

Corporate Governance Report

Our Corporate Governance Philosophy

Corporate governance is about commitment to values and ethical business conduct. At Atul Auto, good corporate governance is intrinsic to the management of company affairs. These values and principles set the context to manage our Company affairs in a fair and transparent manner. As a responsible corporation, these values set the framework to maintain accountability in all our affairs, and democratic and open processes.

We believe that sound corporate governance is critical to enhance and retain investor trust. Accordingly, we always seek to ensure that we attain our performance goals with integrity. We also endeavor to enhance long- term shareholder value and respect minority right in all our business decisions. Recognizing that good corporate governance is the responsibility and privilege of every stakeholder of the company, we have involved guidelines and practices over the years to ensure timely and accurate disclosure of information regarding our financials and performance as well as the leadership and governance of the company.

Our corporate governance philosophy is based on the following principles:

- ✓ Satisfy the spirit of the law and not just the letter of the law. Corporate governance standards should go beyond the law.
- ✓ Be transparent and maintain a high degree of disclosure levels. When in Doubt, disclose.
- ✓ Make a clear distinction between personal conveniences and corporate resources
- ✓ Communicate externally, in a truthful manner, about how the company is run internally
- ✓ Have a simple and transparent corporate structure driven solely by business needs
- ✓ The Management is the trustee of the shareholders' capital and not the owner

The Board of Directors ('the Board') is at the core of our corporate governance practice and oversees how the Management serves and protects the long term interest of all our stakeholders. We believe that an active, well-informed and independent Board is necessary to ensure the highest standards of corporate governance. It is well recognized that an effective corporate governance. Our Board exercises its fiduciary responsibilities in the widest sense of the term.

In our Board, 8 out of 4, are independent members. Further, we have audit committee, remuneration committee, shareholders grievance committee, which comprises independent directors and chairman.

Corporate Governance Guidelines

Over the years, the Board has developed corporate governance guidelines to help fulfill our corporate responsibility towards our stakeholders. These guidelines ensure that the Board will have the necessary authority and processes in place to review and evaluate our operations when required. Further, these guidelines allow the Board to make decisions that are independent of the Management. The Board may change these guidelines from time to time to achieve our stated objectives.

A. Board composition

Size and composition of the Board

The current policy is to have an appropriate mix of executive and independent directors to maintain the independence of the Board, and to separate its functions of governance and management. Currently, the Board consists of 8 members, three are wholtime directors, one non independent director and four are independent and non executive directors.

Two of the executive directors are our founders. The Board believes that the current size is appropriate, based on our present circumstances. The Board periodically evaluates the need for change in its composition and size.

Composition of the Board, and directorships held as at March 31, 2012

Name of the Directors	Designation	Age	Qualification	Expertise	Other Directorship
Founder and Executive Director					
Mr. J.J. Chandra	Chairman & Managing Director	57	Under Graduate	Eminent industrialist with wide business experience in Automobile Industry for last 37 year	Nil
Mr. M. J. Patel	Wholtime Director	49	Under Graduate	20 years of experience in Automobile Industry	Nil
Other Executive Director					
Mr. Niraj Chandra	Wholtime Director	33	Under Graduate	marketing, production and general administration department	Khushbu Auto Finance Limited
Non Independent & Non Executive Director					
Mr. Vijay Kedia	Director	51	B. Com	More than 26 years of experience in the field of Finance & Securities Market.	1. Kedia Securities Pvt. Ltd. 2. Three PI Services Pvt. Ltd. 3. Lykis Limited 4. Regent Realty Pvt. Ltd.

Independent & Non Executive Director					
Mr. Rajesh Dhruva	Director	57	Commerce Graduate & Chartered Accountant	Finance and Foreign Exchange Regulations	<ol style="list-style-type: none"> 1. Keynote Consultancy Pvt. Ltd. 2. Integrated Proteins Ltd. 3. Keynote Corporate Counsels Pvt. Ltd. 4. Sunflower Apparels Pvt. Ltd. 5. Denim Fashion Ltd. 6. Capri Apparels Pvt. Ltd. 7. Power Source Engine Parts Pvt. Ltd.
Mr. Suresh Kaneria	Director	52	Commerce Graduate	General Administration Skills	<ol style="list-style-type: none"> 1. Anuradha Realty Pvt. Ltd. 2. Khushbu Auto Finance Ltd.
Advocate Hakubhai Lalakia	Director	58	M. Com., L.L.M.	Practicing as advocate for more than 25 years	Khushbu Auto Finance Limited
Mr. Ramniklal Kotecha	Director	59	B.E. (Mechanical)	Administration & Management	<ol style="list-style-type: none"> 1. Rajkot Machine Tools Pvt. Ltd. 2. Visionnext Diesel Pvt. Ltd. 3. Kotecha Steel Forge Pvt. Ltd. 4. Ganga RK Industries Pvt. Ltd. 5. Kusum Casting Pvt. Ltd.

Details of Directorship / Committee Membership or Chairmanship as at March 31, 2012

Name of the Director	Designation	No. of shares Held	Directorship in all Public Limited Companies	Membership in Committee in all Public Limited Companies (Other than Atul Auto Ltd.)	Chairmanship of Committee in all Public Limited Companies (Other than Atul Auto Ltd.)
Mr. J. J. Chandra	Chairman & Managing Director	6,86,869	Nil	Nil	Nil
Mr. M. J. Patel	Wholetime Director	92,616	Nil	Nil	Nil
Mr. Niraj Chandra	Wholetime Director	1,34,893	Khushbu Auto Finance Ltd.	Nil	Nil
Mr. Vijay Kedia	Director	4,13,426	Lykis Limited	Nil	Nil
Mr. Rajesh Dhruv	Director	Nil	-Denim Fashion Ltd. -Integrated Proteins Ltd.	Shareholders' Grievance Committee, Integrated Proteins Ltd	Audit Committee, Integrated Proteins Ltd
Mr. Suresh Kaneria	Director	Nil	Khushbu Auto Finance Ltd.	Nil	Nil
Mr. Hakubhai Lalakia	Director	Nil	Khushbu Auto Finance Ltd.	Nil	Nil
Mr. Ramniklal Kotecha	Director	Nil	Nil	Nil	Nil

Responsibilities of Independent Chairman, the Executive Co-Chairman and the CEO and Managing Director

The responsibilities and authorities of these officials are as follows:

Managing Director

The Managing Director is responsible for corporate strategy, brand equity, planning, external contracts and all management matters. He is also responsible for achieving the annual business targets and acquisitions.

Board Definition of Independent Directors

According to Clause 49 of the Listing Agreement with Indian stock exchanges, an independent director means a person who is not an officer or employee of the Company or its subsidiaries or any other individual having a material pecuniary relationship or transactions with the Company which, in the opinion of our Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of the directors

Board Membership Criteria

Board members are expected to possess the expertise skills and experience required to manage and guide a high-growth, high-tech automobile company. Expertise in strategy, technology, finance, quality and human resources is essential. Generally, the members are between 40 and 60 years of age. Board members are expected to rigorously prepare for, attend and participate in all Board and applicable committee meetings. Each member is expected to ensure that their other current and planned future commitments do not materially interfere with their responsibilities with us.

Selection of New Directors

The Board is responsible for the selection of new directors. The Board delegates the screening and selection process involved in selecting new directors to the committee, which consists exclusively of independent directors. The committee in turn makes recommendations to the Board on the induction of any new directors.

Membership Term

The Board constantly evaluates the contribution of the members and periodically shares updates with the shareholders about re-appointments as per statute. The current law in India mandates the retirement of one third of the Board members (who are liable to retire by rotation) every year, and qualifies the retiring members for re-appointment. Executive directors are appointed by the shareholders for the tenure of the maximum period of three years, but are eligible for re-appointment upon completion of their term.

Board Compensation Policy

The remuneration committee determines and recommends to the Board the compensation payable to the director. All Board-level compensation is approved by the shareholders and separately disclosed in the financial statements. Remuneration of the executive directors consists of a fixed component. The remuneration committee makes a quarterly appraisal of

the performance of the executive directors based on a detailed performance related matrix. The annual compensation of the executive directors is approved by the remuneration committee, within the parameters set by the shareholders at the shareholders at the shareholders' meetings.

Cash compensation Paid to Directors in Fiscal 2012

(₹ In lacs)

Name of the director	Fixed salary			
	Basic salary	Perquisites/ Allowance	Retiral benefits	Total fixed salary
Founder and Executive Director				
Mr. J. J. Chandra	36	-	-	36
Founder Whole-time Director				
Mr. M. J. Patel	33	-	-	33
Whole-time Director				
Mr. Niraj Chandra	0.77	0.33		1.10

No remuneration by way of salary or perquisites or commission paid to any of the Non-Executive Directors during the year 2011-12

Sitting fee paid to the Non-Executive Directors, for 2011-12 are as detailed below:

Name of Non Executive Director	Sitting Fee
Mr. Rajesh Dhruva	11,000
Mr. Suresh Kaneria	11,000
Mr. Hakubhai Lalakia	11,000
Mr. Ramniklal Kotecha	11,000
Mr. Vijay Kedia	10,000
Total	54,000

Membership in Other Boards

Executive directors may, with the prior consent of the chairperson of the Board of Directors, serve on the boards of corporate or government bodies whose interest are germane to the future of the IT and software business, or the key economic institutions of the nation, or whose primary objective is benefiting society. Independent directors are not expected to serve on the boards of competing Companies. Other than this there are no limitations except those imposed by law and good corporate governance practices. The outside directorships held by each of our directors are listed in the composition of the Board and Directorship table in this section.

B. Board Meetings

Scheduling and Selection of Agenda Items for Board Meetings

Dates for board meeting in the ensuing year are decided in advance. Most Board meetings are held at our registered office. The Chairperson of the Board and the Company Secretary draft the agenda for each meeting, along with explanatory notes in consultation with Managing Director and distribute these in advance to the directors. Every Board member can suggest additional items for inclusion in the agenda. The Board meets at least once a quarter to review the quarterly results and other items on the agenda, and also on occasions of the Annual General Meetings of the share holders. Additional meetings are held, when necessary. Independent Directors are expected to attend at least four Board meetings in a year. Committees of the Board usually meet on the same day before the formal Board meeting, or whenever the need arises for transacting business. Total 11 Board Meetings were held during the year ended on 31st March, 2012. Attendance of Members of Board of Directors in the said Meetings are as under:

Attendance of Directors in the Board Meeting during fiscal 2011-2012

Name of the director	No. of meetings	
	No. of Meetings held	No. of Meetings attended
Mr. J. J. Chandra	11	10
Mr. M. J. Patel	11	11
Mr. Niraj Chandra *	11	1
Mr. Vijay Kedia	11	10
Mr. Rajesh Dhruv	11	11
Mr. Suresh Kaneria	11	11
Mr. Hakubhai Lalakia	11	11
Mr. Ramniklal Kotecha	11	11
Mr. Sunilkumar Mittal**	11	6

**Appointed w.e.f. 1st March, 2012*

***Resigned w.e.f. 12th December, 2011*

Notes : 1. All the directors attended the Annual General Meeting held on 30th July, 2011

Availability of Information to Board Members

The Board has unfettered and complete access to any information within the Company, and to any of the employees. At Board Meetings, managers who can provide additional insight into the items being discussed and invited. Regular updates provided to the Board include:

- Annual operating plans and budgets, capital budgets and updates
- Quarterly results
- Minutes of the meetings of audit, remuneration and shareholders grievance committees as well as abstracts of circular resolution passed, if any.
- General notice on interest received from directors
- Dividend data
- Information on recruitment and remuneration of senior officers just below the Board level.
- Materially important litigations, show cause, demand, prosecution and penalty notices

- Fatal or serious accidents, dangerous occurrences, and issues related to material effluents or pollution
- Any materially relevant defaults in financial obligations to and by us
- Any issue that involves possible public or product liability claims of substantial nature
- Any significant development involving human resources management
- Sale of material nature, of investments and assets, which are not in normal course of business
- Details of foreign exposure and the step taken by the Management to limit risks of adverse exchange rate movement
- Non-compliance with any regulatory, statutory or listing requirements, as well as shareholders services such as non-payment of dividends and delays in share transfer.

Discussion with Independent Directors

The Board's policy is to regularly have separate meetings with independent directors to update them on all business-related issues and new initiatives. In such meetings, the executive directors and other members of the senior management make presentations on relevant issues.

In addition, our independent directors meet periodically in an executive session that is without any of the executive directors, or the Management.

Materially Significant Related Party Transactions

There have been no materially significant related party transactions, monetary transactions or relationship between the Company and directors, the Management, relatives, except for those disclosed in the financial statements for the year ended March 31, 2012.

C. Board Committees

Currently, the Board has three committees, audit committee, remuneration committee and shareholders grievance committee. All committees consist entirely of independent directors.

The Chairperson of the Board in consultation with Company Secretary and the committee chairperson determine the frequency and duration of the committee meetings. Recommendations of the committees are submitted to the entire Board for approval.

The quorum for meetings is either two members or one-third of the members of the committee, whichever is higher.

1. Audit Committee

Our audit committee ('the committee') comprises three independent directors:

- Rajesh Dhruv, *Chairman*
- Advocate H. K. Lalakiya, *Member*
- Suresh T. Kaneria, *Member*

We are listed on the Bombay Stock Exchange (BSE). Clause 49 of listing Agreement makes it mandatory for listed companies to adopt an appropriate audit committee charter.

Our committee adopted a charter, which meets the requirements of clause 49 of the listing Agreements with Indian stock exchange.

The primary objective of the committee is to monitor and provide effective supervision of the management's financial reporting process to ensure accurate and timely disclosures, with the highest level of transparency, integrity and quality of financial reporting. The committee oversees the work carried out in the financial reporting process by the management, the internal Auditors and the independent Auditors, and notes the processes and the safeguard employed by each. The committee has the ultimate authority and responsibility to select, evaluate and, where appropriate replace the independent Auditors in accordance with the law. All possible measures must be taken by the committee to ensure the independence and objectivity of the independent Auditors.

Audit Committee Attendance during Fiscal 2012

Four audit committee meetings were held during the year on the year on 31st March, 2012 on May 30, 2011, August 12, 2011, November 12, 2011 and February 07, 2012

	No. of Meetings	
	Held	Attended
Rajesh Dhruv	4	4
Suresh Kaneria	4	4
Hakubhai Lalakiya	4	4

Audit Committee Report for the year ended March 31, 2012

Each member of the committee is an independent director, according to the definition laid down in the audit committee charter, and Clause 49 of the Listing Agreement with the relevant Indian stock exchanges.

The management is responsible for company's internal control and the financial reporting process. The independent Auditors are responsible for performing an independent audit of the Company's financial statements in accordance with generally accepted auditing standards, and for issue a report thereon. The committee's responsibility is to monitor these processes. The committee is also responsible for overseeing the process related to the financial reporting and information dissemination. This is to ensure that the financial statements are true, fair, sufficient and credible. In addition, the committee recommends to the Board the appointment of the Company's internal and independent Auditors.

In this context, the committee discussed with the company's auditor, the overall scope and plans for the independent audit. The Management representation to the committee that the company's financial statements were prepared in accordance with the generally Accepted Accounting principle (GAAP). The committee discussed with the Auditors, in the absence of the Management (whenever necessary), the Company's audited financial statements

including the Auditors' judgments about and the clarity of disclosures in the financial statements.

Relying on the review and discussed conducted with the Management and the independent Auditors, the audit committee believes that the company's financial statements are fairly presented in conformity with GAAP.

The committee has also reviewed the internal controls put to ensure that the accounts of the company are properly maintained and that the accounting transactions are in accordance with prevailing Laws and regulations. In conducting such review, the committee found no material discrepancy or weakness in the internal control systems of the company.

The committee also reviewed the financial policies of the company and expressed its satisfaction with the same.

The company Auditors provided to the committee the written disclosures required by the Standard on Auditing (SA) -260 issued by the Institute of Chartered Accountants of India (ICAI) based on which the committee discussed the Auditors. After review, the committee expressed its satisfaction on the independence of the internal and the statutory Auditors.

Based on the committee discussion with the Management and the Auditors and the committee review of the representation of the Management and the report of the auditor to the committee, the committee has recommended the following to the directors:

1. The audited financial statements prepared as per Indian GAAP of Atul Auto Limited for the year ended on March 31, 2012, be accepted by the Board as a true and fair statements of the financial status of the company.

The committee has recommended to the Board the re-appointment of Maharishi & Co., Chartered Accountants, as the statutory Auditors of the company for the fiscal year ended on March 31, 2013, and that the necessary resolution for appointing them as auditor be placed before the shareholder.

In conclusion, the committee is sufficiently satisfied that it has complied with its responsibilities as outlined in the audit committee charter.

Sd/-

Rajkot

May 12, 2012

Chairman

2. Remuneration Committee

Our compensation committee ('the committee') comprises three independent directors. They are:

- Suresh T. Kaneria, *Chairman*
- CA Rajesh Dhruv, *Member*
- Adv H. K. Lalakiya, *Member*

The purpose of the committee of the Board of director ('the Board') shall be to discharge the Board's responsibilities relating to compensation of the company executive directors and member of the Executive council. The committee has the overall responsibility of approving and evaluating the compensation plan, policies and programs for executive directors and for the member of the executive council.

The committee shall annually review and approve for the Managing Director, the executive director and executive council (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 the 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 the executive director 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.

Remuneration Committee Attendance during Fiscal 2012

Five Meetings of Remuneration Committee were held during the year ended on 31ST March, 2012 on May 30, 2011, August 12, 2011, November 11, 2011, February 7, 2012 and March 25, 2012.

	No. of Meetings	
	Held	Attended
Suresh Kaneria	5	5
Rajesh Dhruva	5	5
Hakubhai Lalakiya	5	5

Compensation Committee Report for the year ended March 31, 2012

During the year, the committee recommended the appointment of Niraj Chandra as a whole-time Director. In this connection the remuneration committee discussed and approved the compensation structure for him. The committee also reviewed the performance of all whole-time director and the member of executive council based on a

detailed performance parameters set for each whole-time director and approved the payment of various compensation to each of them. Further the committee evaluated the usefulness of the performance parameters and suggested necessary change to the same.

The committee believes that the compensation and benefits are adequate to motivate and retain the senior officers of the company. Apart from the said disclosures, none of the director had a material beneficial interest in any contract of significance to which the company or any of its subsidiaries were a party, during the financial year.

Rajkot

Sd/-

May 12, 2012

Chairman

3. Shareholders Grievance Committee

Our shareholders grievance committee ('the committee') comprises three independent directors. They are:

- Suresh T. Kaneria, *Chairman*
- CA Rajesh Dhruv, *Member*
- Adv. H.K. Lalakiya, *Member*

Purvi P Mehta, company secretary, is the Compliance Officer.

Shareholders Grievance Committee Attendance During Fiscal 2012

The committee has the mandate to review and redress shareholder grievance

Six Meetings of Shareholders' Grievance Committee were held during the year on 31st March, 2012 on April 15, 2011, June 12, 2011, October 18, 2011, December 20, 2011, January 21, 2012 and March 22, 2012.

	No. of Meetings	
	Held	Attended
Suresh Kaneria	6	6
Rajesh Dhruv	6	6
Hakubhai Lalakiya	6	6

Shareholders Grievance Committee Report for the year ended March 31, 2012

The Committee expresses satisfaction with the Company's performance in dealing with investor grievances and its share transfer system.

The details of complaints resolved during the financial year ended March 31, 2012 are as follows:

Received	Resolved	Closing
22	22	-

Dematerialization of Securities

As on 31st March, 2012, 69,13,273 shares (out of total 73,14,400 equity shares) are dematerialized. Members, who have still not dematerialized their shares, are requested to dematerialize the same to avail benefit of paperless trading of securities. Further, 100 % shares of promoters are dematerialized as on 31st March, 2012.

Sd/-

Rajkot

May 12, 2012

Chairman

D. Management Review and Responsibility

Formal Evaluation of Officers

The remuneration committee of the board approves the compensation and benefits for all Executive Board Members. Another committee, headed by the Managing Director, reviews, evaluates and decides the annual compensation of our officers from the level of vice president..

Board Interaction with Clients, Employees, Institutional Investors, the Government and Media

The Chairman & Managing Director, Non executive and Non-Independent Director and Vice President-Finance, handle all interactions with investors, the media and various Government authorities

Risk Management

We have an integrated approach to management risks inherent in various aspects of our business..

Management's Discussion and Analysis

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

E. Shareholders

Disclosures Regarding the Appointment or Re-appointment of Directors

Mr. Chandra Niraj was appointed as an additional Director effective March 1, 2012. He was also appointed as whole time director for three years, subject to approval of Members at the ensuing Annual General Meeting. In terms of Section 260 of the Companies Act, 1956, he will hold office only up to the date of the ensuing Annual General Meeting. The Company has received requisite notice in writing from a member proposing his candidature for the office of Director liable to retire by rotation.

Mr. J J Chandra and Advocate (Mr.)H.K. Lalakiya, Directors of the company are liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Mr. Sunilkumar Mittal, Whole time Director, has resigned from Board effective from 12th December, 2011 and Board appreciates the efforts put in by him in growth of the company.

Communication to the Shareholders

The report contains select financial data extracted from the audited financial statements under Indian GAAP. The quarterly report along with additional information is also posted on our website. Moreover, the quarterly/ annual results and official news releases are generally published in the news papers. Quarterly and annual financial statements are also posted in our website.

Investor Grievances and Share Transfer

We have a Board –Level shareholders grievance committee to examine and redress shareholders and investors complaints. The status on complaints and share transfer are

reported to the entire board. The details of share transferred and the nature of complaints are provided in *shareholders information section of the Annual Report*. For shares transferred in physical form, the company provides adequate notice to the seller before registering the transfer of the shares. The share transfer committee of the company will meet as often as required to approve share transfers. For matters regarding shares transferred in physical form, share certificates, dividends and change of address, shareholders should communicate with Sharex Dynamic (India) Pvt. Ltd., our registrar and share transfer agent (RTA) Its address is published in *shareholder information* section of Annual Report.

Share transactions in the electronic form can be effected in a much simpler and faster manner. After confirmation of sale/purchase transactions from the broker, shareholder should approach depository participant with a request to debit or credit the account for the transaction. The depository participant will arrange to complete the transactions by updating the account. There is no need for separate communication to the company to register the share transfer.

General Body Meetings

The details of last three Annual General Meetings are as follows:

Financial year ended	Date & Time	Venue	Special Resolution Passed
March 31, 2009	September 29, 2009 at 4.00 p.m. IST	Plot No. 1 to 4, Survey no. 86, National High Way 8 B, Near Microwave Tower, Shapar, Gujarat, India	<ul style="list-style-type: none"> • Appointment of Mr. Sunil Kumar Mittal as Joint Managing Director w.e.f. 1st June, 2009
March 31, 2010	July 28, 2010 at 4.00 p.m. IST	Plot No. 1 to 4, Survey no. 86, National High Way 8 B, Near Microwave Tower, Shapar, Gujarat, India	<ul style="list-style-type: none"> • Reappointment & revision of remuneration of Mr. J. J. Chandra as a Chairman & Managing Director w.e.f. 1st April, 2010. • Revision of remuneration and redesignation of Mr. M. J. Patel as Wholetime Director • Reappointment of Mr. Sunil Kumar Mittal as the Wholetime Director
March 31, 2011	July 30, 2011 at 4.00 p.m. IST	Plot No. 1 to 4, Survey no. 86, National High Way 8 B, Near Microwave Tower, Shapar, Gujarat, India	<ul style="list-style-type: none"> • Reappointment of Mr. Sunil Kumar Mittal as a Wholetime Director w.e.f. 1st April, 2011.

Compliance with Non-mandatory Requirements of Clause 49 of the Listing Agreement

Clause 49 of the listing agreement ('the clause') mandates us to obtain a certificate from either the Auditors or practicing company secretaries regarding compliance of conditions of corporate governance as stipulated in the clause, and annex the certificate with the Directors' report, which is sent annually to all our shareholders. We have obtained a certificate to this effect and same is given as an Annexure to the director's report.

The clause further states that the non-mandatory requirements may be implemented as per our discretion. However, the disclosures of compliance with mandatory requirements and adoption (and compliance) / non-adoption of non- mandatory requirements shall be made in this section of the Annual Report.

Details of Non-compliance

There has been no instance of non compliance with any legal requirements nor have there been any condition imposed by any stock exchange, SEBI, on any matters relating to the capital market over the last three years.

Auditors' certificate on corporate governance

As required by clause 49 of the listing agreement, the Auditors' certificate is given in the annexure to the Report of Board of Directors in the Annual Report.

Managing Director's certification

- I. As required by Clause 49 of the Listing Agreement, the Managing Director's certificate is given elsewhere in this the Annual Report.

Code of Conduct

In compliance with clause 49 of the Listing Agreement, the company has adopted a code of conduct and Ethics ('the Code'). This Code is also applicable to the members of the Board.

All the members of the board and senior employees of the company have affirmed compliance to the code, as at March 31, 2012. A declaration to this effect, signed by managing director and the, is provided in the Managing Directors'' certification section of this Audit Report.

We comply with the following non-mandatory requirements:

Remuneration Committee

We have instituted a compensation committee. A detailed note on compensation / remuneration committee is provided under remuneration committee in this section.

Shareholder's Rights

The Clause states that a half-yearly declaration of financial performance, including summary of the significant events in the last six months, may be sent to each shareholder.

We communicate with investors regularly through email, telephone and face-to-face meetings either in investor conferences or Company visits. We also leverage the internet in communicating with our investor base. We announce quarterly financial results within six weeks of the close of a quarter. The announcement of quarterly result is followed by media briefing in television channels, press conference and conference calls.

Training of Board members

The Board's policy is to have separate meetings regularly with Independent Directors to update them on all business-related issues and new initiatives. In such meetings, the executive directors and other members of the senior management share point of views and leadership thoughts on relevant issues.

Whistleblower Policy

We have established a mechanism for our employees to report concerns about un-ethical behavior, actual or suspected fraud, or violation of our Code of Conduct and Ethics policy. It also provides for adequate safeguards against victimization of employees who avail of the mechanism, and also allows direct access to the chairperson of the audit committee in exceptional cases. We further affirm that no employee has been denied access to the audit committee.

Auditors' Certificate on Corporate Governance

To,
The Member of Atul Auto Limited

We have examined the compliance of conditions of Corporate Governance by Atul Auto limited ('the company), for the year ended on 31 March, 2012, as stipulated in clause 49 of the Listing Agreement of the company with the stock exchange.

The compliance of condition 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 the Compliance of the 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 our information and according to the explanation given to us and based on the representation made by the directors and management, we certify that the Company has complied with the condition of Corporate Governance as stipulated in the above mention Listing Agreement.

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

For Maharishi & Co.
Chartered Accountants
Firm's registration No.124872W

Prashant Maharishi
Partner
Membership No. 41452

Signed at Rajkot on May 12, 2012