

Director's Report on Corporate Governance

"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 select. Accountability requires not only good transparency, but also an effective means to take action for poor performance or bad 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.

The Board of Directors ('the Board') is at the core of our corporate governance practice and oversees how the Management services protects the long term interest of all our stakeholders. We believe that an active well informed and independent Board is necessary to ensure highest standards of corporate governance.

Composition of Board, and directorships held as at March 31, 2010

Name of the Director	Designation	Age	Qualification	Expertise	Other Directorship
Founder and Executive Director					
Mr. J. J. Chandra	Chairman & Managing Director	55 Years	Under Graduate	Eminent industrialist with wide business experience in Automobile Industry for last 35 years.	Nil
Mr. M. J. Patel	Wholetime Director	47 Years	Under Graduate	Production/Personnel	Nil
Other Executive Director					
Mr. S. K. Mittal	Wholetime Director	51 Years	B.E. (Mechanical)	Engineer by profession and developed expertise in designing complete vehicle and components. Wide experience of more than 21 years in 3 wheeler industry.	Nil

Non Independent & Non Executive Director

Mr. Vijay Kedia	Director	50 Years	B. Com.	Finance, Investment & Fund Management	Kedia Securities Pvt. Ltd., Sky Space Entertainment Pvt. Ltd.
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Independent & Non Executive

Mr. Rajesh Dhruva	Director	55 Years	Commerce Graduate & Chartered Accountant	Finance and Foreign Exchange Regulations	Integrated Proteins Ltd.
Mr. Suresh Kaneria	Director	50 Years	Commerce Graduate	General Administration Skills	Nil
Mr. Hakubhai Lalakia	Director	56 Years	M. COM., L.L.M.	Practicing as advocate for more than 23 years	Nil
Mr. Ramniklal Kotecha	Director	55 Years	B.E. (Mechanical)	Administration & Management	Nil

Cash compensation paid to directors in Fiscal 2010

Name of the Director	Designation	Salary (Rs. Per Annum)	Perquisites (Rs. Per Annum)
Mr. J. J. Chandra	Chairman & Managing Director	14,00,400/-	Nil
Mr. M. J. Patel	Joint Managing Director	8,00,400/-	Nil
Mr. S K Mittal	Joint Managing Director	15,32,084/-	Nil
Mr. Vijay Kedia	Director	Nil	Nil
Mr. Rajesh Dhruva	Director	Nil	Nil
Mr. Suresh Kaneria	Director	Nil	Nil
Mr. Hakubhai Lalkia	Director	Nil	Nil
Mr. Ramniklal Kotecha	Director	Nil	Nil

Details of Directorship/Committee Membership or Chairmanship as at March 31, 2010

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.)
Founder and Executive Director					
Mr. J. J. Chandra	Chairman & Managing Director	2,36,288	Nil	Nil	Nil
Mr. M. J. Patel	Wholetime Director	92,616	Nil	Nil	Nil
Other Executive Director					
Mr. S. K. Mittal	Wholetime Director	Nil	Nil	Nil	Nil
Non Independent & Non Executive Director					
Mr. Vijay Kedia	Director	3,14,426	Nil	Nil	Nil
Independent & Non Executive Director					
Mr. Rajesh Dhruv	Director	Nil	Integrated Proteins Limited	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

Board Meetings

Scheduling and Selection of agenda items for Board meetings

Dates for Board meetings in the ensuring 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 9 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.

Attendance of directors during fiscal 2010

Name of the Director	No. of Meetings attended
Mr. J. J. Chandra	9
Mr. M. J. Patel	9
Mr. S. K. Mittal	9
Mr. Vijay Kedia	9
Mr. Rajesh Dhruv	9
Mr. Suresh Kaneria	4
Mr. Hakubhai Lalkiya	9
Mr. Raminklal Kotecha	9

A. Audit Committee

a. Composition

- Shri Rajesh Dhruva (Non Executive & Independent Director and professionally qualified as a Chartered Accountant, acted as the Chairman of the Audit Committee)
- Shri Hakubhai Lalkiya (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 2009-10.

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

B. Remuneration Committee

a. Composition

- Shri Suresh T. Kaneria (Non Executive & Independent Director)
- Shri Rajesh Dhruva (Non Executive & Independent Director)
- Shri Hakubhai Lalkiya (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 4 times during the year 2009-10.

Name of Member	Designation	No. of Committee Meeting Attended
Shri Hakubhai Lalkiya	Chairman	4
Shri Rajesh Dhruva	Member	4
Shri Suresh Kaneria	Member	4

C. Shareholders Committee

a. Composition

- Shri Suresh T. Kaneria (Non Executive & Independent Director)
- Shri Rajesh Dhruva (Non Executive & Independent Director)
- Shri Hakubhai Lalkiya (Non Executive & Independent Director)

b. Compliance Officer

- Shri Jitendra V. Adhia (Vice President Finance & Account)

c. Shareholder's Complaints

During the fiscal 2009-10 the company has not received any investor's complaints. Further, there was no pending investor complaint as at the beginning of the year and hence there was no pending investor complaint as at the end of the year.

d. Meeting of the Committee

The committee has met 4 times during the year 2009-10.

Name of Member	Designation	No. of Committee Meeting Attended
Shri Suresh Kaneria	Chairman	4
Shri Rajesh Dhruva	Member	4
Shri Hakubhai Lalkiya	Member	4

General Body Meeting

The details of the last three Annual General Meetings and that of the extraordinary general meetings are as follows:

Financial Year ended	Date and Time	Venue	Special resolution passed
March 31, 2007	28th September, 2007	Survey No. 86, Plot No. 1 to 4, N.H. 8-B, Shapar (Veraval), Rajkot	None
March 31, 2008	27th September, 2008	Survey No. 86, Plot No. 1 to 4, N.H. 8-B, Shapar (Veraval), Rajkot	None
March 31, 2009	29th September, 2009	Survey No. 86, Plot No. 1 to 4, N.H. 8-B, Shapar (Veraval), Rajkot	None

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 behaviour, actual or suspected fraud, or violation of our code of conduct of 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, 2010.

General Shareholder Information

Annual General Meeting Date, Time and Venue

The 22nd Annual General Meeting of the Company will be held on Saturday, 28th July, 2010 at 4.00 p.m. at registered office of the company, Survey No. 86, Plot No. 1 to 4, National Highway 8- B, Near Microwave Tower, Shapar (Veraval), Rajkot.

Date of Book Closure and Dividend Payment

The company's transfer books will be closed from Monday, 19th July, 2010 to Tuesday 27th July, 2010 (both days inclusive) for purpose of Annual General Meeting.

Tentative Calendar for Declaration of Financial Results in 2010-11

Sr. No.	Particulars	Tentative Dates
1	Financial Year	April 1 st to March 31 st
2	Results for Quarter ending 30 th June, 2010	Second Week of August, 2010
3	Results for Half Year ending 30 th September, 2010	Second Week of November, 2010
4	Results for Quarter ending 31 st December, 2010	Second Week of February, 2011
5	Results for Quarter/Full year ending 31 st March, 2011	Last Week of May, 2011
6	Annual General Meeting	August/September, 2011

Stock Exchange Listing & Stock Code

The Company's shares are presently listed on the Bombay Stock Exchange Limited, Mumbai. The stock code of the company is as under:

Physical - 531795
Demat Segment INE 951D01010

Market Price Data

Month	Month's High Price	Month's Low Price
April - 2009	25.95	22.00
May - 2009	31.35	21.80
June - 2009	39.90	27.80
July - 2009	46.75	27.00
August - 2009	49.20	44.00
September - 2009	56.40	45.00
October - 2009	56.70	44.45
November - 2009	52.50	46.60
December - 2009	52.50	45.20
January - 2010	59.50	46.00
February - 2010	51.00	42.70
March - 2010	55.00	42.30

Registrar and Transfer Agents

Company has appointed Registrar and Transfer Agent, the name and address is as follow:

Sharex (Dynamic) India Private Limited,
17/B, Dena Bank Building,
2nd Floor, Horniman circle,
Fort, Mumbai- 400 001
Phone 022-22702485 / 22641376

Share Transfer System

The processing activities with respect to requests received for share transfer are normally completed within 15 working days from the date of request.

Distribution of Shareholding as at March 31, 2010

SHARE (OR DEBENTURE) OF NOMINAL VALUE	No. OF HOLDERS	(%) OF HOLDERS	TOTAL AMOUNT	% OF AMT.
UP TO 5,000	1,061	76.17%	14,45,220	2.47%
5,001 TO 10,000	115	8.26%	9,17,810	1.57%
10,001 TO 20,000	75	5.38%	10,74,390	1.84%
20,001 TO 30,000	31	2.23%	8,01,170	1.37%
30,001 TO 40,000	13	0.93%	4,50,900	0.77%
40,001 TO 50,000	9	0.65%	4,26,860	0.73%
50,001 TO 1,00,000	25	1.79%	17,44,150	2.98%
1,00,001 TO ABOVE	64	4.59%	5,16,54,700	88.27%
TOTAL	1393	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,
18/B, Dena Bank Building,
2nd Floor, Horniman circle,
Fort, Mumbai - 400 001
Phone- 022-22802485 / 22641386

The Compliance Officer

Atul Auto Limited,
8-B, National Highway,
Near Microwave Tower,
Shapar (Veraval)
Dist.: Rajkot, Gujarat

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:- Shapar (Veraval)

Date:- 28th May, 2010

MANAGING DIRECTOR CERTIFICATION FOR FINANCIAL STATEMENTS

[CLAUSE 49 (V) OF LISTING AGREEMENT]

We have reviewed financial statements and cash flow statements for the financial year 2009-10 ended on 31st March, 2010 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

(Chairman and Managing Director)

Place:- Shapar (Veraval)

Date:- 28th May, 2010

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, 2010, 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

Place:- Shapar (Veraval)

Date:- 28th May, 2010