

REPORT ON CORPORATE GOVERNANCE

The corporate leadership is all about creating such a platform which will deliver ultimate level of satisfaction to its Customers, Employees, Share Holders, Vendors and Society at Large. The precise objective is to create the wealth and values for the organisation fairly and ethically by deploying the available resources in most efficient and effective manne[₹]

J.J.CHANDRA

Chairman & Managing Director

“Corporate Governance is about maintaining an appropriate balance of accountability between three key players; the corporation’s owners, the directors whom the owners elect, and the managers whom the director selects. Accountability requires not only good transparency, but also an effective means to take action for better decisions.”

Company’s philosophy on Corporate Governance

Our corporate governance philosophy is based on the following principles:

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

Composition of Board, and directorships held as at March 31, 2011

Name of the Director	Designation	Age	Quali- fication	Expertise	Other Directorship
Founder and Executive Director					
Mr. J. J. Chandra	Chairman & Managing Director	56 Years	Under Graduate	Eminent industrialist with wide business experience in Automobile Industry for last 36 year [₹]	Atul Rachna Pvt. Ltd.
Mr. M. J. Patel	Wholetime Director	48 Years	Under Graduate	19 years of experience in Automobile Industry	Nil
Other Executive Director					
Mr. S. K. Mittal	Wholetime Director	52 Years	B.E. (Mechanical)	Engineer by profession and developed expertise in designing complete vehicle and components. Wide experience of more than 22 years in 3 wheeler industry.	Nil

Non Independent & Non Executive Director					
Mr. Vijay Kedia	Director	51 Years	B. Com.	More than 25 years of experience in the field of Finance & Securities Market	1. Kedia Securities Pvt. Ltd., 2. Sky Space Entertainment Pvt. Ltd.
Independent & Non Executive Director					
Mr. Rajesh Dhruva	Director	56 Years	Commerce Graduate & Chartered Accountant	Finance and Foreign Exchange Regulations	1. Keynote Consultancy Pvt. Ltd. 2. Integrated Proteins Ltd. 3. Keynote Corporate Counsels Pvt. Ltd. 4. Sunflower Apparels Pvt. Ltd.
Mr. Suresh Kaneria	Director	51 Years	Commerce Graduate	General Administration Skills	Nil
Mr. Hakubhai Lalakia	Director	57 Years	M. COM., L.L.M.	Practicing as advocate for more than 24 years	Nil
Mr. Ramniklal Kotecha	Director	58 Years	B.E. (Mechanical)	Administration & Management	1. Kotecha Steelforge Pvt. Ltd. 2. Vision Next Diesel Pvt. Ltd. 3. Ganga R. K. Industries Pvt. Ltd. 4. Kusum Casting Pvt. Ltd.

Details of Directorship/Committee Membership or Chairmanship as at March 31, 2011

Name of the Director	Designation	No. of Shares Held	Directorship in all Public Limited Companies	Membership in Committee in all Public Limited Companies (Other than Atul Auto Ltd.)	Chairmanship of Committee in all Public Limited Companies (Other than Atul Auto Ltd.)
Mr. J. J. Chandra	Chairman & Managing Director	2,36,288	Nil	Nil	Nil
Mr. M. J. Patel	Wholetime Director	92,616	Nil	Nil	Nil
Mr. S. K. Mittal	Wholetime Director	Nil	Nil	Nil	Nil
Mr. Vijay Kedia	Director	3,14,426	Nil	Nil	Nil
Mr. Rajesh Dhruv	Director	Nil	Integrated Proteins Limited (refer as IPL)	Member Share Holders Grievances Committee, IPL	Chairman Audit Committee IPL

Mr. Suresh Kaneria	Director	Nil	Nil	Nil	Nil
Mr. Hakubhai Lalkia	Director	Nil	Nil	Nil	Nil
Mr. Ramniklal Kotecha	Director	Nil	Nil	Nil	Nil

Cash Compensation paid to Chairman and Managing Director and the Whole-time Directors, during 2010-11:

Name of the Director	Designation	Salary (₹ Per Annum)	Perquisites (₹ Per Annum)
Mr. J. J. Chandra	Chairman & Managing Director	26,01,792	Nil
Mr. M. J. Patel	Whole time Director	24,28,792	Nil
Mr. S K Mittal	Whole time Director	18,01,889	18,000

No remuneration by way of salary or perquisites or commission paid to any of the Non-Executive Directors during the year 2010-11.

Sitting fee paid to the Non-Executive Directors, for 2010-11 are as detailed below:

Name of Non Executive Director	Sitting Fee
Shri Vijay Kedia	10,000
Shri Rajesh Dhruva	11,000
Shri Hakubhai Lalakiya	11,000
Shri Ramnikbhai Kotecha	11,000
Shri Sureshbhai Kaneria	11,000
Total	54,000

Board Meetings

Scheduling and Selection of agenda items for Board Meetings

Dates for Board meetings in the ensuing year are decided in advance and published as part of the Annual Report. Most Board meetings are held at our Registered Office at Shapar, Rajkot. The Chairperson of the Board and the Company Secretary draft the agenda for each meeting, along with explanatory notes. Every Board Member can suggest additional items for inclusion in the agenda. The Board meets at least once a quarter to review the quarterly results and other items on the agenda, and also on the occasion of the Annual General Meeting of the Shareholders. Additional meetings are held when necessary. Independent directors are expected to attend at least four board meetings in a year. Total 11 Board Meetings were held during the year under Report.

Information placed before the Board of Directors

The Company circulates along with Notice of the Board Meeting, a detailed Agenda which, inter alia, contain following items, as and when applicable:

- a) Review of annual business plans of the business, capital budgets, and updates,
- b) Quarterly (including periodic) results of the Company,
- c) Minutes of meeting of audit committee, remuneration committee, share holders' grievances committee etc
- d) Information on recruitment and remuneration of senior officers just below the Board level,
- e) Materially important show cause, demand, prosecution and penalty notices, if any.
- f) Fatal or serious accidents or dangerous occurrences,
- g) Any material significant effluent or pollution problems,
- h) Any issue which involves possible public or product liability claims of a substantial nature.
- i) Details of any joint venture or collaboration.
- j) Transaction that involves the substantial payment of goodwill, brand equity or intellectual property,
- k) Significant labour problem and their proposed solutions,
- l) Significant development in the human resources and industrial relations fronts,
- m) Sale of material nature, of investments, subsidiaries, assets, which is not in the normal course of business,
- n) Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement.
- o) Status of compliance with all regulatory, statutory and material contractual requirements.

The Board of Atul Auto Limited is routinely presented with all information under the above heads whenever applicable and materially significant. These are submitted either as part of the agenda papers well in advance of the Board meetings or are tabled in the course of the Board Meetings.

Eleven Board Meetings were held during the year, as against the minimum requirement of four meetings. The Company has held at least one Board meeting in every three months. The details of the Board meetings are as under:

Sr. No.	Date	Board Strength	No. of Directors Present
1	29/04/2010	8	6
2	28/05/2010	8	8
3	25/06/2010	8	8
4	21/07/2010	8	8
5	29/07/2010	8	7
6	31/07/2010	8	7
7	08/09/2010	8	8
8	26/10/2010	8	8
9	09/11/2010	8	8
10	29/01/2011	8	8
11	28/03/2011	8	8

Attendance of directors during fiscal 2011

Name of the Director	No. of Meetings attended
Mr. J. J. Chandra	9
Mr. M. J. Patel	11
Mr. S. K. Mittal	10
Mr. Vijay Kedia	10
Mr. Rajesh Dhruv	11
Mr. Suresh Kaneria	11
Mr. Hakubhai Lalakiya	11
Mr. Ramniklal Kotecha	11

A. Audit Committee

a. Composition

- Shri Rajesh Dhruv (Non Executive & Independent Director and professionally qualified as a Chartered Accountant, acted as the Chairman of the Audit Committee)
- Shri Hakubhai Lalakiya (Non Executive & Independent Director)
- Shri Suresh T. Kaneria (Non Executive & Independent Director)

b. Terms of Reference

The terms of reference as stipulated by the Board to the Audit Committee are as contained in the Clause 49 of the Listing Agreement are as follows:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Reviewing with management the quarterly/ annual financing statements before submission to the Board, focusing primarily on the following:
 - o Matters required to be included in the Directors' Responsibility statement.
 - o Any change in accounting policies and practices.
 - o Major accounting entries based on exercise of judgment by management.
 - o Significant adjustments arising out of audit.
 - o Compliance with accounting standards.
 - o Compliance with listing and other legal requirements relating to the financial statements.
- Compliance with legal requirements concerning financial statements.
- Reviewing with the management, statutory and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow up thereon.
- Reviewing the Company's financial and risk management policies.

c. Meeting of the Committee

The committee has met 5 times during the year 2010-11.

Name of Member	Designation	No. of Committee Meeting Attended
Shri Rajesh Dhruv	Chairman	5
Shri Suresh Kaneria	Member	5
Shri Hakubhai Lalakiya	Member	5

B. Remuneration Committee

a. Composition

- Shri Suresh T. Kaneria (Non Executive & Independent Director)
- Shri Rajesh Dhruv (Non Executive & Independent Director)
- Shri Hakubhai Lalakiya (Non Executive & Independent Director)

b. Terms of Reference

The Committee determines and approves the quantum of remuneration whether by way of salaries, commission, special allowances, any other perquisites to the Managing, Joint Managing and Whole time Directors and non-executive Directors. Generally, the Remuneration Committee considers and approves remuneration payable to executive directors subject to final confirmation by Members in the General Meeting. The Company is not paying any remuneration to any non-executive Director as on date.

c. Meeting of the Committee

The committee has met 5 times during the year 2010-11.

Name of Member	Designation	No. of Committee Meeting Attended
Shri Hakubhai Lalakiya	Chairman	5
Shri Rajesh Dhruv	Member	5
Shri Suresh Kaneria	Member	5

C. Shareholders Grievances Committee

a. Composition

- Shri Suresh T. Kaneria (Non Executive & Independent Director)
- Shri Rajesh Dhruv (Non Executive & Independent Director)
- Shri Hakubhai Lalakiya (Non Executive & Independent Director)

b. Compliance Officer

- CS Purvi P Mehta (Company Secretary)

c. Shareholder's Complaints

During the fiscal 2010-11, there was no pending investor complaint as at the beginning of the year neither there was no pending investor complaint as at the end of the year.

d. Meeting of the Committee

The committee has met 6 times during the year 2010-11

Name of Member	Designation	No. of Committee Meeting Attended
Shri Suresh Kaneria	Chairman	6
Shri Rajesh Dhruv	Member	6
Shri Hakubhai Lalakiya	Member	6

General Body Meeting

A. Annual General Meetings:

The Annual General Meetings of the Company during the preceding 3 years were held at the registered office of the company at Survey No. 86, Plot No. 1 to 4, National Highway 8-B, Near Microwave Tower, Shaper (Veraval), Dist. Rajkot, Gujarat.

The date and time of the Annual General Meetings held during the preceding 3 years and the Special Resolution(s) passed thereat are as follows:

2009-10

Date and Time: July 28, 2010 at 04:00 p.m.

Special Resolutions passed:

- Reappointment & revision of remuneration of Mr. J.J. Chandra, as Chairman & Managing Director:
- Revision of remuneration and redesignation of Mr. M J Patel as Whole time Director:
- Reappointment of Mr. Sunil Kumar Mittal as the Whole time Director

2008-09

Date and Time: September 29, 2009 at 04:00 p.m.

Special Resolutions passed:

- Appointment of Mr. Sunil Kumar Mittal as the Joint Managing Director

2007-08

Date and Time: September 27, 2008 at 04:00 p.m.

Special Resolutions passed:

- Delisting Of Securities From Saurashtra Kutch Stock Exchange Ltd
- Delisting Of Securities From Ahmedabad Stock Exchange Ltd

B. Special Resolution passed through Postal Ballot:

No special resolution was passed through Postal Ballot during 2010-11. None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a special resolution through Postal Ballot.

Disclosures

- During the year under review, besides the transactions mentioned elsewhere in the Annual Report, there were no other related party transactions by the company.
- The company has complied with various rules and regulations prescribed by Stock Exchanges, Securities and Exchange Board of India or any other statutory authority relating to the capital markets during the last 3 years. No penalties or strictures have been imposed by them on the Company.
- We have established a mechanism for employees to report concerns about unethical behavior, actual or suspected fraud, or violation of our code of conduct or ethics policy. It also provides for adequate safeguards against victimization of employees who avail of the mechanism, and also allows direct access to the Chairperson of the audit committee in exceptional cases. We further affirm that no employee has been denied access to the audit committee.

- We have fully complied with the Clause 49 of listing agreement.
- The senior management has made disclosures to the Board relating to all material financial and commercial transactions stating that they did not have personal interest that may have a potential conflict with the interest of the Company at large.
- The company follows Accounting Standards referred to in (3)(c) of Section 211 of the Companies Act, 1956 and in the preparation of financial statements, the Company has not adopted a treatment different from that prescribed in any Accounting Standards.
- The Managing Directors (CEO) have certified to the Board in accordance with Clause 49(V) of the listing Agreement pertaining to CEO/CFO certification for the financial year ended March 31, 2011

General Shareholder Information

Company Registration Details

The Company is registered in the State of Gujarat, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L 54100 GJ 1986 PLC 016999.

Annual General Meeting

The 23rd Annual General Meeting of the company will be held on Saturday, 30th July 2011 at 11.00 am at registered office of the company, Survey No. 86, Plot No. 1 to 4, Near Microwave Tower, National Highway 8-B, Shapar (Veraval), Dist. Rajkot, Gujarat

Financial Calendar (tentative)

Financial Year	April 1, 2011 to March 31, 2012
Results for the quarter ending:	
June 30, 2011	First / Second week of August, 2011
September 30, 2011	First / Second week of November, 2011
December 31, 2011	First / Second Fourth week of February, 2012
March 31, 2012	Fourth week of May, 2012
Annual General Meeting	August / September 2013

Date of Book Closure

The company's books will be closed from Saturday, 23rd July, 2011 to Friday, 29th July, 2011 (both days inclusive).

Dividend Payment

Credit/dispatch between August 4, 2011 and August 20, 2011.

Listing of Equity shares of the Company

Bombay Stock Exchange Limited (BSE),
Phiroze Jeejeebhoy Towers, Dalal Street,
Mumbai 400 001
Scrip Code 531795
Demat Segment INE 951D01010

Stock Market Price Data

MONTH	MONTH'S HIGH PRICE	MONTH'S LOW PRICE
Apr-10	69.00	42.55
May-10	63.90	48.70
Jun-10	121.25	63.55
Jul-10	130.00	101.00
Aug-10	147.50	128.55
Sep-10	150.00	125.00
Oct-10	147.00	128.00
Nov-10	159.90	115.10
Dec-10	142.80	93.70
Jan-11	127.70	100.60
Feb-11	126.00	94.25
Mar-11	127.85	104.00

(Source : BSE- Bombay Stock Exchange)

Payment of Listing Fees : Annual listing fee for the year 2011-12 (as applicable) has been paid by the Company to BSE.

Share Price Performance in comparison to broad based indices – BSE Sensex as on March 31, 2011

	Atul	BSE Sensex
FY 2010-11	158%	11%
2 year	427%	100%
3 years	119%	24%
5 years	51%	49%

(Source : BSE- Bombay Stock Exchange)

Share Transfer System

Share transfers are processed and share certificates returned within a period of 7 days from the date of receipt, subject to the documents being valid and complete in all respects. The Board has delegated the authority for approving transfer, transmission etc. of the Company's securities to the Managing Director and/or Company Secretary. A summary of transfer/transmission of securities of the Company so approved by the Managing Director/ Company Secretary, is placed at every Board meeting. The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance with the share transfer formalities as required under Clause 47 (c) of the Listing Agreement with Stock Exchanges and files a copy of the certificate with the Stock Exchanges.

Distribution of Shareholding as on March 31, 2011

Category Code	Category of Shareholder	No. of Shareholders	Total No. of Shares	As percentage of (A+B+C)
(A)	Shareholding of Promoter and Promoter Group			
(1)	Indian	29	34 69 888	59.30%
(2)	Foreign	0	0	0.00%
Total Shareholding of Promoter and Promoter Group		29	34 69 888	59.30%
	Promoter Group			
(B)	Public Shareholding			
(1)	Institutions	0	0	0.00%
(2)	Non-institutions	1 508	23 81 632	40.70%
Total Public Shareholding		1 508	23 81 632	40.70%
(C)	Shares held by Custodians and against which Depository Receipts have been issued			
(1)	Promoter and Promoter Group	0	0	0.00%
(2)	Public	0	0	0.00%
	Total	0	0	0.00%
TOTAL (A) +(B) + (C)		1 537	58 51 520	100.00%

Distribution of Shareholding as at March 31, 2011

SHARE (OR DEBENTURE) OF NOMINAL VALUE	No. OF HOLDERS	(%) OF HOLDERS	TOTAL AMOUNT	% OF AMT.
UP TO 5,000	118	79.25%	15,49,030	2.65%
5,001 TO 10,000	108	7.03%	8,81,290	1.51%
10,001 TO 20,000	75	4.88%	10,91,740	1.87%
20,001 TO 30,000	27	1.76%	7,08,160	1.21%
30,001 TO 40,000	14	0.91%	5,09,960	0.87%
40,001 TO 50,000	9	0.59%	4,13,950	0.71%
50,001 TO 1,00,000	25	1.63%	16,87,500	2.88%
1,00,001 TO ABOVE	61	3.97%	5,16,73,570	88.31%
TOTAL	1537	100.00%	5,85,15,200	100.00%

Plant Locations

At Dist. Rajkot Three wheeler manufacturing unit	Atul Auto Limited Survey No. 86, Plot No. 1 to 4, N H 8-B, Near Microwave Tower, Shapar (Veraval), Dist. Rajkot
At Rajasthan Wind Turbine Generators	Village Soda, Dist. Jaisalmer, Rajasthan.
At Gujarat Wind Turbine Generators	Village Gandhavi Lamba, Kalyanpur, Jamnagar, Gujarat

Address for Correspondence**Share Transfer agents:**

Sharex (Dynamic) India Private Limited,
Unit No. 1, Luthra Ind. Premises
Safed Pool, Andheri Kurla Road,
Andheri (East), Mumbai - 400 072
Phone- 022-22802485 / 22641386

**CS Purvi P Mehta,
Company Secretary & Compliance Officer**

Atul Auto Limited,
8-B, National Highway,
Near Microwave Tower,
Shapar (Veraval)
Dist.: Rajkot, Gujarat
Phone: +91-2827-666000, Fax: +91-2827-666029

DECLARATION REGARDING COMPLIANCE WITH CODE OF CONDUCT

[Clause 49 (I) (d)]

The Company has laid down and adopted "Code of Conduct" for all Board Members and core management team of the company. The Company believes that such Code of Conduct is necessary for best Corporate Governance practices, and expects that all Board Members and Core management team adhere to this Code of Conduct.

It is hereby affirmed that all the Directors and Senior Management personnel have complied with the Code of Conduct and have given a confirmation in this regard.

(J. J. Chandra)

Chairman and Managing Director

Place: Rajkot

Date: 30th May, 2011

MANAGING DIRECTOR & WHOLETIME DIRECTOR CERTIFICATION FOR FINANCIAL STATEMENTS

[CLAUSE 49 (V) OF LISTING AGREEMENT]

We have reviewed financial statements and cash flow statements for the financial year ended on 31st March, 2011 and to the best of our knowledge and belief:

- (a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (b) These statements together present true and fair view of the Company's affairs and in compliance with existing accounting standards, applicable laws and regulations;
- (c) No transactions entered into by the company during the aforesaid year, which are fraudulent, illegal or in violation of the Company's Code of Conduct.

Further, we accept that it is our responsibility to establish and maintain internal controls. We have evaluated the effectiveness of internal control system of the Company and have disclosed to the auditors and the Audit Committee, wherever applicable:

- (a) Deficiencies in the design or operation of internal controls, if any, which came to our notice and steps have been taken/ proposed to be taken to rectify these deficiencies
- (b) Significant changes in the internal control during the year
- (c) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements
- (d) Instances of significant fraud of which we became aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

J. J. Chandra

M J Patel

Chairman and Managing Director

Whole time Director

Place: - Rajkot

Date: - 30th May, 2011

Auditors' Certificate on corporate Governance

To
The Members,
Atul Auto Limited

We have examined the compliance of the conditions of Corporate Governance by Atul Auto Limited, for the year ended on 31st March, 2011, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance as stipulated under that clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representation made by the Directors and Management, we certify that the Company has complied with conditions of Corporate Governance as stipulated in clause no 49 of the above mentioned listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the shareholders' grievance committee.

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 Reg. No. 124872W

Prashant Maharishi
Partner
Membership No.: 41452

Date: 30th May, 2011
Place: Rajkot