

REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PHILOSOPHY

At Atul Auto, Good corporate governance is considered 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.

The Company has adopted the values of good governance, sustainability and teamwork to create long-term value for its stakeholders. The practice of responsible governance has enabled it to achieve sustainable growth, while meeting the aspirations of its stakeholders and fulfilling societal expectations. Leveraging the principles of integrity, execution excellence, customer orientation and leadership in an ethical manner, the Company continues to take the necessary steps towards growth and to enhance value for its shareholders. The sound governance processes and systems guide the Company on its journey towards continued success.

A Report on compliance with the Corporate Governance provisions as prescribed under the Listing Regulations is given herein below:

A. BOARD OF DIRECTORS

The Board of Directors ('the Board') has ultimate responsibility for the management, general affairs, direction, performance and long-term success of business as a whole. The Board has delegated the operational conduct of the business to the Chairman and Managing Director of the Company. The Company is headed by the Chairman and Managing Director and has business / functional heads, which look after the management of the day-to-day affairs of the Company.

BOARD COMPOSITION

The Board of your Company has a good mix of Executive and Non-Executive Directors with more than half of the Board of the Company comprising Independent Directors. As on March 31, 2019, the Board comprise of nine Directors comprising three Executive Directors including Chairman, one Non-Executive Director and five Independent Directors including Two Women Directors. All three Executive Directors are Promoters/ Promoter Group Members. There is no Nominee or Shareholders' Director on the Board of the Company.

The composition of the Board represents an optimal mix of professionalism, knowledge, experience and enables the Board to discharge its responsibilities and provide effective leadership to the business. The Board has put in place the plans for orderly succession for appointment to the Board and senior management. As part of its succession planning exercise, it reviews its composition periodically to ensure that the same is closely aligned with the strategy and long-term needs of the Company.

On an annual basis, the Company obtains from each Director details of the Board and Board Committee positions she / he occupies in other Companies and changes, if any, regarding their Directorships. Further, all Directors provide an annual confirmation that they do not attract any disqualification as prescribed under section 164 of the Companies Act, 2013 and Independent Directors confirm annually that they meet the criteria of independence as defined under Section 149(6) of the Companies Act, 2013 and Listing Regulations. Based on the confirmation / declarations received from the Independent Directors and on evaluation of the relationships disclosed, the Board is of the opinion that the Independent Directors fulfill the conditions specified in Listing Regulations and are independent of the management.

DIRECTORSHIP(S) / COMMITTEE MEMBERSHIP(S) / CHAIRMANSHIP(S) AND OTHER DETAILS AS ON MARCH 31, 2019

The details of each member of the Board along with the number of Directorship(s) / Committee Membership(s)/ Chairmanship(s), date of joining the Board and their shareholding in the Company as on March 31, 2019 are provided herein below:

DIN	Name of Director	Date of Joining the Board	No. of shares held in the Company	Directorship in other Companies*	Names of Other Listed Entity (Type of Directorship)	Membership on Committees in other Companies [#]	Chairmanship on Committees in other Companies [#]	Inter-Se Relations
Executive Directors								
00057722	Jayantibhai J Chandra Chairman & Managing Director	18.06.1986	13,51,742	--	--	--	--	Father of Mr. Niraj J Chandra
00057735	Mahendra J Patel Whole-time Director & CFO	31.11.1994	2,77,848	--	--	--	--	--
00065159	Niraj J Chandra Whole-time Director	01.03.2012	1,05,118	--	--	--	--	Son of Mr. Jayantibhai J Chandra
Non-Executive Non-Independent Director								
00230480	Vijay K Kedia	31.01.2009	--	2	Lykis Limited (Non-Executive Non-Independent Director & Chairman)	--	--	--

DIRECTORSHIP(S) / COMMITTEE MEMBERSHIP(S) / CHAIRMANSHIP(S) AND OTHER DETAILS AS ON MARCH 31, 2019 (Contd.)

DIN	Name of Director	Date of Joining the Board	No. of shares held in the Company	Directorship in other Companies*	Names of Other Listed Entity (Type of Directorship)	Membership on Committees in other Companies #	Chairmanship on Committees in other Companies #	Inter-Se Relations
Independent Directors								
00357726	Hakubhai Lalakiya	31.05.2006	--	--	--	--	--	--
06456067	Hasmukhbhai Adhvaryoo	27.12.2012	--	--	--	--	--	--
02657432	Hemantkumar Bhatt	27.12.2012	--	1	Transpek Industry Limited (Independent Director)	2	--	--
07056179	Margie S Parikh	19.01.2015	--	--	--	--	--	--
06872059	Aarti J Juneja (Additional)	09.02.2019	--	--	--	--	--	--

* Excluding Private Limited Companies, Foreign Companies, Section 8 Companies and Alternate Directorships.

Includes only Audit Committee and Stakeholders' Relationship Committee.

The number of Directorship(s), Committee Membership(s) / Chairmanship(s) of all Directors is within respective limits prescribed under the Companies Act, 2013 and Listing Regulations.

APPOINTMENT/ RE-APPOINTMENT OF DIRECTORS & TENURE

The Directors of the Company are appointed / re-appointed by the Board after considering the recommendations of the Nomination and Remuneration Committee, results of performance evaluation. All Directors, except Independent Directors of the Company, are liable to retire by rotation at the AGM each year and, if eligible, offer themselves for re-appointment. The Executive Directors on the Board have been appointed as per the provisions of the Companies Act, 2013 and serve in accordance with the terms of their contract of service with the Company.

Pursuant to section 152(6) of the Companies Act, 2013, the term of office of Mr. J J Chandra is liable to retire by rotation. Being eligible, he offers himself for reappointment. This has been put up as one of the agenda items in the Notice of ensuing Annual General Meeting for the voting by shareholders.

The terms of Mr. Hakubhai Lalakiya, Mr. Hasmukhbhai Adhvaryoo and Mr. Hemant Bhatt, Independent Directors of the Company expires on August 11, 2019. As mentioned in Directors and KMP section of Board's Report, the Board has accepted the resignation with effect from July 17, 2019 and decided to ratify continuance of directorship of Mr. Hasmukhbhai H Adhvaryoo for the period April 01, 2019 to July 17, 2019 by passing special resolution in the forthcoming AGM of the company and the same has been proposed at item no.7.

To fill the vacancy, Nomination and Remuneration Committee of the Company had been hunting for the right candidates. The Board of Directors, on the recommendation of Nomination and Remuneration Committee, appointed Ms. Aarti J Juneja (DIN: 06872059), Mr. Mohanjit Singh Walia (DIN: 08535435) and Mr. Jaichander Swaminathan

(DIN: 08537472) as Additional Independent Directors of the Company with effect from February 09, 2019, August 10, 2019 and August 26, 2019 respectively. These three Additional Independent Directors shall hold the office till the upcoming AGM. The Nomination and Remuneration Committee has recommended the regularization of office of all three Independent Directors in upcoming AGM. The Company has, in terms of Section 160(1) of the Act, received in writing a notice from Member(s), proposing their candidatures for the office of Directors. The brief profiles of them are annexed to the notice of AGM. In accordance with the provisions of Regulation 26 (6) of the Listing Regulations, the Key Managerial Personnel, Director(s) and Promoter(s) of the Company have affirmed that they have not entered into any agreement for themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of the Company.

BOARD MEETINGS

The Board meets at regular intervals to discuss and decide on business policy and strategy apart from other Board businesses. The tentative date of the Board and Committee Meetings is circulated to the Directors well in advance to facilitate them to plan their schedule and to ensure meaningful participation in the meetings. However, in case of a special and urgent business need, the Board's approval is taken by passing resolutions by circulation, as permitted by law, which are noted and confirmed in the subsequent Board Meetings.

Four Board Meetings were held during the year. The details of attendance of the Directors are given below:

Name of Director	Board Meeting Dates and Attendance				Last AGM Date and Attendance
	May 19, 2018	August 06, 2018	November 05, 2018	February 09, 2019	September 28, 2018
J J Chandra	Y	Y	Y	Y	N
Mahendra J Patel	Y	N	Y	Y	Y
Niraj J Chandra	Y	Y	Y	Y	Y
Vijay K Kedia	Y	N	Y	Y	N
Hakubhai Lalakiya	Y	Y	Y	Y	Y
Hasmukhbhai Adhvaryoo	Y	Y	Y	N	N
Hemant Bhatt	Y	N	Y	Y	Y
Margie Parikh	Y	Y	Y	Y	N
Aarti Juneja	NA	NA	NA	Y	NA

The maximum interval between any two meetings was well within the maximum allowed gap of 120 days.

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 Board periodically reviews compliance reports of all laws applicable to the Company, as well as steps taken by the Company to rectify instances of non-compliances.

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 minute book within the time period provided in the Secretarial Standard.

SEPARATE INDEPENDENT DIRECTORS' MEETINGS

The Independent Directors meet at least once in a year, without the presence of Executive Directors or Management representatives. During the financial year ended March 31, 2019, the Independent Directors met on February 08, 2019. All Independent Directors were present in the meeting. They review 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.

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. Niraj J Chandra, Whole-time Director of the Company. All Independent Directors have attended the same.

The details of familiarization programme have been posted on the website of the Company and can be accessed through the following link: <https://atulauto.co.in/corporate-governance-reports.aspx>

PERFORMANCE EVALUATION

In terms of applicable provisions of the Companies Act, 2013 read with Rules framed thereunder and Part D of Schedule II of 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. The same can be accessed through web-link: <https://atulauto.co.in/corporate-governance-reports.aspx>

Accordingly, the annual performance evaluation of the Board, its Committees and each Director was carried out for the financial year 2018-19. A structured questionnaire was prepared after circulating the draft forms, covering various parameters. 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 and President - Finance. The guidance note issued by SEBI on Board Evaluation was duly considered while conducting the evaluation exercise.

The parameters of the performance evaluation process for the Board, inter alia, considers work done by the Board around long term strategy, rating the composition & mix of Board members, discharging its governance & fiduciary duties, handling critical and dissenting suggestions, etc. The parameters of the performance evaluation process for Directors including Independent Directors includes effective participation in meetings of the Board, domain knowledge, vision, strategy, attendance of Director(s), etc. The performance evaluation of committee's was carried out based on the degree of fulfillment of key responsibilities as outlined by the charter, adequacy of committee composition, effectiveness of meetings, quality of deliberations at the meetings and information provided to the Committees.

The Board of Directors at its meeting held on May 25, 2019, 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.

KEY BOARD QUALIFICATIONS, EXPERTISE AND ATTRIBUTES

The Company's core business is manufacturing and sales of three wheeler automobiles which also includes sells of spare parts and after sales support to the customers through dealership network.

The following is the list of core skills/expertise/competencies identified by the Board of Directors as required in the context of the Company's aforesaid business for it to function effectively and those available with the Board as a whole.

- Sales and Marketing: Experience in sales and marketing management based on understanding of the consumer & automobile industry
- International Business experience: Experience in leading businesses in different geographies/ markets around the world
- Manufacturing experience: Experience in getting quality products manufactured, its testing, homologation, designing, upgradations etc.
- General management/ Governance: Strategic thinking, decision making and protect interest of all stakeholders
- Financial skills: Understanding the financial statements, financial controls, risk management, taxes and duties, mergers and acquisition etc.
- Technical skills and professional skills and knowledge including legal and regulatory aspects.

B. COMMITTEES OF THE BOARD

The Board Committees play a crucial role in the governance structure of the Company and have been constituted to deal with specific areas and activities as mandated by applicable regulation; which concern the Company and need a closer review. The Board Committees are set up

under the formal approval of the Board to carry out clearly defined roles which are considered to be performed by Members of the Board, as a part of good governance practice. The Chairman of the respective Committees informs the Board about the summary of the discussions held in the Committee Meetings. The outcomes of the meetings of all Committees are placed before the Board for review.

The Board has established the following statutory Committees:

AUDIT COMMITTEE

The Audit Committee met four times during the financial year 2018-19. The composition of the Audit Committee of the Board of Directors of the Company along with the details of the meetings held and attended during the financial year 2018-19 are detailed below:

Meeting Dates\ Directors	Hemant Bhatt, Chairman	Hakubhai Lalakiya, Member	Margie Parikh, Member
19.05.2018	Y	Y	Y
06.08.2018	N	Y	Y
05.11.2018	Y	Y	Y
09.02.2019	Y	Y	Y

Y: Attended, N: Not Attended

Ms. Aarti J Juneja has been inducted as member of Audit Committee after her appointment as Additional Independent Director. All the members of the Committee have relevant experience in financial matters.

The Audit Committee of the Company is entrusted with the responsibility to supervise the Company's internal controls and financial reporting process and inter alia, performs the following functions:

- overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statement are correct, sufficient and credible;
- reviewing and examining with management the quarterly and annual financial results and the auditors' report thereon before submission to the Board for approval;
- reviewing management discussion and analysis of financial condition and results of operations;
- reviewing, approving or subsequently modifying any Related Party Transactions in accordance with the Related Party Transaction Policy of the Company;
- recommending the appointment, remuneration and terms of appointment of Statutory Auditors of the Company and approval for payment of any other services;
- reviewing and monitoring the auditor's independence and performance and effectiveness of audit process; reviewing management letters / letters of internal control weaknesses issued by the Statutory Auditors;
- reviewing with management, Statutory Auditors, the adequacy of internal control systems;
- reviewing the adequacy of internal audit function and discussing any significant finding and reviewing the progress of corrective actions on such issues;

- evaluating internal financial controls and risk management systems;
- reviewing the functioning of the Code of Conduct and Whistle Blowing mechanism.

The Committee is governed by the terms of reference which are in line with the regulatory requirements mandated by the Companies Act, 2013 and the Listing Regulations. The detailed terms of reference of the Audit Committee is contained in 'Charter of Audit Committee' which is available on the website of the Company at <https://atulauto.co.in/corporate-governance-reports.aspx>. The Audit Committee ensures that it has reviewed each area that it is required to review under its terms of reference and under applicable legislation or by way of good practice. This periodic review ensures that all areas within the scope of the Committee are reviewed.

The meetings of Audit Committee are also attended by the Chief Financial Officer, Statutory Auditors and President - Finance as permanent invitee. The Company Secretary acts as the Secretary to the Committee. The minutes of each Audit Committee meeting are placed in the next meeting of the Board. The Audit Committee also meets auditors separately, without the presence the Management representatives.

NOMINATION AND REMUNERATION COMMITTEE

The composition of the Nomination and Remuneration Committee of the Board of Directors of the Company along with the details of the meetings held and attended by the members of the Committee during the financial year 2018- 19 is detailed below:

Meeting Dates\ Directors	Hasmukh Adhvaryoo, Chairman	Hakubhai Lalakiya, Member	Margie Parikh, Member
19.05.2018	Y	Y	Y
06.08.2018	Y	Y	Y
05.11.2018	Y	Y	Y
09.02.2019	N	Y	Y

Y: Attended, N: Not Attended

Ms. Aarti J Juneja has been inducted as member of Nomination and Remuneration Committee after her appointment as Additional Independent Director.

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

The Nomination and Remuneration Committee is responsible for evaluating the balance of skills, experience, independence, diversity and knowledge on the Board and for drawing up selection criteria, ongoing succession planning and appointment procedures for both internal and external appointments. The role of Nomination and Remuneration Committee, inter alia, includes:

- Determine / recommend the criteria for appointment of Executive, Non-Executive and Independent Directors to the Board;
- Determine / recommend the criteria for qualifications, positive attributes and independence of Director;
- Review and determine all elements of remuneration package of all the Executive Directors, i.e. salary, benefits, bonuses, stock options, pension etc.;

- Specify the manner for effective evaluation of performance of Board, its committees and individual directors

The Board of Directors is collectively responsible for selection of a member on the Board. The Nomination and Remuneration Committee of the Company follows defined criteria for identifying, screening, recruiting and recommending candidates for election as a Director on the Board which is available on website of the Company at <https://atulauto.co.in/corporate-governance-reports.aspx>. The Committee also recommends to the Board on extension or continuation of the term of appointment of Independent Directors on the basis of the report of performance evaluation of Directors.

Remuneration of Directors

- The detailed terms of reference of the Nomination and Remuneration Committee and Policy of Remuneration is contained in the 'Nomination and Remuneration Policy' which is available on the website of the Company at <https://atulauto.co.in/corporate-governance-reports.aspx>.
- No pecuniary relationship exists between the Company and Non - Executive Directors except the holding of 1.16% equity shares of the Company by Kedia Securities Private Limited in which Mr. Vijay Kedia is interested.
- During financial year 2018-19, the Company has neither any transaction with Non-Executive Directors nor made any payments except payment of sitting fees.
- The Executive Directors have not been paid any commission, performance linked incentives or given any stock option during financial year 2018-19.
- The bifurcation of fixed component of the remuneration package has been mentioned in the extract of annual return as part of the Annual Report which is recommended by Nomination and Remuneration Committee, subsequently approved by the Board of Directors and Shareholders at a General Meeting.
- The contract period of employment for Mr. Jayantibhai J Chandra and Mr. Mahendra J Patel is of three years from April 01, 2019 to March 31, 2022 whereas it is from thirtieth AGM to March 31, 2021 for Mr. Niraj J Chandra.
- The notice period applicable to all three executive directors is three months.

STAKEHOLDERS' RELATIONSHIP COMMITTEE

The composition of the Stakeholders Relationship Committee of the Board of Directors of the Company along with the details of the meetings held and attended by the members of the Committee during the financial year 2018-19 is detailed below:

Meeting Dates\ Directors	Margie Parikh, Chairperson	Hasmukh Adhvaryoo, Member	Hemant Bhatt, Member
19.05.2018	Y	Y	Y
06.08.2018	Y	Y	N
05.11.2018	Y	Y	Y
09.02.2019	Y	N	Y

Y: Attended, N: Not Attended

Ms. Aarti J Juneja has been inducted as member of Stakeholders Relationship Committee after her appointment as Additional Independent Director.

The role of Stakeholders' Relationship Committee includes resolving the grievances of Members, ensuring expeditious share transfer/ transmission process, evaluating performance and service standards of the Registrar and Share Transfer Agent of the Company. The Committee also reviews matters relating to unclaimed equity shares and dividend transferred to Investor Education and Protection Fund (IEPF) pursuant to the IEPF Rules. The Committee considers and resolves the grievances of the security holders of the listed entity including complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends.

The Committee has periodic interaction with the representatives of the Registrar and Transfer Agent of the Company.

Mr. Paras J. Viramgama, Company Secretary, is the Compliance Officer for resolution of Shareholder's/ Investor's complaints. During the Financial Year ended March 31, 2019, four complaints were received from the shareholders and resolved during the year. No complaint was pending or unresolved to the satisfaction of the shareholder as on March 31, 2019.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE ("CSR Committee")

The composition of CSR Committee of the Board of Directors of the Company along with the details of the meetings held and attended by the members of the Committee during the financial year 2018-19 is detailed below:

Meeting Dates\ Directors	J J Chandra, Chairman	Hakubhai Lalakiya, Member	Hasmukh Adhvaryoo, Member
19.05.2018	Y	Y	Y
06.08.2018	Y	Y	Y
05.11.2018	Y	Y	Y
09.02.2019	Y	Y	N

Y: Attended, N: Not Attended

The CSR Committee is empowered, pursuant to its terms of reference, inter alia, to:

- Recommend the amount of expenditure to be incurred on the activities;
- Monitor implementation and adherence to the CSR Policy of the Company from time to time;
- Prepare a transparent monitoring mechanism for ensuring implementation of the projects/ programmes/activities proposed to be undertaken by the Company; and
- Such other activities as the Board of Directors may determine from time to time.

The details of the CSR initiatives as per the CSR Policy of the Company forms part of the CSR Section in the Annual Report.

Mr. Paras Viramgama, Company Secretary and Compliance Officer of the Company remained present in all meetings of Board and Committee and acted as secretary to all Committee meetings held during the year.

C. GOVERNANCE OF SUBSIDIARY COMPANY

The Board of Directors of the Company is responsible for governance of the subsidiary company namely Atul Green Automotive Private Limited incorporated in the month of January 2018. The minutes of the Board Meetings of the subsidiary company along with the details of significant transactions and arrangements entered into by the subsidiary company are shared with the Board of Directors on a quarterly basis. The financial statements of the subsidiary company are presented to the Audit Committee.

The Company does not have a material subsidiary as on the date of this report, having a net worth exceeding ten percent of the consolidated net worth or income of ten percent of the consolidated income of your Company.

D. COMPANY POLICIES

VIGIL MECHANISM/WHISTLE BLOWER POLICY

Pursuant to Section 177(9) and 177(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 Company has provided dedicated e-mail address whistleblowing@atulauto.co.in for reporting such concerns. Alternatively, employees can also send written communications to the Company. The employees are encouraged to voice their concerns by way of whistle blowing and all the employees have been given access to the Audit Committee. No personnel have been denied access to the Audit Committee pertaining to the Whistle Blower Policy. The Company Secretary and CFO have been made responsible for effective implementation of the policy and dealing with the complaints registered under the policy. All cases registered under the Whistle Blower Policy of the Company, are reported to the Management Committee and are subject to the review of the Audit Committee.

The Whistle Blower Policy is available on the website of the Company <https://atulauto.co.in/corporate-governance-reports.aspx>

CODE OF CONDUCT

The Board of Directors is responsible for ensuring that rules are in place to avoid conflict of interest by the Board Members and the Management Committee. Your Company has adopted a Code of Conduct for members of the Board and the Senior Personnel. 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 March 31, 2019. The declaration to this effect signed by Mr. J J Chandra, Chairman and Managing Director of the Company forms part of the report. A copy of the said Code of Conduct is available on the website of the Company <https://atulauto.co.in/corporate-governance-reports.aspx>

POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS

The Company has not entered into any material Related Party Transaction during the year. In line with requirement of the Companies Act, 2013 and Listing Regulations, your Company has formulated a Policy on Related Party Transactions which is also available at Company's website under the web link: <https://atulauto.co.in/corporate-governance-reports.aspx>

The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties.

This policy specifically deals with the review and approval of Material Related Party Transactions keeping in mind the potential or actual conflicts of interest that may arise because of entering into these transactions. All Related Party Transactions are placed before the Audit Committee for review and approval. Prior omnibus approval is obtained for Related Party Transactions on a quarterly basis for transactions which are of repetitive nature and / or entered in the ordinary course of business and are at Arm's Length. All Related Party Transactions entered during the year were in Ordinary Course of the 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.

INSIDER TRADING CODES

The Company has adopted a Code of Conduct to Regulate, Monitor and Report trading by Designated Persons (Insider Trading Code) under Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (SEBI Insider Trading Regulations). SEBI notified several amendments to SEBI Insider Trading Regulations pursuant to SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 which were made effective from April 01, 2019.

The Board of Director at their meeting held on February 09, 2019, approved formulation/ amendments to the aforesaid.

The Code of Conduct to Regulate, Monitor and Report trading by Designated Persons and Code of Fair Disclosure Policy have been uploaded on website of the Company and can be accessed through the <https://atulauto.co.in/corporate-governance-reports.aspx>

POLICY FOR DETERMINING 'MATERIAL' SUBSIDIARIES

Your Company has formulated a Policy for determining 'Material' Subsidiaries as defined in Regulation 16 of the Listing Regulations. This Policy has also been posted on the website of the Company and can be accessed through the web link: <https://atulauto.co.in/corporate-governance-reports.aspx>

E. OTHER DISCLOSURES AND AFFIRMATIONS

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.

Disclosure of pending cases / Instances of non-compliance: There were no non-compliances by the Company and no instances of penalties and strictures imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on any matter related to the capital market during the last three years.

Secretarial Compliance Report: SEBI vide its Circular No. CIR/CFD/CMD1/27/2019 dated 8th February, 2019 read with Regulation 24(A) of the Listing Regulations, directed listed entities to conduct Annual Secretarial compliance audit from a Practicing Company Secretary of all applicable SEBI Regulations and circulars/guidelines issued thereunder. The said Secretarial Compliance report is in addition to the Secretarial Audit Report by Practicing Company Secretaries under Form MR - 3 and is required to be submitted to Stock Exchanges within 60 days of the end of the financial year.

The Company has engaged the services of CS Bunty Hudda, M/s. Hudda & Associates, Practicing Company Secretary and Secretarial Auditor of the Company for providing this certification. The said report has been submitted with the stock exchanges within the provided time-limit.

Total fees paid to Statutory Auditors of the Company: Total fees of Rs.6.78 Lacs for financial year 2018-19, for all services, was paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part.

Disclosure of accounting treatment in preparation of financial statements: The Company adopted Indian Accounting Standards (Ind AS) from April 01, 2017. Accordingly, the financial statements have been prepared in accordance with Ind AS as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under section 133 of the Act and other relevant provisions of the Act.

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.

CEO/CFO Certification: As required under Regulation 17 of the Listing Regulations, the CEO/ CFO certificate for the financial year 2018-19 signed by Mr. J J Chandra, Chairman & Managing Director and Mr. Mahendra J Patel, Whole-time Director & CFO, was placed before the Board of Directors of the Company at their meeting held on May 25, 2019.

Certificate on Non-Disqualification of Directors: The Certificate as required under Part C of Schedule V of Listing Regulations, received from CS Bunty Hudda, M/s. Hudda & Associates, Practicing Company Secretaries that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of the Company by the Securities and Exchange Board of India/ Ministry of Corporate Affairs or any such statutory authority was placed before the Board of Directors at their meeting held on May 25, 2019. The same has been annexed.

Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A): Not Applicable

Where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year: Not Applicable

Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013: The details of number of complaints filed and disposed of during the year and pending as on March 31, 2019 is given in the Directors' report.

Compliance with Discretionary Requirements of regulation 27(1): 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.

GENERAL SHAREHOLDER INFORMATION:

GENERAL BODY MEETINGS OF LAST THREE YEARS:

Financial Year	Date and Time	Venue	Details of special resolutions passed
2015-16	September 16, 2016 11:00 am	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
2016-17	September 29, 2017 11:00 am	Registered Office	No special resolutions were passed at this meeting
2017-18	September 28, 2018 11:00 am	Registered Office	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 Reappointment of Mr. Niraj Chandra, Whole-time Director with increase in remuneration Approval to deliver document through a particular mode as may be sought by the member.

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

ANNUAL GENERAL MEETING FOR FY 2018-19:

Date	: Monday, September 30, 2019
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	: September 24, 2019
To	: September 30, 2019

DIVIDEND DETAILS:

Interim Dividend @ Rs.2.75 for FY 2018-19

Declared by the Board of Directors	: November 05, 2018
Paid on	: November 22, 2018

Final Dividend @ Rs.1.25 for FY 2018-19

Recommended by the Board of Directors	: May 25, 2019
Subject to declaration in AGM on	: September 30, 2019
To be Paid by	: October 29, 2019

FINANCIAL YEAR:

From 1st April, 2018 to 31st March, 2019

LISTING DETAILS:

- (i) BSE Limited - BSE Scrip Code : 531795
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001
- (ii) National Stock Exchange of India Limited - NSE Scrip Symbol: ATULAUTO
Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E) Mumbai-400051

ISIN

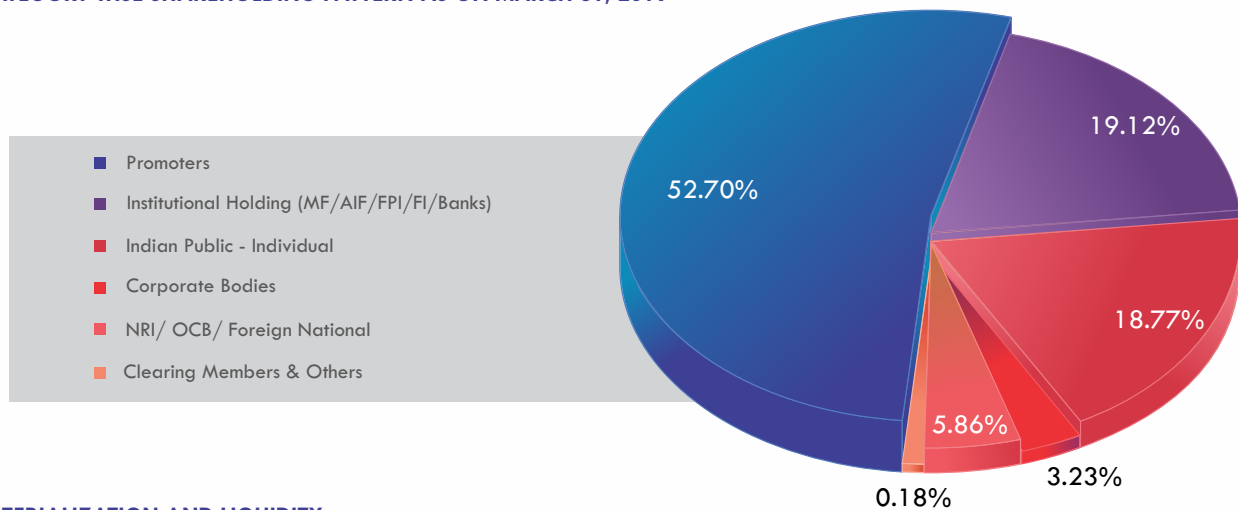
ISIN for equity share of Rs.5/- each : INE951D01028

The Company has paid the listing fees to BSE and NSE and the custodian charges to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for the financial year ended March 31, 2019.

DISTRIBUTION OF SHAREHOLDING

Distribution of shareholding of shares of the Company as on March 31, 2019 is as follows:

No. of Shares		Shareholders		Shareholding	
From	To	No. of holders	% of holders	Total Shares	% of Shares
-	100	15475	73.31%	549929	2.51%
101	200	2039	9.66%	326462	1.49%
201	500	1946	9.22%	648117	2.95%
501	1000	871	4.13%	631242	2.88%
1001	5000	623	2.95%	1283709	5.85%
5001	10000	51	0.24%	381541	1.74%
10001	100000	64	0.30%	1709688	7.79%
100001	ABOVE	39	0.19%	16412512	74.79%
		21108	100.00%	21943200	100.00%

CATEGORY-WISE SHAREHOLDING PATTERN AS ON MARCH 31, 2019**DEMATERIALIZATION AND LIQUIDITY**

The break-up of shares in physical and dematerialized form as on March 31, 2019 are as under:

Mode of Holding	No. of shares	% of shares
Physical Mode	5,27,870	2.40%
NSDL Holding	1,74,24,787	79.41%
CDSL Holding	39,90,543	18.19%
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 update their KYC and 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.

UNCLAIMED DIVIDEND/ SHARE CERTIFICATE

Unclaimed Dividend/ Shares Pursuant to the provisions of Section 124(5) of the Companies Act, 2013, if the dividend transferred to the Unpaid Dividend Account of the Company remains unpaid or unclaimed for a period of seven years from the date of such transfer then such unclaimed or unpaid dividend shall be transferred by the Company along with interest accrued, if any to the Investor Education and Protection Fund ('the IEPF'), a fund established under sub-section (1) of section 125 of the Act.

The details of unclaimed/unpaid dividend are available on the website of the Company viz. <https://atulauto.co.in/unclaimed-dividend.aspx>

In terms of Section 124(6) of the Companies Act, 2013 read with Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, (as amended from time to time) (IEPF Rules) shares on which dividend has not been paid or claimed by a shareholder for a period of seven consecutive years or more shall be credited to the Demat Account of Investor Education and Protection Fund Authority (IEPFA) within a period of thirty days of such shares becoming due to be so transferred. Upon transfer of such shares, all benefits (like bonus, etc.), if any, accruing on such shares shall also be credited to such Demat Account and the voting rights on such shares shall remain frozen till the rightful owner claims the shares.

Shares which are transferred to the Demat Account of IEPFA can be claimed back by the shareholders from IEPFA by following the procedure prescribed under the aforesaid rules. The Company has sent out individual communication to the concerned Members whose shares are

liable to be transferred to IEPFA, to take immediate action in the matter. As required under the IEPF Rules, the Company has also published a Notice informing the Members' who have not claimed their dividend for a period of 7 years to claim the same from the Company before they are transferred to IEPFA.

In terms of the provisions of the Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016, Rs.1,64,840/- of unpaid / unclaimed dividend transferred during the financial year 2018-19 to the Investor Education and Protection Fund and no shares were required to be transferred.

The Company has appointed a Nodal Officer under the provisions of IEPF rules, the details of which are available on the website of the Company: <https://atulauto.co.in/unclaimed-dividend.aspx>

The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on date of last AGM on the Company's website <https://atulauto.co.in/unclaimed-dividend.aspx>

Therefore, it is in the interest of shareholders to regularly claim the dividends declared by the Company.

SHARE TRANSFER SYSTEM

M/s. Sharex Dynamic (India) Private Limited is the Company's Registrar and Share Transfer Agent (RTA) for carrying out share related activities like transfer of shares, transmission of shares, transposition of shares, name deletion, change of address, amongst others.

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 Listing Regulations to the designated official 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 official of the Company and reviewed by the Stakeholders' Relationship Committee.

A summary of approved transfers, transmissions, deletion requests etc. are placed before the Board of Directors from time to time as per the Listing Regulations.

The Company obtains a half-yearly compliance certificate from a Company Secretary in Practice as required under regulation 49 of the Listing Regulations and files a copy of the said certificate with Stock Exchanges.

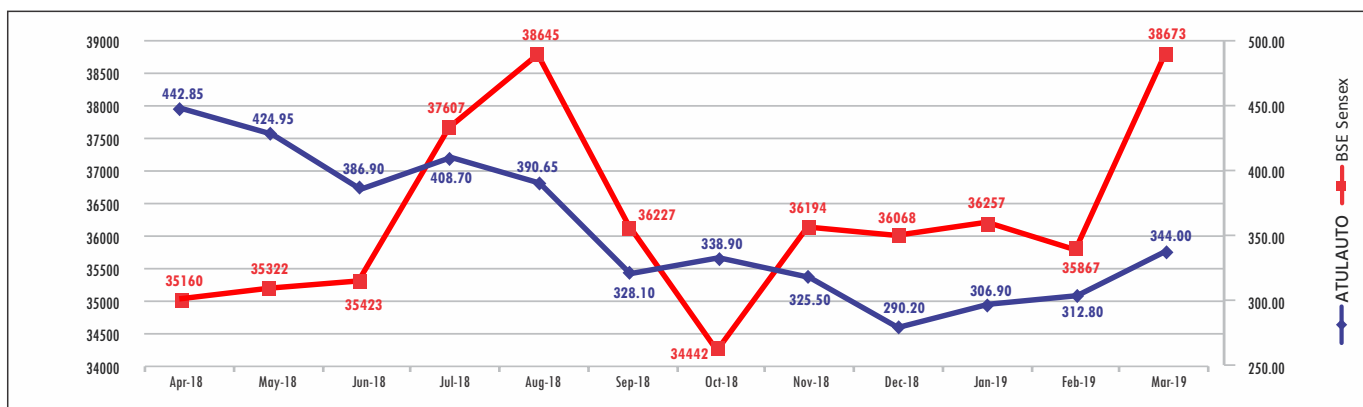
MARKET PRICE DATA:

The monthly high and low prices and volumes of the Company's shares at BSE and NSE for the financial year ended March 31, 2019 are as under:

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume (No. of Shares)	High (Rs.)	Low (Rs.)	Volume (No. of Shares)
Apr-18	466.00	423.40	41,543	466.75	421.55	6,60,173
May-18	458.20	346.00	31,641	461.00	420.00	2,42,401
Jun-18	446.85	378.00	48,681	447.65	376.00	2,79,594
Jul-18	419.35	380.00	43,751	417.95	372.75	4,33,352
Aug-18	448.90	380.00	68,972	450.00	382.30	4,83,783
Sep-18	421.00	321.00	51,488	398.95	322.00	4,46,451
Oct-18	350.00	266.95	68,134	350.30	269.00	3,97,864
Nov-18	373.00	323.25	66,556	375.00	320.10	2,78,326
Dec-18	332.50	284.60	65,438	334.95	283.00	2,08,226
Jan-19	370.00	293.60	4,64,502	369.70	291.05	36,97,146
Feb-19	319.95	276.20	61,859	315.50	282.30	3,07,889
Mar-19	354.70	316.60	60,195	351.05	315.10	5,41,943

PERFORMANCE IN COMPARISON TO BROAD-BASED INDICE

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 March 31, 2019 (based on month end closing):



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.

Website and News Releases:

A separate section under 'Investors' on the Company's website www.atulauto.co.in gives information on various announcements made by the Company, status of unclaimed dividend/ share, 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.

Designated Email Address for Investor Services

The designated email address for investor complaints is 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

C101, 247 Park, LBS Marg,
Vikhroli (West),
Mumbai - 400083
Phone : 022-2851 5606/5644
E-Mail : support@sharexindia.com
Web : 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 235500
E-Mail : investorrelations@atulauto.co.in
Web : www.atulauto.co.in

PLANT LOCATION:

Shapar Plant

Survey No. 86, Plot No. 1 to 4,
8B National Highway,
Near Microwave Tower,
Shapar (Veraval), Dist. Rajkot
Gujarat, INDIA 360024

Upcoming Plant: Ahmedabad Plant

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

ANNEXURE TO REPORT ON CORPORATE GOVERNANCE FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

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 March 31, 2019.

Shapar (Dist. Rajkot)
May 25, 2019

J J Chandra
Chairman and Managing Director
(DIN: 00057722)

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,

We, Mr. J J Chandra, Chairman and Managing Director and Mr. Mahendra J Patel, Whole-time Director & CFO of Atul Auto Limited hereby certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended March 31, 2019 and that to the best of our knowledge and belief:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) 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:
- (i) Significant changes, if any in internal control over financial reporting during the year;
 - (ii) Significant changes, if any in accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

Shapar (Dist. Rajkot)
May 25, 2019

(J J Chandra)
Chairman and Managing Director
(DIN: 00057722)

(Mahendra J Patel)
Whole-time Director & CFO
(DIN: 00057735)

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

In pursuance of Regulation 34(3) and sub clause (i) of clause 10 of para C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of Atul Auto Limited (L54100GJ1986PLC016999), I hereby certify that:

On the basis of written representation/ declaration received from the directors and taken on record by the Board of Directors, as on March 31, 2019, none of the directors on the board of the Company has been debarred or disqualified from being appointed or continuing as director of the companies by the SEBI/ Ministry of Corporate Affairs or any such other authority.

Shapar (Dist. Rajkot)
May 25, 2019

(CS Buntly Hudda)
Membership No: ACS 31507 CP No: 11560

INDEPENDENT AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To
the Members of
Atul Auto Limited

1. This certificate is issued in accordance with the terms of our engagement letter dated September 28, 2018.
2. We, Kamlesh Rathod & Associates, Chartered Accountants, the Statutory Auditors of Atul Auto Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2019, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

Management's Responsibility for compliance with the conditions of Listing Regulations

3. The compliance with the terms and conditions contained in the corporate governance is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents.

Auditor's Responsibility

4. Our examination 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.
5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended March 31, 2019.
6. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India (ICAI). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. We draw your kind attention towards APPOINTMENT/ RE-APPOINTMENT OF DIRECTORS & TENURE section of corporate governance report, wherein company has received letter from National Stock Exchange asking for clarification in respect of non-compliance on account of continuation of directorship of Mr. Hasmukhbhai Adhavryoo from April 01, 2019 in spite of he being achieved maximum age limit of 75 years. In response to that the Company has submitted the clarification to NSE with the proof of ordinary resolution passed in 28th AGM on September 16, 2016 with special majority in respect of extension of his term up to August 11, 2019, Mr. Hasmukh Adhavryoo has voluntarily given his resignation on July 17, 2019 and thus even though the said observation is corrected by passing resolution and we have been given to understand that it is proposed that it is to be ratified by passing Special Resolution in forthcoming Annual General Meeting of the company.
9. Subject to above and in our opinion, and to the best of our information and according to explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.
10. We 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 Kamlesh Rathod & Associates
Chartered Accountants
Firm's Registration No: 117930W

Kamlesh Rathod
Partner

Membership No: 101046

UDIN: 19101046AAAAAN6672

Shapar (Dist. Rajkot)
August 10, 2019