

REPORT ON CORPORATE GOVERNANCE**INTRODUCTION:**

Corporate Governance is important to build confidence and trust which leads to strong and stable partnership with the Investors and all other Stakeholders. The detailed Report on implementation of Corporate Governance Code as incorporated in Clause 49 of the Listing Agreement with the Stock Exchange/s is set out below:

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company's philosophy on Corporate Governance lays strong emphasis on transparency, accountability and ability. The Company has implemented the mandatory requirements of the 'Code of Governance' as mentioned in Clause 49 of the Listing Agreement. The Compliance Report of the Company vis a vis the Stock Exchange Listing Agreement is presented below.

2. BOARD OF DIRECTORS:**a) Composition and Category of Directors as on 31st March, 2015 and also on the date of this report:**

Name of Directors	Category of Directorship	No. of other Directorships@	No. of Committee position in other companies**		No. of Board Meetings attended during 2014-15	Attendance at the AGM held on 26-09-2014 Yes(Y)/No(N)
			Member	Chairman		
Ashok Chhajer Managing Director	Promoter-Executive	3	1	—	8	Y
Rishab Chhajer Joint Managing Director	Promoter-Executive	—	—	—	8	Y
Kashyap R. Mehta	Independent Non- executive	3	2	3	8	Y
Anilkumar Bhandari	Independent Non- executive	2	—	1	8	N
Swati S. Gupta*	Independent Non Executive	—	—	—	1	N.A.

* Appointed w.e.f 31st March, 2015

@ Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013 are excluded

** For the purpose of reckoning the limit of committees, only chairmanship / membership of the Audit Committee and the Stakeholders' Relationship Committee has been considered

b) Details of the Directors seeking Appointment/Re-appointment in forthcoming Annual General Meeting:

Name of Director	Mr. Rishab Chhajer	Ms. Swati S. Gupta
Date of Birth	14-10-1989	08-03-1989
Date of Appointment	13-02-2012	31-03-2015
Qualifications	Bachelors of Science	Chartered Accountant
Expertise in specific functional areas	Industrial Engineering and Business Administration	Accounts and Taxation
List of Public Limited Companies in which Directorships held	NIL	NIL
List of Private Limited Companies in which Directorships held	NIL	NIL
Chairman/Member of the Committees of the Board of Directors of our Company	Audit Committee, Stakeholders' Relationship Committee	Nomination & Remuneration Committee
Chairman/Member of the Committees of Directors of other Companies	NIL	NIL
Shareholding in the Company	525000	NIL

c) Board Procedures:

The Board of Directors meets once a quarter to review the performance and Financial Results. A detailed Agenda File is sent to all the Directors well in time of the Board Meetings. The Chairman/Managing Director briefs the Directors at every Board Meeting, overall performance of the Company. All major decisions/approvals are taken at the Meeting of the Board of Directors such as policy formation, business plans, budgets, investment opportunities, Statutory Compliance etc. The meeting of the Board of Directors during the financial year 2014-15 were held on 28th April, 2014, 28th May, 2014, 29th July, 2014, 13th August, 2014, 14th November, 2014, 29th December, 2014, 13th February, 2015 and 31st March, 2015.

3. AUDIT COMMITTEE:

The Audit Committee consists of the following Directors as on the date of the Report:

Name of the Directors	Expertise	Terms of reference/ Functions of the Committee	Attendance
Anilkumar Bhandari Chairman	All members are Non-executive. Chairman is Independent- Non Executive Director and majority are Independent Directors. All members are financially literate and one member has financial and accounting expert knowledge.	The functions of the Audit Committee are as per Company Law and Listing Agreement with Stock Exchange(s), which include approving and implementing the audit procedures, review of financial reporting system, internal control procedures and risk management policies.	All the members were present at the meeting held on 28 th May, 2014, 13 th August, 2014, 14 th November, 2014 & 13 th February, 2015
Kashyap R. Mehta			
Rishab Chhajer			

The Board of Directors has laid down a policy on Vigil Mechanism for Directors and Employees to report their genuine concerns or grievances to the Company for Company's effective and smooth functioning. All the Board Members and Senior Management personnel have affirmed compliance with the policy of Vigil Mechanism.

4. NOMINATION & REMUNERATION COMMITTEE:

Name of the Directors	Functions of the Committee	Attendance
Anilkumar Bhandari, Chairman	All members are Non executive and majority of the committee members are Independent. The Committee is vested with the responsibilities to function as per SEBI Guidelines and recommends to the Board Compensation Package for the Managing Director. It also reviews from time to time the overall Compensation structure and related policies with a view to attract, motivate and retain employees.	All members were present at the meeting held on 29 th July, 2014, 13 th February, 2015 and 31 st March, 2015.
Kashyap R. Mehta		
Ms. Swati S. Gupta		

Term of reference & Remuneration Policy:

The Committee identifies and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.

The Committee fixes remuneration of the Directors on the basis of their performance and also practice in the industry. The terms of reference of the Nomination & Remuneration Committee include review and recommendation to the Board of Directors of the remuneration paid to the Directors. The Committee meets as and when required to consider remuneration of Directors.

Details of remuneration paid:

1. The Company paid Managerial Remuneration of ` 19.80 lacs to Managing Director/ Joint Managing Director during the year 2014-15.
2. No Sitting Fees, Commission or Stock Option has been offered to the Directors.

5. STAKEHOLDERS' RELATIONSHIP COMMITTEE:

The Board has constituted a Stakeholders' Relationship Committee for the purpose of effective Redressal of the complaints and concerns of the shareholders and other stakeholders of the Company.

The Committee comprises the following Directors as members as on the date of the Report:

1. Mr. Kashyap R. Mehta Chairman
2. Mr. Rishab Chhajer Member

The Company received 2 complaints during the year and one of them resolved to the satisfaction of the shareholder and another one is under review. The same shall be resolved soon. There was no valid request for transfer of shares pending as on 31st March, 2015.

Mr. Ashok Chhajer is the Compliance Officer for the above purpose.

6. TRAINING OF INDEPENDENT DIRECTORS:

Whenever new Non-executive and Independent Directors are inducted in the Board they are introduced to our Company's culture through appropriate orientation session and they are also introduced to our organization structure, our business, constitution, board procedures, our major risks and management strategy.

7. INDEPENDENT DIRECTORS' MEETING:

A meeting of the Independent Directors of the Company was held on 31st March, 2015, in conformity with the provisions of the Schedule IV of the Companies Act, 2013 & the Listing Agreement.

8. GENERAL BODY MEETINGS:

Details of last three Annual General Meetings of the Company are given below:

Financial Year	Date	Time	Venue
2011-2012	27-09-2012	12.00 Noon.	Plot No. 431, Santej-Vadsar Road, Village: Santej, Taluka: Kalol – 382 721. Dist: Gandhinagar Special Resolution: 1. Alteration of Articles of Association for Issue Equity Warrants 2. Issue, offer and allot Equity Warrants on Preferential Basis under Section 81(1A) of the Companies Act, 1956.
2012-13	28-09-2013	12.00 noon	Plot No. 431, Santej-Vadsar Road, Village: Santej, Taluka: Kalol – 382 721. Dist: Gandhinagar No Special Resolution was passed
2013-14	26-09-2014	12.00 noon	Plot No. 431, Santej-Vadsar Road, Village: Santej, Taluka: Kalol – 382 721. Dist: Gandhinagar Special Resolution: 1. Borrowing Limit under Section 180(1)(c) of the Companies Act, 2013 2. Creation of charge/mortgage under Section 180(1)(a) of the Companies Act, 2013 3. Re-appointment of Mr. Ashok Chhajer as Managing Director of the Company under Sections 188, 196, 197, 203 of the Companies Act, 2013

Pursuant to the relevant provisions of the Companies Act, 1956/ 2013, there was no matter required to be dealt by the Company to be passed through postal ballot during 2014-15.

9. DISCLOSURES:

- a) The Company has not entered into any transaction of material nature with the Promoters, the Directors or the Management that may have any potential conflict with the interest of the Company. The Company has no subsidiary.
- b) There has neither been any non compliance of any legal provision of applicable law, nor any penalty, stricture imposed by the Stock Exchange/s or SEBI or any other authorities, on any matters related to Capital Market during the last three years.
- c) The Company has established the Vigil Mechanism, by formulating Whistle Blower Policy (WBP), for Directors and Employees of the Company to report their genuine concerns or grievances to the Company. All the Board Members and Senior Management personnel have affirmed compliance with the policy of Vigil Mechanism.
- d) Code of Conduct:
The Board of Directors has adopted the Code of Conduct for Directors and Senior Management and the same has been placed on the Company's website. All Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct for the year under review.

e) Prohibition of Insider Trading:

In Compliance with the SEBI Regulations on Prevention of Insider Trading, the Company has framed a Code of Conduct to avoid any insider trading and it is applicable to all the Directors, Officers and such employees of the Company who are expected to have access to the unpublished price sensitive information relating to the Company. The Code lays down guidelines, which advises them on procedure to be followed and disclosures to be made, while dealing with the shares of the Company.

f) The Company has complied with all mandatory requirements of Clause 49 of the Listing Agreement and has not adopted any of the non mandatory requirements of the clause.

10. MEANS OF COMMUNICATIONS:

a) In compliance with the requirements of the Listing Agreement, the Company regularly intimates Unaudited/ Audited Financial Results to the Stock Exchange/s immediately after they are taken on record by the Board of Directors. These Financial Results are normally published in 'Western Times' (English and Gujarati).

The financial results and official news releases are displayed on Company's website www.gujaratcraft.com.

b) During the year ended on 31st March, 2015 no presentations were made to Institutional Investors or analyst or any other enterprise.

11. MANAGEMENT DISCUSSION AND ANALYSIS:

a. Industry Structure and Developments:

The industry is dependent on performance of core sectors like agriculture, fertilizer, cement and exports. The policy changes in infrastructure and good monsoon during the year will lead towards the brighter future of the Company.

b. Opportunities and Threats:

The HDPE/PP Woven Sacks/Bags industry as a whole will be benefited by 40% relaxation of Jute Mandatory and Packaging Order which will be enable Food Corporation of India and other agencies to pack 40% of food grains in HDPE/PP Bags. HDPE/PP Bags sector is the biggest sector in India for packaging. The Company has successfully initiated its efforts for increasing exports and has set a target of exporting 50 % of its production.

c. Segment wise Performance:

The Company is operating only in one segment. The production/ turnover/performance of the Company have been disclosed in the Directors' Report under the Head 'Production, Sales and Working Results'.

d. Recent Trend and Future Outlook:

The recent trend is quite favourable for the industry in view of good monsoon as the Company has sizable presence in fertilizer sector. The opening up of food grains sector will enable the Woven Sacks industry to see better times again.

e. Risks and Concerns:

The industry is plagued by intense competition due to major petrochemical manufacturers making available cheap raw material abundantly. Volatility in raw material price due to crude price.

f. Internal Control Systems and their Adequacy:

The Company has adequate systems of Internal Controls commensurate with its size and operations to ensure orderly and efficient conduct of business. These controls ensure safeguarding of assets, reduction and detection of fraud and error, adequacy and completeness of the accounting records and timely preparation of reliable financial information.

g. Financial Performance with respect to Operational Performance:

The financial performance of the Company for the year 2014-15 is described in the Directors' Report under the head 'Review of Operations'.

h. Material Developments in Human Resources and Industrial Relations Front:

The Company has continued to give special attention to Human Resources/Industrial Relations development. Industrial relations remained cordial throughout the year and there was no incidence of strike, lock out etc.

i. Cautionary Statement:

Statement in this Management Discussion and Analysis Report, describing the Company's objectives, estimates and expectations may constitute 'Forward Looking Statements' within the meaning of applicable laws or regulations. Actual results might differ materially from those either expressed or implied.

12. SHAREHOLDERS' INFORMATION:

a)	Registered Office	Plot No.431, Santej-Vadsar Road, Village: Santej, Taluka : Kalol-382 721, Dist : Gandhinagar.								
b)	Annual General Meeting	Day : Thursday Date : 24 th September, 2015 Time : 12.00 Noon. Venue : Plot No. 431, Santej - Vadsar Road, Village: Santej, Taluka : Kalol - 382 721, Dist : Gandhinagar.								
c)	Financial Calendar 1st Quarter Results Half-yearly Results 3rd Quarter Results Audited yearly Results	Mid - August, 2015. Mid - November, 2015. Mid - February, 2016. End - May, 2016.								
d)	Book Closure Dates	From : Friday, the 4 th September, 2015 To : Thursday, the 24 th September, 2015 (Both days inclusive).								
e)	Dividend Payment Date	Not applicable.								
f)	Listing of Shares on Stock Exchanges	1. BSE Limited , Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001. 2. Ahmedabad Stock Exchange Limited , Kamdhenu Complex, 1 st Floor, Opp. Sahajanand College, Panjara Pole, Ambawadi, Ahmedabad - 380 015. 3. Madras Stock Exchange Limited (MSE) (De-recognised as a Stock Exchange by SEBI w.e.f. 14th May, 2015).								
g)	Stock Exchange Code	<table border="0"> <tr> <td><u>Stock Exchange</u></td> <td><u>Code</u></td> </tr> <tr> <td>BSE</td> <td>526965</td> </tr> <tr> <td>ASE</td> <td>20214</td> </tr> <tr> <td>MSE</td> <td>GUJCRAFT</td> </tr> </table>	<u>Stock Exchange</u>	<u>Code</u>	BSE	526965	ASE	20214	MSE	GUJCRAFT
<u>Stock Exchange</u>	<u>Code</u>									
BSE	526965									
ASE	20214									
MSE	GUJCRAFT									

h)	Registrar and Share Transfer Agents (for both Physical and Demat Segment of Equity Shares) of the Company : Registrars and Share Transfer Agents (RTA) for both Physical and Demat Segment of Equity Shares of the Company: M/s. Link Intime (India) Private Limited, Unit No 303 , 3rd floor Shoppers Plaza V, Opp. Municipal Market, Behind Shoppers Plaza II, Off C. G. Road, Ahmedabad – 380 009. Tele. No. :(079) 2646 5179 Fax No. :(079) 2646 5179 e-mail Address: ahmedabad@linkintime.co.in
i)	ISIN : INE372D01019
j)	Share Transfer System : The transfer of shares in physical form is processed and completed by M/s. Link Intime India Private Limited. Within a period of 15 days from the date of receipt thereof. In case of shares in electronic form, the transfers are processed by NSDL/CDSL through the respective Depository Participants.

- k) Stock Price Data : The Shares of the Company for 2014-15 on BSE Limited are as follows.

Month	BSE Limited		
	High (₹)	Low (₹)	No. of Shares Traded
April, 2014	12.08	8.56	20,121
May, 2014	16.85	11.27	71,741
June, 2014	14.50	11.72	15,778
July, 2014	14.90	10.94	14,649
August, 2014	17.29	12.44	27,881
September, 2014	18.85	14.17	61,862
October, 2014	15.50	12.64	14,128
November, 2014	13.30	10.55	41,482
December, 2014	15.54	10.45	31,243
January, 2015	15.85	12.45	19,428
February, 2015	15.10	14.50	1,250
March, 2015	16.60	15.16	1,354

- l) Distribution of Shareholding as on 31st March, 2015:

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Up to 500	4695	94.13	618601	12.65
501 to 1000	140	2.81	112224	2.30
1001 to 2000	67	1.34	97595	2.00
2001 to 3000	35	0.70	88766	1.82
3001 to 4000	9	0.18	32750	0.67
4001 to 5000	10	0.20	46543	0.95
5001 to 10000	13	0.26	89093	1.82
10001 & Above	19	0.38	3802728	77.79
Grand Total	4988	100.00	4888300	100.00

m) Category of Shareholders as on 31st March, 2015:

Category	No. of Shares held	% of Shareholding
Promoters	3608990	73.83
Financial Institutions/Banks	—	—
Bodies Corporate	21577	0.44
NRIs, Clearing Members	1551	0.03
Publics	1256182	25.70
Grand Total	4888300	100.00

n) Shareholding of Non- Executive Directors as on 31st March, 2015:

Name of the Non- Executive Director	No. of Shares held	% of Shareholding
Mr. Kashyap R. Mehta	—	—
Mr. Anilkumar Bhandari	—	—
Ms. Swati S Gupta	—	—

o) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion Date and likely impact on Equity:

The Company has not issued any GDRs/ADRs. There is no outstanding convertible securities/warrants as on date.

p) Dematerialisation of : Company's Shares are traded compulsorily in dematerialised mode. As on date approx. 84% of the Equity Shares of the Company are in dematerialised mode.

13. CEO/CFO Certification:

The requisite certification from the Managing Director and Chief Financial Officer required to be given under clause 49 (IX) was placed before the Board of Directors of the Company.

14. PLANT LOCATIONS:

The Company's Plant is situated at:
Plot No. 431, Santej - Vadsar Road, Village: Santej,
Taluka : Kalol - 382 721, Dist : Gandhinagar.

15. ADDRESS FOR CORRESPONDENCE:

For both Physical and Electronic Form and for any assistance regarding correspondence, dematerialisation of shares, share transfers, transactions, change of address, non receipt of dividend or any other query, relating to shares, shareholders may contact to the Company's Registrar and Share Transfer Agent at:
M/s. Link Intime (India) Private Limited.
Unit No 303, 3rd floor Shoppers Plaza V,
Opp. Municipal Market, Behind Shoppers Plaza II,
Off C. G. Road, Ahmedabad – 380 009.
Tele. No. :(079) 2646 5179
E-mail Address:ahmedabad@linkintime.co.in

Compliance Officer : Mr. Ashok Chhajer

16. DECLARATION:

All the Board Members and Senior Management Personnel of the Company have affirmed the compliance with the provisions of the code of conduct for the year ended on 31st March, 2015.

Place : Ahmedabad.
Date : 29th July, 2015.

For and on behalf of the Board,
Rishab Chhajer **Ashok Chhajer**
Joint Managing Director Managing Director

CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Gujarat Craft Industries Limited,

We have examined the compliance of conditions of Corporate Governance by M/s Gujarat Craft Industries Limited ('the Company'), for the financial year ended on 31st March, 2015 and also up to the date of this report as stipulated in Clause 49 of the Listing Agreement of the said Company with BSE Limited, Ahmedabad Stock Exchange Limited and Madras Stock Exchange Limited.

We have conducted our review on the basis of relevant records and documents maintained by the Company for the year ended 31st March, 2015 and also up to the date of this report and furnished to us for the purpose of the review and the information and explanation given to us by the Company during the course of review.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of conditions of Corporate Governance. 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.

As per representation received from the Registrars of the Company, we state that as per records maintained by the Stakeholders' Grievance Committee, no investor grievance remaining unattended/ pending for more than 30 days.

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 KASHYAP R. MEHTA & ASSOCIATES
Company Secretaries

Place : Ahmedabad
Date : 29th July, 2015

KASHYAP R. MEHTA
Proprietor
FCS: 1821
COP No. 2052
FRN: S2011GJ16650