

# Report on Corporate Governance

## 1. Corporate Governance philosophy

Company firmly takes Corporate Governance as a culture under which an organization is nurtured and flourishes by using its core values and the means by which it fulfills the public trust and confidence. It is not just a compliance with laws, instead it is important business investment which is not only necessary to preserve your Company's reputation but also crucial for obtaining and retaining the business.

We believe that Corporate Governance rests upon the four pillars of transparency, disclosure, monitoring and fairness to all.

The Company has always strived to promote Good Governance practices which ensure that:

- A competent management team at the helm of affairs and employees have a stable environment and
- Board is strong enough with good combination of Executive and Non-Executive Directors, including Independent Directors, who represent the interest of all stakeholders;

Your Company is committed to benchmark itself with the best standards of Corporate Governance, not only in form but also in spirit. The Corporate Governance guideline is in compliance with the requirements of clause 49 of the Listing Agreements with the stock exchanges.

## 2. Board of Directors

Company believes that an active, well-informed and independent Board is necessary to ensure highest standards of Corporate Governance. A quality Board, being at the core of its Corporate Governance Practice, plays the most pivotal role in overseeing how the management serves and protects the long-term interests of all our stakeholders.

### a) Selection of the board:

The Board periodically evaluates the need for change in its composition and size and selects members to fill Board vacancies and nominating candidates for election

by the Shareholders at the Annual General Meeting. The Board has constituted a Remuneration Committee (Reconstituted as Nomination & Remuneration Committee w.e.f. May 20, 2014) with a scope to select, recommend, appoint Non-Executive including Independent Directors.

In FY 2013-14, there was no change in the Board of Directors of the Company.

### b) Composition of the board:

Company's Board consists of an optimal combination of Executive Directors and Independent Directors representing a judicious mix of professionalism, knowledge and experience. As on March 31, 2014 the Company's Board comprised of eight Directors, of which three are Executive Directors, four are Independent Directors and one is a Non-executive non-independent Director. The Chairman of the Board is an executive Promoter director. Half of its Board members are Independent Directors.

Table 1 Composition of Board of Directors

Sr No	Name	Category	Age
1	J J Chandra	Executive (Chairman and Managing Director)	57
2	M J Patel	Executive (Whole-time Director & CFO)	50
3	Niraj J Chandra	Executive (Whole-time Director)	34
4	Vijay K Kedia	Non-Executive Non-Independent Director	55
5	Hakubhai Lalakiya	Independent Director	59
6	Hasmukhbhai Adhvaryoo	Independent Director	73
7	Hemantkumar Bhatt	Independent Director	58
8	S T Shah	Independent Director	77

c) Monitoring of external commitments of Whole-time directors:

The Company monitors the external commitments of Whole-time Directors with respect to acceptance of Board or Advisory positions in external organizations and any strategic external investment made by them in their personal capacity, which would require their time involvement or result in conflict of interest. The Whole-time Directors require prior approval of the Board before accepting any external Board/advisory position as well as to make strategic investment beyond a specified limit. It is aimed to define the maximum time the Whole-time Directors can devote to external engagements, maximum limit for strategic investments etc.

d) Board meetings

1. Information supplied to the board:

The Board has complete access to all the information of the Company. Information stipulated under Clause 49 of the Listing Agreement is regularly provided to the Board as part of Agenda papers well in advance of the Board meetings or are tabled with the permission of the Chair in the course of the Board meeting. There is a structured manner in which agenda items are created and materials are distributed for Board meetings.

2. selection of agenda items for board Meetings:

The Company Secretary prepares the Agenda of the Board meetings on the basis of suggestions from the Board of Directors. Each Board member is free to suggest the inclusion of item(s) to the agenda. The Board believes that certain continuing oversight responsibilities should have priority on the agenda, taking into account the overall focus of preserving and increasing stakeholders' value. This includes review of Company strategy and performance, budget, strategic investments, ethical business practices and legal compliance, accounting and financial controls, financial structure, preservation of assets, and Board effectiveness.

3. board Materials distributed in advance:

Information and data that is important to the Board's understanding of matters on the Agenda is distributed in writing or electronically to the Board prior to the

Board meetings in order to permit adequate review. The Board acknowledges that sensitive subject matters may be discussed at the Board meeting without written materials being distributed in advance or at the meeting. The members of the Board always have complete liberty to express their opinion and decisions are taken on the basis of consensus arrived at after detailed discussions. They are also free to bring up any matter for discussion at the Board Meetings.

The Board also periodically reviews internal control and compliance with laws applicable to the Company, as well as steps taken by the Company to rectify instances of non-compliances. In addition to the above, the minutes of the Board meetings of Company's significant issues concerning technologies are also placed before the Board for information.

4. Scheduling of Board meetings

The Board meets at least once in every quarter to discuss and review the quarterly results and other items of agenda including the information required to be placed before the Board as required under Annexure 1A of Clause 49 of the Listing Agreement. A minimum of four Board meetings are held every year. These are scheduled in advance for the entire year. Additional Board meetings are convened, whenever required, by giving appropriate Notice. For any business exigencies or urgent matters, a proposal is circulated to all Board members requesting them to pass Resolutions by Circulation. The Board has an effective post meeting follow-up procedure. Items arising out of previous Board meeting and their follow up action taken report is placed at the immediately succeeding meeting for information of the Board.

5. Recording of Minutes of proceedings at board Meeting:

The Company Secretary records the minutes of the proceedings of each Board Meeting. Draft minutes are circulated to all Board Members for their comments. The finalized minutes of proceedings of a meeting are entered in the Minutes book within 30 days from the conclusion of that meeting.

6. Meeting of the Board

During the year Board of Directors met five times during the year on May 18, 2013, August 8, 2013, September 30, 2013, October 30, 2013 and January 29, 2014.

The maximum gap between any two meetings was less than 4 months. The details of Director's attendance for Board meetings and Annual General Meeting held during the year 2013-14 and their Chairmanship/ Membership of Board Committees of other companies are given in table 2 below:-

Name	Category	No. of meetings held	Attendance		No. of Directorship	No. of Committees and position held in companies	
			Board Meeting	Last AGM		Member	Chairman
J J Chandra	Executive (Chairman and Managing Director)	5	5	NO	0	0	0
M J Patel	Executive (Whole-time Director & CFO)	5	5	NO	0	0	0
Niraj J Chandra	Executive (Whole-time Director)	5	5	NO	0	0	0
Vijay K Kedia	Non-Executive Non-Independent Director	5	3	NO	1	0	0
Hakubhai Lalakiya	Independent Director	5	5	YES	0	0	0
Hasmukhbhai Adhvaryoo	Independent Director	5	5	YES	0	0	0
Hemantkumar Bhatt	Independent Director	5	3	NO	0	0	0
S T Shah	Independent Director	5	4	NO	0	0	0

Other directorships do not include alternate directorships, directorships of private limited companies, Section 25 companies and of companies incorporated outside India. Chairmanships/ Memberships of Board Committees include only Audit and Shareholders/ Investors Grievance Committees of other public limited companies.

Due to sudden demise of father of Mr. M J Patel, Whole-time Director & CFO of the Company on morning on the day of 25th Annual General Meeting, none of the executive directors could manage to present at the Meeting.

- e) Selection and Appointment of New Directors on the Board  
Considering the requirements of the skill-sets on the Board and the broad guidelines set by the Company, eminent persons having an independent standing in their respective field/profession and who can effectively contribute to the Company's business and policy decisions are considered by Nomination and Remuneration

Committee for appointment of new Directors on the Board. The number of directorships and memberships in various committees of the companies by such persons is also considered.

- f) Terms of The board membership  
As per the provisions of the Companies Act, 1956, one third of the Board Members (other than Executive Director) retire every year. Executive Directors have been appointed for a period of Three to Five year terms, but they are also liable to retire by rotation. The Board on the recommendations of the Nomination and Remuneration Committee considers the appointment/re-appointment of Executive and Non-Executive Directors.
- g) Training of Directors  
The Non-Executive Board members of ATUL AUTO are eminent personalities having wide experience in the field of Business, Finance, Education, Industry, Commerce and Administration. Their presence on the Board has been advantageous and fruitful in taking business decisions.

The new Directors are appointed as per the policy set by Nomination and Remuneration Committee. The Directors appointed by the Board are given induction and orientation with respect to the Company's vision, strategic direction, core values, including ethics, corporate governance practices, financial matters and business operations by having one-to-one meetings. The new Board members are also requested to access the necessary documents/ brochures, Annual reports and internal policies to enable them to familiarize with the Company's procedures and practices.

Periodic presentations are made by Senior Management, Statutory and Internal Auditors at the Board/Committee meetings on business and performance updates of the Company, global business environment, business risks and its mitigation strategy, impact of regulatory changes on strategy etc. Updates on relevant statutory changes encompassing important laws are regularly intimated to the Directors.

- h) Mechanism for evaluating Non-Executive Board Members  
The Nomination and Remuneration Committee evaluates the performance of Non-Executive Directors and recommends revision in sitting fees on their commitment towards attending the meetings of the Board/Committees, contribution and attention to the affairs of the Company and their overall performance.
- i) Key Board activities during the year  
The Board provides and critically evaluates strategic direction of the Company, management policies and their effectiveness. Their main function is to ensure that long-term interests of the stakeholders are being served. The agenda for Board reviews / include strategic review from each of the Board Committees, a detailed analysis and review of annual strategic and operation plans and capital allocation and budgets. In addition, the Board reviews the business plans frequently. Frequent and detailed interaction sets the agenda and provides the strategic roadmap for future growth of the Company.
- j) Committees of the board  
To enable better and more focused attention on the affairs of the Company, the board delegates particular matters to committees of the directors set up for the purpose.

These specialist committees prepare the groundwork for decision making and report at the subsequent board meeting.

The board is assisted by various committees - Audit Committee, the Remuneration Committee and Shareholders' Grievance Committee - Members of all the Committees including Chairperson are Independent Directors of the Company.

## A. Audit Committee

- i. qualified and Independent Audit Committee

The Company complies with Section 292A of the Companies Act, 1956 as well as requirements under the listing agreement pertaining to the Audit Committee. Its functioning is as under:

- a) The Audit Committee presently consists of three members including chairman, all are Independent Directors.
- b) All members of the Committee are financially literate and having the requisite financial management expertise.
- c) The Chairman of the Audit Committee is also an Independent Director.
- d) The Chairman of the Audit Committee could not be present at the last Annual General Meeting held on July 16, 2013. Mr. Hakubhai J Lalakiya, Member of the Audit Committee had answered the questions and queries on behalf of Chairman of Audit Committee.

- ii. Role, power and terms of Audit Committee

The Committee has adopted a Charter which meets the requirements of clause 49 regarding role, power and terms of the Committee.

- iii. Composition of Committee and attendance

During the year, four Audit Committee meetings were held on May 18, 2013, August 8, 2013, October 28, 2013 and January 29, 2014.

The composition of the Audit Committee and number of meetings attended by the Members during the year are given below:

Name	Position held	No. of Meetings held	No. of Meetings attended
S T Shah	Chairman	4	3
Hemantkumar Bhatt	Member	4	3
Hakubhai Lalakiya	Member	4	4

The Committee meetings are attended by invitation by Mr. J V Adhia, Vice-President (Finance), Mr. Prashant Maharishi, representative of Statutory Auditors. The Company Secretary acts as the Secretary of the Audit Committee. Statutory auditors of the Company submit their audit findings along with their views directly to the Audit Committee.

## B. Remuneration Committee

The Remuneration Committee comprises of Mr. Hasmukhbhai Adhvaryoo as the Chairperson of the Committee and Mr. S T Shah, Mr. Hakubhai Lalakiya as Members of the Committee.

Remuneration Committee was reconstituted to Nomination and Remuneration Committee w.e.f. May 20, 2014 with terms of references as per the provisions of the Companies Act, 2013.

Mr. Hasmukhbhai Adhvaryoo is an expert in field of Human Resources Management. Mr. S T Shah is a Chartered Accountant by qualification and having vast experience in field of finance, taxation, management consultancy and audit. Mr. Hakubhai Lalakiya is a learned advocate having wide experience of law.

The purpose of the committee of the Board of director ('the Board') shall be to discharge the Board's responsibilities relating to compensation of Executive Directors and Senior Management Personnel of the Company. The committee has the overall responsibility of approving and evaluating the compensation plan, policies and programs for Executive Directors and Senior Management Personnel of the Company. The committee shall annually consider and approve for Executive Directors and Senior Management Personnel (a) the annual base salary; (b) the annual incentive bonus, including the specific goals and amount; (c) equity compensation; (d) employment

agreement, severance arrangements, and change in control agreements / provision and (e) any other benefits, compensation or arrangements.

The committee in consultation with Managing Director, shall review the performance of the executive director each quarter or at such interval as may be necessary, on the basis of the detailed performance parameters set for each of Executive Directors at the beginning of the year. The remuneration committee may, from time-to-time, also evaluate the usefulness of such performance parameters, and make necessary amendments.

During the year, four meetings of Remuneration Committee were held on May 18, 2013, August 8, 2013, October 28, 2013 and January 29, 2014.

The composition of Remuneration Committee and number of meetings attended by the Members during the year are given below:

Name	Position held	No. of Meetings held	No. of Meetings attended
Hasmukhbhai Adhvaryoo	Chairman	4	4
S T Shah	Member	4	3
Hakubhai Lalakiya	Member	4	4

## C. Shareholders Grievance Committee

The Shareholders Grievance Committee comprises of Mr. Hemantkumar Bhatt as the Chairperson of the Committee and Mr. S T Shah, Mr. Hasmukhbhai Adhvaryoo as Members of the Committee.

Shareholders Grievance Committee was reconstituted to Stakeholders Relationship Committee w.e.f. May 20, 2014 with terms of reference as per provisions of the Companies Act, 2013.

During the year, four meetings of Remuneration Committee were held on May 18, 2013, August 8, 2013, October 28, 2013 and January 29, 2014.

The composition of Shareholders Grievance Committee and number of meetings attended by the Members during the year are given below:

Name	Position held	No. of Meetings held	No. of Meetings attended
Hemantkumar Bhatt	Chairman	4	3
S T Shah	Member	4	3
Hasmukhbhai Adhvaryoo	Member	4	4

The Committee expresses satisfaction with the Company's performance in dealing with investor grievances and its share transfer system. The committee has the mandate to review and redress shareholder grievance.

The details of complaints resolved during the financial year ended March 31, 2014 are as follows:

Received	Resolved	Closing
6	6	0

### 3. Corporate Social Responsibility (CSR)

Corporate Social Responsibility forms an integral part of the Company's business activities. Societal wellbeing and benefit enjoys a strategic and operational level focus as a key measurement index in the Balance Score Card (BSC) at all levels. Company has formed Corporate Social Responsibility Committee as per requirement of Section 135 of the Companies Act, 2013. Mr. JJ Chandra, Chairman and Managing Director is the Chairman of the Committee. Other members are Mr. Hakubhai Lalakiya, Independent Director and Mr. Hasmukhbhai Adhvaryoo, Independent Director of the Company. Mr. Paras J Viramgama, Company Secretary is the Secretary of the Committee.

### 4. Role of the Company Secretary in Overall Governance Process

The Company Secretary plays a key role in ensuring that the Board procedures are followed and regularly reviewed. He ensures that all relevant information, details and documents are made available to the directors for effective decision making at the meetings. All the Directors of the Company have access to the services of the Company Secretary. The Company Secretary ensures that all the decisions and observations of the Board are covered and implemented through Action Taken Report (ATR) and Board is apprised of the actions taken.

The Company Secretary while preparing the Agenda, Notes on Agenda, Minutes etc. of the meeting(s), is responsible for and is required to ensure adherence to the applicable laws and regulations including the Companies Act, 2013 read with the Rules issued there under, Listing Agreement with the Stock Exchanges, SEBI rules & regulations and the Secretarial Standards recommended by the Institute of Company Secretaries of India.

### 5. Succession Planning

The Nomination and Remuneration Committee works with the Board to plan for orderly succession of leadership within the Board and the Company to maintain contingency plans for succession in case of any exigencies.

### 6. Prevention of Insider Trading

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 1992 and the guidelines there under, the Company has adopted Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices for prevention of insider trading is in place. The objective of the Code is to prevent purchase and/or sale of shares of the Company by an insider on the basis of unpublished price sensitive information.

Under this Code, Designated persons (Directors, Advisors, Officers and other concerned employees / persons) are prevented from dealing in the Company's shares during the closure of Trading Window. To deal in securities beyond specified limit, permission of Compliance Officer is also required. All the Designated Employees are also required to disclose related information periodically as defined in the Code.

### 7. Whistleblower Policy

Your Company has established a mechanism called 'Whistleblower Policy' for employees to report to the management instances of unethical behavior, actual or suspected, fraud or violation of the Company's code of conduct or ethics policy and provides safeguards against victimization of employees who avail the mechanism. The policy permits all the employees to report their concerns directly to the Chairman of the Audit Committee of the Company. The policy with the name and address of the Chairman of the Audit Committee has been communicated

to the employees by uploading the same on the website of the Company. The employees can directly contact the Chairman of the Audit Committee on the email address as mentioned in the 'Whistle blower Policy' uploaded at the website of the Company.

## 8. Internal Control Systems

ATUL AUTO has both external and internal audit systems in place. Auditors have access to the records and information of the Company. The Board and the management periodically review the findings and recommendations of the auditors and take necessary corrective actions whenever required. The Board recognizes the work of the auditors as an independent check on the information with respect to the operations and performance of the Company.

The Company maintains a system of internal controls designed to provide reasonable assurance regarding:

- Effectiveness and efficiency of operations;
- Adequacy of safeguards for assets;
- Reliability of financial controls; and
- Compliance with applicable laws and regulations

The integrity and reliability of the internal control systems are achieved through clear policies and procedures, process automation, careful selection, training and development of the employees and an organization structure that segregates responsibilities.

The Company uses a state-of-the-art ERP System to record data for accounting and management information purposes and connects to different locations across the organization for efficient exchange of information. Safeguarding of assets and their protection against unauthorized use are also a part of these exercises. The Company has an Audit Committee, the details of which have been provided elsewhere in the Report.

The Audit Committee reviews the reports submitted by the Internal Auditors and follows up to ensure the implementation of corrective actions. The Committee also meets the Statutory Auditors to ascertain, inter-alia, their views on the adequacy of control systems in the

Company and keeps the Board of Directors informed of its major observations from time to time.

## 9. Corporate Identity Number ('CIN')

Our Corporate Identity Number as allotted by Ministry of Corporate Affairs is L54100GJ1986PLC016999 and our Company is registered in the state of Gujarat.

## 10. Subsidiary Company

The Company does not have any Subsidiary Company.

## 11. Disclosures

### A. Basis of related party transactions

The statements containing the transactions with related parties were submitted periodically to the Audit Committee. There are no related party transactions that may have potential conflict with the interest of the Company at large. There were no material individual transactions with related parties during the year, which were not in the normal course of business as well as not on an arm's length basis.

### B. Disclosure of Accounting Treatment

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Sec 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continues to be applicable in respect of Section 133 of the Companies Act, 2013 ("the Companies Act") in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs and the relevant provisions of the Companies Act, 1956/2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

### C. Board Disclosures - Risk Management

The Company has laid down procedures to inform the Board of Directors about the Risk Management and its minimization procedures. The Audit Committee and Board of Directors review these procedures periodically.

**D. Proceeds from public issues, right issues, preferential issues etc.**

The Company did not have any of the above issues during the year under review.

**E. Remuneration of Directors**

(i) Transactions with Non-executive Directors  
The non-executive directors of the Company do not have any material pecuniary relationship or transactions vis-à-vis Company.

(ii) Remuneration to Executive Directors  
The Company endeavors to attract, retain, develop and motivate a high performance workforce. Individual performance pay is determined by business performance and the performance of the individuals measured through the annual appraisal Process. The Company pays remuneration by way of salary, benefits, perquisites, Superannuation benefits and allowances to its Executive Directors. The Remuneration Committee recommends to the Board, the annual increment payable to Executive Directors out of the profits for the financial year and within the ceilings prescribed under the Companies Act, 1956 based on the performance of the Company as well as that of each Executive Director.

The remuneration of Executive Directors is recommended by Remuneration Committee to the Board of Directors based on criteria such as industry Benchmarks, the Company's performance vis-à-vis the industry, performance track record of Director.

Mr. J J Chandra, Chairman and Managing Director, Mr. M J Patel, Whole-time Director and Mr. Niraj J Chandra, Whole-time Director are three Executive Directors of the Company.

(iii) Remuneration (Sitting Fees) to Non-Executive Directors & shareholding  
No remuneration by way of salary or perquisites or commission paid to any of the Non-Executive Directors during the year 2013-14.

The Sitting fee for attending Board Meetings paid to the Non-Executive Directors for 2013-14 and holding of shares of the Company as on March 31, 2014 are as detailed below:

Name of Director	Sitting Fees (₹)	Shareholding as on 31.03.2014
Vijay K Kedia	12,000	9,90,095
Hakubhai Lalakiya	20,000	Nil
Hasmukhbhai Adhvaryoo	20,000	Nil
Hemantkumar Bhatt	12,000	Nil
S T Shah	16,000	Nil

**F. Management Discussion and Analysis Report**

A detailed report on management discussion and analysis is provided in the management discussion and analysis section of the Annual report.

**G. Shareholders**

Brief profile of Mr. Vijay K Kedia who is retiring by rotation and all directors who are being appointed as Independent Directors of the Company are as under:

Mr. Vijay K Kedia

Mr. Vijay K Kedia is the Non Independent & Non Executive Director of the Company. A Commerce Graduate by qualification and is director since 2009. A keen strategist, he is associated with many companies. He has 27 years' experience in securities market

Mr. Hakubhai Lalakiya

Advocate lalakiya Hakubhai J, is the Independent Director of the Company. He is an advocate by profession, having wide experience of more than 26 years in the Legal field and has been continuing in Directorship since 2006

Mr. Hasumukhbhai Adhvaryoo

Mr. Hasumukhbhai Adhvaryoo is bachelor of arts and bachelor commerce. He has a wide experience in several leading companies such as Metdist industries limited, Unity group of companies, Gujarat flour chemical limited, Dwarka cement works limited, Gujarat heavy chemical Limited and Accumax limited etc.

CA Hemantkumar Bhatt

CA Hemantkumar Bhatt is Chartered Accountants, Certified Internal Auditor and Black belt in six sigma. He has a wide experience of more than 28 years in accounting and financial field.

CA Subodhchandra T Shah

CA S T Shah is chartered accountant and has experience of more than 34 years in the field of finance, Human resource and Insurance consultancy. He has also worked in Hindustan Oxygen Gas Co Ltd, Air Control and Chemical Engineering Company Ltd, Testeels Limited from 1962 to 1979. He is chairman in Vanguard Finance private Limited since 1995 to till date.

#### **H. CEO and CFO Certification**

Mr. J J Chandra, Chairman and Managing Director of the Company and Mr.M J Patel, Whole-time Director and CFO of the Company, give quarterly/annual certification on financial reporting and internal controls to the Board in terms of Clause 41 and 49(V) of the Listing Agreement.

#### **I. Compliance on Corporate Governance**

The quarterly compliance report has been submitted to the Stock Exchanges where the Company's equity shares are listed in therequisite format duly signed by Managing Director of the Company.

#### **J. Compliance**

Pursuant to Clause 49 of the Listing Agreement, the Auditor's Certificate in compliance on conditions of Corporate Governance is published elsewhere in the Annual Report.

#### **K. DECLARATION**

This is to certify that the Company has laid down Code of Conduct for all Board Members and Senior Management of the Company and the copies of the same are uploaded on the website of the Company - [www.atulauto.co.in](http://www.atulauto.co.in)

Further we certify that the Members of the Board of Directors and Senior Management personnel have

affirmed having complied with the Code applicable to them during the year ended March 31, 2014.

May 20, 2014

**J J Chandra**  
Chairman and Managing Director



# Auditors' Certificate on Corporate Governance

To the Members  
Atul Auto Limited

We have examined the compliance of conditions of Corporate Governance by Atul Auto Limited, for the year ended on March 31, 2014, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the 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 explanation given to us and the representation 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.

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 Maharishi & Co.**  
Chartered Accountants  
Firm Registration No.124872W

Shapar (Dist. Rajkot)  
May 20, 2014

**Prashant Maharishi**  
Partner  
Membership No.041452

## Review of the Chairman of Audit Committee

The Audit Committee of directors, comprising of three non-executive directors - all of them independent directors - met four times during the last financial year. The Committee reviewed with the Management and the Auditors all the issues which are required to be reviewed by the Audit Committee pursuant to the Listing Agreement with the Stock Exchanges as also the Companies Act, 1956, which inter alia included review of Management Discussion and Analysis of financial conditions and results of operations, and other matters pertaining to disclosures of related party transactions and disclosures of accounting treatment. The Audit Committee has also reviewed the observations of the Internal and Statutory Auditors in relation to all are as of operations of the Company as also the internal control systems. In addition, the Committee has been examining all areas of risks associated with the business of the Company and has reviewed the measures initiated by the Company for mitigating these risks. The Audit Committee has also reviewed the actions taken by the Company on various observations and queries of the Auditors. The Audit Committee oversees the implementation of the Asset Liability Management and reviews the ALM position vis-à-vis risk management.

S T Shah  
Chairman  
Audit Committee of Directors

## Review of the Chairman of Remuneration Committee

The Remuneration Committee of directors, which primarily reviews the compensation payable to Executive Directors of the Company, met four times during the last financial year. The Remuneration Committee comprises of three non-executive directors - all of them are Independent Directors. The Committee has considered the contribution of Executive Directors of the Company in development of business and improving the performance of the Company and kept in view salaries paid to senior executives of other companies in automobile sector, whilst fixing the remuneration.

Hasmukhbhai Adhvaryoo  
Chairman  
Remuneration Committee of Directors

## Review of the Chairman of the Shareholders Grievance Committee

The Shareholders Grievance Committee of directors, comprising of three directors met four times during the last financial year. The Committee reviewed the different activities being carried out by the secretarial department of the Company and also reviewed the share transfers and dematerialization of shares during the period. The Committee also reviewed the steps taken by the Company to redress the grievances of the investors. There were no complaints pending for being resolved during the year.

Hemantkumar Bhatt  
Chairman  
Shareholders Grievance Committee of Directors