (as on 31st March, 2014) is given below:-

Complaints Status: 01.04.2013 to 31.03.2014

- Number of complaints received so far : 1
- Number of complaints solved : 1
- Number of pending complaints : 0

4. DISCLOSURES:

(a) Materially significant related party transactions:

The same are not disclosed at on the Significant Accounting Policies and notes on accounts- schedules.

(b) During the last three Years, there were no penalties, strictures imposed by either SEBI or stock Exchange or any statutory authority for non- Compliance of any matter related to the capital market.

5. Share Transfer System:

The Company is in process of appointing M/s. Sharepro Services (India) Pvt. Ltd., as R & T. Meanwile, the Company has in-house Share Transfer systems at physical mode till date.

6. Dematerialization of shares and liquidity:

The Company has not registered itself with any agency for dematerialization of Companies securities so far.

- 7. Date, Time and venue of Annual General Meeting** : 30th September, 2014 at 09:30 a.m.
: 5th Floor, Nilkanth Palace, B Block,
Opp. Seema Hall, 100ft. Sanjay
Sachin Road, Satellite,
Ahmedabad - 380015

- 8. Book Closure Date** : 23rd September, 2014 to 30th September, 2014

9. CEO/CFO Certification:

(Under Clause 49(V) of Listing Agreement)

We certify that --

- a. We have reviewed the financial statements and the cash flow statement for the year 2013-14 and that to the best of our knowledge and belief:

- These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

- These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;

b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year 2013-14 which are fraudulent, illegal or violative of the Company's code of conduct;

c. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of the internal control, if any, of which we are aware of and the steps we have taken or propose to take to rectify these deficiencies.

d. We have indicated to the Auditors and the Audit Committee

- Significant changes in internal control over the financial reporting during the year 2013-14;

- Significant changes in accounting policies during the year 2013-14 and that the same have been disclosed in the notes to the financial statements; and

- Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over the financial reporting.

MEANS OF COMMUNICATIONS:

The half Yearly and quarterly results of the Company were not published in any news paper but regularly forwarded to the BSE Ltd. where the Company's share are listed also on Company's website www.parthindustriesltd.webs.com. The Company has not considered it necessary to circulate half yearly results at the residence of shareholders as there is no significant up and down in the activities of the company having material impact on the shareholders interest.

Further the Company has not made any presentation to any financial institutional Investors/analysts or banks during the year.

Listing of Equity Shares on Stock Exchanges: Mumbai Annual listing fees for the financial Year upto 31-03-2014 has been paid

e. Stock Code : BSE 526349
ASE: 14320

f. De-mat ISIN number : Applied for

g. Market price data: The Company has nothing to report as no trade has been reported to take place.

h. Performance of the Company's shares in comparison with broad based indices as BSE's Sensex: The Company has nothing to report on the matter.

i. Registered and Transfer Agent: The Company has appointed M/s. Sharepro Services (India) Pvt. Ltd, as the common agencies both in respect of demat shares. The Company is having in house share transfer set up for the transfer of shares which are still in physical mode.

j. Share Transfer System: All the transfers are received and processed by the Secretarial Department of the Company and approved by share transfer committee. Share Transfer requests received in physical form The Management discussion and analysis forms part of the Annual Report.

10. Dividend Payment Date : Not Applicable

11. Detail of last three Annual General Meeting:

Meeting	Year	Venue of AGM	Date	Time	Whether Special resolution passed
Annual General Meeting	2013	S/19, Vikram Chambers, Nr. Sales Ashram Road, Ahmedabad-380009	27 th September, 2013	12.30 Noon	No
Annual General Meeting	2012	S/19, Vikram Chambers, Nr. Sales Ashram Road,	27 th September, 2012	12.30 Noon	No

		Ahmedabad-380009			
Annual General Meeting	2011	S/19, Vikram Chambers, Sales Ashram, Ahmedabad-380009	Nr. India, Road,	29 th September, 2011	12.30 Noon
					Yes

Details for Special Resolution had passed in last AGM:

2013: NIL

2012: NIL

2011: YES

- 1) Special Resolution was passed for regularization the appointment of Mr. Mitul Narayanbhai Patel.
- 2) Special Resolution was passed for regularization the appointment of Mr. Sanjay Mahendra Vyas.
- 3) Special Resolution was passed for regularization the appointment of Mr. Minesh N Sheth.

12. High / Low of Monthly Market Price of the Companies Equity Shares traded on BSE Ltd during the financial year 2013-14 is furnished below:

The Company has nothing to report as no trade has been reported to take place.

13. Distribution of Shareholding as on March 31, 2014.

On the basis of shares held

No of Equity shares held	No. of shareholders	Percentage of Total share holders	No. of Shares held	Percentage of total share held
Upto 5000	6954	91.83%	3,60,000	1.07%
5001 - 10000	319	4.21%	26,93,000	8.04%

10001 --50000	241	3.18%	54,87,000	16.38%
50001 --100000	17	0.22%	13,76,000	4.11%
Above 100000	42	0.56%	2,35,84,000	70.40%
Total	7573	100.00%	3,35,00,000	100.00%

Shareholding pattern as on 31st March, 2014

Category	No. of share held	% of shareholding
a. Promoters and persons who may be deemed to be acting in concert including promoter/ directors group Companies	8,50,000	25.37%
b. Other bodies corporate	2,23,900	6.68%
c. Indian public	22,76,100	67.95%
Total	33,50,000	100%

Dematerialization of shares: As on 31-03-2014 Demat shares accounted for Nil (Equity Shares) of total equity.

14. Listing on Stock Exchanges

: BSE Ltd.
Phiroze jeejeebhiy Towers,
Dalal Street, Mumbai - 400023

: Ahmedabad Stock Exchange Limited
Kamdhenu Complex, Near
Polytechnic, Opposite Shahajanand
Arts & Commerce College,
Ambavadi, Ahmedabad - 380015.

15. Investor Correspondence

:All enquiries, clarifications and Correspondence should be addressed to the compliance officer at following address.

- 16. Compliance Officer** : Mr. Deepak Patel
- 17. Address for Correspondence** : 5th Floor, Nilkanth Palace, B Block, Opp Seema Hall, 100ft. Sanjay Sachin Road, Satellite, Ahmedabad - 380015
Website: www.parthindustriesltd.webs.com
- 18. Registrar & Share Transfer Agent:** Sharepro Services (India) Pvt. Ltd.
416-420, 4th Floor, Devnandan Mall,
Opp. Sanyash Ashram, Ashram Road,
Ellisbridge, Ahmedabad – 380006

19. Compliance Certificate of the Auditors:

The statutory Auditors have certified that the company has complied with the conditions of corporate governance as stipulated in clause 49 of the Listing Agreement with the Stock Exchange and the same is annexed to the Directors Report and Management Discussion and Analysis.

The Certificate from the statutory Auditors will be sent to the listed stock exchange along with the annual return of the Company.

DECLARATION

As provided under clause 49 of the Listing Agreement with the Stock Exchange, all Board members and Senior Manager personnel have affirmed compliance with PARTH INDUSTRIES LIMITED Code of Business conduct and ethics for the year ended March 31, 2014.

For And On Behalf Of the Company

Date: 29/05/2014

Place: Ahmedabad

**Sd/-
(Sanjay Vyas)
Director
DIN: 01469464**

**Sd/-
(Deepak Patel)
Director
DIN: 00105728**

**Sd/-
(Minesh N Sheth)
Director
DIN: 01842723**

MANAGEMENT DISCUSSION AND ANALYSIS

Overall review, industry Structure and Developments:

The scenario of the stationary industry is changing from time to time as change in the Indian Economy level. However, at present small scale stationary makers are not often able to protect themselves against the fluctuations in the market prices. In addition, with a lower degree of investment in stationary making infrastructure in these countries, makers face lower switching costs. Thus, your Company is in the process of changing its activities to give boost to its stationary making & export activity. The stationery performance was affected on account of building focus and trying to build the business on a few states rather than on a pan- India basis, which was based on inputs from a leading consultancy firm which lowered off take amongst our distributors as operational modalities were carried on. This trend might continue for a couple of months but then the stationery business should be on track. Your company expects double digit growth for stationery business in the coming year as the outlook on exports continues to remain stable.

Opportunities and Threats

Opportunities

- Large, Potential Domestic Market
- Market is gradually shifting towards Branded Stationary.
- Increased Disposable Income and Purchasing Power of Indian Customer open New Market Development.
- Emerging Retail Industry and Malls provide huge opportunities for the Stationary segment of the industry.

Threats

- Competition from other developing states of the Country
- Continuous Quality Improvement is need of the hour as there are different demand patterns all over the world
- Elimination of Quota system will lead to fluctuations in Demand.
- Geographical Disadvantages.
- International labor and Environmental Laws.
- Increase in rate of service tax from 10 percent to 12 percent has given the intense competition in the Industry. Increased competition also translates into serious pressures on cost. These added to soaring commodity prices and volatility of exchange rates pose a serious challenge to cost management.

Segment wise Performance

The Company has identified its activities as single segment. Hence, the Company's performance is to be viewed as a single segment company operating in stationary industry.

Out Look

With the increasing trend in the stationary and export of variety pens, erasers, and pencils and with the implementation of expansion project in stationary making business, it will provide new dimension to the working. The Company has made the four times profit during the year & the Company has also expanding its business by exporting materials to other countries.

Internal control System

In any industry, the processes and internal control systems play a critical role in the health of the Company. Company's well-defined organizational structure, documented policy guidelines, defined authority matrix and internal controls ensure efficiency of operations, compliance with internal policies and applicable laws and regulations as well as protection of resources. Moreover, the Company continuously upgrades these systems in line with the best available practices. Internal Auditors independently evaluate the adequacy of internal control systems. Their observations and recommendations are discussed by the Audit Committee to ensure effective corrective action. The internal control system is supplemented by extensive internal audits, regular reviews by management and adherence to standard policies and guidelines to ensure reliability of financial and other records. The management information system provides timely and accurate information for effective control. Rigorous business planning as well as expense, capital and manpower budgeting processes ensure that progress is monitored against targets, and control is exercised on all major expenses.

Human relations

Human Resources (HR) are an integral and important part of any organisation. The Company has put in place sound policies for the growth and progress of its employees. Individual performance management systems are being implemented to encourage merit and innovative thinking. Roles and responsibilities are clearly defined at all levels. It has a well-drawn recruitment policy and a performance-based compensation policy to enable the employees to develop a sense of ownership with the organisation. Company recognises the importance of providing training and development

opportunities to its people to enhance their skills and experience, which in turn enables the Company to achieve its business objectives.

Cautionary Statement:

Statements in the Management Discussion and Analysis Report describing the Company's projections, estimates and expectations may be interpreted as "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply, price conditions in the domestic and international markets in which the Company operates, changes in Government regulations, tax laws and other statutes. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements on the basis of any subsequent development, information or events.

Conclusion

The Directors place on record their sincere appreciation for the cooperation and support received from investors, our dear shareholders, customers, business associates, vendors as well as regulatory and governmental authorities.

The Directors appreciate the invaluable contribution of the management team in performing an outstanding job in taking the Company to greater heights and also thank the employees for the significant contribution made by them to the Company's progress.

We would like to specifically thank your Chairman for the untiring work in the re-organization of our company.

For And On Behalf Of the Company

Date: 29/05/2014

Place: Ahmedabad

**Sd/-
(Sanjay Vyas)
Director
DIN: 01469464**

**Sd/-
(Deepak Patel)
Director
DIN: 00105728**

**Sd/-
(Minesh N Sheth)
Director
DIN: 01842723**