

DIRECTORS' REPORT

To,
The Members,

The Directors of the Company take pleasure in presenting their 31st Annual Report together with the annual audited financial statements for the financial year ended March 31, 2019.

FINANCIAL RESULTS

The summary of the Company's financial performance for the financial year 2018-19 as compared to the previous financial year 2017-18 is given below:

(Amt in lacs)

Particulars	Year Ended 31/03/2019	Year Ended 31/03/2018
Income	1174.57	19084.25
Less: Expenses	1287.35	18938.35
Less: Depreciation	(26.69)	(31.07)
Exceptional Items	-	-
Profit after Depreciation & Interest	(139.47)	114.81
Provision for Taxation	-	37.95
Provision for Tax (deferred)	0.35	3.25
Profit after Tax	(139.11)	73.59
Net profit / (Loss)	(139.11)	73.59
Balance carried to Balance Sheet	(139.11)	73.59

HIGHLIGHTS

During the year your Company has income of Rs. 1174.57 Lacs including other income as compared to Rs. 19084.25 Lacs in the previous year. The Net Loss after tax was Rs. 139.11 Lacs against the Net Profit of Rs. 73.59Lacs in the previous year.

GENERAL RESERVES

During the year the Company has not proposed to transfer any amount to the General Reserve of the Company.

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

This MD & A provides analysis of the operating performance of the Company's two business segments, as well as a discussion of cash flows, the impact of risks and outlook for the business, Additional information about the Company.

This discussion and analysis is the responsibility of management. The Board of Directors carries out its responsibilities for review of this disclosure principally through its Audit Committee, comprised exclusively of independent Directors. The Audit Committee has reviewed and approved this disclosure and it has also been approved by the Board of Directors.

The management of the Company is presenting herein the overview, opportunities and threats, initiatives by the Company and overall strategy of the Company and its outlook for the future. This outlook is based on management's own assessment and it may vary due to future economic and other future developments in the country.

SEGMENT-WISE PERFORMANCE

The Company operates in two reportable segments i.e. Textile Business and manufacturing business. The Business Segments has been identified as separate segment in accordance with Accounting Standard 17 'Segment Reporting'.

RISK MANAGEMENT

The textile business, like other businesses, is susceptible to various risks. The primary risk factor is raw material prices, which is the largest component of cost. Since cotton is an agriculture produce, it suffers from climatic volatility in the major cotton producing countries. This in turn creates uncertainties for textile manufacturers.

Another important issue is the availability, quality and price of power. The availability of good quality power at reasonable prices is critical for sustainability of the industry. However, the cost of power has been continuously increasing, adding to input cost pressure in the industry. The non-availability of skilled manpower along with high labour cost prevailing in the country is growing concern area for textile industry.

We are making all efforts to cope up with the challenges through continuous cost reduction, process improvements, diversification of products, rationalization of costs, training the workforce on the continued basis, improving efficiencies and creating a strong customer-oriented approach.

OPPORTUNITIES IN TEXTILE INDUSTRY

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. Company is also trying to enter into joint ventures with a view to diversify the production respect to the requirement of buyers.

The Manufacturing Unit is situated at Waliv, 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 has made the set-up of production of Plastic Molded products in the surgical division. 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.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

We maintain adequate internal control systems commensurate with the nature of business, size and complexity of its operations. We have well-established processes, guidelines and procedures to augment the internal controls. This, coupled with adequate internal information systems ensures proper information flow for the decision-making process. The internal control system is designed to ensure maintenance of proper accounting controls, monitoring of operations, protection and conservation of assets and compliances with applicable laws and regulations. These controls ensure that financial and other records are reliable for preparing financial statements and other information.

We also address any issues identified by regulatory inspection teams very diligently and report the same to the Board of Directors and the regulators.

HUMAN RESOURCES

During the year under review, HR continued to undertake initiatives towards development, enhancement and retention of workforce. Your Company strongly believes that employees are central to the Company's transformation agenda and that it is important to build capabilities of employees to handle both current and future needs. During the year, the Company worked extensively on identifying the needs of employees across all categories and level. The Company has built a young and vibrant team of qualified and competent professionals to meet the emerging business challenges and market competition.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis, describing the Company's objective, projections and estimates, are forward looking statements and progressive within the meaning of applicable security laws and regulations. Actual results may vary from those expressed or implied, depending upon economic conditions, Government Policies and other incidental/related factors.

REPORTING OF FRAUD

The Auditors have not reported any fraud as specified under Section 143(12) of the Companies Act, 2013, other than those which are reportable to the Central Government.

DIVIDEND

In order to conserve the resources, your Directors are unable to declare any dividends.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

The Provisions of Sec. 125 (2) of the Companies Act, 2013 do not apply as there was no dividend declared and paid last year.

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

During the year under review, there is no such change in the Company.

Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future

- There are no significant and material orders passed by the Regulators or courts or tribunals impacting the going concern status and Company's operations in future.
- During the year Company had made certain addition in the main object clause by adding degradable bags, biodegradable bags, compostable bags, zero-waste packaging material etc in its main object.
- During the year under review, there were no cases filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

DETAILS OF HOLDING / SUBSIDIARY / JOINT VENTURES / ASSOCIATE COMPANIES

The Company does not have any Holding/Subsidiary/Joint Ventures/ Associate as on March 31, 2019. However, the Company is Associate Company of Lien Trading Private Limited as on March 31, 2019.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Pursuant to Section 149 of the Companies Act, 2013, the Board recommended the appointment of Mrs. Tejal Shah, whose term expires on 30th September, 2019, for a period of 5 Years as an Independent Directors of the Company, not liable to retire by rotation from the date of its 31st Annual General Meeting subject to approval of the Members of the Company. The Directors have given the declaration to the Board that they met the criteria of independence as provided under Section 149(6) of the said Act and also confirmed that they will abide by the provisions as mentioned in Schedule IV of the Companies Act, 2013.

The Board had recommended the re- appointment of Mr. Ketu Parikh, Managing Director & Mr. Prajwal Patel, Whole Time Director for another period of 3 years. The Board recommends the resolutions for approval of the above appointments.

Pursuant to the provisions of Section 203 of the Act, the Key managerial personnel of the Company are- Mr. Ketu Parikh, Chairman cum Managing Director & Chief Financial Officer, Mr. Prajwal Patel- Whole-time Director and Ms. Pooja Gohel, Company Secretary & Compliance officer of the Company.

AUDITORS

Statutory Auditors:

M/s. SSRV & Associates, Chartered Accountants, Mumbai have resigned as a Statutory Auditor of the Company w.e.f 21st August, 2019. As per the provisions of Companies Act, 2013 read with rules made thereunder a casual vacancy caused due to resignation of Statutory Auditor needs to be approved by the members in a general meeting within three months. Accordingly, the Board of Directors have recommended the appointment of M/s. PMPK & Company, Chartered Accountants, Mumbai, to the members of the Company for their approval at the Annual General Meeting by way of passing an ordinary resolution to hold office from the conclusion of the ensuing Annual General Meeting till the conclusion of the Thirty Sixth Annual General Meeting .

M/s. PMPK & Company, Chartered Accountants, Mumbai, have conveyed their consent to be appointed as the Statutory Auditors of the Company along with the confirmation that, their appointment, if approved by the shareholders, would be within the limits prescribed under the Act.

Secretarial Auditor:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors had appointed Mr. Brajesh Gupta, Practicing Company Secretary, Indore (Mem No.-33070 & COP No.21306) to undertake the Secretarial Audit of the Company for the financial year 2018-2019. The Company has provided all the assistance and facilities to the Secretarial Auditor for conducting their audit. Report of Secretarial Auditor for the FY 2018-2019 in Form MR-3 is annexed to this report as **Annexure I**.

EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS MADE BY AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS

The **Statutory Auditors' Report** to the members on the Accounts of the Company for the financial year ended 31st March, 2019 contains below qualifications, reservations or adverse remarks:

1. As per Section 138 of the Companies Act, 2013 read with Rule 13 of the Companies (Accounts) Rules, 2014 Company is required to appoint Internal Auditor, however Company has not appointed Internal Auditor for the year ended March, 2019.

Management Representation on Statutory Auditor's qualification:

- The Company is in process of searching a suitable candidate for the post of Internal Auditor as required under Section 138 of Companies Act, 2013.

The **Secretarial Audit Report** contain below qualifications, reservation or adverse remark from Secretarial Auditor.

1. The Company has not appointed Internal Auditor as per Section 138(1) of Companies, Act 2013;
2. The Whole Company Secretary of the Company has not signed/certified the Annual Return(MGT-7) of the Company for F.Y. 2017-18 as per Section 92 of Companies Act, 2013;
3. The Company has not disseminated to the exchange the newspaper publications made by the Company during the year as required under regulation 47(1) and (3) of SEBI (LODR) Regulation, 2015.

Management Representation on Auditor's qualification:

- The Company is in process of searching a suitable candidate for the post of Internal Auditor as required under Section 138 of Companies Act, 2013.
- The Digital Signature Certificate of the Company Secretary was misplaced because of which she could not sign the Annual Return for the F.Y. 2017-18. The Management is ensuring that due care will be taken to avoid such instances in future.
- The Company has published the result in the newspaper as required under Regulation 47 of the SEBI (LODR) Regulation, 2015 within the prescribed time. Also the result were uploaded on exchange within prescribed time. However the dissemination of newspaper publications to the exchange is not a mandatory requirement as per the LODR Regulation. Thus, the Company has not violated the provision of SEBI (LODR) Regulation, 2015.

CORPORATE GOVERNANCE CERTIFICATE

The provisions of Regulation 17 to 27, Regulation 46 (2) (b) to (i) and Schedule V Para C, D, and E of SEBI LODR Regulations, 2015, is not applicable to the Company.

CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT

The Directors and members of Senior Management have affirmed compliance with the Code of Conduct for Directors and Senior Management of the Company. The copies of Code of Conduct as applicable to the Executive Directors (including Senior Management of the Company) and Non-Executive Directors are uploaded on the website of the Company –www.gaganpolycot.com.

FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS

The Company familiarizes its Directors including independent directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc., through on various programs

PARTICULARS OF EMPLOYEES AND RELATED INFORMATION

The information required pursuant to Section 197 read with Rule, 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request. In terms of Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard and the same will be furnished on request.

Particulars of Employees pursuant to section 134(3)(q) of the Companies Act, 2013 read with rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

- a) None of the employees was employed throughout the financial year, who was in receipt of remuneration exceeding Rs. 1,02,00,000/- per annum or more. Therefore, Rule 5(2)(i) of the captioned Rules is not applicable.
- b) None of the employees was employed throughout the financial year, who was in receipt of remuneration exceeding Rs. 8,50,000/- per month. Therefore, Rule 5(2)(ii) of the captioned Rules is not applicable.
- c) No employee is a relative of any Director or Key Managerial personnel of the Company.

Therefore, Rule 5(2)(iii) of the captioned Rules is not applicable to any employee.

DOCUMENTS PLACED ON THE WEBSITE OF THE COMPANY

The following documents have been placed on the website in the compliance with the Act:

- Financial Statements of the Company
- Details of Vigil mechanism for Directors and employees to report genuine concerns as per proviso to Section 177(10).
- Latest Announcements
- Annual Reports
- Shareholding Pattern
- Code of Conduct
- Corporate Governance
- Nomination and Remuneration Policy
- Policy on Related Party Transactions
- Policy on Material Subsidiary

SHARE CAPITAL

The authorized and paid-up equity share capital of the Company as on 31st March, 2019 was Rs. 10,00,00,000/- divided into 1,00,00,000 Equity Shares of Rs. 10/-.

SHARES

- a. Buyback of Securities: The Company has not bought back any of the securities during the year under review.
- b. Sweat Equity: The Company has not issued any sweat equity shares during the year under review.
- c. Employee Stock Option Plan: The Company has not provided any stock options to the employees.

DEPOSITS

Your Company has not accepted any deposits from the public falling within the ambit of Section 73 and 74 of the Companies Act, 2013 read together with the Companies (Acceptance of Deposits) Rules, 2014.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 134(3) read with Section 134(5) of the Act with respect to Directors' Responsibility Statement, your Directors hereby confirm that:

- a. In the preparation of the annual accounts, the applicable accounting standards have been followed;
- b. appropriate accounting policies have been selected and applied consistently and estimates and judgments made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- c. proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of Act have been taken for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- d. the annual accounts have been prepared on a going concern basis; and
- e. Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CONSERVATION OF ENERGY, TECHNOLOGY, FOREIGN EXCHANGE EARNINGS AND OUTGO

In the view of nature of activities which are being carried on by the Company, the particulars as prescribed under Section 134 (3) (m) of the Act read with Companies' (Accounts) Rules, 2014 regarding Conservation of Energy and Technology Absorption and research and development are not applicable to the Company.

EVALUATION OF BOARD OF DIRECTORS

Pursuant to the provisions of the Act and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Nomination and Remuneration Committee of the Board carried out the annual evaluation of the performance of the Board as a whole, the Directors individually as well as of various Committees of the Board. The performance evaluation of the Independent Directors was carried out by the Nomination and Remuneration Committee and noted in turn by the Board.

BOARD MEETINGS

The Board meets at regular intervals to discuss and decide on the Company's policies and strategy apart from other Board matters. During the financial year 2018-19, Twelve Board meetings were held on April 12, 2018, May 30, 2018, July 6, 2018, July 31, 2018, October 4, 2018, October 9, 2018, October 15, 2018, November 2, 2018, January 20, 2019, February 11, 2019, March 04, 2019 and March 29, 2019. The gap between the two Boards meetings did not exceeds 120 days.

DECLARATIONS GIVEN BY INDEPENDENT DIRECTORS

All Independent Directors have submitted the declaration of Independence as required under Section 149(7) of the Companies Act, 2013 confirming that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013. These confirmations have been placed before and noted by the Board.

POLICIES ON DIRECTORS' APPOINTMENT AND REMUNERATION

The policies of the Company on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under sub-section (3) of Section 178 of the Companies Act, 2013.

INTERNAL FINANCIAL CONTROL SYSTEM

The Company's well-defined organizational structure, defined authority matrix and internal financial controls ensure efficiency of operations, protection of resources and compliance with the applicable laws and regulations. Moreover, the Company continuously upgrades its systems and undertakes review of policies. The internal financial control is supplemented by extensive internal audits, regular reviews by management and standard policies and guidelines to ensure reliability of financial and all other records to prepare financial statements and other data. The Audit Committee of the Board reviews internal audit reports given along with management comments. The Audit Committee also monitors the implemented suggestions.

COMPOSITION OF AUDIT COMMITTEE

The Audit Committee comprises of Four members namely, Mr. Ketu Parikh, Mr. Rupam Chitalia, Mrs. Tejal Shah & *Mr. Mukesh Bunker.

Note: *Mr. Mukesh Bunker (resigned w.e.f 6th July, 2019)

VIGIL MECHANISM / WHISTLEBLOWER POLICY

The Company has established a Vigil Mechanism to provide appropriate avenues to the Directors and employees to bring to the attention of the Management, the concerns about behavior of employees that raise concerns including fraud by using the mechanism provided in the Whistle Blower Policy. The Vigil Mechanism Policy has been uploaded on the website of the Company at www.gaganpolycot.com.

During the financial year 2018-19, no cases under this mechanism were reported in the Company and any of its subsidiaries / Associates.

RISK MANAGEMENT POLICY

The Company has a well-defined risk management frame work in place. The details of the risks faced by the Company and the mitigation thereof are discussed in detail in the Management Discussion and Analysis report that forms part of the Annual Report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Since the Company does not have the net worth of Rs. 500 Crores or more, or turnover of Rs. 1000 Crores or more, a net profit of Rs. 5 Crores or more during the financial year or, Section 135 of the Companies Act, 2013 relating to Corporate Social Responsibility is not applicable and hence the Company need not adopt any Corporate Social Responsibility Policy.

EXTRACT OF ANNUAL RETURN

Pursuant to the requirement under section 92(3) and Section 134(3) of the Act read with Rule 12 of Companies (management and administrative) Rules, 2014, an extract of Annual return in prescribed Form MGT-9 is given in the report as Annexure II.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

In line with the requirements of the Companies Act, 2013 and Listing Regulations, the Company has formulated a Policy on Related Party Transactions as approved by the Board of Directors which is also available on the Company's website and the same is considered for the purpose of identification and monitoring Related Party transactions.

The particulars of contracts or arrangements entered into by the Company with related parties referred to in Section 188(1) of the Companies Act, 2013, as prescribed in Form AOC-2 are appended as **Annexure III**.

BOARD COMMITTEES

Your Company has following Committees of Board, viz,

- 1.AuditCommittee
- 2.Stakeholders'RelationshipCommittee
- 3.NominationandRemunerationCommittee

Details of all the Committees along with their composition, terms of reference and meetings held during the year are provided on the website of the Company.

POLICIES ON DIRECTORS' APPOINTMENT AND REMUNERATION

The policies of the Company on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under sub-section (3) of Section 178 of the Act is appended as Annexure IV to this Report. The web address where the policy is uploaded is www.gaganpolycot.com.

MAINTENANCE OF COST RECORDS

The Company is not required to maintain cost records as specified by the Central Government under Section 148(1) of the Companies Act, 2013, and accordingly such accounts are not made and maintained by the Company.

LISTING OF SHARES OF THE COMPANY

The Equity Shares of your Company continue to remain listed on Bombay Stock Exchange Ltd. The Company has paid the listing fees as payable to the BSE Ltd. for the financial year 2018-2019 on time.

ACKNOWLEDGEMENTS

The Directors express their sincere gratitude to the BSE Limited, National Stock Exchange of India Limited, Ministry of Finance, Ministry of Corporate Affairs, Registrar of Companies, National Securities Depository Limited, other government and regulatory authorities, financial institutions and the bankers of the Company for their ongoing support.

The Directors also place on record their sincere appreciation for the continued support extended by the Company's stakeholders and trust reposed by them in the Company. The Directors sincerely appreciate the commitment displayed by the employees of the Company resulting in satisfactory performance during the year.

For and on behalf of the Board of Directors

Sd/-
Ketu Parikh
Chairman cum Managing Director
DIN – 00185343

Date: 21/08/2019
Place: Vasai