

**REPORT ON CORPORATE GOVERNANCE**

Corporate Governance is the system by which companies are directed, controlled and managed. In effect, it is concerned with systems, processes, controls, accountabilities and decision making at the heart of and at the highest level of an organisation. It is about the way in which management executes its responsibilities and authority and how they account for that authority in relation to those that have entrusted them with assets and sources.

- Company's Philosophy:

Gujarat Foils Limited (The Company), the Corporate Governance objective is to create and adhere to a corporate culture of conscience and consciousness, integrity, transparency and accountability and ethical conduct of business for meeting obligation towards shareholders and other stakeholders such as Customers, Vendors, Employees and Financiers and to the society at large. The Company believes in achieving its goals, which result in enhancement of Shareholders' value through transparency, professionalism and nurture these core values in all aspects of its operations.

- Board of Directors — Composition:

Company's board consist of both Executive as well Non-executive directors. All directors except Managing Director are liable to retire by rotation as per the provisions of the Companies Act, 1956. Mr. Abhay Lodha heads the Board as its Chairman cum Managing Director. He seeks guidance and direction from non-executive directors who are professional in their core area. They bring rich experience and high skill in management and administration of the business. Together they provide dynamic leadership to the Company on all areas of operations. All directors make contribution to those areas where their skills are most beneficial to the Company. However, final decisions are joint decisions.

The board composition is in accordance with Clause 49 of the Listing requirement of the stock exchange. Particulars of the board of directors as at 31st March 2011, is given below:-

Director	Category	**Member of Board	Other Companies *	
			Chairman	Member
Mr. Abhay Lodha	Executive CMD	29	-	-
Mr. Satish Chandra Gupta	Director / NE / I	17	-	-
Mr. Prasenjit Datta	Director operations	-	-	-
Mr. Vimal Kumar Somani	Director /NI / E	5	-	-
Mr. Parmod H. Jain	Director / NE / I	-	-	-
Mr. Pradeep Saxena	Director / NE / I	16	-	-
Mr. Vijay Chadha	Director / E	1	-	-
Mr. Govind N. Shah	Director / NI / NE	-	-	-

E: Executive ; I: Independent, NE: Non-Executive * Excludes Foreign Companies. ** Including Pvt. Ltd. Co.

BOARD OF DIRECTORS PROFILE

Brief profile of all the directors, nature of their expertise in specific functional areas.

Mr. Abhay N. Lodha

Entrepreneur, 40 years of age with Commerce and Law background. Initiated Steel Trading in 1999 and has been able to drive his Company from a small trader to a large industrial house.

Mr. Vijay G. Chadha

Over 40 years of Experience in Aluminium Casting and Quality Systems.

Mr. Prasenjit Datta

Mr. Prasenjit Datta is having 25 years of experience in aluminium foil manufacturing and Packing industry. His last assignment was as whole time Director Ess Dee Alumunium Limited. Responsible for Profit Centre Management, Manufacturing, Sales and Marketing, Business development etc. His wide experience covers areas like handling large Greenfield projects, including Project Financing, multi vocational manufacturing plants, business process mapping, requirement study and defining the various specifications for application implementation, organisation building through effective technical, planning and man management skills

**Mr. Pradeep J. Saxena**

He has wide international experience in Finance, Banking, IT Industry and Administration. He also sits on the Management Committee of Assocham and the Western India Regional Council of CII. He is a fellow of the Institute of Financial Services, London.

Mr. Satish Chandra Gupta

M.Com, CAIIB, a renowned banker, and former CMD of Punjab National bank and Indian Overseas Bank.

Mr. Parmod H. Jain

He is a former promoter of Gujarat Foils Ltd. He is an experienced Industrialist and Entrepreneur and Continues on GFL Board.

Board Meetings & Annual General Meeting (AGM):

During the year under review Eight Board Meetings were held, the dates 30th April, 2010, 7th May, 2010, 3rd July, 2010, 11th August, 2010, 24th September, 2010, 1st November, 2010, 11th February, 2011, 14th March, 2011.

The last AGM was held on 20th September, 2010

Details of attendance-

Director	No. of Board Meeting Attended	Whether attended last AGM
Mr. Abhay Lodha*	8	Yes
Mr. Vimal Kr. Somani**	8	Yes
Mr. Govind G. Shah***	8	Yes
Mr. Parmod H. Jain	8	Yes
Mr. Satish Chandra Gupta	8	Yes
Mr. Vijay Chadha	8	Yes
Mr. Pramod H. Jain	8	Yes
Mr. Prasenjit Datta ^^	-	No

* Chairman and appointed as Managing Director wef 14th May, 2011

** Resigned wef 14th May, 2011

*** Resigned wef 14th July, 2011

^^ Appointed as Director Operations on 1st March, 2011

- Audit Committee:

The Company has complied with the requirements of Clause 49 of the Listing Agreement of the Stock Exchange and Section 292A of the Companies Act, 1956, as regards composition of Audit Committee.

The Audit Committee consisting of 3 members has held five meetings during the financial year 2011 i.e. on 30th April, 2010, 3rd July, 2010, 11th August, 2010, 1st November, 2010, 11th February, 2011 during the year.

Name	Status	No. of Audit Committee Meetings attended
Mr. Pradeep J. Saxena	Chairman	5
Mr. Vimal Kr. Somani*	Member	5
Mr. Satish Chandra Gupta	Member	5
Mr. Vijay Chadha **	Member	N.A.

*: Resigned wef 14th May, 2011; **: New member

Statutory Auditors and Managing Director are permanent invitee and they have attended all the meetings. The meetings are also attended by Accounts Manager (in charge of accounts). The committee discusses and reviews, inter-alia following matters:

- o Internal control system and its compliance
- o Compliance with accounting standards and code of conduct
- o Related party transaction
- o Quarterly financial statements with a view to comply with all the legal requirements.
- o Advising the board about implications of financial decisions taken

**Share Transfer and Investors Grievance Committee:**

The composition and attendance of the members at the Grievance Committee Meetings are as follow;

Name	Status	No. of Meetings attended
Mr. Govind N. Shah*	Chairman	5
Mr. Pradeep J. Saxena	Member	5
Mr. Pranvesh Tripathi *	Secretary	5
Mr. Vijay Chadha **	Chairman	NA
Mr. Pramod H. Jain **	Member	NA

* Mr. Govind Shah & Mr. Pranvesh Triathi Resigned. ** New Member

Details of complaints received, redressed and pending during the financial year

Pending at the beginning of the year	:	NIL
Received during the year	:	NIL
Redressed / Replied during the year	:	NIL
Pending at the year end	:	NIL

General Body Meetings :

Last three Annual General Meetings were held as under:

Date	Location	Time
20-09-2010	Plot No. 3436-3439, Chhatral, G.I.D.C., phase-IV, Ta:Kalol, Dist. Gandhinagar, Gujarat	3.00 P.M.
30-09-2009	—do—	3.00 P.M.
30-09-2008	— do —	3.00 P.M.

Extra -Ordinary General Meetings during the year were held as under:

Date	Location	Time
10-04-2010	Plot No. 3436-3439, Chhatral, G.I.D.C., phase-IV, Ta:Kalol, Dist. Gandhinagar, Gujarat	11.00 A.M.
07-06-2010	—do—	11.00 A.M. ADJOURNED
14-06-2010	— do —	11.00 A.M.

All the Special Resolutions placed before the shareholders at the above meeting were approved. There were no resolutions requiring approval through Postal Ballot.

Code of Conduct:

The Company has a code of conduct for Directors and senior management that reflects high standard of ethical business practices. The Directors and senior management of the Company have affirmed their adherence to the Code of Conduct with a view to avoid conflict of interest in financial and commercial transactions which are material in nature between them and the Company. As required by Clause 49 of the Listing agreement, the Managing Director's Declaration on the Code of Conduct has been annexed to this Report.

Other Disclosures:**o Materially significant related party transactions:**

Disclosure on materially significant related party transaction i.e. transactions of the Company which are materially significant with its promoters, directors, with the management or with relatives of directors that may have potential conflict with the interest of the Company at large.

There are no materially significant related party transactions that may have potential conflict with the interest of the Company at large.

o No penalties / strictures have been imposed on the Company by any regulatory authority for non-compliance of any laws on any matter related to capital markets during the last three years.

**- Means of Communication:**

- o Half yearly report is not sent to each shareholder. However, same is published in the leading English and Regional language newspapers and communicated to the stock exchange.
- o Quarterly results are published in the News Paper Western Times in English and Gujarati language newspapers.
- o Annual audited results, on approval by Board, are also published in the same way. They are also put on company's web site.
- o Company's Website à www.gujaratfoils.com

- Shareholder Information:

AGM date, time and venue	30 th September, 2011 at 3.00 p.m. at the Registered Office of the Company
Financial Year	April to March every year
Date of Book Closure	28 th September, 2011 to 30 th September, 2011(Both Days Inclusive)
Listing on Stock Exchanges	Bombay Stock Exchange Limited (BSE) 531410-GUJFOIL (at BSE)
ISIN Code	INE587F01017

- Important Communication

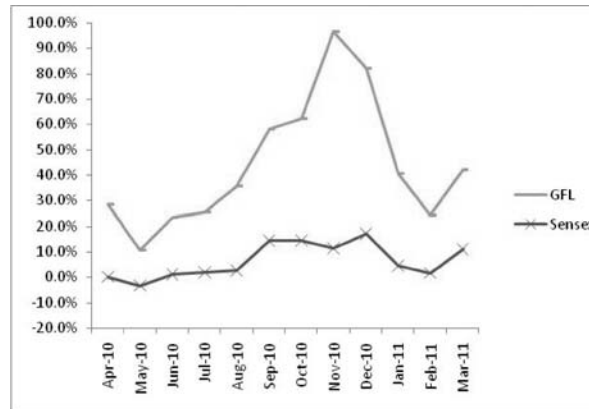
The Ministry of Corporate Affairs, vide its Circular No. 18/2011 dated 29th April, 2011, clarify that as a measure of "Green initiative in Corporate Governance" it will be in compliance, if the Annual Report (i.e. documents listed in section 219(1) of the Companies Act, 1956) is sent through e-mail. To support this green initiative, members holding shares in demat form are requested to provide their e-mail ID to the depository through their concerned depository participant and members holding shares in physical form are requested to provide e-mail ID to the Company's RTA, M/s Link Intime India Pvt. Ltd. by filling the form available on the Company's website and also update the e-mail address as and when there is any change.

(a) **Share Price Movement Vs BSE Sensex** relating to EQUITY SHARES of the Company for the period from 1st April, 2010 to 31st March, 2011.

Month	Sensex		GFL	
	High	Low	High	Low
Apr-10	18,047.86	17,276.80	71.00	56.05
May-10	17,536.86	15,960.15	73.00	56.05
Jun-10	17,919.62	16,318.39	70.60	58.25
Jul-10	18,237.56	17,395.58	73.05	61.95
Aug-10	18,475.27	17,819.99	76.05	67.00
Sep-10	20,267.98	18,027.12	84.95	61.10
Oct-10	20,854.55	19,768.96	94.00	72.60
Nov-10	21,108.64	18,954.82	101.90	70.50
Dec-10	20,552.03	19,074.57	118.75	79.50
Jan-11	20,664.80	18,038.48	101.70	71.10
Feb-11	18,690.97	17,295.62	85.20	59.00
Mar-11	19,575.16	17,792.17	89.45	68.00



b. Stock Return v/s Sensex Retrun over the year.



(c) Distribution of shareholding as on 31-03-2011:

Group of Shares	No. of Shares	Amount (Rs.)	% To Capital	No. Of Holders	% To Total Holders
1 to 500	98434	984340	1.20	480	72.29
501 to 1000	83218	832180	1.02	96	14.46
1001 to 2000	38952	389520	0.48	24	3.61
2001 to 3000	39692	396920	0.48	16	2.41
3001 to 4000	25700	257000	0.31	7	1.05
4001 to 5000	34707	347070	0.42	7	1.05
5001 to 10000	68659	686590	0.84	9	1.36
10001 and above	7812448	78124480	95.25	25	3.77
Grand Total	8201810	82018100	100.00	664	100.0

(d) Shareholding Pattern As of 31st March 2011

Category	No. of Shareholders	No. of Shares Held	% to Shareholding
Promoter & Promoter Group	11	56,77,712	69.23
Institution	0	0	0
Body Corporate	37	2,92,748	3.57
Individuals	602	22,28,993	27.18
Others	14	2627	0.03
Totals	664	82,01,810	100.00

e) As on 31-03-2011, 7,915,435 [96.51 %] shares out of total equity shares issued by the Company have been dematerialised.

- Share Transfer System :

Share transfer request received in respect of physical form are processed within 30 days if all requisite documents are submitted. Similarly physical shares received for dematerialisation are processed and completed normally within a period of 15 days. The Board of Directors have delegated powers to the Registrars & Transfer Agents for effecting Share Transfers, splits, consolidation, sub-division, issue of duplicated share certificates, rematerialisation, and dematerialisation etc.



Such transfers are processed by Link Intime India Pvt. Ltd. (formerly known as Intime Spectrum Registry Ltd.), which is registered with SEBI. Their addresses and details of contact persons are as follow:

Link Intime India Pvt. Ltd.
211, Sudarshan Complex,
Nr. Mithakhali Under Bridge,
Navrangpura, Ahmedabad-380009.
Tel. : 079-26465179
E-mail: ahmedabad@linktime.co.in

Plant Location:

Unit I

3436-3441, GIDC, Phase IV,
Chhatral, Tal: Kalol,
Dist: Gandhinagar 382729

Unit II

Shree Shyam Estate, Gala No 1,
Bapane Village, NH 08,
Naigaon – EastDist: Thane

Unit III

Jaikishan Agro Compound,
33 B-A, Sector 6,
SANwer Road, Indore 452003

Address for Correspondence:

For Physical & Demated Shares

AHMEDABAD

Link Intime India Pvt. Ltd
211 Sudarshan Complex,
Near Mithakhali Underbridge,
Navrangpura, Ahmedabad – 380009

Company's Share Department at:

3436-3441, GIDC, Phase IV, Chhatral,
Tal: Kalol, Dist: Gandhinagar 382729



CERTIFICATE

To
The Members of Gujarat Foils Limited,

We have examined the compliance of conditions of Corporate Governance by **GUJARAT FOILS LIMITED** for the year ended on March 31, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement and that no investor grievance (s) is / are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/ Investors Grievance Committee.

We state that such compliance is neither an assurance as to future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

FOR H. R. Agarwal & Associates
Chartered Accountants
Firm Regn. No. 323029E

Place : Chhatral, Gandhinagar
Date : 10/08/2011

(CA. Hari Ram Agarwal)
Partner
M. No. FCA 057625