



GAGAN POLYCOT INDIA LIMITED

CORPORATE GOVERNANCE REPORT 2011-2012

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is about the ethos of the organization and about fulfilling the laid out collective goals in a process compliant way. The Company believes that good corporate governance has to be woven into the DNA of the organization helping to build a distinctive culture from top to bottom. Therefore, the practices of your Company extend beyond legal provisions and voluntarily adherence to a set of strong governance principles. In the present competitive Corporate scenario, your Company ensures high ethical standards and a disciplined approach in pursuing excellence in all its sphere of business. The Management believes that they are the trustees of the investors' capital and other stakeholders' interests. They believe their business practices should be founded on transparency, disclosure, accountability and financial controls, the four pillars of a good corporate governance system. They Communicate externally, in a faithful manner, about how they run internally'.

1. BOARD OF DIRECTORS

1.1 The constitution of the Board as on 31st March 2012.

As per the listing Agreement the Board should have an optimum combination of both Executive and Non-Executive Directors, and at least one half of the Board has to comprise of independent Directors where the Chairman is Executive.

The Board of your Company as on March 31, 2012 has four directors out of whom 3 were Non-Executive while one was Managing Director and Executive Director.

1.2 Board Meetings and Agenda.

In compliance with the provisions of clause 49 of the listing agreement, the Board meets at least once in every quarter to review the performance and to deliberate and consider other items on the agenda. During the Year 2011-2012, the Board of Directors met 14(Fourteen) times on the following dates 02.04.2011, 30.04.2011, 17.05.2011, 30.07.2011, 05.08.2011, 08.08.2011, 25.08.2011, 31.10.2011, 22.11.2011, 31.01.2012, 12.03.2012.

A detailed Agenda folder is sent to each Director in advance of Board and Committee meetings. To enable the Board discharge its responsibilities effectively.

The Chairman briefs the Board at every meeting on the overall performance of the Company, followed by presentations by the Executive Directors. The non-executive directors are also given opportunities to express their respective opinions. A detailed report is also placed at every Board Meeting. The Board also reviews:

- Strategy and business plans
- Annual operating and capital expenditure budgets.
- Investment and exposure limits.
- Compliance with statutory / regulatory requirements and review of major legal issues.
- Major accounting provisions and write-offs.

The dates of meeting were generally decided well in advance.

1.3 Attendance record of directors.

The composition of the Board and the attendance record of all the directors at the Board meetings held during 2011-2012, as well as at the last Annual General Meeting are as follows:

Name of Director	Designation	Board Meetings Attended	Whether attended last AGM on
##Mr. Pawan Kumar Bagla	Director	05	Yes
##Mrs. Rachana Pawankumar Bagla	Director	05	Yes
#Mr. Rajesh Mehta	Chairman & Managing Director	11	Yes
*Mr. Ketu K. Parikh	Director	07	Yes
*Mr. Hemang Sampat	Director	07	Yes
*Mr. Ashwin M. Shah	Director	07	Yes
##Mr. Bhavesh Vora	Director	05	No
##Mr. Manoj Kumbhar	Director	05	No

Resigned as Director w.e.f. 05/08/2011

Appointed as Director w.e.f. 17/05/2011

*Appointed as Directors w.e.f. 05/08/2011



1.4 Outside Directorships and Membership of Board Committees.

The number of outside directorships and committee positions held by the directors of Gagan Polycot India Limited can be summarized as follows:

Name of Director	Directorships in		Membership of Board Committees
	Listed Companies	Unlisted Public Limited Companies	
##Mr. Pawan Kumar Bagla	NIL	NIL	NIL
##Mrs. Rachana Pawankumar Bagla	NIL	NIL	NIL
#Mr. Rajesh Mehta	1	2	2
*Mr. Ketu K. Parikh	NIL	NIL	NIL
*Mr. Hemang Sampat	3	4	5
*Mr. Ashwin M. Shah	1	2	2
##Mr. Bhavesh Vora	1	1	1
##Mr. Manoj Kumbhar	1	2	2

Resigned as Director w.e.f. 05/08/2011

Appointed as Director w.e.f. 17/05/2011

*Appointed as Directors w.e.f. 05/08/2011

2. BOARD COMMITTEES:

The Board has constituted three committees viz. Audit Committee and Remuneration Committee and Investors Grievance Committee. The roles and responsibilities assigned to these committees covered under the terms and reference approved by the Board are subject to review by the Board from time to time and the minutes of meetings of these committees are reviewed and taken note the Board. The details as to the composition, terms of reference, number of meetings and related attendance etc. of these committees are provided herein below:

2.1 Audit Committee

2.1.1. Constitution and Composition of the Audit Committee

With a view to ensuring compliance with the various requirements under the Companies Act, 1956 and Clause 49 of the Listing Agreement, Gagan Polycot India Limited has set up its Audit Committee. The Company has been taking measures from time to time to improve the effectiveness of the Committee.

The Audit Committee consists of three Directors :

1. Mr. Hemang Sampat
2. Mr. Rajesh Mehta
3. Mr. Ashwin Shah

Mr. Ashwin Shah is the Chairman of the Committee and all except Mr. Rajesh Mehta are independent, nonexecutive directors.

2.1.2 Attendance at Audit Committee meetings:

Name of Director	Category	Status	Number of Meeting	
			Held	Attended
*Mr. Hemang Sampat	Non Executive, Independent	Chairman	2	1
#Mr. Rajesh Mehta	Non Executive, Independent	Member	2	2
*Mr. Ashwin Shah	Executive	Member	2	1

2.2 REMUNERATION COMMITTEE

2.2.1 Constitution and Composition of the Remuneration Committee.

Gagan Polycot India Limited has set up its Remuneration Committee to review the remuneration package of the executive directors and for recommending suitable revisions to the Board. It should be noted that the remuneration of the Managing Director and Executive Director is subject to the approval of the Board of Directors and the Members as well as such other approvals as may be required. Besides, approval of the Central Government may also be necessary in certain circumstances. The Company has been taking measures from time to time to improve the effectiveness of the committee. The Remuneration Committee consists of three Directors:

1. Mr. Ketu Parikh
2. Mr. Rajesh Mehta
3. Mr. Ashwin Shah

2.2.2 Meetings, Attendance and Topics Discussed.

During 2011-2012, the remuneration committee met once on the 1st day of April 2011. The meeting was scheduled well in advance and was attended by all the members of the Committee.



2.2.3 Remuneration paid / payable to Directors during the Financial Year 2011-2012.

Name of Director	Salary/Allowances Amount Rupees	Sitting Fees Amount Rupees	Total Amount Rupees
##Mr. Pawan Kumar Bagla	NIL	NIL	NIL
##Mrs. Rachana Pawankumar Bagla	NIL	NIL	NIL
#Mr. Rajesh Mehta	NIL	NIL	NIL
*Mr. Ketu K. Parikh	NIL	200000	200000
*Mr. Hemang Sampat	NIL	NIL	NIL
*Mr. Ashwin M. Shah	NIL	NIL	NIL
##Mr. Bhavesh Vora	NIL	60000	60000
##Mr. Manoj Kumbhar	NIL	NIL	NIL

Resigned as Director w.e.f. 05/08/2011

Appointed as Director w.e.f. 17/05/2011

*Appointed as Directors w.e.f. 05/08/2011

The Directors have voluntarily waived the Sitting fees for the Financial Year 2011-2012.

1.2.4 Share Holder / Investor Grievance Committee:

The Shareholder/investor Grievance Committee was set up with objective of consideration and speedy disposal of shareholder, and investor requirements & compliance there to. The committee specifically looks into the shareholders and investor complaints on matters relating to transfer of shares, non receipt of Annual Report, non receipt of dividend, etc. in addition the committee also looks into matters which can facilitate better investors services and relations. The company has taking measures from time to time improve the effectiveness of the committee. The grievance committee consists of three directors namely

1. Mr. Rajesh Mehta
2. Mr. Ashwin Shah
3. Mr. Hemang Sampat.

Mr. Rajesh Mehta is the chairperson of the committee of the three the two are non-executive directors

1.2.5 Compliance Officer:

The committee oversees the performance of share transfer and recommends measures to improve the shareholders/investors service Mr. Rajesh Mehta is the Compliance Officer during the financial year ended 31st March, 2012.

3. GENERAL BODY MEETINGS

The details of the last three General Body Meetings can be summarized as follows:

Type of Meeting	Date of the Meeting	Place of the Meeting	Time of the Meeting
21st Annual General Meeting	29-09-2009	201/202 Gagan Towers, Tilak Road, Malegaon 423203	10:00 AM
22nd Annual General Meeting	30-09-2010	201/202 Gagan Towers, Tilak Road, Malegaon 423203	10:00 AM
23rd Annual General Meeting	26-09-2011	201/202 Gagan Towers, Tilak Road, Malegaon 423203	02:00 AM

The Company has passed resolution through postal ballot dated 08th December, 2011, for Change of Registered Address.

4. DISCLOSURES

4.1 Materially significant related party transactions:

There were no related party transactions, pecuniary transactions made by the Company with its promoters, directors, management and their relatives, for which the approval from the Central Government is pending as per section 25 that may have potential conflicts with the interest of the Company at large.

4.2 Means of Communication

The Quarterly Financial Results has been published in English (Financial Express) and vernacular newspaper.

5. GENERAL SHAREHOLDERS INFORMATION

5.1. Annual General Meeting

Date & Time : 28th September, 2012 at 02.00 p.m.

Venue : B-107 Bhoomi Darshan, 1st Floor, Mahavir Nagar, Kandivali (W), Mumbai – 400 067

5.2. Financial Calendar

Financial Reporting April 2011 to March 2012

Unaudited first quarter financial results : July 31st, 2012

Unaudited second quarter financial results : October 31st, 2012

Unaudited third quarter financial results : December 31st, 2012

Unaudited third quarter financial results : May 15, 2013

Annual General Meeting for F.Y. 2012-13 : September 30th 2013



5.3 Dividend

No dividend was declared for the year ended 2011-2012

5.4 Listing on Stock Exchanges

The Company's shares are listed on Bombay Stock Exchange Limited ("BSE") The Company has paid the listing fees to the Stock Exchange within the prescribed time

5.5 Stock Code/Symbol

BSE – 531196

5.6 Market Price Data

The monthly high and low quotations of shares traded on the Bombay Stock Exchange Limited is as follows:

Month	BSE	
	High(Rs.)	Low(Rs.)
April 2011	27.45	15.55
May 2011	29.90	18.00
June 2011	23.05	16.10
July 2011	22.00	16.30
August 2011	19.70	17.65
September 2011	17.80	14.30
October 2011	16.35	13.05
November 2011	16.50	13.35
December 2011	13.90	10.93
January 2012	10.97	8.82
February 2012	14.60	9.50
March 2012	16.00	11.42

5.7 Distribution of Shareholding

The pattern of shareholdings among various categories as on 31st March 2012 is as follows:

Category	Number of shares held	Percentage
Promoters	505600	12.55%
Promoter's Relatives & Associates	276500	6.86%
Financial Institutions / Banks	-----	-----
Any Other (Clearing Member)	2300	0.06%
Mutual Funds	-----	-----
Corporate Bodies	262527	6.52%
Non Resident Indians	-----	-----
Individuals / Others	2981373	74.01%
Total	4028300	100%

5.8 DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2012 :

No. of Equity Shares held	No. of Share Held	% Age	No. of Share Held	% of Equity Capital
Upto 500	1269	60.14%	346051	8.59%
500 - 1000	409	19.38%	342661	8.51%
1001 - 2000	179	8.48%	292700	7.27%
2001 - 3000	97	4.60%	253688	6.30%
3001 - 4000	34	1.61%	124200	3.08%
4001 - 5000	22	1.04%	104500	2.59%
5001 - 10000	54	2.56%	391100	9.71%
10001 - Above	46	2.18%	2173400	53.95%
Total	2110	100	4028300	100



5.9 Book Disclosure:

The Register of Members and Share Transfer Books of the company will remain closed from the 21st Friday of September, 2012 to 28th Friday of September, 2012 both days inclusive.

5.10 Registrar and Share Transfer Agent:

Name : Adroit Corporate Services [India] Private Limited.
SEE1 REG No. : INR000002277
Registered Office : 19, Jafferbhoy Industrial Estate. 1st Floor, Makwana Road. Andheri (East) MUMBAI - 400 059.
Telephone : 022-22702485 12264 1376.
Fax : 022-2264 1349,
E-mail : adroit@vsnl.net

5.11 Share Transfer System and the scheme of transfer-cum- demat:

Application for Transfer of Share held in physical form are received at the office of the Registrars and Share Transfer Agents of the Company or at the Registered office of that company which later on are sent to the Registrar and Share Transfer Agent. The Share Transfer Committee promptly attends to share transfer formalities so as to dispose them within one month of their receipt.

5.12 Stock Code:

Sr. No.	Name of the Stock Exchange	Scrip Code
1	Bombay Stock Exchange	531196
2	Delhi Stock Exchange	
3	Ahmedabad Stock Exchange	
4	Vadodara Stock Exchange	

5.13 Address for Correspondence

Investors and shareholders can correspond with the registered office of the company at the following address :

**Compliance Department/Investor Desk
Gagan Polycot India Limited**

B-107, Bhoomi Darshan,
Mahavir Nagar, Kandivali (West), Mumbai 400 067.
Tel:- 022 42687020/30, Fax:- 022 42687034
Email Id:- compliance@gaganpolycot.com

Shareholders correspondence should be addressed to the Company's above-mentioned address.

**ON BEHALF OF THE BOARD OF DIRECTORS
GAGAN POLYCOT INDIA LIMITED
Sd/-**

**Place: Mumbai
Date: 31.05.2012**

**Mr. Rajesh Mehta
Managing Director**



6. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industries Structure and Development:-

Global growth is projected to be 3.5% for current year 2012. US economy is expected to continue its slow recovery, whilst the Euro zone grapples with its debt-crisis. Notwithstanding the current economic environment there are strong reasons to be bullish on the country's long term growth potential. Favorable demographics, a large growing middle class with increasing disposal incomes support to strong consumption story.

The Textile Industry is one of the most important sector in the Indian Economy and the second largest generator of employment after Agriculture. It contributes more than 4% to the GDP and 17% to country's export earnings. The Textile sector provides employment to over 3.5 crore people.

The Government proposes to increase the investment in this sector to generate more employment through various scheme viz. Scheme for Integrated Textile Parks (SITP), Technology Up gradation Funds Scheme(TUFS), Integrated Skill Development Scheme(ISDS), Technology Mission on Technical Textiles(TMTT), The allocation for this sector during the 12th Five Year Plan is proposed to be increased to around Rs. 49,650 crore as against an allocation of Rs. 14,000 crore during the 11th Five Year Plan.

The Plastic industry chain can be classified into two primary segments, viz., the Upstream which is the manufacturing of polymers and the Downstream which is the conversion of polymers into plastic articles. The upstream Polymer manufacturers have commissioned globally competitive size plants with imported state-of-art technology from the world leaders. The upstream petrochemicals industries have also witnessed consolidation to remain globally competitive.

The downstream plastic processing industry is highly fragmented and consists of micro, small and medium units. Presently, 75% are in the small-scale sector. The small-scale sector, however, accounts for only about 25% of polymer consumption. The industry also consumes recycled plastic, which constitutes about 30% of total consumption.

Despite the industry's high growth spanning over a period of over 2 decades and crossing several milestones, Indian plastics industry is yet to realize its full potential. The per capita consumption of plastics in India, at 5 kgs, is the lowest in the world. The average global per capita consumption is 26 kgs. The low level of per capita plastics consumption in India is indicative of the massive growth potential of the plastic industry. India has the advantage of high population and is expected to maintain high economic growth. This should propel India's plastics consumption to new levels in coming years

Building (Construction) Segment :

Due to very weak demand, there is no added operations in this segment requiring reporting.

Company Prospectus :

The company deals in Indian Market. The purchasing power of the masses is increasing every year in our country. The company hopes to increase its profit as higher sales are being achieved. We are also trying to tie with foreign buyers and also to install imported SULZER looms with a view to diversify the production.

The Manufacturing Unit is situated at Waliv Village, Vasai, Maharashtra focusing on the Industrial & Automotive, Packaging & Stationary, Cosmetics, Safety and customized products. The Company has installed the state of the art machines to produce an apt product to its clients Domestic & Exports. The Company is planning to for further expansion to produce a range of Plastic Molded products in the Surgical division. For the implementation of the expansion phase of the project. The Company is planning to implement it own brand in the Household and Pharmaceutical Industry to suffice the never ending demands simultaneously reduce the efforts on the trading Textile activity.

Risk Management :

The company is subject to business risks, both internal & external and has taken adequate steps to mitigate the same. the major risks associated with the company are outlined below

Raw Material Price :

Raw material cost is about 90% of the company's sales. Thus any major hikes in raw material prices can affect the operations of the company adversely.

The company's Sales are customer driven and hence pricing is order based. The company is, generally able to pass on the increase in raw material price to its customers.

Domestic Competition :

The company faces competition in all the segments that it operates from both the organized and unorganized and sectors.

Cautionary Statement :

Statement in this management discussion and analysis describing the company's objectives, rojections, estimates and expectations may be "forwarding looking statements" within the meaning of the applicable laws and regulations.

Actual results might differ substantially or materially from those expressed or implied.

FOR GAGAN POLYCOT INDIA LIMITED
Sd/-

Date: 31.05.2012

Place: Mumbai

Mr. Rajesh Mehta
MANAGING DIRECTOR



7. CEO & CFO CERTIFICATION

CEO/CFO CERTIFICATION TO THE BOARD (Under Clause 49(V) of Listing Agreement)

Date: 31.05.2012

I, Rajesh Mehta, Managing Director of Gagan Polycot India Limited Certify that —

a) I have reviewed the financial statements and the cash flow statement for the year 2011-12 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 Bank'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 Bank during the year 2011-12 which are fraudulent, illegal or violative of the Bank'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 Bank 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 2011-12

☞ Significant changes in accounting policies during the year 2010-11 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 Bank's internal control system over the financial reporting.

FOR GAGAN POLYCOT INDIA LIMITED
Sd/-

Mr. Rajesh Mehta
MANAGING DIRECTOR

Date: 31.05.2012
Place: Mumbai



DECLARATION ON CODE OF CONDUCT

To,
The Member of
GAGAN POLYCOT INDIA LIMITED

I, Mr. Rajesh G. Mehta, Managing Director of Gagan Polycot India Limited declare that to the best of my knowledge and belief, all the members of the Board of Directors and the designated personnel in the senior management of the Company have affirmed compliance with the Code of Conduct for the financial year ended 31st March 2012.

FOR GAGAN POLYCOT INDIA LIMITED
Sd/-

Date: 31.05.2012
Place: Mumbai

Mr. Rajesh Mehta
MANAGING DIRECTOR





CERTIFICATE

To,
The Member of
GAGAN POLYCOT INDIA LIMITED

We have examined the compliance of the conditions of Corporate Governance by Gagan Polycot India Limited for year ending 31st March 2012 as stipulated in Clause 49 of the Listing Agreements of the said Company with the Stock Exchanges in India.

The compliance of Conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was limited to the procedures and Implementation thereof, adopted by the Company for ensuring the compliance of the Condition of Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us, the Company has complied with the conditions of Corporate Governance as stipulated in above mentioned Listing Agreements.

We state that no Investors grievance were received during the year ended 31st March 2012. No investor grievances are pending against the Company as on 30th July, 2012 as per the records maintained by the Company and presented to the Share / Debenture Transfer and Investors Grievances Committee. We further state that such Compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management had conducted the affairs of the Company.

ForAMD & Co.
Chartered Accountant
Sd/-

Date: 31.05.2012

Place: Mumbai

Arvind M Darji
Partner
M. No. 41748