

# REPORT ON CORPORATE GOVERNANCE

Atul Auto Limited believes that good corporate governance is essential to achieve long term corporate goals and enhance stakeholders' value. The 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.

Corporate Governance is the application of best management practices, continued compliances of law and adherence to highest ethical standards to achieve the Company's objective of enhancing shareholder value and its image. Adopting high standards with transparency gives comfort to all existing and potential stakeholders including government & regulatory authorities, customers, suppliers, bankers, employees and shareholders.

The Company remains resolute in its commitment to conduct business in accordance with the highest ethical standards and sound Corporate Governance practices. The Company strongly believes that sound and unambiguous system of Corporate Governance practices go a long way in retaining investor trust and preserving the interest of all stakeholders. Its Business Ethics & Code of Conduct provides the overarching philosophy of its Corporate Governance practices.

## RIGHTS OF SHAREHOLDERS

Your Company protects and facilitates shareholders' rights, provides adequate and timely information, opportunity to participate effectively in general meeting and ensure equitable treatment to all shareholders. The Company also makes aware the shareholders regarding their rights by uploading the relevant information on website of the Company.

## ROLE OF STAKEHOLDERS IN CORPORATE GOVERNANCE

Your Company recognizes the rights of stakeholders and encourages co-operation between the Company and stakeholders to enable participation in Corporate Governance process.

## DISCLOSURE AND TRANSPERANCY

Your Company ensures timely and accurate disclosure on all material matters including the financial situation, performance, ownership and governance of the Company.

## GOVERNANCE STRUCTURE

The Corporate Governance structure at Atul Auto Limited is as follows:

1. Board of Directors: The Board is entrusted with an ultimate responsibility of the management, directions and performance of the Company. As its primary role is fiduciary in nature, the Board provides leadership, strategic guidance, objective and independent view to the Company's management while discharging its responsibilities, thus ensuring that the management adheres to ethics, transparency and disclosures.

2. Committees of the Board: The Board has constituted the following Committees viz. Audit Committee, Nomination and Remuneration

Committee, Stakeholders' Relationship Committee and Corporate Social Responsibility (CSR) Committee. Each of the said Committee has been mandated to operate within a given framework.

## BOARD OF DIRECTORS

The 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.

## COMPOSITION OF BOARD

The Board is broad-based and consists of eminent individuals from industry, management, technical, financial and marketing background. The Company is managed by the Board of Directors in coordination with the Senior Management team. The composition and strength of the Board is reviewed from time to time for ensuring that it remains aligned with statutory as well as business requirements.

The Company has a judicious mix of Executive and Non-Executive Director. As on 31st March, 2017, the Board comprised of eight Directors out of which four are Independent Directors which includes one Woman Independent Director, one is Non-Executive Non-Independent Director and the remaining three are Executive Directors which are Promoter/ Part of promoter group. The Chairman of the Company is Executive Director. There is no Nominee or Shareholders' Director on the Board of the Company.

## INDEPENDENT DIRECTORS

There are four Independent Directors on the Board of the Company as on 31st March, 2017. There is no change in Independent Directors during the year.

All four Independent Directors have submitted declarations that they meet the criteria of Independence as per section 149 of the Companies Act, 2013 and the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. The Independent Directors have confirmed that they do not hold directorship in more than seven listed companies. A formal letter of appointment to Independent Directors as provided in the Companies Act, 2013 have been issued.

## BOARD MEETINGS

The Board meets at regular intervals to discuss and decide on business strategies/policies and review the financial performance of the Company. In case of business exigencies, the Board's approval is taken through circular resolutions. The circular resolutions are noted at the subsequent Board Meeting.

During the financial year ended on 31st March, 2017, Six (6) meetings of Board of Directors held on following dates:

30th May, 2016, 09th August, 2016, 29th September, 2016, 12th November, 2016, 04th February, 2017, 31st March, 2017

The Interval between two meetings was well within the maximum period mentioned under Section 173 of the Companies Act, 2013 and the Listing Regulations.

## REPORT ON CORPORATE GOVERNANCE Contd.

### ATTENDANCE AT BOARD MEETINGS, AT LAST ANNUAL GENERAL MEETING (AGM) AND DETAILS OF MEMBERSHIPS OF DIRECTORS' IN BOARDS AND BOARD COMMITTEES

The details of Directors' attendance for Board meetings and Annual General Meeting held during the financial year 2016-17 and their Chairmanship/ Membership of Board Committees of other companies are given in table below:

Name of Director	Nature of Directorship	No. of meetings attended	Last AGM attended	No. of outside Directorship of Public Companies as on 31st March, 2017	No. of outside Directorship of Public Companies as on 31st March, 2017	No. of Committee Membership# as on 31st March, 2017	No. of Committee Chairpersonship# as on 31st March, 2017	No. of shares held as on 31st March, 2017
J J Chandra	Chairman and Managing Director	5	Yes	--	--	--	--	13,51,742
M J Patel	Whole-time Director & CFO	6	Yes	--	--	--	--	2,77,848
Niraj J Chandra	Whole-time Director	6	Yes	--	--	--	--	1,05,118
Vijay K Kedia	Non-Executive Director	3	Yes	2	1	--	--	--
Hakubhai Lalakiya	Independent Director	4	Yes	--	--	--	--	--
Hasmukhbhai Adhvaryoo	Independent Director	4	Yes	--	--	--	--	--
Hemantkumar Bhatt	Independent Director	4	No	1	1	--	--	--
Margie S Parikh	Independent Director	3	No	--	--	--	--	--

#### Note:

- Directorships exclude Private Limited Companies, Foreign Companies and Section 8 Companies.
- Chairmanship/ Membership of Committee only includes Audit Committee and Stakeholders Relationship Committee other than Atul Auto Limited.
- Mr. J J Chandra is father of Mr. Niraj J Chandra. No other directors are related to each other.

The above table exhibit that none of the Directors are members of more than ten board-level committees nor they are chairman of more than five committees in which they are members. Further, all the Directors have confirmed that they do not serve as an independent director in more than seven listed companies or where they are whole-time director in any listed company, then they do not serve as independent director in more than three listed companies.

#### BOARD PROCEDURES

The Board has complete access to all information of the Company and is regularly provided advanced detailed information as a part of the agenda papers or is tabled therein. In addition, detailed quarterly performance report by CFO is presented in the quarterly Board meeting, encompassing all facets of the Company's operations during the quarter, including update of key projects, outlook and matters relating to environment, health & safety, corporate social responsibility etc. The Company provides the information as set out in Regulation 17 read with Part-A of Schedule II of Listing Regulation to the Board and the Board Committees to the extent it is applicable and relevant.

The Company Secretary attends the Board and Committee meetings and advises the Board on Compliances with applicable laws and governance. The important decisions taken at the Board/ Committee meetings are communicated to the concerned departments/ divisions. The draft minutes of the Board and its Committees are sent to the members for their comments and then the minutes are entered in the minutes book within the time period provided in the Secretarial Standard.

#### BOARD EVALUATION

In terms of applicable provisions of the Companies Act, 2013 read

with Rules framed thereunder and Part D of Schedule II of the Listing Regulations and on the recommendation of the Nomination and Remuneration Committee, the Board of Directors has put in place performance evaluation policy to formally evaluate the effectiveness of the Board, its Committees along with performance evaluation of each Director to be carried out on an annual basis.

Accordingly, the annual performance evaluation of the Board, its Committees and each Director was carried out for the financial year 2016-17. A structured questionnaire was prepared after circulating the draft forms, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance. The performance evaluations of all the independent directors have been done by the entire Board of Directors, excluding the director being evaluated. Independent Directors have evaluated the performance of non-independent directors and Board as a whole at the separate meeting of Independent Directors. Independent directors have also reviewed the performance of the Chairperson of the company, taking into account the views of executive directors, non-executive directors, President – Finance and President – Marketing.

The Board of Directors at its meeting held on 4th February, 2017, has noted the overall feedback on the performance of the Directors and the Board as a whole and its Committees. Based on the outcome of the Evaluation, the Board and Committees have agreed on the action plan to improve on the identified parameters.

The overall outcome of this exercise to evaluate effectiveness of the Board and its Committees was positive and members expressed their satisfaction.

#### FAMILIARISATION PROGRAMME

At the time of appointing a Director, a formal letter of appointment is given to him/ her, which inter alia explains the role, function, duties and responsibilities expected of him/ her as a Director of the Company. The Director is also explained in detail the Compliance required from him/ her under the Companies Act, 2013, Listing Regulation and other various statutes and an affirmation is obtained. The Chairman and Managing Director also has one to one discussion with the newly appointed Director to familiarize him/ her with the Company's operations.

On an ongoing basis, the familiarization activities are done in the separate session on the day of meeting of board of directors, preferably after the completion of the meetings. Three such sessions around two hours each have been held during the year. The sessions have been conducted by Mr. Paras Viramgama, Company Secretary, Mr. J V Adhia, President – Finance and Mr. Paul Zachariah, President – Marketing of the Company. All Independent Directors have attended the same without fail.

The details of familiarization programme have been posted on the website of the Company.

## AUDIT COMMITTEE

### COMPOSITION

The Audit Committee is constituted in accordance with the provisions of Regulation 18 of the SEBI (LODR) Regulations, 2015 and Section 177 of the Companies Act, 2013. The Audit Committee comprise of Mr. Hemantkumar Bhatt, Independent Director as Chairman, Mr. Hakubhai Lalakiya, and Dr. Margie S Parikh, Independent Directors as Members. All the members of the committee are financially literate and have accounting and financial management expertise

### MEETINGS AND ATTENDANCE

The Audit Committee met four times during the Financial Year 2016-17. The maximum gap between two meetings was not more than 120 days. The necessary quorum was present for all Meetings. The Committee met on 30th May, 2016, 09th August, 2016, 12th November, 2016 and 4th February, 2017. The Whole-time Director and CFO, President – Finance and the representative of Statutory Auditors are permanent invitees to the Audit Committee Meetings. They have attended all the Audit Committee meetings held during the year. Mr. Hemantkumar Bhatt, Chairman of the Audit Committee could not remain present at the Annual General Meeting held on 16th September, 2016. Mr. Hakubhai Lalakiya, Member of the Committee remained present in AGM in his place. The Table below provides the Attendance of the Audit Committee members: Company.

Name of Director	Role in Committee	No. of Meetings Attended
Mr. Hemantkumar Bhatt	Chairman	4 out of 4
Mr. Hakubhai Lalakiya	Member	4 out of 4
Dr. Margie S Parikh	Member	3 out of 4

Mr. Paras J. Viramgama acted as Secretary to the Committee.

### TERM OF REFERENCE

The Audit Committee inter alia performs the functions of approving Annual Internal Audit Plan, review of financial reporting system, internal controls system, discussion on financial results, interaction with Statutory and Internal Auditors, one-on-one meeting with Statutory and Internal Auditors, recommendation for the appointment of Statutory Auditors and their remuneration, recommendation for the appointment and remuneration of Internal Auditors, Review of Business Risk Management Plan, Management Discussions and Analysis, Review of Internal Audit Reports, significant related party transactions. The Audit Committee also oversees and reviews the functioning of a vigil mechanism (implemented in the Company as a Fraud Risk Management Policy and Whistle Blower Policy) and reviews the finding of investigation into cases of material nature and the actions taken in respect thereof. The Company has framed the Audit Committee Charter for the purpose of effective compliance of provisions of section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulation. The Audit Committee also looks into the matters as are specifically referred to it by the

Board of Directors besides the mandatory requirements. In fulfilling the above role, the Audit Committee has powers to investigate any activity within its terms of reference, to seek information from employees and to obtain outside legal and professional advice.

## NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee comprise of Mr. Hasmukhbhai Adhvaryoo, Independent Director as Chairman, Mr. Hakubhai Lalakiya and Dr. Margie Parikh, Independent Director as Members.

The composition, powers, role and terms of reference of the Nomination and Remuneration Committee are as per the SEBI (LODR) Regulations, 2015 and Section 178 of the Companies Act, 2013.

The role of Nomination and Remuneration Committee inter alia, includes formulation of criteria for determining qualifications, positive attributes and independence of a director and recommendation to the Board of the remuneration policy; formulation of criteria for evaluation of Independent Directors and the Board; devising a policy on Board diversity; and identification of persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

The Remuneration Policy is available on company's website. The details of remuneration paid to all Directors are provided in extract of Annual Return in this report.

During the year, the Nomination and Remuneration Committee met four times on 30th May, 2016, 09th August, 2016, 12th November, 2016 and 4th February, 2017. The details of attendance at the Nomination and Remuneration Committee meeting are as under:

Name of Director	Role in Committee	No. of Meetings Attended
Mr. Hemantkumar Bhatt	Chairman	4 out of 4
Mr. Hakubhai Lalakiya	Member	4 out of 4
Dr. Margie S Parikh	Member	3 out of 4

Mr. Paras J. Viramgama acted as Secretary to the Committee.

## STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee comprise of Dr. Margie Parikh, Independent Director as the Chairperson and Mr. Hasmukhbhai Adhvaryoo and Mr. Hemantkumar Bhatt, as members of the Committee.

The role of Stakeholders' Relationship Committee is as follows:

- consider and resolve the grievances of shareholders of the Company with respect to transfer of shares, non-receipt of annual report, non-receipt of declared dividend, etc;
- ensure expeditious share transfer process in line with the proceedings of the Share Transfer Committee;
- evaluate performance and service standards of the Registrar and Share Transfer Agent of the Company;
- provide guidance and make recommendations to improve investor service levels for the investors.

The Stakeholders' Relationship Committee met for times on 30th May, 2016, 09th August, 2016, 12th November, 2016 and 4th February, 2017. The details of attendance at the committee meetings are as under:

## REPORT ON CORPORATE GOVERNANCE Contd.

Name of Director	Role in Committee	No. of Meetings Attended
Dr. Margie S Parikh	Chairman	3 out of 4
Mr. Hasmukhbhai Adhvaryoo	Member	4 out of 4
Mr. Hemantkumar Bhatt	Member	4 out of 4

Mr. Paras J. Viramgama, Company Secretary, is the Compliance Officer for resolution of Shareholder's/ Investor's complaints. During the Financial Year ended 31st March, 2017, 6 complaints were received from the shareholders during the year. All complaints have been resolved to the satisfaction of the shareholders and none of them were pending as on 31st March, 2017:

Nature of Complaint	Received During the year	Redressed During the year	Pending at the end of the year
Delay/ Non-Receipt of Dividend/ Share Certificate	2	2	NIL
Delay/ Non-Receipt of Annual Report	3	3	NIL
Non-Response to query regarding transmission of shares	1	1	NIL

Mr. Paras J. Viramgama acted as Secretary to the Committee.

### CSR (CORPORATE SOCIAL RESPONSIBILITY) COMMITTEE

The Corporate Social Responsibility (CSR) Committee comprise of Mr. J J Chandra, Chairman and Managing Director as the Chairman of the Committee and Mr. Hakubhai Lalakiya and Mr. Hasmukhbhai Adhvaryoo as members of the Committee. The Composition of CSR Committee is pursuant to the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The Committee is primarily responsible for formulating and recommending to the Board of Directors, a Corporate Social Responsibility (CSR) Policy and monitoring the same from time to time, amount of expenditure to be incurred on the activities pertaining to CSR and monitoring CSR Projects.

The CSR Committee met four times during the year on 30th May, 2016, 09th August, 2016, 12th November, 2016 and 4th February, 2017. The details of attendance at the committee meetings are as under:

Name of Director	Role in Committee	No. of Meetings Attended
Mr. J J Chandra	Chairman	3 out of 4
Mr. Hakubha Lalakiya	Member	4 out of 4
Mr. Hasmukhbhai Adhvaryoo	Member	4 out of 4

Mr. Paras J. Viramgama acted as Secretary to the Committee.

The report on CSR activities done during the year has been included. The Company has also formulated 'The Code of Practices and

### SEPARATE MEETING OF THE INDEPENDENT DIRECTORS

During the year, meetings of Independent Directors was held on 12th November, 2016 and 04th February, 2017 at Registered office of the Company without presence of non-independent directors and members of the management as per regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. All four Independent Directors were present in both the meetings.

They have reviewed the performance of non-Independent Directors and the Board as a whole and the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non- Executive Directors. They have also assessed the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

In addition to this formal meeting, interactions outside the Board meetings also take place between the Chairman and Independent Directors.

### AFFIRMATIONS AND OTHER DISCLOSURES

#### Subsidiary Company

The Company does not have any subsidiary Company.

#### Risk Management

The Company has laid down procedures to inform the Board of Directors about the Risk Management and its minimization. The Audit Committee with Board of Directors has framed the Risk Management Policy. The implementation and monitoring of the same is being reviewed periodically by the Board.

#### Related Party Transactions (RPTs)

All transactions entered into by your Company with related parties during FY 2016-17, were in ordinary course of business and on arm's length basis. The details of the related party transactions are set out in the Notes to Financial Statements forming part of this Annual Report.

Also, the Related Party Transactions undertaken by your Company were in compliance with the provisions set out in the Companies Act, 2013 and Regulation 23 of the Listing Regulations.

There are no materially significant related party transactions of your Company which have potential conflict with the interests of the Company at large.

The policy on related party transactions has been placed on the Company's website.

#### Insider Trading Code

The Securities and Exchange Board of India (SEBI) has promulgated the SEBI (Prohibition of Insider Trading) Regulations, 2015 ("The PIT Regulations"). The PIT Regulations has come into effect from May 15, 2015 and replaced the earlier old Regulations.

The object of the PIT Regulations is to curb the practice of insider trading in the securities of a listed company. The Company has adopted an 'Internal Code of Conduct for Regulating, Monitoring and Reporting of Trades by Insiders' ("the Code") in accordance with the requirements of the PIT Regulations.

The Code is applicable to Promoters and Promoter's Group, all Directors and such Designated Persons who are expected to have access to unpublished price sensitive information relating to the Company. Mr. M J Patel, Whole-time Director & CFO is the Compliance Officer for monitoring adherence to the said Regulations.

The Company has also formulated 'The Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)' in compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015. This Code is displayed on the Company's website.

**Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.**

The Company has complied with all requirements specified under Listing Regulations as well as other regulations and guidelines of SEBI. Consequently, there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets during the last three years.

#### **Vigil Mechanism/ Whistle Blower Policy**

Pursuant to Section 177(9) and (10) of the Companies Act, 2013, and Regulation 22 of the Listing Regulation, the Company has formulated Whistle Blower Policy for vigil mechanism of Directors and employees to report to the management about the unethical behavior, fraud or violation of Company's Code of Conduct. The Policy provides adequate safeguards against victimisation of Director(s)/ employee(s) and direct access to the Chairman of the Audit Committee in exceptional cases. The Protected Disclosures, if any reported under this Policy will be appropriately and expeditiously investigated by the Chairman.

Your Company hereby affirms that no Director/ employee has been denied access to the Chairman of the Audit Committee and that no complaints were received during the year.

The Whistle Blower Policy has been disclosed on the Company's website.

#### **Disclosure of Accounting Treatment**

In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Companies Act, 2013. The significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements. Your Company has not adopted any alternative accounting treatment prescribed differently from the Accounting Standards.

#### **Commodity price risks and Commodity hedging activities**

The Company is exposed to the risk of price fluctuation of raw materials as well as finished goods. The Company proactively manages these risks through efficient Inventory management and

proactive vendor development practices. The Company's reputation for quality, products differentiation and after sale service, coupled with existence of powerful brand image with robust marketing network mitigates the impact of price risk on finished goods.

#### **Remuneration to Directors**

Non-Executive Directors including Independent Directors are paid fixed sitting fees for attending Board and Committee meetings, as approved by the Board of Directors within statutory limits. No remuneration by way of salary or perquisites or commission or stock option paid to any of the Non-Executive Directors during the financial year 2016-17.

The Executive Directors are paid remuneration as approved by the Board and Shareholders of the Company.

The complete details of the remuneration paid to the Directors have been included in the extract of the Annual Return in this Annual Report.

#### **Code of Conduct**

Your Company has adopted a Code of Conduct for members of the Board and the Senior Management and Code of Conduct for Independent Directors. The same have been posted on the website. The Codes aim at ensuring consistent standards of conduct and ethical business practices across the Company. All the Board Members and the Senior Management Personnel have affirmed their compliance with the said Code of Conduct for the financial year ended 31st March, 2017. The declaration to this effect signed by Mr. J J Chandra, Chairman and Managing Director of the Company forms part of the report.

#### **Web-link of the statutory policies/ Codes/ Charter/ Programmes**

All the statutory policies, codes, charters, programmes etc. referred in this report are available on website of the company on web-link: [http://atulauto.co.in/corporate\\_governance\\_reports.php](http://atulauto.co.in/corporate_governance_reports.php)

#### **Compliance with discretionary requirements of regulation 27(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

In addition to mandatory requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company has also complied with following discretionary requirements of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015:

Unmodified opinion in audit report:

During the year under review, there was no audit modification/ qualification on the Company's financial statements.

## REPORT ON CORPORATE GOVERNANCE Contd.

### GENERAL SHAREHOLDER INFORMATION

#### GENERAL BODY MEETINGS OF LAST THREE YEARS:

Financial Year	Date and Time	Venue	Details of special resolutions passed
2013-14	11:00 am 12th August, 2014	Registered Office	Increase in remuneration of Mr. J J Chandra, Chairman and Managing Director Redesignate Mr. M J Patel as Whole-time Director & CFO and increase in remuneration Increase in remuneration of Mr. Niraj J Chandra, Whole-time Director Sub-division of face value of equity share of Rs.10/- each into two equity shares of face value of Rs.5/- each Alteration in Capital Clause (Clause V) of Memorandum of Association
2014-15	11:00 am 31st August, 2015	Registered Office	Increase in remuneration of Mr. J J Chandra, Chairman and Managing Director Increase in remuneration of Mr. M J Patel, Whole-time Director & CFO Reappointment of Mr. Niraj J Chandra, Whole-time Director with increase in remuneration Adoption of new Article of Association in substitution of existing Article of Association
2015-16	11:00 am 16th September, 2016	Registered Office	Extension of term of Mr. Hakubhai Lalakiya, Independent Director Extension of term of Mr. Hasmukhbhai Adhvaryoo, Independent Director Extension of term of Mr. Hemantkumar Bhatt, Independent Director Reappointment of Mr. J J Chandra, Chairman & Managing Director with increase in remuneration Reappointment of Mr. M J Patel, Whole-time Director & CFO with increase in remuneration Increase in Remuneration of Mr. Niraj Chandra, Whole-time Director

#### POSTAL BALLOT

During the year, no resolutions have been passed through postal ballot.

#### ANNUAL GENERAL MEETING FOR FY 2016-17 :

Date	: Friday, 29th September, 2017
Time	: 11:00 am
Venue	: Registered Office of the Company Survey No. 86, Plot No. 1 to 4, 8B National Highway, Near Microwave Tower, Shapar (Veraval), Dist. Rajkot, Gujarat, INDIA 360024

#### DATE OF BOOK CLOSURE:

From	: Saturday, 23rd September, 2017
To	: Friday, 29th September, 2017

#### DIVIDEND PAYMENT DATE:

##### Interim Dividend for FY 2016-17

Declared by the Board of Directors	: Saturday, 12th November, 2016
Paid on	: Tuesday, 29th November, 2016

##### Final Dividend for FY 2016-17

Recommended by the Board of Directors	: Saturday, 13th May, 2017
Subject to declaration in AGM on	: Friday, 29th September, 2017
Paid by	: Saturday, 28th October, 2017

#### FINANCIAL YEAR:

From 1st April to 31st March

## LISTING DETAILS:

(i) BSE Limited, Mumbai

BSE Scrip Code: 531795

(ii) National Stock Exchange of India Limited, Mumbai

NSE Scrip Symbol: ATULAUTO

The Company has paid listing fees of both the stock exchanges for FY 2016-17.

## ISIN

ISIN for equity share of Rs.5/- each: INE951D01028

## UNCLAIMED DIVIDEND/ SHARE CERTIFICATE

The dividend unclaimed/ unpaid for a period of more than seven years is compulsorily deposited in Investor Education and Protection Fund (IEPF) Account in accordance with Section 124 and 125 of the Companies Act, 2013 administered by the Central Government which cannot be claimed from the Company thereafter by the shareholders. The details of unclaimed dividend are posted on the website of the Company.

Details of Unclaimed Dividend and due dates for transfer are as follows as on 31st March, 2017:

Sr No	Financial Year	Type of Dividend	Unclaimed Amount (Rs.)	Due Date for transfer of unclaimed dividend to IEPF
1	2009 -10	Final	70,128	August 27, 2017
2	2010 -11	Final	1,61,720	August 29, 2018
3	2011 -12	Final	6,83,310	July 26, 2019
4	2012 -13	Final	4,22,124	August 15, 2020
5	2013 -14	Interim	3,18,904	November 27, 2020
6	2013 -14	Final	2,84,109	September 11, 2021
7	2014 -15	Interim	3,43,961	December 01, 2021
8	2014 -15	Final	3,98,773	September 30, 2022
9	2015 -16	Interim	3,82,487	November 30, 2022
10	2015 -16	Final	5,41,381	October 16, 2023
11	2016 -17	Interim	6,25,151	December 12, 2023

During the year under review, the Company has transferred Rs.79,167/- to IEPF towards Unclaimed Dividend of FY 2008-09.

## TRANSFER OF SHARES TO IEPF

Pursuant to provisions of Section 124(6) of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("the Rules") notified by the Ministry of Corporate Affairs and subsequently amended vide notification dated 28th February, 2017, the Company is required to transfer all equity shares in respect of which dividend has not been paid or claimed by the shareholders for seven consecutive years to the Investor Education and Protection Fund (IEPF) set up by the Central Government. Accordingly, the Company sent individual communication to those shareholders whose shares are liable to be transferred to IEPF under the said Rules at their latest available address. The details of such shareholders and shares due for transfer to IEPF has been uploaded on website of the Company. The shareholders are requested to verify the details of shares liable to be transferred to IEPF.

Where shares are held in physical form, the Company will issue duplicate share certificate(s) and transfer the said shares to IEPF. Upon issue of such duplicate share certificate(s), the original share certificate(s) will be deemed to be cancelled. Where shares are held in demat form, the Company will give appropriate instructions to the Depositories such that the Depositories are able to transfer the said shares to demat account of the IEPF Authority.

The Shareholders may also note that both the unclaimed dividend and the shares transferred to IEPF, including all benefits accruing on such shares, if any, can be claimed back from the IEPF Authority after following the procedure prescribed under the Rules.

## MARKET PRICE DATA:

The monthly high and low prices and volumes of the Company's shares at BSE and NSE for the financial year ended 31st March, 2017 are as under:

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume (No. of Shares)	High (Rs.)	Low (Rs.)	Volume (No. of Shares)
Apr-16	567.75	500.25	89419	567.95	499.00	708465
May-16	530.50	454.75	131146	526.00	454.50	1114337
Jun-16	519.90	465.00	109052	520.00	464.00	625338
Jul-16	501.20	465.00	88181	500.10	461.60	495375
Aug-16	474.45	392.00	199533	475.00	391.00	1291878
Sep-16	482.70	419.00	232248	482.90	421.00	1096181
Oct-16	504.00	468.25	227547	505.00	465.25	629282
Nov-16	512.00	401.05	105692	511.00	400.00	835801
Dec-16	451.00	396.50	60768	447.15	400.10	280625
Jan-17	473.00	401.00	87550	472.50	403.85	505630
Feb-17	435.00	411.00	86696	435.00	407.70	13099
Mar-17	488.20	400.00	291164	487.40	400.00	1887506

## REPORT ON CORPORATE GOVERNANCE Contd.

### PERFORMANCE IN COMPARISON TO BROAD-BASED INDICES

The Chart below shows the comparison of your Company's share price movement on BSE vis-à-vis the movement of BSE Sensex for the financial year ended 31st March, 2017 (based on month end closing):



### SHARE TRANSFER SYSTEM

The share transfer activities in respect of the shares in physical mode are carried out by the Company's Registrar and Transfer Agent (RTA). The shares lodged for transfer are processed and share certificates duly endorsed are returned within the stipulated time, subject to documents being valid and complete in all respects.

The Board of Directors of the Company have delegated the authority to approve the transfer of shares, transmission of shares or requests for deletion of name of the shareholder etc., as mentioned in regulation 9 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the designated officials of the Company. The transactions in respect of issue of duplicate share certificates, split, rematerialization, consolidation and renewal of share certificates are approved by the designated officials of the Company and reviewed by the Stakeholders' Relationship Committee. The same is placed before the Board of Directors from time to time for their review.

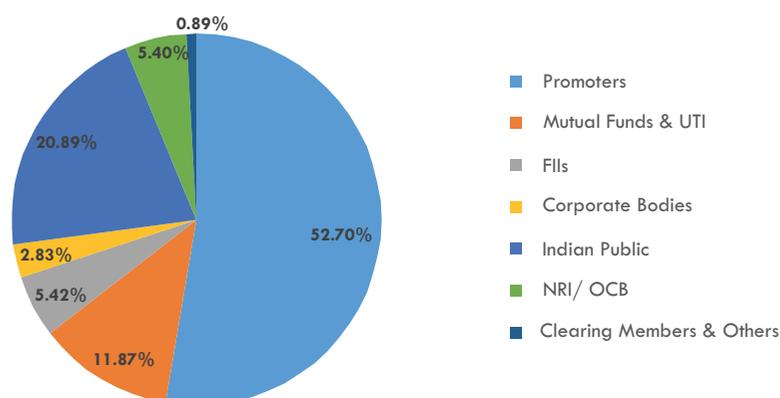
The Company obtains a half-yearly compliance certificate from a Company Secretary in Practice as required under regulation 49 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and files a copy of the said certificate with Stock Exchanges.

### DISTRIBUTION OF SHAREHOLDING

Distribution of shareholding of shares of the Company as on 31st March, 2017 is as follows:

Shares of Nominal Value		Shareholders		Shareholding	
From	To	No. of holders	% of holders	Total Amount	% of Amount
-	5000	20815	96.13%	11242645	10.25%
5001	10000	412	1.90%	2994160	2.73%
10001	20000	201	0.93%	2882020	2.62%
20001	30000	67	0.31%	1611175	1.47%
30001	40000	24	0.11%	851660	0.78%
40001	50000	17	0.08%	789255	0.72%
50001	100000	39	0.18%	2699955	2.46%
100001	ABOVE	78	0.36%	86645130	78.97%
		21653	100.00%	109716000	100.00%

### CATEGORY-WISE SHAREHOLDING PATTERN AS ON 31st March, 2017



## DEMATERIALIZATION AND LIQUIDITY

The break-up of shares in physical and dematerialized form as on 31st March, 2017 are as under:

	No. of shares	% of shares
Physical Mode	7,90,660	3.60%
NSDL Holding	1,70,14,243	77.54%
CDSL Holding	41,38,297	18.86%
Total	2,19,43,200	100.00%

The shares of the Company can be held and traded in electronic form. As stipulated by SEBI, the shares of the Company are accepted in the Stock Exchanges for delivery only in dematerialization form.

The shareholders holding shares in physical form are requested to dematerialize their shares at the earliest and avail various benefits of dealing in securities in electronic/ dematerialized form. For any clarification, assistance or information, please contact the Registrar and Transfer Agent of the Company.

## MEANS OF COMMUNICATIONS

### Publication of quarterly financial results:

Quarterly, half-yearly, nine-monthly and annual financial results of the Company were published in leading English and vernacular newspaper like Economic Times, Financial Express, Business Standard etc.

### Website and News Releases:

A separate section under 'Investors' on the Company's website gives information on various announcements made by the Company, status of unclaimed dividend, stock quotes, Annual Report, Quarterly, Half-yearly and Annual financial results along with the applicable policies of the Company. The Company's official news releases and presentations made to the institutional investors and analysts are also available on the Company's website.

### Stock Exchange:

Your Company makes timely disclosures of necessary information to BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other Rules and Regulations issued by SEBI.

### NEAPS (NSE Electronic Application Processing System):

NEAPS is a web-based application designed by NSE for corporates. All periodical compliance filings, inter alia, shareholding pattern, Corporate Governance Report, corporate announcements, amongst others are also filed electronically through NEAPS.

### BSE Corporate Compliance & Listing Centre:

BSE Listing is a web-based application designed by BSE for corporates. All periodical compliance filings, inter alia, Shareholding pattern, Corporate Governance Report, Corporate announcements are also filed electronically on the Listing Centre.

### Designated Email Address for Investor Services

The designated email address for investor complaints is [investorrelations@atulauto.co.in](mailto:investorrelations@atulauto.co.in)

### Physical Communication:

For any queries related to the shares of the Company, correspondence may please be addressed to the Company's Registrars & Share Transfer Agent:

Sharex Dynamic (India) Private Limited  
Unit No. 1, Luthra Ind. Premises,  
1st Floor, 44-E, M Vasanti Marg,  
Safed Pool, Andheri-Kurla Road,  
Andheri (East), Mumbai-400072  
Phone: 022-2851 5606/5644  
E-Mail: [info@sharexindia.com](mailto:info@sharexindia.com), [sharexindia@vsnl.com](mailto:sharexindia@vsnl.com)  
Web: [www.sharexindia.com](http://www.sharexindia.com)

For the benefit of shareholders, documents will continue to be accepted at the following Registered Office of the Company:

Atul Auto Limited  
Survey No. 86, Plot No. 1 to 4,  
8B National Highway, Near Microwave Tower,  
Shapar (Veraval),  
Dist. Rajkot, Gujarat, INDIA 360024  
Phone : 02827 666000  
E-Mail : [investorrelations@atulauto.co.in](mailto:investorrelations@atulauto.co.in)  
Web : [www.atulauto.co.in](http://www.atulauto.co.in)

## PLANT LOCATION:

Plant: I : Shapar Plant  
8B National Highway,  
Near Microwave Tower,  
Shapar (Veraval), Dist. Rajkot  
Gujarat, INDIA 360024

Upcoming Plant : II : Ahmedabad Plant  
Rajkot-Ahmedabad Highway,  
Near Super Gas Plant,  
Village Bhayla, Taluko Bavla, Dist. Ahmedabad  
Gujarat, INDIA 382220

## REPORT ON CORPORATE GOVERNANCE Contd.

ANNEXURE TO REPORT ON CORPORATE GOVERNANCE FOR THE FINANCIAL YEAR ENDED 31st March, 2017

### DECLARATION OF COMPLIANCE WITH THE CODE OF CONDUCT

I hereby confirm that the Company has obtained from all the members of the Board and Senior Management Personnel, affirmation(s) that they have complied with the Code of Conduct for Board Members and Senior Management Personnel in respect of the financial year ended 31st March, 2017.

Shapar (Dist. Rajkot)  
May 13, 2017

Chairman and Managing Director

### CEO/CFO CERTIFICATE UNDER REGULATION 17(8) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To,  
The Board of Directors,  
Atul Auto Limited,  
Shapar (Veraval), Dist. Rajkot

We, Mr. J J Chandra, Chairman and Managing Director and Mr. M J Patel, Whole-time Director and CFO of the Company hereby certify that –

- A. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  2. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the step we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee that:
1. there are no significant changes in internal control over financial reporting during the year;
  2. there are no significant changes in accounting policies during the year and
  3. there are no instances of significant fraud of which we have become aware.

Shapar (Dist. Rajkot)  
May 13, 2017

(J J Chandra)  
Chairman and Managing Director

(M J Patel)  
Whole-time Director & CFO



### AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

We have examined the compliance of conditions of Corporate Governance by Atul Auto Limited ('the Company'), for the year ended on 31st March, 2017, as stipulated in Regulations 17 to 27, and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Chartered Accountants of India and was limited to 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 of our information and according to the explanations given to us and 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 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's Registration No: 1 24872W

Ankit Gokani  
Partner  
M. No: 1 33391

Shapar (Dist. Rajkot)  
May 13, 2017