



**ATUL**



**Rising with  
every challenge**

QUALITY	MARKET   GEMINI DZ SERVICE	PAPER	TRUST	LOYALTY
GEM   RAM	EXPERTS   SHAKTI   CUSTOMER	CARGO	SMART	COLOR
INSPIRATION	PRINTING   WORKERS   SERVICE	CHANNEL	RUBBER	PLANT
METAL EXPORT	GEMINI	PASSENGER	IN HOUSE	LOYALTY
STEEL   CAMP	DEALER	PLASTIC	SERVICE	RESPECT
H R   PETROL	RESPECT	TEMPLE	WARRANTY	CARGO
MAN - AGER	FESTIVAL	DIESEL	SERVICE	RUBBER
CENTRE   OIL	TECHNICAL	CELL	FINANCE	SERVICE
R A M   PAPER	LOYALTY	IN HOUSE	SERVICE	SHAKTI
TRUST   COOPERATION	RESPECT	PRINTING	SMART	TEMPLE
MARKETING   PLANT   COLOR	CARGO	DEALER	QUALITY	PRAYER
INVESTMENT	RESPECT	PASSENGER   INVESTEMENT		SERVICE ENGINEERS   HR
METAL	EXPORT	COOPERATION   MANAGER		LEADERSHIP   FINANCE
GEMINI	QUALITY	LEADERSHIP		REGULARITY   FESTIVAL

**Annual Report**

**2013-14**



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The last few years have been particularly challenging for the Indian economy. Consider this :

- ⌘ **Subdued GDP growth**
- ⌘ **Sustained high inflation**
- ⌘ **Plummeting currency**

Challenges in the economy have been compounded by challenges in the auto industry.

Consider this :

- ⌘ **Domestic Three wheeler sales were down by 11 per cent**
- ⌘ **Domestic Sales of Commercial Vehicles were down by 20 per cent**
- ⌘ **Labour costs increased by 12 per cent**

Multiple challenges in the economy and industry have weighed down heavily on the automobile industry, with most players struggling to cope with falling sales and falling margins.

## Not many have been able to overcome these challenges.

At Atul Auto, we have always viewed challenges as opportunities. We have always believed that perseverance and persistence prevail over problems. And that is why, in spite of daunting challenges, we have delivered yet another sterling performance :



At Atul Auto,  
our determination and dedication, our faith and focus, our resilience  
and resources and our experience and expertise have ensured that  
we are

**Rising with every challenge**



# Corporate Snapshot

Atul Auto is one of the youngest players in the 3 wheeler business with humble beginning in 1992 that started with manufacturing of Chhakaras (Rural Transportation Vehicle - RTV) – customised multi-purpose vehicles typical to the Saurashtra region in Gujarat, which over a period of time became the identity of Saurashtra.

The Company has been promoted by the Chandra and Patel families and has emerged as one of the fastest growing 3 wheeler companies in the country, capturing both market share and investor imagination alike.

The Company's strength has been its consistent delivery – enduring product and efficient services, which has made it a serious competitor to the domestic and MNC giants.

With a well-diversified product portfolio consisting of 45 models and variants, an extremely strong brand, integrated manufacturing plant and presence across key regions, Atul Auto is today the fastest growing 3 wheeler player in India.

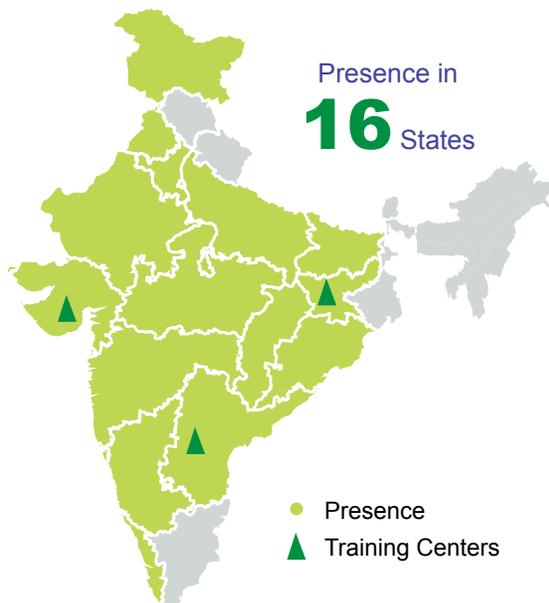
## Vision

To contribute towards making the common people self-reliant, with our state of art technology, products and services.

## Manufacturing

- ✦ Integrated plant located at Shapar in the Rajkot district of Gujarat
- ✦ Installed capacity of 48,000 vehicles per annum
- ✦ Machining of components, fabrication of chassis, state of art pre-paint and final paint facilities, assembly of 3 wheelers and end-of-line testing all under one roof.
- ✦ Human Assets of 1000

## Markets and Reach



## International Presence

Asia  
Sri Lanka | Bangladesh

Africa  
Nigeria | Kenya | Tanzania | South Africa

## Awards



“MOST PROMISING SME IN AUTO & ENGINEERING” by CNBC-TV18, ICICI Bank Emerging India Awards 2012



“LEADERS OF TOMORROW AWARDS 2013” at National Level by ET NOW



“LEADERS OF TOMORROW AWARD 2013” in the Western Region by ET NOW

## Product Portfolio

### Atul Shakti



### Atul Smart



### Atul Gem



### Atul Gemini Dz



## Key Differentiators

- Compulsive cost advantages
- Compelling fuel-efficiency
- Stronger build and structure designed to withstand high degrees of loading

## Listing

**Bombay Stock Exchange**  
Scrip ID – ATULAUTO  
Scrip Code - 531795  
Group / Index - B / S&P BSE  
SMALL CAP

**National Stock Exchange**  
Symbol – ATULAUTO  
ISIN -INE951D01010

## Key Financials

**Market Capitalisation**  
₹ **39,459** lacs

**Net Worth**  
₹ **9,424** lacs

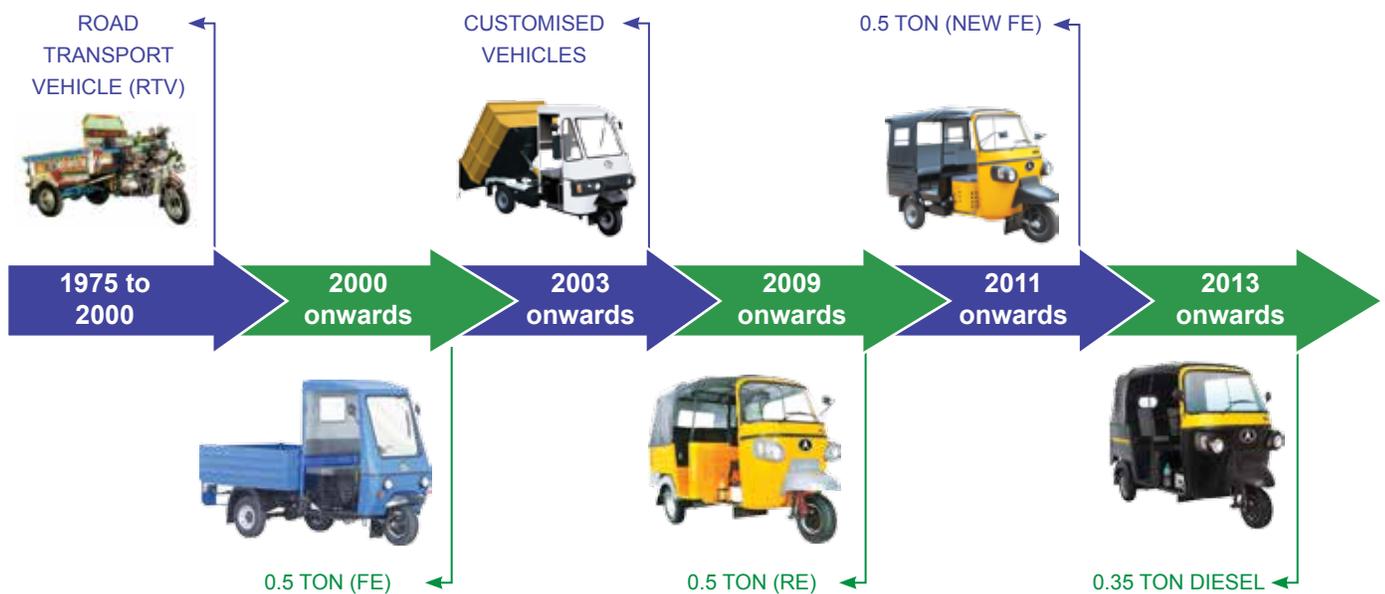
**Net Block**  
₹ **5,333** lacs

**EPS**  
₹ **27.16**

(as on 31st March 2014)

## Timeline of Evolution

Consistent track record of product development



*Moving ahead with passion*

# Message from the Chairman and Managing Director

It is always a pleasure and privilege to share with you how our Company performed during last fiscal and its future plans and direction.



## Dear Shareholders,

It is always a pleasure and privilege to share with you how our Company performed during last fiscal and its future plans and direction.

It has been yet another outstanding year for the Company, with significant and impressive growth in both the top-line and the bottom line. This was achieved through relentless focus on improving efficiency in operations, higher customer-engagement and untiring marketing efforts. I am sure you will like to join me as I congratulate every member of the Atul Auto family for proving yet again that with passion, enthusiasm, confidence and commitment, Atul Auto has been **RISING WITH EVERY CHALLENGE**.

The year 2013-14 had more than its share of challenges, both on the macro-economic front as well as within the industry. All the major economies of the world continued to struggle and underperform. In India, growth remained sluggish due to high inflation and weakening currency. These factors led to a tight monetary policy with high interest rates, and consequently, higher costs of capital, thus depressing demand and dampening growth across industries. The auto-industry has been under severe pressure for the last two years due to slack demand. The domestic three-wheeler segment was also affected, with volumes reducing by as much as 60,000 units for the year 2013-14 compared to the previous year. Add to this lower demand were increasing costs – raw materials, wages, energy and cost of finance all increased during the year, making it one of the most challenging year.

At Atul Auto, notwithstanding these challenges, but **RISING WITH EVERY CHALLENGE**, we delivered yet another excellent performance:

**₹ 42,926 lacs**

Total Sales / Revenue

**₹ 4,275 lacs**

PBT

**11.25%**

EBIDTA Margin

**6.94%**

PAT Margin

**₹ 2,980 lacs**

PAT

**27.16**

EPS

We have always been focussing on aligning our products to meet the needs of the market. In line with this, we launched Atul Gemini in the 350 kg. payload capacity powered by diesel engine in the month of May 2013. With this launch Atul Auto will be able to address all together a new segment in the 3 Wheeler industry. As proved in the past any new product launched by Atul Auto has always attained a grand success.

Looking ahead, I am optimistic that both the economy and the industry are heading for brighter days. The new government has inspired fresh hope, reflected in surging stock markets. Globally too, key economies are expected to pick up in 2014-15. The auto industry is also expected to revive demand and growth. These factors augur well for Atul Auto, and we are quite confident of reaping benefits as we emerge as a serious PAN India player in the industry.

I thank you for your sustained faith and constant support in Atul Auto, and assure you we are on a strong trajectory of growth and success.

**J J Chandra**

Chairman and Managing Director

# Rising with every challenge



Our journey began in Gujarat in 1992 with a small but confident step. Soon after exploring the rural market with RTV - Khushbu, the R & D team sensed that customers' preference was changing and accordingly, the first ever 0.5 tonner was developed and launched during the year 2000 for cargo and passenger applications more suitable for Gujarat and the neighbouring state Rajasthan.

The value offering and high quality standard helped the Company achieve market leadership in Gujarat in quick time.



## We launched Atul Gem

With Atul Gem, we had the right product to enter the mainstream 3 wheeler markets dominated by RE models. What followed was a period of exponential growth – in volumes, in value, in reach and product range.

## Volumes

Atul Gem was an unprecedented success, and swiftly garnered a major share of the RE market with its rugged structure and body-strength, its fuel-efficiency and its compelling savings in costs. With this huge surge in demand came the next set of challenges : to increase capacity and to expand reach.

We leveraged the power of re-engineering and local level shop-floor innovation. We focussed on execution and improving our operational efficiencies. The result – We increased our capacity from 24,000 units to 36,000 units in FY 2013 to 48,000 units in FY 2014.

## Geographic Reach

As we expanded our capacity to meet the rising demand, we also had to widen our geographic reach to service new customers in new markets. We did this through a relentless drive of building a nation-wide network of dealers and service centres across key clusters and consumption hubs of the country.

## A Product for every user and every need

Meeting the needs of the market has been an integral and important part of our overall growth story. We understand the typical needs and specific requirement of every end-user, be it a fleet-owner or a FMCG giant or an individual passenger auto-rickshaw owner.

In a developing economy where the per capita income is low, demand is for economic transport solution and none other than a 3 wheeler can deliver such value. At Atul Auto, we have focused on higher and speedy

By 2009, we had dominated the FE market and were now looking at the larger RE market. The challenge was to evolve capability and capacity, branding and marketing to manufacture RE vehicles that would appeal to the PAN Indian market.

We took the strategic decision – to enter the RE segment. This was the beginning of the RISING at Atul Auto.

return on investment for the end user with efficient pre, at and after sale service.

### **Platform to keep RISING**

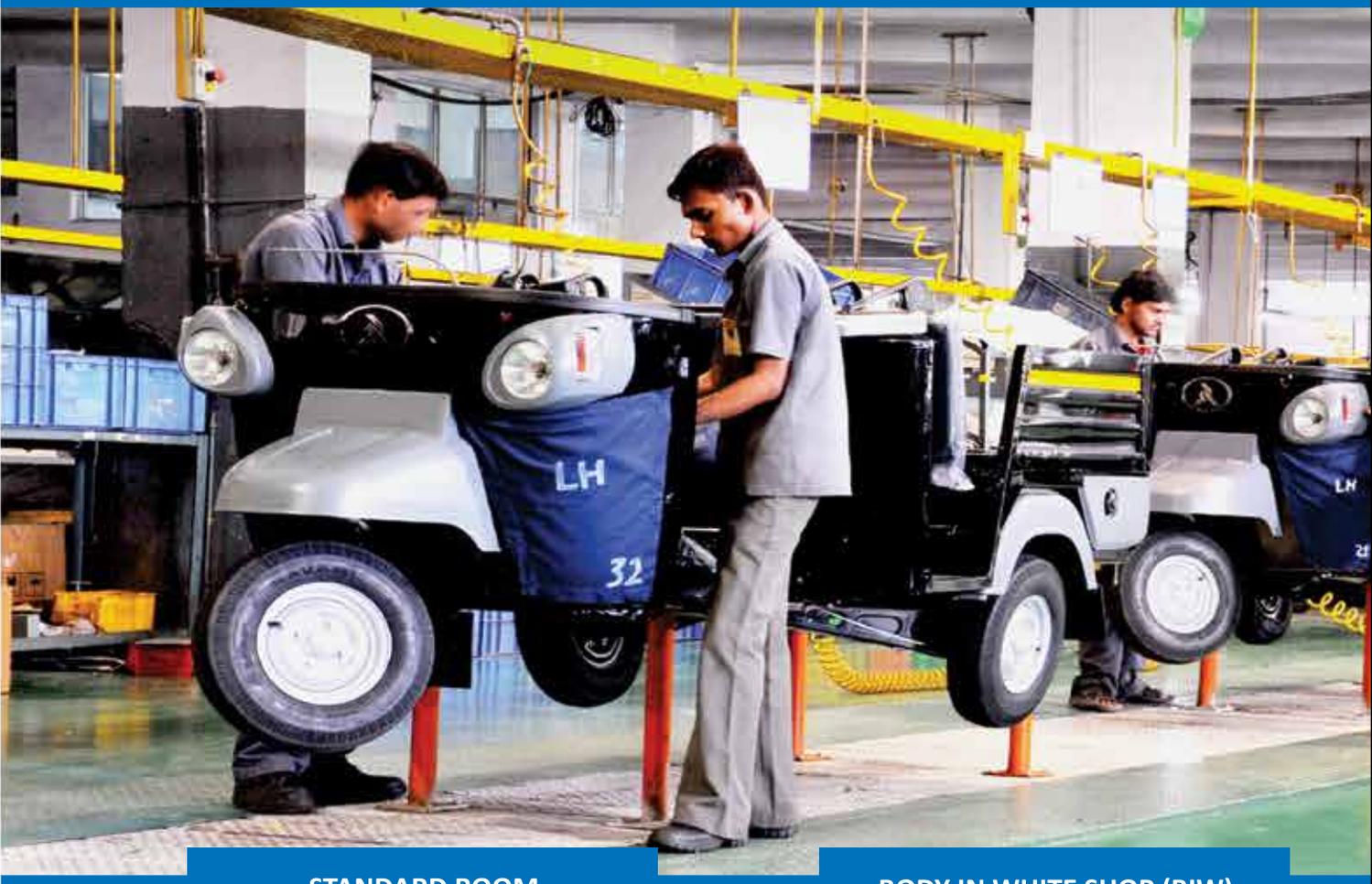
At Atul Auto, we believe that RISING WITH EVERY CHALLENGE that we have demonstrated has been achieved through a well-thought strategy matched with relentless execution. This has provided us with a unique platform for future growth.

Another critical factor that will propel our RISING in the future is our people. We believe we have some of the best talent in the industry. Most of our employees share a strong bond of affinity and loyalty with the Company and have been with us for long years. We have the best-in-class HR policies that ensure they achieve their potential. Our attrition rates are among the lowest in the industry.

To lead the next Company into the future, we have a strong and capable second line of generation ready. It is our young, dynamic and professional young leaders, grounded in values and highly ambitious who will take us to the next level as we continue

### **RISING WITH EVERY CHALLENGE**





STANDARD ROOM

BODY IN WHITE SHOP (BIW)



## AUTOMATIC CONVEYOR ASSEMBLY LINE



CATHODE ELECTRO DEPOSITION (CED)



PAINT SHOP



# Key Management Team

**J J Chandra**

Chairman & Managing Director



**M J Patel**

Whole time Director & CFO



**V K Kedia**

Director



**N J Chandra**

Whole time Director



**Adv. H J Lalakiya**

Director



**H H Adhvaryoo**  
Director



**CA H J Bhatt**  
Director



**CA S T Shah**  
Director



**P Zachariah**  
Vice President Sales & Marketing



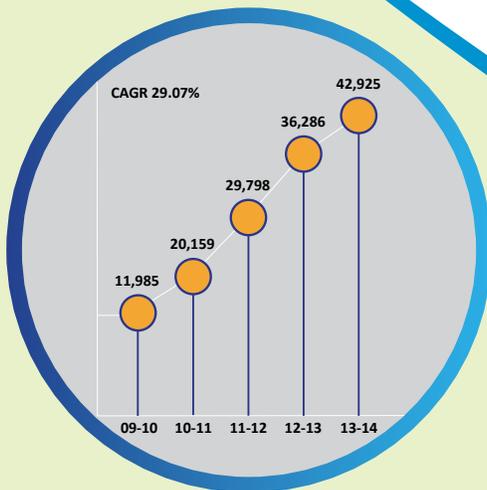
**A Padmanabhan**  
Mentor



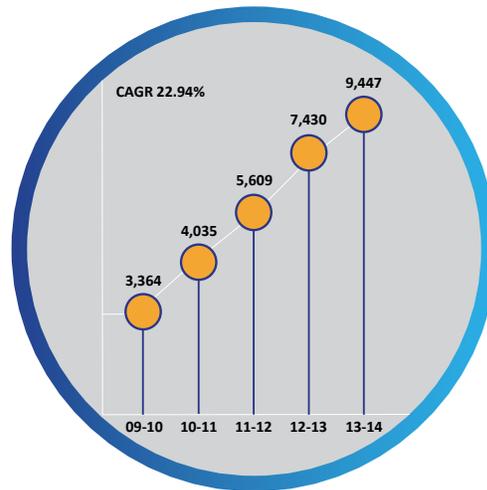
**J V Adhia**  
Vice President Accounts & Finance



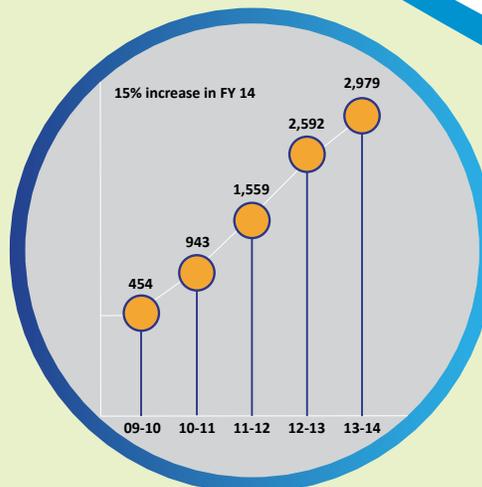
# Financial Highlights



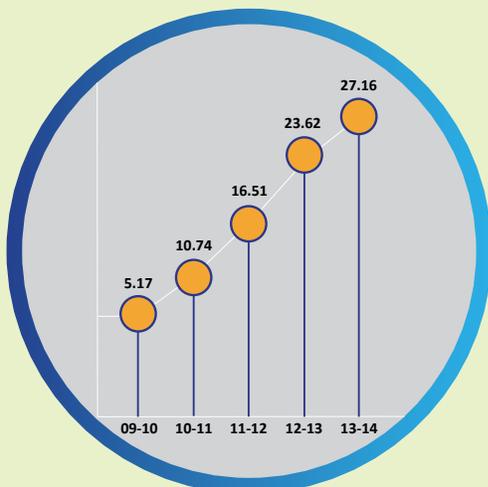
Turnover (₹ Lacs)



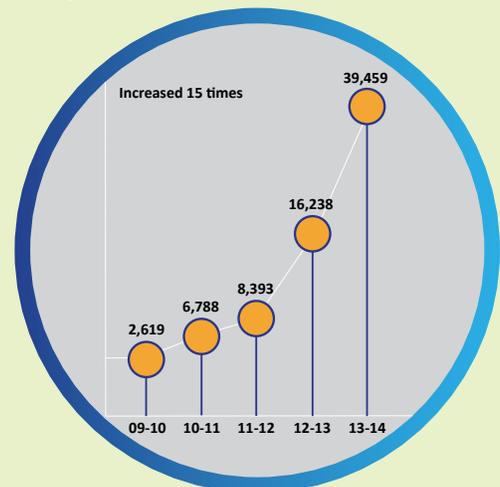
Net Worth (₹ Lacs)



Profit After Tax (₹ Lacs)



Basic EPS (₹)



Market Capitalization (₹ Lacs)

# 5 year Highlights

in ₹ Lacs (except per share data)

Particulars	2013-14	2012-13	2011-12	2010-11	2009-10
Revenue from operation	42,925	36,286	29,798	20,159	11,985
Other Income	292	198	59	108	123
Earning before Depreciation, Finance cost and Tax Expenses (EBDITA)	4,831	4,206	2,814	1,542	1,159
Depreciation and Amortisation	521	444	426	425	389
Exceptional Items	-	-	(13)	-	-
Profit for the year	2,979	2,592	1,559	943	454
Equity Dividend %	75%	60%	50%	40%	20%
Dividend payout	963	770	425	272	137
Paid up Equity Share Capital	1,097	1,097	731	585	585
Reserve and surplus	8,327	6,310	4,854	3,427	2,756
Net worth	9,447	7,430	5,609	4,035	3,364
Gross Fixed Asset	8,345	6,863	6,113	6,311	5,823
Net Fixed Assets	5,333	4,807	4,154	4,265	4,282
Market Capitalization	39,459	16,238	8,393	6,788	2,619
<b>Key Indicators</b>					
Earning Per Share	27.16	23.62	16.51	10.74	5.17
Turnover Per Share	391.24	330.73	271.59	221.04	131.41
Book Value Per Share	86.10	67.72	51.12	45.97	38.33
EBDITA/Gross Turnover %	11.25%	11.59%	9.44%	7.65%	9.67%
Net Profit Margin %	6.94%	7.14%	5.23%	4.68%	3.79%
RONW %	31.53%	34.88%	27.80%	23.37%	13.50%

## The Year at a Glance

Particulars	2013-14	2012-13	Growth (%)
<b>Financial Performance</b>			
Income	43,306	36,582	18.38
Gross Profit	7,683	6,363	20.74
Operating Profit (PBIDTA)	4,831	4,206	14.86
Profit after Tax	2,979	2,592	14.93
EPS (par value of 10/- each : Basic & Diluted after bonus)	27.16	23.62	14.99
Dividend Per Share	7.50	6	25
<b>Financial Position</b>			
Capital Expenditure	1,057	960	10.1
Fixed Assets (Including Capital WIP)	5,333	4,807	10.94
Cash and Cash Equivalents	4,515	3,807	18.6
Net Current Assets	4,132	2,842	45.39
Total Assets	14,460	12,295	17.61
Debt	0	0	0
<b>Net Worth</b>	9,447	7,430	27.15
Market Capitalization	39,459	16,238	143

# Company Information

## List of Directors:

**Jayantibhai J Chandra** - Chairman and Managing Director

**Mahendra J Patel** - Whole time Director & CFO

**Niraj J Chandra** - Whole time Director

**Vijay K Kedia** - Non Executive and Non Independent Director

**Hakubhai J Lalakiya** - Independent Director

**CA Hemantkumar J Bhatt** - Independent Director

**Hasmukhbhai Adhvaryoo** - Independent Director

**CA S T Shah** - Independent Director

## Audit Committee:

**CA S T Shah** - Chairman

**CA Hemantkumar J Bhatt** - Member

**Adv. Hakubhai J Lalakiya** - Member

## Stakeholders Relationship Committee:

**CA Hemantkumar J Bhatt** - Chairman

**CA S T Shah** - Member

**Hasmukhbhai Adhvaryoo** - Member

## Nomination and Remuneration Committee:

**Hasmukhbhai Adhvaryoo** - Chairman

**CA S T Shah** - Member

**Hakubhai J Lalakiya** - Member

## CSR Committee:

**Jayantibhai J Chandra** - Chairman

**Hakubhai J Lalakiya** - Member

**Hasmukhbhai Adhvaryoo** - Member

## Auditors

**Maharishi & Co.,**

Chartered Accountants

## Secretarial Auditors

**MJP Associates**

Practising Company Secretaries

## Cost Auditors

**Ashish Bhavsar & Associates**

Practising Cost Accountants

## Company Secretary and Compliance Officer

**Paras J Viramgama**

## Registered Office & Manufacturing facility at:

Survey No. 86, Plot No. 1 to 4,

National Highway 8-B,

Near Microwave Tower,

Shapar (Veraval),

Dist. Rajkot - 360024, Gujarat, India

Phone: 02827-666000

E-Mail: [investorrelations@atulauto.co.in](mailto:investorrelations@atulauto.co.in)/[info@atulauto.co.in](mailto:info@atulauto.co.in)

Website: [www.atulauto.co.in](http://www.atulauto.co.in)

## Registrars & Share Transfer Agents

**Sharex (Dynamic) India Pvt. Ltd.**

Unit No. 1, Luthra Ind. Premises,

1st Floor, 44-E, M Vasanti Marg,

Safed Pool, Andheri Kurla Road,

Andheri (East), Mumbai – 400 072

Phone: 022-2851 5606, 2851 5644

E-Mail: [info@sharexindia.com](mailto:info@sharexindia.com)/[sharexindia@vsnl.com](mailto:sharexindia@vsnl.com)

Website: [www.sharexindia.com](http://www.sharexindia.com)

## Bankers

**IDBI Bank Ltd.**

## Stock Exchange

**BSE Limited**

Script Code – 531795

## National Stock Exchange of India Limited

**Scrip Symbol – ATULAUTO**

(w.e.f. June 26, 2013)



# Statutory and Financial Section

# Notice of Annual General Meeting

Notice is hereby given that the Twenty Sixth Annual General Meeting (AGM) of the Members of Atul Auto Limited will be held on Tuesday, August 12, 2014 at 11.00 am at registered office of the Company at 8-B National Highway, Near Microwave Tower, Shapar (Veraval), District Rajkot, Gujarat-360024 to transact the following businesses.

## ORDINARY BUSINESS:

1. To receive, consider and adopt the Financial Statements of the Company for the year ended March 31, 2014 including audited Balance Sheet as at March 31, 2014 and the Statement of Profit and Loss for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To declare a final dividend on equity shares for the financial year 2013-14.
3. To appoint a Director in place of Mr. Vijay K Kedia, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To re-appoint auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration and to pass following resolution thereof:

“RESOLVED THAT, pursuant to the provisions of Section 139 of the Companies Act, 2013 and the rules made there under, and pursuant to the recommendations of the Audit Committee of the Board of Directors, M/s. Maharishi & Co., Chartered Accountants (ICAI registration No. 124872W), be and are hereby re-appointed as statutory auditors of the Company, to hold office from the conclusion of this Annual General Meeting to the conclusion of next Annual General Meeting and that the Board of Directors be and are hereby authorized to fix such remuneration as agreed upon between the Auditors and the Board of Directors.”

## SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the rules framed there under read with Schedule IV to the Act, as amended from time to time, Mr. Hakubhai J Lalakiya (DIN 00357726), a non-executive independent director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, with effect from 12th August, 2014 up to 11th August, 2016”

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the rules framed there under read with Schedule IV to the Act, as amended from time to time, Mr. Subodhchandra T Shah (DIN 00317408), a non-executive independent director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, with effect from 12th August, 2014 up to 11th August, 2016”

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the rules framed there under read with Schedule IV to the Act, as amended from

time to time, Mr. Hemant J Bhatt (DIN 02657432), a non-executive independent director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, with effect from 12th August, 2014 up to 11th August, 2016"

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the rules framed there under read with Schedule IV to the Act, as amended from time to time, Mr. Hasmukh H Adhvaryoo (DIN 06456067), a non-executive independent director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, with effect from 12th August, 2014 up to 11th August, 2016"

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 197, 188, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 or any amendments or substitution thereof (including any statutory modification(s) or re-enactment thereof for the time being in force) and the rules framed there under, and in pursuance of recommendation of Remuneration Committee of the Board of Directors of the Company, the consent of the Company be and is hereby accorded to make revision in Remuneration payable to Mr. Jayantibhai J Chandra, Chairman and Managing Director of the Company, as per the details given herein below, with effect from 1st June, 2014:

#### Remuneration

- A. Salary per month: ₹ 8,00,000/- (Indian Rupees Eight lacs only)
- B. He shall be entitled to provident fund, superannuation fund, gratuity, retirement benefits, leave encashment

and any other benefit & facilities as per the Rules of the Company.

#### C. Other Perquisites:

- a. Mr. J J Chandra shall also be provided with Company maintained car with driver, Medical Insurance and Club Membership.
- b. The Company shall reimburse reasonable medical cost incurred by him, his wife and children either directly or through appropriate insurance.
- c. The Company shall make available to him telephone facility at his residence including cell phone to be used for the purposes of the business.

"RESOLVED FURTHER THAT the draft agreement to be entered into by the Company with Mr. J J Chandra, setting out the said remuneration, other terms and conditions of the employment, be and is hereby initialed by the Chairman for the purpose of identification and which is hereby specifically approved

"RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as 'board') be and is hereby authorized to vary and/or modify the terms and conditions of the Agreement that may be entered as set out in the said draft agreement including remuneration payable to Mr. J J Chandra in such manner as may be agreed between the Board and Mr. J J Chandra and within the limits as prescribed in Schedule V to the Companies Act, 2013 including any amendment, modification, variation or re-enactment there of."

"RESOLVED FURTHER THAT in the event of any loss, absence or inadequacy of the profits of the Company in any financial year, during the term of office of Mr. J J Chandra, the above referred remuneration shall be paid to Mr. J J Chandra as minimum remuneration and the same shall be subject to the limits as set out in Section II of Part II of Schedule V to the Companies Act, 2013"

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all things, deeds, acts as may be necessary in this regard."

10. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special resolution:

“RESOLVED THAT pursuant to the provisions of Section 197, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 or any amendments or substitution thereof (including any statutory modification(s) or re-enactment thereof for the time being in force) and the rules framed there under, and in pursuance of recommendation of Remuneration Committee of the Board of Directors of the Company, the consent of the Company be and is hereby accorded to redesignate Mr. Mahendra J Patel, as Whole-time Director & Chief Financial Officer AND to revise remuneration payable to Mr. Mahendra J Patel, as Whole-time Director & CFO of the Company, as per the details given herein below, with effect from 1st June, 2014:

**Remuneration**

- A. Salary per month: ₹ 7,00,000/- (Indian Rupees Seven Lacs Only)
- B. He shall be entitled to provident fund, superannuation fund, gratuity, retirement benefits, leave encashment and any other benefit & facilities as per the Rules of the Company.
- C. Other Perquisites:
  - a. Mr. Mahendra J Patel shall also be provided with Company maintained car with driver, Medical Insurance and Club Membership.
  - b. The Company shall reimburse reasonable medical cost incurred by him, his wife and children either directly or through appropriate insurance.
  - c. The Company shall make available to him telephone facility at his residence including cell phone to be used for the purposes of the business.

“RESOLVED FURTHER THAT the draft agreement to be entered into by the Company with Mr. Mahendra J Patel, setting out the said remuneration, other terms and conditions of the employment, be and is hereby initialed by the Chairman for the purpose of identification and which is hereby specifically approved”

“RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as 'board') be and is hereby authorized to vary and/or modify the terms and conditions of the Agreement that may be entered as set

out in the said draft agreement including remuneration payable to Mr. Mahendra J Patel in such manner as may be agreed between the board and Mr. Mahendra J Patel and within the limits as prescribed in Schedule V to the Companies Act, 2013 including any amendment, modification, variation or re-enactment thereof.”

“RESOLVED FURTHER THAT in the event of any loss, absence or inadequacy of the profits of the Company in any financial year, during the term of office of Mr. Mahendra J Patel, the above referred remuneration shall be paid to Mr. Mahendra J Patel as minimum remuneration and the same shall be subject to the limits as set out in Section II of Part II of Schedule V to the Companies Act, 2013”.

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all things, deeds, acts as may be necessary in this regard.”

- 11. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a special resolution:

“RESOLVED THAT pursuant to the provisions of Section 197, 188 Schedule V and other applicable provisions, if any, of the Companies Act, 2013 or any amendments or substitution thereof (including any statutory modification(s) or re-enactment thereof for the time being in force) and the rules framed there under, and in pursuance of recommendation of Remuneration Committee of the Board of Directors of the Company the consent of the Company be and is hereby accorded to make revision in remuneration payable to Mr. Niraj J Chandra, Whole-time Director of the Company, as per the details given herein below, with effect from 1st June, 2014”:

**Remuneration**

- A. Salary per month: ₹ 3,25,000/- (Indian Rupees Three Lacs Twenty Five Thousands only)
- B. He shall be entitled to provident fund, superannuation fund, gratuity, retirement benefits, leave encashment and any other benefit & facilities as per the Rules of the Company.

C. Other Perquisites:

- a. Mr. Niraj J Chandra shall also be provided with Company maintained car with driver, Medical Insurance and Club Membership.
- b. The Company shall reimburse reasonable medical cost incurred by him, his wife and children either directly or through appropriate insurance.
- c. The Company shall make available to him telephone facility at his residence including cell phone to be used for the purposes of the business.

"RESOLVED FURTHER THAT the draft agreement to be entered into by the Company with Mr. Niraj J Chandra, setting out the said remuneration, other terms and conditions of the employment, be and is hereby initialed by the Chairman for the purpose of identification and which is hereby specifically approved"

"RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as 'board') be and is hereby authorized to vary and/or modify the terms and conditions of the Agreement that may be entered as set out in the said draft agreement including remuneration payable to Mr. Niraj J Chandra in such manner as may be agreed between the board and Mr. Niraj J Chandra and within the limits as prescribed in Schedule V to the Companies Act, 2013 including any amendment, modification, variation or re-enactment thereof."

"RESOLVED FURTHER THAT in the event of any loss, absence or inadequacy of the profits of the Company in any financial year, during the term of office of Mr. Niraj J Chandra, the above referred remuneration shall be paid to Mr. Niraj J Chandra as minimum remuneration and the same shall be subject to the limits as set out in Section II of Part II of Schedule V to the Companies Act, 2013".

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all things, deeds, acts as may be necessary in this regard."

12. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a special resolution:

"RESOLVED THAT in accordance with provisions of Section 61, 64 and all other applicable provisions, if any, of the Companies Act, 2013, and Rules made thereunder (including any amendments thereto or re-enactment thereof) and subject to provisions of the Companies Act, 1956, to the extent applicable, and subject to such approvals, consents, permissions and sanctions, if any, as may be required from any authority, including the BSE Ltd and National Stock Exchange of India Ltd and subject to such conditions as may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall also include any committee thereof), consent of the Members be and is hereby accorded for sub-dividing the equity shares of the Company, including the paid-up shares, such that each existing equity share of the Company of the face value of ₹ 10/- (Rupees Ten) each be sub-divided into two equity shares of the face value of ₹ 5/- (Rupee Five) each and consequently, the Authorized Share Capital of the Company of ₹ 15,00,00,000 (Rupees Fifteen Crores only) would comprise of 3,00,00,000 (Three Crores) equity shares of ₹ 5/- each".

"RESOLVED FURTHER THAT pursuant to the sub-division of the equity shares of the Company, the issued, subscribed and paid up equity shares of face value of ₹ 10/- (Rupees Ten) each, shall stand sub-divided into equity shares of face value of ₹ 5/- (Rupee Five) each, fully paid-up."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to do, perform and execute all such acts, deeds, matters and things as it may consider necessary, expedient, usual or proper to give effect to this resolution including but not limited to fixing of the record date as per the requirement of the Listing Agreement, execution of all necessary documents with the Stock Exchanges and the Depositories, Reserve Bank of India and/or any other relevant statutory authority, if any, cancellation or rectification of the existing physical share certificates in lieu of the old certificates and to settle any question or difficulty that may arise with regard to the subdivision of the equity shares as aforesaid or for any matters connected herewith or incidental hereto."

13. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a special resolution:

“RESOLVED THAT pursuant to the provisions of Sections 4, 13, 61,64 if any, of the Companies Act, 2013, Rules made thereunder (including any amendments thereto or re-enactment thereof) and subject to provisions of the Companies Act, 1956, to the extent applicable, the Memorandum of Association of the Company be and is hereby altered as follows”:

The existing Clause V of the Memorandum of Association of the Company be deleted by substitution in its place and instead the following clause as new Clause V:

- V “The authorized share capital of the Company is ₹ 15,00,00,000/- (Rupees Fifteen Crores only) divided into 3,00,00,000 (Three Crores only) equity shares of ₹ 5/- (Rupees Five only) each, with powers to the Board of Directors to increase or reduce the capital of the Company and/or the nominal value of the shares and to divide the shares in capital for the time being in several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions with or without voting rights, as may be determined by or in accordance with the Articles of Association of the Company or as may be decided by Board of Directors or the Company in General Meeting, as applicable, in conformity with the provisions of the Act and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions and to consolidate or sub-divide the shares and to issue shares of higher or lower denominations in such manner as may for the time being be provided by the Articles of Association of the Company”.

“RESOLVED FURTHER THAT the Board of Directors of the Company or any Committee thereof be and is hereby authorized to do perform and execute all such acts, matters, deeds and things as it may consider necessary, expedient, usual or proper to give effect to this resolution, including but not limited to filing of necessary forms with the Registrar of Companies and to comply with all other requirements in this regard and for any matters connected herewith or incidental hereto.”

## Notes:

- A. The explanatory statement pursuant to Section 102 of the Companies Act, 2013, with respect to the special business set out in Item Nos. 5 to 13 above, is annexed hereto.
- B. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other member.

The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed, stamped and signed not less than 48 hours before the commencement of the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable.

- C. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, August 07, 2014 to Tuesday, August 12, 2014 (both days inclusive).
- D. The dividend as recommended by the Board of Directors if declared at the Annual General Meeting will be paid on or after August 27, 2014 but before September 10, 2014.
- E. Members holding shares in electronic form are hereby informed that the bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the Members holding shares in electronic form for any change in address, change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members.
- F. Members holding shares in physical form are requested to advise any change of address, bank details etc. immediately to the Company's Registrar and Share Transfer Agent (RTA), M/s Sharex Dynamic (India) Private Limited.

- G. Members wishing to claim dividends, which remain unclaimed, are requested to correspond with Company Secretary & Compliance Officer, at the Company's registered office. Members are requested to note that dividends not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 124 of the Companies Act, 2013 (Section 205A of the erstwhile Companies Act, 1956), be transferred to the Investor Education and Protection Fund. Further, the Company shall not be in a position to entertain the claims of Shareholders for the unclaimed dividends after the said transfer.
- H. Electronic copy of the Annual report is being sent to all the members whose email IDs are registered with the Company/ Depository Participants(s) unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual report is being sent in the permitted mode.
- I. To promote green initiative, members are requested to register their e-mail addresses through their Depository Participants for sending the future communications by e-mail. Members holding the shares in physical form may register their e-mail addresses through the RTA, giving reference of their Folio Number. Members may also note that the Annual Report for FY 2013-14 will also be available on the Company's website [www.atulauto.co.in](http://www.atulauto.co.in) for their download.
- J. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 and as per clause 35B of the listing agreement, the Company is providing facility to the members to exercise their right to vote at the 26th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting platform provided by National Securities Depository Limited (NSDL)
- K. The instructions for e-voting with User Id and Password is being sent by electronic mode to all members whose email addresses are registered with the Company / Depository Participant(s) unless a member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies are being sent by the permitted mode.
- L. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9 A.M. to 5 P.M.) on all working days except Saturdays and Sundays, up to and including the date of the Annual General Meeting of the Company.

By order of Board of Directors,  
**For ATUL AUTO LIMITED**

Shapar (Veraval) **(Paras J Viramgama)**  
26th June, 2014 Company Secretary & Compliance Officer

Registered Office:  
8-B National Highway,  
Near Microwave Tower,  
Shapar (Veraval) District Rajkot  
Gujarat, INDIA 360024  
CIN: L54100GJ1986PLC016999  
Phone: 02827-666000 Fax: 02827-666029  
E-Mail: [investorrelations@atulauto.co.in](mailto:investorrelations@atulauto.co.in)  
Web: [www.atulauto.co.in](http://www.atulauto.co.in)

# STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

## Item No: 5, 6, 7 & 8

Mr. Hakubhai J. Lalakiya, Mr. Subodhchandra T Shah, Mr. Hemant J Bhatt and Mr. Hasmukh H Adhvaryoo, are Non-Executive Independent Directors of the Company and have been holding the position for last few years.

In addition to new provisions of the Companies Act, 2013 made applicable w.e.f. April 1, 2014, the Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement inter alia stipulating the conditions for the appointment of independent directors by a listed company.

It is proposed to appoint Mr. Hakubhai J. Lalakiya, Mr. Subodhchandra T Shah, Mr. Hemant J Bhatt and Mr. Hasmukh H Adhvaryoo as Independent Directors under Section 149 of the Act and Clause 49 of the Listing Agreement to hold office for term of 2 (Two) years from 12th August, 2014 to 11th August, 2016.

Mr. Hakubhai J. Lalakiya, Mr. Subodhchandra T Shah, Mr. Hemant J Bhatt and Mr. Hasmukh H Adhvaryoo are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors.

The Company has received notices in writing from members along with the deposit of requisite amount under Section 160 of the Act proposing the candidatures of each of Mr. Hakubhai J. Lalakiya, Mr. Subodhchandra T Shah, Mr. Hemant J Bhatt and Mr. Hasmukh H Adhvaryoo for the office of Directors of the Company.

The Company has also received declarations from Mr. Hakubhai J. Lalakiya, Mr. Subodhchandra T Shah, Mr. Hemant J Bhatt and Mr. Hasmukh H Adhvaryoo that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act as well as under Clause 49 of the Listing Agreement.

After reviewing declarations received from these directors and recommendations of Remuneration Committee for the appointment of directors, the Board is of the opinion that Mr.

Hakubhai J. Lalakiya, Mr. Subodhchandra T Shah, Mr. Hemant J Bhatt and Mr. Hasmukh H Adhvaryoo fulfill the conditions for appointment as Independent Directors as specified in the Act and the Listing Agreement. Mr. Hakubhai J. Lalakiya, Mr. Subodhchandra T Shah, Mr. Hemant J Bhatt and Mr. Hasmukh H Adhvaryoo are independent of the management.

Brief resume of Mr. Hakubhai J. Lalakiya, Mr. Subodhchandra T Shah, Mr. Hemant J Bhatt and Mr. Hasmukh H Adhvaryoo, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships/ chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.

Copies of the draft letters for respective appointments of Mr. Hakubhai J. Lalakiya, Mr. Subodhchandra T Shah, Mr. Hemant J Bhatt and Mr. Hasmukh H Adhvaryoo as Independent Directors setting out the terms and conditions are available for inspection by members at the Registered Office of the Company.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

Mr. Hakubhai J. Lalakiya, Mr. Subodhchandra T Shah, Mr. Hemant J Bhatt and Mr. Hasmukh H Adhvaryoo are interested in the resolutions set out respectively at Item Nos. 4, 5, 6 and 7 of the Notice with regard to their respective appointments. The relatives of Mr. Hakubhai J. Lalakiya, Mr. Subodhchandra T Shah, Mr. Hemant J Bhatt and Mr. Hasmukh H Adhvaryoo may be deemed to be interested in the resolutions set out respectively at Item Nos. 4, 5, 6 and 7 of the Notice, to the extent of their shareholding interest, if any, in the Company. Save and except the above, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in

any way, concerned or interested, financially or otherwise, in these resolutions.

The Board commends the Ordinary Resolutions set out at Item Nos. 5, 6, 7 and 8 of the Notice for approval by the shareholders.

### **Item No: 9**

Mr. J J Chandra is one of the founder promoters of the Company and is associated with the Company since its inception. Mr. J J Chandra has, through his foresight and visionary approach, coupled with sound understanding of the automobile industry, has led the Company to the path of growth.

Considering his experience and expertise, the Audit Committee, the Remuneration Committee, and the Board of Directors of the Company felt that the remuneration package offered to him need to be revised to make it fair, reasonable and also in line with the remuneration package prevailing in the industry. Further, details such as financial performance, export performance of the Company, components of the remuneration package of Directors, are given in Directors' Report as well as Report on Corporate Governance. This may be treated as an abstract of the terms and conditions for increase in remuneration of Mr. J J Chandra as Chairman and Managing Director.

The Audit Committee, the Remuneration Committee and the Board of Directors of the Company at its Meeting held on May 20, 2014 have approved the revision in remuneration payable to Mr. J J Chandra w.e.f. June 1, 2014.

In terms of the provisions of Section 188 of the Companies Act, 2013, the proposed special resolution seeks approval of the Members of the Company for revision in remuneration payable to Mr. J J Chandra w.e.f. June 1, 2014, as is a related party being father of Mr. Niraj J Chandra, Whole-time Director of the Company.

The Board of Directors of the Company recommends the resolution for approval of the Members.

Except Mr J J Chandra being the proposed beneficiary, and Shri N J Chandra, being son of Mr. J J Chandra, no other director of the company, is concerned and/or interested in this Resolution.

### **Item No: 10**

Mr M J Patel, Whole-time Director & CFO of the Company has been associated with the Company since long. Shri M J Patel is pro-actively involved in making production facility as efficient one. Mr. Patel has sharp abilities in financial matters also and the Board of Directors of the Company has redesignated Mr. Patel as Whole-time Director & Chief Financial Officer of the Company w.e.f. June 1, 2014.

Considering his experience and expertise, the Audit Committee, the Remuneration Committee, and the Board of Directors of the Company felt that the remuneration package offered to him need to be revised to make it fair, reasonable and also in line with the remuneration package prevailing in the industry. Further, details such as financial performance, export performance of the Company, components of the remuneration package of Directors, are given in Directors' Report as well as Report on Corporate Governance. This may be treated as an abstract of the terms and conditions for increase in remuneration of Mr M J Patel as Whole-time Director and CFO.

The Audit Committee, the Remuneration Committee and the Board of Directors of the Company at its Meeting held on May 20, 2014 have approved the revision in remuneration payable to Mr. M J Patel w.e.f. June 1, 2014

The Board of Directors of the Company recommends the resolution for approval of the Members.

Except Mr M J Patel, being the proposed beneficiary, no other director of the company, is concerned and/or interested in this Resolution.

### **Item No: 11**

Mr. Niraj J Chandra is on the Board of the Company since March 1, 2012. Mr. Niraj J Chandra is looking after marketing, production and general administration department of the Company. He has experience on marketing strategies. He has studied in Nirma institute of Technical Studies in mechanical engineering.

Considering his experience and expertise, the Audit Committee, Remuneration Committee, and the Board of Directors of the Company felt that the remuneration package offered to him need to be revised to make it fair, reasonable and also in line with the remuneration package prevailing in the industry. Further,

details such as financial performance, export performance of the Company, components of the remuneration package of Directors, are given in Directors' Report as well as Report on Corporate Governance. This may be treated as an abstract of the terms and conditions for increase in remuneration of Mr. Niraj J Chandra as Whole-time Director.

The Audit Committee, the Remuneration Committee and the Board of Directors of the Company at its Meeting held on May 20, 2014 have approved the revision in remuneration payable to Mr. Niraj J Chandra w.e.f. June 1, 2014

In terms of the provisions of Section 188 of the Companies Act, 2013, the proposed special resolution seeks approval of the Members of the Company for revision in remuneration payable to Mr Niraj J Chandra w.e.f. June 1, 2014, as is a related party being son of Mr J J Chandra, Chairman and Managing Director of the Company.

The Board of Directors of the Company recommends the resolution for approval of the Members.

Except Mr Niraj J Chandra being the proposed beneficiary, and Mr. J J Chandra, being father of Mr Niraj J Chandra, no other director of the company, is concerned and/or interested in this Resolution.

### **Item No: 12**

Members are aware that the Company has made sustainable growth since last few years. Further, over a period of time the share price of the Company has shown an improvement reflecting the performance & strong fundamentals of the Company. The sub-division of equity shares has been proposed with a view to broad the investor base by encouraging the participation of the retail investors and also with a view to increase the liquidity of the equity shares of the Company. The Board of Directors at its meeting held on June 26, 2014, recommended sub-division of each equity shares of the Company of face value of ₹ 10/- each to face value of ₹ 5/- each. As per the provisions of the Companies Act, 2013, approval of the Shareholder is required for subdivision of shares.

None of the Directors or Key Managerial Personnel of the Company are in any way interested in the Resolution, except to the extent of their shareholding and the shareholding of their relatives in the Company.

Your Directors recommend the above Resolution for your approval as a Special Resolution.

### **Item No: 13**

The existing Clause V of Memorandum of Association specifies the present Authorized Share Capital of your Company. In view of sub-division in the par value of the equity shares from ₹ 10/- each to ₹ 5/-, the present Clause V of the Memorandum of Association needs to reflect both the increase in Authorized Share Capital and sub-division of the equity shares.

A copy of the existing Memorandum and Articles of Association as well as the form of the amended Memorandum and Articles of Association of the Company is available for inspection by members at the Registered Office of the Company during working hours on any working day. As per the provisions of the Companies Act, 2013, approval of the Shareholder is required for amending the Authorized Share Capital. Consequent to change in the Authorized Share Capital, Clause V related to the Capital Clause in the Memorandum will also change as stated in Resolution.

None of the Directors of the Company are in any way interested in the Resolution, except to the extent of their shareholding and the shareholding of their relatives in the Company.

Your Directors recommend the above Resolution for your approval as a Special Resolution.

# Directors' Report

Dear Members,

Your directors are pleased to present 26th Annual report and Audited Financial statements of the company for the financial year ended March 31, 2014.

## 1. Financial Results

Company's financial performance for the year ended March 31, 2014 is summarized below-

₹ In Lacs

Particulars	31-03-2014	31-03-2013
a Revenue from Operations	43,013	36,384
b Cost of materials consumed	33,039	28,349
c Changes in inventories of finished goods work-in-progress	126	74
d Employee benefits expense	2,736	2,101
e Other expenses		
- Manufacturing Expense	534	328
- Selling and distribution Expense	1,569	1,087
- General Admin Expense	470	435
<b>f Operating Profit before interest, depreciation, taxes and amortization (PBIDTA)</b>	<b>4,538</b>	<b>4,008</b>
g Finance costs	35	40
h Depreciation and amortization expense	521	444
<b>i Operating Profit Before Tax</b>	<b>3,982</b>	<b>3,524</b>
j Other Income	292	198
<b>k Net Profit before tax and exceptional item</b>	<b>4,275</b>	<b>3,722</b>
l Provision for Taxation	1,295	1,130
<b>m Net Profit after tax and before exceptional item</b>	<b>2,979</b>	<b>2,592</b>
<b>n Net Profit after tax and exceptional item</b>	<b>2,979</b>	<b>2,592</b>
o Profit and loss account balance brought forward	5,259	3,696
p Less Appropriation		
Interim Dividend	439	-
Proposed Dividend	384	658
Tax on Dividend (Interim & Proposed)	140	112
Amount transfer to general reserve	298	259
q Balance in Profit and loss account	6,977	5,259
r Earnings per share		
Basic & Diluted -	27	24

## 2. Dividend

Following the practice of the company to distribute 25 % of distributable profits to the shareholders and based on the company's performance, the directors are pleased to recommend a final dividend of ₹ 3.5 per share. Interim dividend declared by the company was ₹ 4 per share for the financial year 2013-14. During the year ended

31st March, 2014 the amount of per share dividend recognized as distributed to equity shareholders is ₹ 7.5 (previous year ₹ 6 per share) on the capital of 1,09,71,600 equity shares of ₹ 10 each. The total cash outflow because of dividend is ₹ 963 lacs, as against ₹ 770 lacs in the previous year. The dividend for the year includes ₹ 140 lacs Dividend Distribution Tax, as compared to last year of ₹ 112 lacs. The Dividend payout is

subject to approval of members at the ensuing annual general meeting.

The dividend will be paid to the members whose name appear in the register of members as on closing of working hours on 06th August, 2014, in respect of shares held in dematerialized form, it will be paid to the members whose name are furnished by NSDL, CDSL & Registrar and Share Transfer Agent, M/s Sharex Dynamic (India) Private Ltd., as beneficial owners on that date.

### **3. Transfer to reserve**

The company Proposed to transfer ₹ 298 lacs (₹ 259 lacs) to the general reserve out of the amount available for appropriation of ₹ 2,979 lacs (₹ 2,592 Lacs).

### **4. Business and capitalization**

Company has sold 37,557 vehicles compared to 32,040 vehicles in previous years and operation income of the company rose from ₹ 36,384 lacs to 43,013 lacs registering growth of 17.22 % and 18.22 % respectively.

Company incurred a capital expenditure of ₹ 1,057 lacs (₹ 960 lacs) funded out of internal accruals.

### **5. Liquidity**

The company does not have borrowings at the end of the financial year. We clearly understand that the liquidity in the Balance sheet has to balance between earning adequate returns and the need to cover financial and business risk. Liquidity also enables us to make a rapid shift in direction, should the market so demand. Internal cash flow for the year adequately covered working capital requirements, capital expenditure and dividend payments. At the end of the year, company had liquid assets of ₹ 8,508 lacs (₹ 6,986 lacs). Out of these liquid assets, company invested ₹ 1,811 lacs in mutual fund to earn dividend.

### **6. Share Capital**

During the year under Report, authorized share capital of the Company is ₹ 1,500 lacs divided into 150 lacs equity shares of ₹ 10/- each.

### **7. Listing of securities of the company on National Stock Exchange of India Ltd**

Equity shares of the company have been listed on National Stock Exchange of India Ltd, w.e.f. 26th June 2013. This will be an additional listing of shares apart from listing on BSE.

### **8. Credit rating**

The Company continues to have the credit ratings of A- from CRISIL (S&P subsidiary) for bank Loan. Stable credit rating reflects the Company's financial discipline and prudence.

### **9. Management's Discussion and Analysis Report**

Management's Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, is presented in a separate section forming part of the Annual Report.

As per clause, 49 of the Listing Agreements entered into with the stock exchange, Corporate governance Report and Auditors' Certificate thereon are attached and form part of this Report.

### **10. Conservation of energy, research and development, technology absorption, foreign exchange earnings and outgo**

The particulars as prescribed under sub-section (1)(e) of section 217 of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988, are provided in the Annexure to this Report.

### **11. Particulars of Employees**

In terms of the provisions of the section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of employees) Rule, 1975 as amended, the names and other particulars of the employees are set out in the annexure to the Directors' Report. Having regard to the provisions of section 219(1) (b) (IV) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the registered office of the Company.

## 12. Directors' responsibility statement as required under Section 217 (2AA) of the Companies Act, 1956

Pursuant to the requirement of Section 217(2AA) of the Act, and based on the representations received from the operating management, the Directors hereby confirm that:

- (i) In the preparation of the annual accounts for the financial year 2013-14, the applicable accounting standards have been followed and there are no material departures;
- (ii) They have selected such accounting policies and applied them consistency and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for the financial year;
- (iii) They have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Act. They confirm that there are adequate systems and controls for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) They have prepared annual accounts on a going concern basis.

## 13. Directors

Pursuant to Section 149 of the Companies Act, 2013, the Board at its meeting held on May 20, 2014 recommended appointment of Mr. Hakubhai J. Lalakiya, Mr. Subodhchandra T Shah, Mr. Hemant J Bhatt and Mr. Hasmukh H Adhvaryoo as Independent Directors of the Company, not liable to retire by rotation for a period of two years from the date of 26th Annual General Meeting subject to approval of the Members of the Company.

In terms of the Articles of Association of the Company, Mr. Vijay K Kedia, Director, retire at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchanges.

## 14. Auditors

M/s Maharishi & Co., Chartered Accountants, who are the statutory auditors of the company, hold office, in accordance with the provisions of the Act till the conclusion of the forthcoming annual general meeting and are eligible for reappointment. M/s Maharishi & Co., Chartered Accountants, has sought the re-appointment and has confirmed that their re-appointment if made shall be within the limits of section 224(1) (B) of the companies Act, 1956. The audit committee and the board of directors recommended the re-appointment of M/s Maharishi & Co., Chartered Accountants, as the Auditors of the company for the fiscal year ending on March 31, 2015.

## 15. Cost Auditors

The Company has appointed M/s Ashish Bhavsar & Associates for conducting the cost audit for financial year 2013-14.

## 16. Awards and Recognition

ET Now honoured Atul Auto Limited with "IndiaMart - Leaders of Tomorrow Award 2013" in West Zone. This award was presented to the Company at the auspicious awards ceremony held on the evening of December 04, 2013 at Mumbai.

## 17. Acknowledgments

The directors thank the company's customers, vendors, investors and bankers for their continued support during the year. It is unflinching support and hard work put in by employees which made the growth of the company possible. The directors' put sincere appreciation on record for employees. Company's consistent growth was made possible by their hard work, solidarity, cooperation and support. The directors also thank the government and Semi Government agencies of Government of India and state governments and approving agency Automotive Research Association of India (ARAI) for their support, and look forward to their continued support in the future.

**For and on behalf of the Board**

**CHANDRA J. J.**

May 20, 2014

Chairman & Managing Director

## ANNEXURE TO THE DIRECTORS' REPORT

Particular pursuant to Companies (Disclosure of particular in the report of the Board of Directors) Rules, 1988

### a. Conservation of Energy

The operations of the Company, being Automobiles related, require normal consumption of electricity. The Company is taking every necessary step to reduce the consumption of energy. Your Company is not an industry as listed in Schedule to Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rule, 1988. Hence, details in Form-A is not required.

### b. Research and Development (R&D)

The company has R & D center at Pune. The center is aiming at regular up-gradation of vehicles produced by the company through absorption of latest technology coupled with strategic engineering skill. Company has incurred following expenditure on R&D

₹ in Lacs

	2014	2013
Revenue expenditure	9.15	8.01
Capital expenditure	Nil	Nil
<b>TOTAL</b>	<b>9.15</b>	<b>8.01</b>

### c. Future Plan of Action

In the future, we will continue following more innovative, environment-friendly and practical automobile vehicles considering changes in market trends.

### d. Foreign Exchange Earnings and Outgo

Activity relating to exports, initiatives taken to increase exports, development of new export plans. During the year, 1.85% of our revenues were derived from exports. Company is in process of establishing direct marketing network around the prospective geographies. Foreign exchange earnings and outgoes are as under:-

₹ in Lacs

	2014	2013
Earning	734	338
Expenditure	49	28
Net foreign exchange Earning (NFE)	685	310
NFE/Earning (%)	93.37	91.7

**For and on behalf of the Board**

May 20, 2014

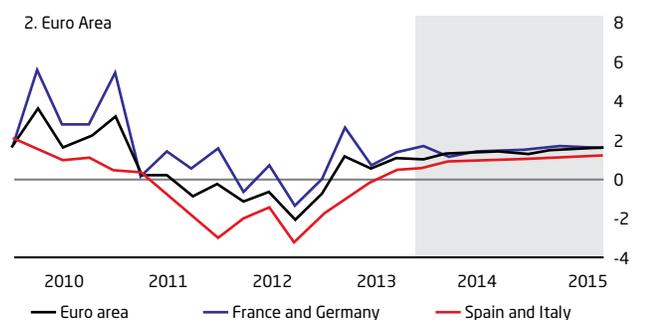
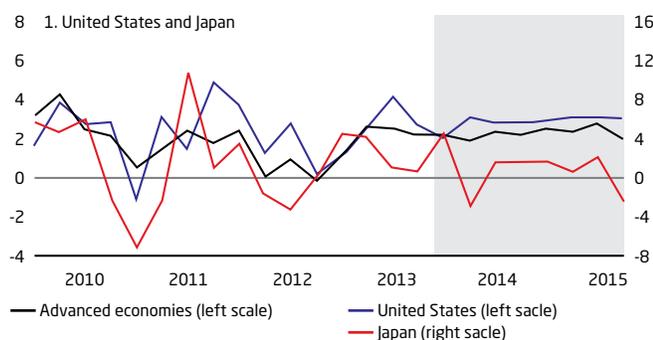
**CHANDRA J. J.**  
Chairman & Managing Director

# Management Discussion and Analysis

## Economic Overview

The year 2013 was another year when growth was difficult to come by in all the major economic regions. According to the International Monetary Fund's World Economic Outlook published in April 2014, world output for 2013 grew at 3.0 per cent compared to 3.2 per cent in 2012, marred by underperformance in both developed as well as emerging economies. There was a marked improvement in the latter six months of the year which saw a pick-up in growth amongst driven largely by the developed countries

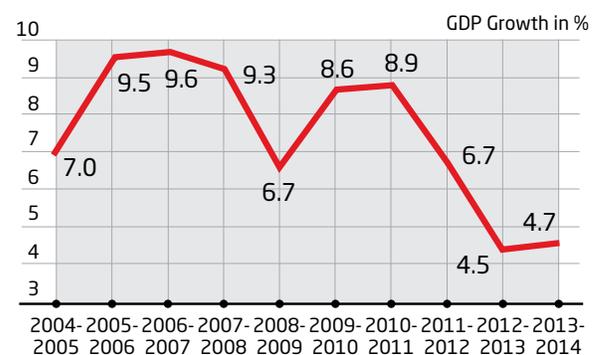
The world's largest economy, The USA, could not manage to keep up with the momentum of growth it achieved in 2012. In the year 2013, the U.S. grew at a meagre 1.9 per cent compared to 2.8 per cent in 2012, mainly due to policy gridlocks. There was some positivity in the euro zone as it finally emerged from protracted recession. The output in euro zone was 0.5 per cent in 2013 compared to 0.7 per cent in the previous year.



In the emerging economies of Asia, both China and India continued to face new headwinds. China seemed to have back-stopped fall in output as it eventually managed to grow at 7.7 per cent in 2013, maintaining the 7.7 per cent growth it achieved in 2012. Even though this appears low, it is still a significantly robust growth rate when compared to growth in other developed economies.

In India, 2013 was the second consecutive year of a sub-five per cent growth for the economy. For the fiscal year 2013-14, GDP growth was 4.7 per cent, only marginally better than the 4.5 per cent in the previous fiscal year. As in case of other major economies, the Indian economy too showed a remarkable pick-up in growth in the second half of the year. The key factors that weighed down growth were sustained inflation and a weakening local currency. The central bank could not reduce interest rates to keep inflation under check, which made cost of capital and interest high throughout the year. On the other hand, the alarming fiscal deficit resulted in the Indian rupee plunging to its lowest of 68.85 against the US Dollar in the month of August. Most industries, particularly real-estate, infrastructure and automobiles witnessed slowdown due to low consumer confidence that affected sales, as well as high input costs that pressurised margins.

However, there was a positive development in the month of April 2014, when India overtook Japan as the world's third largest economy in terms of PPP, as per report by the World Bank.



## Industry Overview

An underdeveloped infrastructure and transportation system coupled with inadequate facilities supply of public transportation and , rapid and improving road infrastructure has been contributing to the growth of three wheelers in these countries where Asia-Pacific, accounted for 65%, in volume terms, of the global three-wheeler market in 2013.

The Indian automobile industry has been growing at a remarkable rate over the years, contributing approximately 7 per cent to the country's GDP and employing about 19 million people (KPMG). However in recent years, it has been going through challenging times with both production and domestic sales declining due to weakening economic sentiments caused by the slowing economy, volatile fuel prices and expensive loans.

India is one of the largest manufacturers of three-wheelers in the world with an estimated production of 850,000 units annually. Of these, almost 500,000 units are sold in the domestic market, with exports comprising the balance 350,000 units. Three-wheelers play an important part in transporting both passengers as well as goods, providing a cost-effective alternative for last mile connectivity in both urban cities as well as rural towns of the country. With easier permits available for CNG/LPG vehicles, three-wheelers are proving emerging as a popular alternative for both personal and mass transportation needs.

According to latest data released by Society of Indian Automobile Manufacturers (SIAM), domestic three-wheeler sales in India fell by approximately 11 per cent over for the fiscal year 2013-14 compared to the 2012-13. Segment-wise, Passenger Carrier vehicles bore the major brunt of the slowdown, with sales falling to 384, 923 units for 2013-14 compared to 441, 124 units in the previous year, a 12.74 per cent decrease. The Goods Carrier segment did comparatively well, with sales falling from 97,166 units in 2012-13 to 94,711 units in 2013-14, a marginal decrease of 2.53 per cent. Key factors that weighed down sales were high interest rates, inflation and fuel prices. The overall economic slowdown also adversely affected consumer confidence and demand.

Category	Domestic Sales		
	April-March		
	2012-13	2013-14	% Change
<b>THREE WHEELERS</b>			
Passenger Carrier	441,124	384,923	-12.74
Goods Carrier	97,166	94,711	-2.53
<b>TOTAL THREE WHEELERS</b>	<b>538,290</b>	<b>479,634</b>	<b>-10.90</b>

(Source : SIAM)

## About Atul Auto Limited

Atul Auto Limited (AAL) is one of the fastest growing players in the Indian three-wheeler industry. It is also a relatively young player, with humble beginnings in 1992 at Shapar, in the Rajkot district of Gujarat. In a short span of just two decades, the Company has transformed itself into a strong three-wheeler player with a product portfolio comprising of 45 models catering to both passenger and goods carrier segments with variants available to suit every need of customers. The key brands of the Company are Shakti, Smart, Gem and Gemini.

The Company has one a state-of-art manufacturing plant at Shapar with a recently expanded capacity of 48,000 units per year. The plant consists integrated manufacturing facilities like assembly, end-of-line testing, machining of components and fabrication of chassis are done at the plant.

Operational and Financial Performance for the year

The year 2013-14 was another year when Atul Auto Limited continued RISING WITH EVERY CHALLENGE. The Company has an enviable track-record of strong performance for the last 5 years, with year-on-year increase in both top-line and bottom-line.

The Company has focussed on improving productivity and increasing operational efficiency at its plant, with a remarkable expansion of capacity from 36,000 units in 2012-13 to 48,000 units in 2013-14. This increase in capacity was achieved through local level innovations and process re-engineering, and did not involve any major capital expenditure.

In spite of a challenging economy as well as difficult operational environment, the Company continued its trajectory of growth. For the year 2013-14, production increased to 37,447 units compared to 32,013 units in the previous year. Sales for the year increased to 37, 557 units as against 32,040 units in the previous year, an increase of 17.2 per cent.

In line with an excellent operational performance, the financial performance of the Company was also outstanding :

- Total Turnover increased to ₹ 4,292.6 million compared to ₹ 3,628.6 million in the previous year, an increase of 18.3 per cent.
- EBIDTA for the year increased to ₹ 483.1 million against ₹ 420.6 million in the previous year
- PAT for the year was ₹ 298.0 million compared to ₹ 259.2 million in the previous year
- EPS for the year was ₹ 27.16 per share compared to ₹ 23.62 per share in the previous year.

### Dividend :

The Company had declared an interim dividend of ₹ 4 per share in the month of Oct 2013. In addition to the interim dividend, a final dividend of ₹ 3.5 per share has been recommended.

### New Product Launch :

The Company launched new product named Atul Gemini Dz in the 350 kg. pay load Capacity powered by diesel engine in the month of May 2013. With this launch Atul Auto will be able to address all together a new segment in the 3 Wheeler industry. As proved in the past any new product launched by Atul Auto has always attained a grand success.

### Awards & Recognition:

ET Now honoured Atul Auto Limited with "IndiaMart - Leaders of Tomorrow Award 2013" in West Zone. This award was presented to the Company at the auspicious awards ceremony held on the evening of December 04, 2013 at Mumbai.

### Outlook

The outlook for the Indian automobile sector is positive. The sector is expected to resurge in 2014 on the back of revival in demand both from consumers as well as industry. Driven by a renewed confidence in the economy and a general improvement in liquidity and sentiments, demand is expected to rise as early as in the first quarter

of FY 2014. The industry estimates demand to pick up to 5 per cent in the year 2014-15 and return to double digit demand in the year 2015-16. The industry is further hopeful that the new government will favourably consider reduction of excise duty, which would result in unlocking middle-class demand.

### Risk and Concerns

This section contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these statements as a result of certain factors. The following lists our outlook, risks and concerns:

- Our revenues and expenses are difficult to predict and can vary significantly from period to period, which could cause our share price to decline. We may not be able to sustain our previous profit margins or levels of profitability.
- The economic environment, pricing pressure could negatively affect our revenues and operating results.
- Any inability to manage our growth could disrupt our business and reduce our profitability.
- We may face difficulties in procuring raw material at competitive prices because of our size compared to competitors and therefore may have bore the brunt of fluctuating commodity prices .
- Our success depends in large part on our management team and key personnel and our ability to attract and retain them.
- Compliance with new and changing corporate governance and public disclosure requirements adds uncertainty to our compliance policies and increases our costs of compliance.
- We may engage in acquisitions, strategic investments, strategic partnerships or alliances or other ventures that may or may not be successful.
- We may be the subject to litigation which, if adversely determined, could harm our business and operating results.

Wage pressures and the hiring of employees may prevent us from sustaining our competitive advantage and may reduce our profit margins.

### **Internal Systems and their Adequacy**

The Company has adequate and appropriate internal systems in place commensurate with its size and the industry. All processes and procedures are well-defined and well-documented in Standard Operating Processes (SOP). The Company strictly adheres to all rules, laws, statutes and conventions of the land. All transactions are properly and systematically recorded as per proper accounting principles and guidelines. Expenses are strictly monitored as per budgetary limits and any deviance is immediately flagged off and addressed.

### **Development in Human Resources**

The Company believes that its people are its most valuable resources, and ensures it provides an excellent working environment for them to deliver to their best potential. The Company encourages its employees to upgrade their skills through both internal and external workshops and trainings. All employees of the Company follow a strict Code of Conduct based on deep-rooted values like integrity, commitment and excellence. The Company believes in providing equal opportunity to everyone and the work-culture is based on merit and performance.

During the year, there were no disputes with the employees and the Company continues to enjoy cordial relationships. The total number of employees of the Company as on 31st March 2014 was 955.

### **Cautionary Statement**

This report contains statements that contain “forward looking statements” including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to Company’s future business developments and economic performance. While these forward looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from our expectations. These factors include, but are

not limited to, general market, macroeconomic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance. Company undertakes no obligation to publicly revise any forward looking statements to reflect future / likely events or circumstances.

# Report on Corporate Governance

## 1. Corporate Governance philosophy

Company firmly takes Corporate Governance as a culture under which an organization is nurtured and flourishes by using its core values and the means by which it fulfills the public trust and confidence. It is not just a compliance with laws, instead it is important business investment which is not only necessary to preserve your Company's reputation but also crucial for obtaining and retaining the business.

We believe that Corporate Governance rests upon the four pillars of transparency, disclosure, monitoring and fairness to all.

The Company has always strived to promote Good Governance practices which ensure that:

- A competent management team at the helm of affairs and employees have a stable environment and
- Board is strong enough with good combination of Executive and Non-Executive Directors, including Independent Directors, who represent the interest of all stakeholders;

Your Company is committed to benchmark itself with the best standards of Corporate Governance, not only in form but also in spirit. The Corporate Governance guideline is in compliance with the requirements of clause 49 of the Listing Agreements with the stock exchanges.

## 2. Board of Directors

Company believes that an active, well-informed and independent Board is necessary to ensure highest standards of Corporate Governance. A quality Board, being at the core of its Corporate Governance Practice, plays the most pivotal role in overseeing how the management serves and protects the long-term interests of all our stakeholders.

### a) Selection of the board:

The Board periodically evaluates the need for change in its composition and size and selects members to fill Board vacancies and nominating candidates for election

by the Shareholders at the Annual General Meeting. The Board has constituted a Remuneration Committee (Reconstituted as Nomination & Remuneration Committee w.e.f. May 20, 2014) with a scope to select, recommend, appoint Non-Executive including Independent Directors.

In FY 2013-14, there was no change in the Board of Directors of the Company.

### b) Composition of the board:

Company's Board consists of an optimal combination of Executive Directors and Independent Directors representing a judicious mix of professionalism, knowledge and experience. As on March 31, 2014 the Company's Board comprised of eight Directors, of which three are Executive Directors, four are Independent Directors and one is a Non-executive non-independent Director. The Chairman of the Board is an executive Promoter director. Half of its Board members are Independent Directors.

Table 1 Composition of Board of Directors

Sr No	Name	Category	Age
1	J J Chandra	Executive (Chairman and Managing Director)	57
2	M J Patel	Executive (Whole-time Director & CFO)	50
3	Niraj J Chandra	Executive (Whole-time Director)	34
4	Vijay K Kedia	Non-Executive Non-Independent Director	55
5	Hakubhai Lalakiya	Independent Director	59
6	Hasmukhbhai Adhvaryoo	Independent Director	73
7	Hemantkumar Bhatt	Independent Director	58
8	S T Shah	Independent Director	77

c) Monitoring of external commitments of Whole-time directors:

The Company monitors the external commitments of Whole-time Directors with respect to acceptance of Board or Advisory positions in external organizations and any strategic external investment made by them in their personal capacity, which would require their time involvement or result in conflict of interest. The Whole-time Directors require prior approval of the Board before accepting any external Board/advisory position as well as to make strategic investment beyond a specified limit. It is aimed to define the maximum time the Whole-time Directors can devote to external engagements, maximum limit for strategic investments etc.

d) Board meetings

1. Information supplied to the board:

The Board has complete access to all the information of the Company. Information stipulated under Clause 49 of the Listing Agreement is regularly provided to the Board as part of Agenda papers well in advance of the Board meetings or are tabled with the permission of the Chair in the course of the Board meeting. There is a structured manner in which agenda items are created and materials are distributed for Board meetings.

2. selection of agenda items for board Meetings:

The Company Secretary prepares the Agenda of the Board meetings on the basis of suggestions from the Board of Directors. Each Board member is free to suggest the inclusion of item(s) to the agenda. The Board believes that certain continuing oversight responsibilities should have priority on the agenda, taking into account the overall focus of preserving and increasing stakeholders' value. This includes review of Company strategy and performance, budget, strategic investments, ethical business practices and legal compliance, accounting and financial controls, financial structure, preservation of assets, and Board effectiveness.

3. board Materials distributed in advance:

Information and data that is important to the Board's understanding of matters on the Agenda is distributed in writing or electronically to the Board prior to the

Board meetings in order to permit adequate review. The Board acknowledges that sensitive subject matters may be discussed at the Board meeting without written materials being distributed in advance or at the meeting. The members of the Board always have complete liberty to express their opinion and decisions are taken on the basis of consensus arrived at after detailed discussions. They are also free to bring up any matter for discussion at the Board Meetings.

The Board also periodically reviews internal control and compliance with laws applicable to the Company, as well as steps taken by the Company to rectify instances of non-compliances. In addition to the above, the minutes of the Board meetings of Company's significant issues concerning technologies are also placed before the Board for information.

4. Scheduling of Board meetings

The Board meets at least once in every quarter to discuss and review the quarterly results and other items of agenda including the information required to be placed before the Board as required under Annexure 1A of Clause 49 of the Listing Agreement. A minimum of four Board meetings are held every year. These are scheduled in advance for the entire year. Additional Board meetings are convened, whenever required, by giving appropriate Notice. For any business exigencies or urgent matters, a proposal is circulated to all Board members requesting them to pass Resolutions by Circulation. The Board has an effective post meeting follow-up procedure. Items arising out of previous Board meeting and their follow up action taken report is placed at the immediately succeeding meeting for information of the Board.

5. Recording of Minutes of proceedings at board Meeting:

The Company Secretary records the minutes of the proceedings of each Board Meeting. Draft minutes are circulated to all Board Members for their comments. The finalized minutes of proceedings of a meeting are entered in the Minutes book within 30 days from the conclusion of that meeting.

6. Meeting of the Board

During the year Board of Directors met five times during the year on May 18, 2013, August 8, 2013, September 30, 2013, October 30, 2013 and January 29, 2014.

The maximum gap between any two meetings was less than 4 months. The details of Director's attendance for Board meetings and Annual General Meeting held during the year 2013-14 and their Chairmanship/ Membership of Board Committees of other companies are given in table 2 below:-

Name	Category	No. of meetings held	Attendance		No. of Directorship	No. of Committees and position held in companies	
			Board Meeting	Last AGM		Member	Chairman
J J Chandra	Executive (Chairman and Managing Director)	5	5	NO	0	0	0
M J Patel	Executive (Whole-time Director & CFO)	5	5	NO	0	0	0
Niraj J Chandra	Executive (Whole-time Director)	5	5	NO	0	0	0
Vijay K Kedia	Non-Executive Non-Independent Director	5	3	NO	1	0	0
Hakubhai Lalakiya	Independent Director	5	5	YES	0	0	0
Hasmukhbhai Adhvaryoo	Independent Director	5	5	YES	0	0	0
Hemantkumar Bhatt	Independent Director	5	3	NO	0	0	0
S T Shah	Independent Director	5	4	NO	0	0	0

Other directorships do not include alternate directorships, directorships of private limited companies, Section 25 companies and of companies incorporated outside India. Chairmanships/ Memberships of Board Committees include only Audit and Shareholders/ Investors Grievance Committees of other public limited companies.

Due to sudden demise of father of Mr. M J Patel, Whole-time Director & CFO of the Company on morning on the day of 25th Annual General Meeting, none of the executive directors could manage to present at the Meeting.

- e) Selection and Appointment of New Directors on the Board  
Considering the requirements of the skill-sets on the Board and the broad guidelines set by the Company, eminent persons having an independent standing in their respective field/profession and who can effectively contribute to the Company's business and policy decisions are considered by Nomination and Remuneration

Committee for appointment of new Directors on the Board. The number of directorships and memberships in various committees of the companies by such persons is also considered.

- f) Terms of The board membership  
As per the provisions of the Companies Act, 1956, one third of the Board Members (other than Executive Director) retire every year. Executive Directors have been appointed for a period of Three to Five year terms, but they are also liable to retire by rotation. The Board on the recommendations of the Nomination and Remuneration Committee considers the appointment/re-appointment of Executive and Non-Executive Directors.
- g) Training of Directors  
The Non-Executive Board members of ATUL AUTO are eminent personalities having wide experience in the field of Business, Finance, Education, Industry, Commerce and Administration. Their presence on the Board has been advantageous and fruitful in taking business decisions.

The new Directors are appointed as per the policy set by Nomination and Remuneration Committee. The Directors appointed by the Board are given induction and orientation with respect to the Company's vision, strategic direction, core values, including ethics, corporate governance practices, financial matters and business operations by having one-to-one meetings. The new Board members are also requested to access the necessary documents/ brochures, Annual reports and internal policies to enable them to familiarize with the Company's procedures and practices.

Periodic presentations are made by Senior Management, Statutory and Internal Auditors at the Board/Committee meetings on business and performance updates of the Company, global business environment, business risks and its mitigation strategy, impact of regulatory changes on strategy etc. Updates on relevant statutory changes encompassing important laws are regularly intimated to the Directors.

- h) Mechanism for evaluating Non-Executive Board Members  
The Nomination and Remuneration Committee evaluates the performance of Non-Executive Directors and recommends revision in sitting fees on their commitment towards attending the meetings of the Board/Committees, contribution and attention to the affairs of the Company and their overall performance.
- i) Key Board activities during the year  
The Board provides and critically evaluates strategic direction of the Company, management policies and their effectiveness. Their main function is to ensure that long-term interests of the stakeholders are being served. The agenda for Board reviews / include strategic review from each of the Board Committees, a detailed analysis and review of annual strategic and operation plans and capital allocation and budgets. In addition, the Board reviews the business plans frequently. Frequent and detailed interaction sets the agenda and provides the strategic roadmap for future growth of the Company.
- j) Committees of the board  
To enable better and more focused attention on the affairs of the Company, the board delegates particular matters to committees of the directors set up for the purpose.

These specialist committees prepare the groundwork for decision making and report at the subsequent board meeting.

The board is assisted by various committees - Audit Committee, the Remuneration Committee and Shareholders' Grievance Committee - Members of all the Committees including Chairperson are Independent Directors of the Company.

## A. Audit Committee

- i. qualified and Independent Audit Committee

The Company complies with Section 292A of the Companies Act, 1956 as well as requirements under the listing agreement pertaining to the Audit Committee. Its functioning is as under:

- a) The Audit Committee presently consists of three members including chairman, all are Independent Directors.
- b) All members of the Committee are financially literate and having the requisite financial management expertise.
- c) The Chairman of the Audit Committee is also an Independent Director.
- d) The Chairman of the Audit Committee could not be present at the last Annual General Meeting held on July 16, 2013. Mr. Hakubhai J Lalakiya, Member of the Audit Committee had answered the questions and queries on behalf of Chairman of Audit Committee.

- ii. Role, power and terms of Audit Committee

The Committee has adopted a Charter which meets the requirements of clause 49 regarding role, power and terms of the Committee.

- iii. Composition of Committee and attendance

During the year, four Audit Committee meetings were held on May 18, 2013, August 8, 2013, October 28, 2013 and January 29, 2014.

The composition of the Audit Committee and number of meetings attended by the Members during the year are given below:

Name	Position held	No. of Meetings held	No. of Meetings attended
S T Shah	Chairman	4	3
Hemantkumar Bhatt	Member	4	3
Hakubhai Lalakiya	Member	4	4

The Committee meetings are attended by invitation by Mr. J V Adhia, Vice-President (Finance), Mr. Prashant Maharishi, representative of Statutory Auditors. The Company Secretary acts as the Secretary of the Audit Committee. Statutory auditors of the Company submit their audit findings along with their views directly to the Audit Committee.

## B. Remuneration Committee

The Remuneration Committee comprises of Mr. Hasmukhbhai Adhvaryoo as the Chairperson of the Committee and Mr. S T Shah, Mr. Hakubhai Lalakiya as Members of the Committee.

Remuneration Committee was reconstituted to Nomination and Remuneration Committee w.e.f. May 20, 2014 with terms of references as per the provisions of the Companies Act, 2013.

Mr. Hasmukhbhai Adhvaryoo is an expert in field of Human Resources Management. Mr. S T Shah is a Chartered Accountant by qualification and having vast experience in field of finance, taxation, management consultancy and audit. Mr. Hakubhai Lalakiya is a learned advocate having wide experience of law.

The purpose of the committee of the Board of director ('the Board') shall be to discharge the Board's responsibilities relating to compensation of Executive Directors and Senior Management Personnel of the Company. The committee has the overall responsibility of approving and evaluating the compensation plan, policies and programs for Executive Directors and Senior Management Personnel of the Company. The committee shall annually consider and approve for Executive Directors and Senior Management Personnel (a) the annual base salary; (b) the annual incentive bonus, including the specific goals and amount; (c) equity compensation; (d) employment

agreement, severance arrangements, and change in control agreements / provision and (e) any other benefits, compensation or arrangements.

The committee in consultation with Managing Director, shall review the performance of the executive director each quarter or at such interval as may be necessary, on the basis of the detailed performance parameters set for each of Executive Directors at the beginning of the year. The remuneration committee may, from time-to-time, also evaluate the usefulness of such performance parameters, and make necessary amendments.

During the year, four meetings of Remuneration Committee were held on May 18, 2013, August 8, 2013, October 28, 2013 and January 29, 2014.

The composition of Remuneration Committee and number of meetings attended by the Members during the year are given below:

Name	Position held	No. of Meetings held	No. of Meetings attended
Hasmukhbhai Adhvaryoo	Chairman	4	4
S T Shah	Member	4	3
Hakubhai Lalakiya	Member	4	4

## C. Shareholders Grievance Committee

The Shareholders Grievance Committee comprises of Mr. Hemantkumar Bhatt as the Chairperson of the Committee and Mr. S T Shah, Mr. Hasmukhbhai Adhvaryoo as Members of the Committee.

Shareholders Grievance Committee was reconstituted to Stakeholders Relationship Committee w.e.f. May 20, 2014 with terms of reference as per provisions of the Companies Act, 2013.

During the year, four meetings of Remuneration Committee were held on May 18, 2013, August 8, 2013, October 28, 2013 and January 29, 2014.

The composition of Shareholders Grievance Committee and number of meetings attended by the Members during the year are given below:

Name	Position held	No. of Meetings held	No. of Meetings attended
Hemantkumar Bhatt	Chairman	4	3
S T Shah	Member	4	3
Hasmukhbhai Adhvaryoo	Member	4	4

The Committee expresses satisfaction with the Company's performance in dealing with investor grievances and its share transfer system. The committee has the mandate to review and redress shareholder grievance.

The details of complaints resolved during the financial year ended March 31, 2014 are as follows:

Received	Resolved	Closing
6	6	0

### 3. Corporate Social Responsibility (CSR)

Corporate Social Responsibility forms an integral part of the Company's business activities. Societal wellbeing and benefit enjoys a strategic and operational level focus as a key measurement index in the Balance Score Card (BSC) at all levels. Company has formed Corporate Social Responsibility Committee as per requirement of Section 135 of the Companies Act, 2013. Mr. JJ Chandra, Chairman and Managing Director is the Chairman of the Committee. Other members are Mr. Hakubhai Lalakiya, Independent Director and Mr. Hasmukhbhai Adhvaryoo, Independent Director of the Company. Mr. Paras J Viramgama, Company Secretary is the Secretary of the Committee.

### 4. Role of the Company Secretary in Overall Governance Process

The Company Secretary plays a key role in ensuring that the Board procedures are followed and regularly reviewed. He ensures that all relevant information, details and documents are made available to the directors for effective decision making at the meetings. All the Directors of the Company have access to the services of the Company Secretary. The Company Secretary ensures that all the decisions and observations of the Board are covered and implemented through Action Taken Report (ATR) and Board is apprised of the actions taken.

The Company Secretary while preparing the Agenda, Notes on Agenda, Minutes etc. of the meeting(s), is responsible for and is required to ensure adherence to the applicable laws and regulations including the Companies Act, 2013 read with the Rules issued there under, Listing Agreement with the Stock Exchanges, SEBI rules & regulations and the Secretarial Standards recommended by the Institute of Company Secretaries of India.

### 5. Succession Planning

The Nomination and Remuneration Committee works with the Board to plan for orderly succession of leadership within the Board and the Company to maintain contingency plans for succession in case of any exigencies.

### 6. Prevention of Insider Trading

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 1992 and the guidelines there under, the Company has adopted Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices for prevention of insider trading is in place. The objective of the Code is to prevent purchase and/or sale of shares of the Company by an insider on the basis of unpublished price sensitive information.

Under this Code, Designated persons (Directors, Advisors, Officers and other concerned employees / persons) are prevented from dealing in the Company's shares during the closure of Trading Window. To deal in securities beyond specified limit, permission of Compliance Officer is also required. All the Designated Employees are also required to disclose related information periodically as defined in the Code.

### 7. Whistleblower Policy

Your Company has established a mechanism called 'Whistleblower Policy' for employees to report to the management instances of unethical behavior, actual or suspected, fraud or violation of the Company's code of conduct or ethics policy and provides safeguards against victimization of employees who avail the mechanism. The policy permits all the employees to report their concerns directly to the Chairman of the Audit Committee of the Company. The policy with the name and address of the Chairman of the Audit Committee has been communicated

to the employees by uploading the same on the website of the Company. The employees can directly contact the Chairman of the Audit Committee on the email address as mentioned in the 'Whistle blower Policy' uploaded at the website of the Company.

## 8. Internal Control Systems

ATUL AUTO has both external and internal audit systems in place. Auditors have access to the records and information of the Company. The Board and the management periodically review the findings and recommendations of the auditors and take necessary corrective actions whenever required. The Board recognizes the work of the auditors as an independent check on the information with respect to the operations and performance of the Company.

The Company maintains a system of internal controls designed to provide reasonable assurance regarding:

- Effectiveness and efficiency of operations;
- Adequacy of safeguards for assets;
- Reliability of financial controls; and
- Compliance with applicable laws and regulations

The integrity and reliability of the internal control systems are achieved through clear policies and procedures, process automation, careful selection, training and development of the employees and an organization structure that segregates responsibilities.

The Company uses a state-of-the-art ERP System to record data for accounting and management information purposes and connects to different locations across the organization for efficient exchange of information. Safeguarding of assets and their protection against unauthorized use are also a part of these exercises. The Company has an Audit Committee, the details of which have been provided elsewhere in the Report.

The Audit Committee reviews the reports submitted by the Internal Auditors and follows up to ensure the implementation of corrective actions. The Committee also meets the Statutory Auditors to ascertain, inter-alia, their views on the adequacy of control systems in the

Company and keeps the Board of Directors informed of its major observations from time to time.

## 9. Corporate Identity Number ('CIN')

Our Corporate Identity Number as allotted by Ministry of Corporate Affairs is L54100GJ1986PLC016999 and our Company is registered in the state of Gujarat.

## 10. Subsidiary Company

The Company does not have any Subsidiary Company.

## 11. Disclosures

### A. Basis of related party transactions

The statements containing the transactions with related parties were submitted periodically to the Audit Committee. There are no related party transactions that may have potential conflict with the interest of the Company at large. There were no material individual transactions with related parties during the year, which were not in the normal course of business as well as not on an arm's length basis.

### B. Disclosure of Accounting Treatment

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Sec 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continues to be applicable in respect of Section 133 of the Companies Act, 2013 ("the Companies Act") in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs and the relevant provisions of the Companies Act, 1956/2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

### C. Board Disclosures - Risk Management

The Company has laid down procedures to inform the Board of Directors about the Risk Management and its minimization procedures. The Audit Committee and Board of Directors review these procedures periodically.

**D. Proceeds from public issues, right issues, preferential issues etc.**

The Company did not have any of the above issues during the year under review.

**E. Remuneration of Directors**

(i) Transactions with Non-executive Directors  
The non-executive directors of the Company do not have any material pecuniary relationship or transactions vis-à-vis Company.

(ii) Remuneration to Executive Directors  
The Company endeavors to attract, retain, develop and motivate a high performance workforce. Individual performance pay is determined by business performance and the performance of the individuals measured through the annual appraisal Process. The Company pays remuneration by way of salary, benefits, perquisites, Superannuation benefits and allowances to its Executive Directors. The Remuneration Committee recommends to the Board, the annual increment payable to Executive Directors out of the profits for the financial year and within the ceilings prescribed under the Companies Act, 1956 based on the performance of the Company as well as that of each Executive Director.

The remuneration of Executive Directors is recommended by Remuneration Committee to the Board of Directors based on criteria such as industry Benchmarks, the Company's performance vis-à-vis the industry, performance track record of Director.

Mr. J J Chandra, Chairman and Managing Director, Mr. M J Patel, Whole-time Director and Mr. Niraj J Chandra, Whole-time Director are three Executive Directors of the Company.

(iii) Remuneration (Sitting Fees) to Non-Executive Directors & shareholding  
No remuneration by way of salary or perquisites or commission paid to any of the Non-Executive Directors during the year 2013-14.

The Sitting fee for attending Board Meetings paid to the Non-Executive Directors for 2013-14 and holding of shares of the Company as on March 31, 2014 are as detailed below:

Name of Director	Sitting Fees (₹)	Shareholding as on 31.03.2014
Vijay K Kedia	12,000	9,90,095
Hakubhai Lalakiya	20,000	Nil
Hasmukhbhai Adhvaryoo	20,000	Nil
Hemantkumar Bhatt	12,000	Nil
S T Shah	16,000	Nil

**F. Management Discussion and Analysis Report**

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

**G. Shareholders**

Brief profile of Mr. Vijay K Kedia who is retiring by rotation and all directors who are being appointed as Independent Directors of the Company are as under:

Mr. Vijay K Kedia  
Mr. Vijay K Kedia is the Non Independent & Non Executive Director of the Company. A Commerce Graduate by qualification and is director since 2009. A keen strategist, he is associated with many companies. He has 27 years' experience in securities market

Mr. Hakubhai Lalakiya  
Advocate lalakiya Hakubhai J, is the Independent Director of the Company. He is an advocate by profession, having wide experience of more than 26 years in the Legal field and has been continuing in Directorship since 2006

Mr. Hasumukhbhai Adhvaryoo  
Mr. Hasumukhbhai Adhvaryoo is bachelor of arts and bachelor commerce. He has a wide experience in several leading companies such as Metdist industries limited, Unity group of companies, Gujarat flour chemical limited, Dwarka cement works limited, Gujarat heavy chemical Limited and Accumax limited etc.

CA Hemantkumar Bhatt

CA Hemantkumar Bhatt is Chartered Accountants, Certified Internal Auditor and Black belt in six sigma. He has a wide experience of more than 28 years in accounting and financial field.

CA Subodhchandra T Shah

CA S T Shah is chartered accountant and has experience of more than 34 years in the field of finance, Human resource and Insurance consultancy. He has also worked in Hindustan Oxygen Gas Co Ltd, Air Control and Chemical Engineering Company Ltd, Testeels Limited from 1962 to 1979. He is chairman in Vanguard Finance private Limited since 1995 to till date.

#### **H. CEO and CFO Certification**

Mr. J J Chandra, Chairman and Managing Director of the Company and Mr.M J Patel, Whole-time Director and CFO of the Company, give quarterly/annual certification on financial reporting and internal controls to the Board in terms of Clause 41 and 49(V) of the Listing Agreement.

#### **I. Compliance on Corporate Governance**

The quarterly compliance report has been submitted to the Stock Exchanges where the Company's equity shares are listed in therequisite format duly signed by Managing Director of the Company.

#### **J. Compliance**

Pursuant to Clause 49 of the Listing Agreement, the Auditor's Certificate in compliance on conditions of Corporate Governance is published elsewhere in the Annual Report.

#### **K. DECLARATION**

This is to certify that the Company has laid down Code of Conduct for all Board Members and Senior Management of the Company and the copies of the same are uploaded on the website of the Company - [www.atulauto.co.in](http://www.atulauto.co.in)

Further we certify that the Members of the Board of Directors and Senior Management personnel have

affirmed having complied with the Code applicable to them during the year ended March 31, 2014.

May 20, 2014

**J J Chandra**  
Chairman and Managing Director



# Auditors' Certificate on Corporate Governance

To the Members  
Atul Auto Limited

We have examined the compliance of conditions of Corporate Governance by Atul Auto Limited, for the year ended on March 31, 2014, 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 procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us and the representation made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreement.

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

**For Maharishi & Co.**  
Chartered Accountants  
Firm Registration No.124872W

Shapar (Dist. Rajkot)  
May 20, 2014

**Prashant Maharishi**  
Partner  
Membership No.041452

## Review of the Chairman of Audit Committee

The Audit Committee of directors, comprising of three non-executive directors - all of them independent directors - met four times during the last financial year. The Committee reviewed with the Management and the Auditors all the issues which are required to be reviewed by the Audit Committee pursuant to the Listing Agreement with the Stock Exchanges as also the Companies Act, 1956, which inter alia included review of Management Discussion and Analysis of financial conditions and results of operations, and other matters pertaining to disclosures of related party transactions and disclosures of accounting treatment. The Audit Committee has also reviewed the observations of the Internal and Statutory Auditors in relation to all are as of operations of the Company as also the internal control systems. In addition, the Committee has been examining all areas of risks associated with the business of the Company and has reviewed the measures initiated by the Company for mitigating these risks. The Audit Committee has also reviewed the actions taken by the Company on various observations and queries of the Auditors. The Audit Committee oversees the implementation of the Asset Liability Management and reviews the ALM position vis-à-vis risk management.

S T Shah  
Chairman  
Audit Committee of Directors

## Review of the Chairman of Remuneration Committee

The Remuneration Committee of directors, which primarily reviews the compensation payable to Executive Directors of the Company, met four times during the last financial year. The Remuneration Committee comprises of three non-executive directors - all of them are Independent Directors. The Committee has considered the contribution of Executive Directors of the Company in development of business and improving the performance of the Company and kept in view salaries paid to senior executives of other companies in automobile sector, whilst fixing the remuneration.

Hasmukhbhai Adhvaryoo  
Chairman  
Remuneration Committee of Directors

## Review of the Chairman of the Shareholders Grievance Committee

The Shareholders Grievance Committee of directors, comprising of three directors met four times during the last financial year. The Committee reviewed the different activities being carried out by the secretarial department of the Company and also reviewed the share transfers and dematerialization of shares during the period. The Committee also reviewed the steps taken by the Company to redress the grievances of the investors. There were no complaints pending for being resolved during the year.

Hemantkumar Bhatt  
Chairman  
Shareholders Grievance Committee of Directors

# Shareholders' Information

## Corporate

Atul Auto Limited was incorporated in Maharashtra in 1986 as Atul Auto (Jamnagar) Private Limited, a private limited company under the Indian Companies Act, 1956. The registered office of the company was transferred to Jamnagar in the state of Gujarat on January 24, 1992. Subsequently on April 20, 1994 the registered office was transferred to Dist. Rajkot, Gujarat. The Name of the company was changed from Atul Auto (Jamnagar) Private Limited to Atul Auto Private Limited on August 12, 1994. The company was subsequently converted into a Public Limited company and fresh certificate of incorporation was obtained on August 12, 1994 from the Registrar of the Companies, Gujarat. The company set up its plant at Shapar (Rajkot district), Gujarat. Its commercial production commenced in July 1992. The company has made initial public offer of 536.25 lacs at a premium of ₹ 12/- per share in 1996. The address of our registered office is Survey No. 86, Plot No. 1 to 4, National Highway 8-B, Near Microwave Tower, Shapar (Veraval), Dist. Rajkot, Gujarat, India.

## History of Bonus Issue and Right Issue

Fiscal	1994-95	2000-01	2011-12	2012-13
Bonus	4:5	1:5	-	1:2
Right	1:1	-	1:4	-

## Unclaimed dividend

Section 124 of the Companies Act, 2013, mandates that the Company transfers dividend that has been unclaimed for a period of seven years from the unpaid dividend account to the Investors Education and Protection Fund (IEPF). In accordance with the following schedule, the dividend for the years mentioned as follows, if unclaimed within a period of seven years, will be transferred to IEPF.

Year	Type of dividend	Dividend per share	Date of declaration	Due date for transfer	Amount* (₹)
2007	Final	1/-	28/09/2007	27/09/2014	88,481
2008	Final	1/-	27/09/2008	26/09/2015	51,665

2009	Final	0.50	29/09/2009	28/09/2016	137,602
2010	Final	2/-	28/07/2010	27/07/2017	201,558
2011	Final	4/-	30/07/2011	29/07/2018	304,280
2012	Final	5/-	26/06/2012	25/06/2019	1,226,825
2013	Final	6/-	16/07/2013	15/07/2020	544,482
2014	Interim	4/-	28/10/2013	27/10/2020	643,080

\* Amount unpaid as on March 31, 2014

The Company is sending periodic communication to the concerned shareholders advising them to lodge their claims with respect to unclaimed dividend. Shareholders are cautioned that once unclaimed dividend is transferred to IEPF, no claim shall lie in respect thereof with the Company.

## Annual General Meeting

Date and time	Tuesday, August 12, 2014 at 11.00 a.m.
Venue	Plot No. 1 to 4, Survey no. 86, National Highway 8 B, Near Microwave Tower, Shapar (Veraval), Gujarat, India - 360024
Financial Year	April 1, 2013 to March 31, 2014
Book closure date	August 7, 2014 to August 12, 2014 (Both days inclusive)
Dividend	₹ 3.50 per equity share of face value of ₹ 10 each
Dividend payment date	On or after August 27, 2014 but before September 10, 2014

## Listing Details

- BSE Limited, Mumbai  
BSE Scrip Code: 531795
- National Stock Exchange of India Limited, Mumbai  
NSE Scrip Symbol: ATULAUTO  
(Admitted to dealings with effect from June 26, 2013)

The ISIN of the Company for its shares is INE951D01010 having connectivity with both the depositories. The listing fees for fiscal 2013-14 have been paid for both the exchanges.

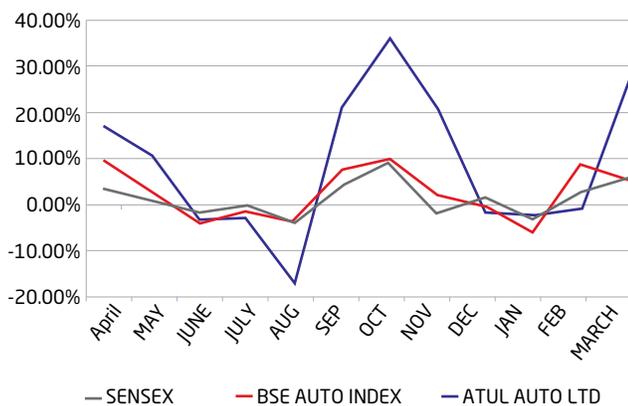
## Market Price Data

The reported monthly high and low prices during the year ended March 31, 2014 on BSE Limited and National Stock Exchange of India Limited are given below:

Month 2013-14	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April	180.00	151.00	-	-
May	204.00	165.00	-	-
June	197.00	155.70	191.00	160.05
July	199.00	178.00	198.65	176.05
August	184.50	145.00	197.00	143.15
September	185.00	152.45	187.90	146.30
October	262.80	180.55	268.00	181.00
November	314.00	243.00	314.45	243.00
December	309.90	275.30	307.00	280.00
January	315.00	275.50	315.00	266.25
February	298.00	270.00	300.00	263.25
March	370.00	290.00	379.75	291.00
Yearly	370.00	145.00	379.75	143.15

## Market performance in compare to BSE AUTO index and BSE Sensex

The growth in market price of the scrip of the Company during the year in compare to BSE AUTO index and BSE Sensex can be understood by following graphical presentation:



## Dematerialization of shares and liquidity

Atul Auto Limited's shares are tradable compulsorily in electronic form only. Through Sharex Dynamic (India) Private Limited, Registrars and Share Transfer Agents, we have established connectivity with both the depositories, that is,

National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The International Securities Identification Number (ISIN) allotted to our shares under the Depository System is INE951D01010.

As at March 31, 2014, 94.76 % of our shares were held in dematerialized form and the rest in physical form.

To enable us to serve our investors better, we request shareholders whose shares are in physical mode to dematerialize shares and to update their bank accounts with their respective depository participants.

To enhance the liquidity into shares of the Company, the Company has listed shares of the Company on National Stock Exchange of India Limited, Mumbai in addition to BSE Limited, Mumbai. The shares of the Company have been admitted to dealings on the platform of National Stock Exchange of India Limited with effect from June 26, 2013.

## Reconciliation of Share Capital Audit

As stipulated by SEBI a qualified Practising Company Secretary carries out reconciliation of Share Capital to reconcile the total admitted, issued and listed capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and Stock Exchanges.

Shareholding as on March 31, 2014

(a) Distribution of shareholding as on March 31, 2014

Range of Equity shares held (No)	No. of holders	% of holders	No. of shares	% to equity
Upto 100	1946	54.74	81647	0.740
101 to 200	464	13.05	74889	0.680
201 to 500	508	14.29	174518	1.590
501 to 1000	254	7.14	194156	1.770
1001 to 5000	254	7.14	556356	5.070
5001 to 10000	50	1.41	346823	3.160
10001 to 100000	57	1.60	2158397	19.670
100001 and above	22	0.62	7384814	67.310
<b>Total</b>	<b>3555</b>	<b>100.00</b>	<b>10971600</b>	<b>100.000</b>

(b) Comparative Shareholding Pattern

Category	March 31, 2014			March 31, 2013		
	No. of shareholders	No. of shares hold	% of paid up capital	No. of shareholders	No. of shares hold	% of paid up capital
Promoters	28	6042405	55.07	29	6211617	56.62
Institutional Investors - FII	1	160000	01.46	1	11828	0.11
NRI/Foreign Nationals/OCB	150	511561	04.66	100	503969	4.59
Bodies Corporates	127	1104195	10.07	118	1185498	10.81
Indian Public and Others	3249	3153439	28.74	2585	3058688	27.87
<b>Total</b>	<b>3555</b>	<b>10971600</b>	<b>100.00</b>	<b>2833</b>	<b>10971600</b>	<b>100.00</b>

(c) Top ten shareholders of the Company as on March 31, 2014

Name of Shareholder	Number of shares	% of total shareholding
Vijay Kishanlal Kedia	990095	9.024
Kedia Securities Pvt Ltd	810500	7.387
Jayantibhai Jagjivandas Chandra	675871	6.160
Maheshbhai Jagjivandas Chandra	645033	5.879
Dharmendrabhai Jagjivandas Chandra	633663	5.775
Harishbhai Jagjivandas Chandra	582393	5.308
Bharat Jagjivandas Chandra	487953	4.447
Manishaben Atulkumar Chandra	466110	4.248
Kashiben Jagjivandas Chandra	339588	3.095
Anita Nirajbhai Chandra	215500	1.964

## Investor Communication Details

The Members are requested to correspond to the Company's Registrars & Share Transfer Agents - M/s Sharex Dynamic (India) Private Limited, Mumbai quoting their Folio Number, Client ID and DP ID at the following address For any assistance regarding sharetransfers, transmissions, change of address, non-receipt of dividend, duplicate /missing share certificates and other matters pertaining to your shares:

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

## Designated Email Address for Investor Services

In terms of Clause 47 (f) of the Listing Agreement, the designated email address for investor complaints is investorrelations@atulauto.co.in

# Independent Auditors' Report

To  
The Members of  
ATUL AUTO LIMITED

## Report on the Financial Statements

We have audited the accompanying financial statements of Atul Auto Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting principles accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due

to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

- b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
- c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For Maharishi & Co.**  
Chartered Accountants  
Firm Registration No.124872W

**Prashant Maharishi**  
Partner  
Membership No.041452

On 20/05/2014  
at Shapar (Dist. Rajkot)

## ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph 1 under the heading of "reporting on Other Legal and Regulatory requirements" of our report of even date to the members of ATUL AUTO LIMITED on the financial statements for the year ended March 31, 2014]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information.
- (b) As explained to us, all the fixed assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, the company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the company is not affected.
- (ii) (a) The inventory (excluding stocks with third parties) has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the explanation and information given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and as explained to us, there was no material discrepancies were noticed on physical verification carried out at the end of the year as compared to the book records.
- (iii) As informed, the Company has neither granted nor taken any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions stated in paragraph 4 (iii) (b), (c) and (d) of the order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct weakness in internal control system of the company.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of ₹ five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under. Therefore, the provisions of clause (vi) of paragraph 4 of the order are not applicable to the company.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) We have broadly reviewed the cost records maintained by the Company pursuant to the companies (Cost Accounting Records) Rules, 2011 prescribed under Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records with a view to determining whether they are accurate or complete.

(ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable,

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
The Gujarat Sales Tax Act	Sales Tax	11,83,791	2000-01	Gujarat High Court
The Central Sales Tax Act, 1956	CST	2,02,531	2001-02	Gujarat High Court
The Central Excise Act, 1944	Excise Duty	16,81,585	2006-07 & 2007-08	CESTAT
The Central Excise Act, 1944	Excise Duty	61,825	2008-09 & 2009-10	Commissioner Appeals
The Central Excise Act, 1944	Excise Duty	41,200	2008-09	Commissioner Appeals

The Finance Act, 1994	Service Tax	4,74,336	2008-09 & 2009-10	Commissioner Appeals
The Income Tax Act, 1961	Income Tax	66,850	2004-05	Commissioner Appeals
The Income tax Act 1961	Income tax	67,34,163	2002-03, 2003-04, 2004-05	Income tax Appellate Tribunal
The Income Tax Act, 1961	Income tax	20,03,740	2007-08	Commissioner Appeals
The Income Tax Act, 1961	Income Tax	6,23,260	2007-08	Commissioner Appeals
The Income Tax Act, 1961	Income Tax	18,41,315	2009-10	Commissioner Appeals
The Income Tax Act, 1961	Income Tax	3,16,505	2009-10	Commissioner Appeals
The Income Tax Act, 1961	Income Tax	3,97,650	2010-11	Commissioner Appeals

(x) The company does not have accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

(xi) Based on our audit procedures and in our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

(xii) According to the information and explanations given to us and based on the documents and records produced to us, the company has not granted loans & advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Companies (Auditors' Report) Order, 2003 (as amended) are not applicable to the Company.

(xiv) In respect of dealing/trading in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. All the shares, securities, debentures and other investments have been held by the Company, in its own name.

(xv) In our opinion and according to the information and explanations given to us, the company has not given

any guarantee for loans taken by others from banks or financial institutions during the year.

(xvi) The Company has not obtained any term loans during the year.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of The Companies Act.

(xix) According to the information and explanations given to us, no debentures have been issued by the company during the year.

(xx) According to the information and explanations given to us, company has not made any public issue during the year.

(xxi) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

**For Maharishi & Co.**

Chartered Accountants

Firm Registration No.124872W

**Prashant Maharishi**

Partner

Membership No.041452

On 20/05/2014

at Shapar (Dist. Rajkot)

# Balance Sheet

as at 31st March, 2014

In ₹

Particulars	Note No.	31-03-2014	31-03-2013
<b>EQUITIES AND LIABILITIES</b>			
1] Shareholders Fund			
(a) Share Capital	3	112,044,850	112,044,850
(b) Reserves & Surplus	4	832,665,513	630,989,826
<b>Sub-Total Shareholder's Fund</b>		<b>944,710,363</b>	<b>743,034,676</b>
2] Non - Current Liabilities			
(a) Deferred tax liabilities (Net)	5	61,231,100	44,892,400
(b) Long-term provisions	6	2,551,761	1,934,398
<b>Sub-Total Non - Current Liabilities</b>		<b>63,782,861</b>	<b>46,826,798</b>
3] Current Liabilities			
(a) Trade payables	7	271,605,692	234,595,512
(b) Other current liabilities	8	87,801,656	77,615,925
(c) Short-term provisions	6	78,111,998	127,994,068
<b>Sub-Total Current Liabilities</b>		<b>437,519,346</b>	<b>440,205,505</b>
<b>TOTAL EQUITIES &amp; LIABILITIES</b>		<b>1,446,012,570</b>	<b>1,230,066,979</b>
<b>ASSETS</b>			
1] Non-Current Assets			
(a) Fixed Assets	9		
(i) Tangible assets		517,621,715	420,507,873
(ii) Intangible assets		9,369,046	10,146,873
(iii) Capital work-in-progress		6,317,371	50,016,544
(b) Non-current investments	10	12,264,081	12,295,260
(c) Long-term loans and advances	11	49,680,119	38,471,540
<b>Sub-Total - Non Current Assets</b>		<b>595,252,332</b>	<b>531,438,090</b>
2] Current Assets			
(a) Inventories	12	233,652,582	229,469,495
(b) Trade receivables	13	130,681,290	71,518,830
(c) Cash and cash equivalents	14	451,494,902	380,732,984
(d) Short-term loans and advances	15	29,318,615	15,603,140
(e) Other current assets	16	5,612,849	1,304,440
<b>Sub-Total - Current Assets</b>		<b>850,760,238</b>	<b>698,628,889</b>
<b>TOTAL ASSETS</b>		<b>1,446,012,570</b>	<b>1,230,066,979</b>
Summary of Significant Accounting Policies	2.1		

The notes referred to above forms an integral part of the Balance Sheet.

As per our report of even date

**For Maharishi & Co**

Chartered Accountants

Firm Reg. No. 124872W

**Prashant Maharishi**

Partner

M. No.: 41452

Place: Rajkot

Date: 20.05.2014

For and on behalf of the Board of Directors

**Chandra J J**

Chairman and Managing Director

**Patel M J**

Whole-time Director & CFO

**Paras Viramgama**

Company Secretary

# Statement of Profit and Loss

for the year ended 31st March, 2014

In ₹

Particulars	Note No.	31-03-2014	31-03-2013
<b>1] INCOME</b>			
Sales	17	4,795,532,816	4,092,756,070
Less: Excise		-502,973,044	-464,158,079
Revenue from operations		4,292,559,772	3,628,597,991
Other operating revenue		8,786,884	9,806,268
Other income	18	29,244,650	19,761,819
<b>TOTAL REVENUE</b>		<b>4,330,591,306</b>	<b>3,658,166,078</b>
<b>2] EXPENSES</b>			
Cost of materials consumed	19	3,303,925,513	2,834,946,266
Changes in inventories of finished goods & work-in-progress	20	12,594,542	7,443,736
Employee benefits expense	21	273,621,445	210,107,648
Finance costs	22	3,460,552	4,033,072
Depreciation and amortization expense	23	52,122,340	44,370,899
Other expenses	24	257,382,101	185,063,033
<b>TOTAL EXPENSES</b>		<b>3,903,106,493</b>	<b>3,285,964,654</b>
<b>3] PROFIT BEFORE TAX &amp; EXCEPTIONAL ITEMS</b>		<b>427,484,813</b>	<b>372,201,424</b>
4] Exceptional items		-	-
<b>5] PROFIT BEFORE TAX</b>		<b>427,484,813</b>	<b>372,201,424</b>
6] Tax expense:	25		
1) Current tax		113,198,750	114,706,657
2) Deferred tax		16,338,700	-1,696,100
<b>SUB-TOTAL TAX EXPENSES</b>		<b>129,537,450</b>	<b>113,010,557</b>
<b>7] PROFIT/(LOSS) FOR THE YEAR</b>		<b>297,947,363</b>	<b>259,190,867</b>
8] Earnings per equity share	26		
Basic & Diluted		27.16	23.62
Summary of Accounting Policies	2.1		

The notes referred to above forms an integral part of the Statement of Profit and Loss

As per our report of even date

**For Maharishi & Co**

Chartered Accountants

Firm Reg. No. 124872W

**Prashant Maharishi**

Partner

M. No.: 41452

Place: Rajkot

Date: 20.05.2014

For and on behalf of the Board of Directors

**Chandra J J**

Chairman and Managing Director

**Paras Viramgama**

Company Secretary

**Patel M J**

Whole-time Director & CFO

# Cash Flow Statement

for the year ended 31st March, 2014

In ₹

Particulars	31-03-2014	31-03-2013
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before taxation	427,484,813	372,201,424
Adjustment for:		
Depreciation & Impairment	521,22,340	44,370,899
Loss/(Profit) on sale of fixed assets	-51,022	124,736
Provision for diminution in value of Shares with Suzlon	28,179	0
Interest Expenses on long term funds	2,327,643	1,661,337
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>481,911,953</b>	<b>418,358,396</b>
Movements in working capital:		
Decrease/-Increase in Trade Receivable	-59,162,460	-10,710,187
Decrease/-Increase in Inventories	-4,183,087	68,780,336
Decrease/-Increase in Non Current Assets (Loans & Advances and Other Assets)	-2,491,526	-894,806
Decrease/-Increase in Current Assets (Loans & Advances and Other Assets)	-18,023,884	2,974,314
Increase/-Decrease in Trade Payables	39,098,684	73,241,919
Increase/-Decrease in Non Current Liabilities	617,363	1,315,475
Increase/-Decrease in Current Liabilities & Provisions	3,037,113	14,289,309
Increase/-Decrease in Short Term Borrowing relating to operation		-38,865,281
Sub-Total Movement in Working Capital	-41,107,797	110,131,079
Cash generated from operations	440,804,156	528,489,475
Direct taxes paid (net of refunds)	-133,718,234	-121,888,778
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>307,085,922</b>	<b>406,600,697</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	-105,723,126	-95,958,248
Proceeds from sale of fixed assets	89,000	528,096
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>-105,634,126</b>	<b>-95,430,152</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	-2,327,643	-1,661,337
Dividend paid	-109,716,000	-36,572,000
Tax on dividend paid	-18,646,235	-5,932,893
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>-130,689,878</b>	<b>-44,166,230</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>70,761,918</b>	<b>267,004,315</b>

In ₹

<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	380,732,984	113,728,669
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	451,494,902	380,732,984
<b>COMPONENTS OF CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR</b>		
Cash and cheques on hand	209,896	900,392
Investment in Liquid securities	181,110,791	338,214,142
Effect of change in cash or cash equivalent held in foreign currency due to exchange rate fluctuation		-15,801
With bank		
- In Current Account	189,497,613	27,191,486
- In Fixed Deposit Account	77,478,629	12,281,903
- In Unpaid Dividend Account	3,197,973	2,160,862
<b>TOTAL</b>	<b>451,494,902</b>	<b>380,732,984</b>

As per our report of even date

**For Maharishi & Co**

Chartered Accountants

Firm Reg. No. 124872W

**Prashant Maharishi**

Partner

M. No.: 41452

Place: Rajkot

Date: 20.05.2014

For and on behalf of the Board of Directors

**Chandra JJ**

Chairman and Managing Director

**Paras Viramgama**

Company Secretary

**Patel MJ**

Whole-time Director & CFO

# Significant Accounting Policies and Notes on Financial Statements

## 1 NATURE OF OPERATIONS

Atul Auto Limited, incorporated on 18-06-1986 is a manufacturer of Three Wheeler Auto Rickshaw (Passenger / Loading) and its spare parts. It produces Auto Rickshaw under Atul Shakti, Atul Gem, Atul Smart & Atul Gemini brand names. The Company is also engaged in the generation of Electricity with Wind Turbine Generator at Village Gandhavi, Gujarat.

## 2 BASIS OF PREPARATION

The financial statements have been prepared to comply in all material respects with the standards notified under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under historical cost convention on an accrual basis except in case of assets for which provision for impairment is made. The accounting policies have been consistently applied by the Company and except for the changes in accounting policy discussed more fully below, are consistent with those used in the previous year.

### 2.1 SIGNIFICANT ACCOUNTING POLICIES

#### [a] Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the period reported. Actual results could differ from those estimates. Any revision to accounting estimates is recognised in accordance with the requirements of the respective accounting standard.

#### [b] Inventories

Inventories are valued as follows:

*Raw materials, components, stores and spares*

Lower of cost and net realizable value. However, materials and other items held for use in the

production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a FIFO basis. Cost includes relevant cost of bringing those material at their present location and condition.

#### *Work-in-progress and finished goods*

Lower of cost and net realizable value. Cost includes Direct Materials and Labour and a proportion of Manufacturing Overheads based on normal operating capacity or actual production whichever is less. Cost of finished goods includes excise duty.

Net Realizable Value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

#### [c] Events occurring after Balance Sheet date

Material events occurring after the date of balance sheet are recognized and are dealt with appropriately in accordance with generally accepted accounting principles and as provided in AS-5

#### [d] Depreciation

Depreciation is provided using the Straight Line Method as per the rates prescribed under schedule XIV of the Companies Act, 1956 except in case of :

Leasehold Land - amortised over the period of the lease.

Intangible Asset - Amortised over a period of 5 years as estimated by the management.

#### [e] Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

#### Sales of Goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Excise Duty included in the amount of turnover (gross) are deducted from turnover (gross) for disclosure of net turnover in the P&L account.

#### Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

#### Dividends

Revenue is recognised when the company's right to receive payment is established by the balance sheet date.

### [f] Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation and impairment losses. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use, net of CENVAT recoverable. Financing costs relating to construction of fixed assets are also included to the extent they relate to the period till such assets are ready to be put to use. Financing costs not relating to construction of fixed assets are charged to the income statements.

### [g] Foreign currency transactions

#### (i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

#### (ii) Conversion

Foreign currency monetary items are reported using the closing rate.

#### (iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting monetary items of company at rates different from those at which

they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

### [h] Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current Investments are carried at lower of cost and fair value determined on an individual investment basis. Long term investments are carried at cost, less provision for diminution in value other than temporary.

### [i] Employee Benefits

#### Gratuity

The Gratuity Liability is defined benefit obligation. The company has created Employees Group Gratuity Fund which has taken a Group Gratuity Insurance Policy from Life Insurance Corporation of India (LIC). Premium on above policy as intimated by LIC is charged to the Profit & Loss Account. The adequacy of balances available is compared with actuarial valuation obtained at the period end. Shortfall, if any, is provided for in the Profit & Loss Account.

#### Provident Fund

Retirement benefits in the form of Provident fund is a defined contribution scheme in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary). The contribution are charged to the profit and loss account of the year when the contribution to the respective funds are due.

#### Leave Salary

The Company provides for the encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment. The liability is provided based on the number of days of unutilised leave at each balance sheet date.

### [j] Borrowing Cost

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

### [k] Segment Reporting

The company is engaged mainly in the business of automobile products. These, in the context of Accounting Standard 17 on Segment Reporting, as specified in the Companies (Accounting Standard) Rules, 2006, are considered to constitute one single primary segment. Further, there is no reportable secondary segment i.e. Geographical segment.

### [l] Earning Per Share

Basic earning per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period.

### [m] Income Taxes

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognised, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

### [n] Intangible assets

#### **Product Development Cost**

Product Development Cost incurred on new vehicles platforms, variants on existing platforms and new vehicles aggregates are recognized as intangible assets and are included under fixed assets. These amounts are amortized over sixty months from the commencement of commercial production i.e. from June 1, 2009.

#### **SAP Implementation Charges**

Expenses incurred for implementation of SAP are recognized as intangible assets and are included under fixed assets. The amounts are amortized over sixty months from the implementation of SAP i.e. from January 1, 2012

### [o] Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there are impairment indicators. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognised impairment loss is increased or decreased based on reassessment of recoverable amount, which is carried out if the change is significant. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

### [p] Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provision are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

### [q] Product Warranty Expenses

The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. However any risk covered by insurance policy premium paid on such policy are charged to revenue in the year in which it is incurred.

### 3 SHARE CAPITAL

	31-03-2014		31-03-2013	
	No.	Amount	No.	Amount
<b>A. AUTHORISED SHARE CAPITAL</b>				
Equity Shares of ₹ 10 each	15,000,000	150,000,000	15,000,000	150,000,000
Issued Share Capital	11,612,300	116,123,000	11,612,300	116,123,000
Equity Shares of ₹ 10 each				
Subscribed & Paid up Share Capital	10,971,600	109,716,000	10,971,600	109,716,000
Equity Shares of ₹ 10 each				
Share Forfeiture		2,328,850		2,328,850
<b>TOTAL SHARE CAPITAL</b>		<b>112,044,850</b>		<b>112,044,850</b>
<b>B. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period - Equity Shares</b>				
At the beginning of the period	10,971,600	109,716,000	7,314,400	73,144,000
Issued during the period - Bonus Issue	-	-	3,657,200	36,572,000
Outstanding at the end of the period	10,971,600	109,716,000	10,971,600	109,716,000

#### C. Terms/Rights attached to Equity Shares

The company has only one class of equity shares having a value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share.

The company declares and pays dividend in Indian Rupees. Interim Dividend declared by the Board of Directors and paid by the company during the year is ₹ 4/- per share. Final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing General Meeting of ₹ 3.5 Per Share. During the year ended 31 March, 2014 the amount of per share dividend recognized as distributed to equity shareholders was ₹ 7.5/- (31 March 2013 : ₹ 6).

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### D. Details of shareholders holding more than 5% shares in the company

	No.	% of total holding	No.	% of total holding
Kedia Securities Private Ltd	810,500	7.39%	985,500	8.98%
Kedia Vijay K	990,095	9.02%	1,083,998	9.88%
Chandra J J	675,871	6.16%	805,303	7.34%
Chandra M J	645,033	5.88%	645,033	5.88%
Chandra D J	633,663	5.78%	633,663	5.78%
Chandra H J	582,393	5.31%	582,393	5.31%

As per records of the company, including its register of shareholders/members and other declaration received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

#### E. Disclosure of Aggregate number and class of shares allotted as fully paid up by way of bonus shares

Year of Allotment	2012-13
No of Shares Allotted	36 57 200
Class of Shares	Equity Shares

#### 4 RESERVES & SURPLUS

	31-03-2014		31-03-2013	
A. CAPITAL RESERVES		3,000,000		3,000,000
B. SECURITY PREMIUM ACCOUNT				
Opening Balance	47,791,850		84,363,850	
Less: Utilised for Issue of Bonus Shares			-36,572,000	
Closing Balance		47,791,850		47,791,850
C. General Reserve				
Opening Balance	54,340,158		28,421,071	
Add: Transfer from Statement of Profit & Loss	29,794,736		25,919,087	
Closing Balance		84,134,894		54,340,158
D. Statement of Profit & Loss				
Opening Balance	525,857,818		369,603,378	
Add: Profit during the year	297,947,363		259,190,867	
Less: Interim Dividend	-43,886,400		-	
Less: Tax on Interim Dividend	-7,458,494		-	
Less: Proposed Dividend	-38,400,600		-65,829,600	
Less: Tax on Proposed Dividend	-6,526,182		-11,187,741	
Less: Transfer to General Reserve	-29,794,736		-25,919,087	
Closing Balance		697,738,769		525,857,817
<b>TOTAL RESERVE &amp; SURPLUS</b>		<b>832,665,513</b>		<b>630,989,825</b>

#### 5 DEFERRED TAX LIABILITY

	31-03-2014		31-03-2013	
DEFERRED TAX LIABILITY				
Depreciation	59,227,600		48,104,500	
Product Development Cost & SAP Fees	3,138,200		703,900	
		62,365,800		48,808,400
DEFERRED TAX ASSETS				
Impairment of Fixed Assets	312,300		298,100	
Gratuity	822,400		1,132,000	
Leave Salary	-		2,485,900	
Closing Balance		1,134,700		3,916,000
<b>NET DEFERRED TAX LIABILITY</b>		<b>61,231,100</b>		<b>44,892,400</b>

#### 6 A. PROVISIONS

	31-03-2014		31-03-2013	
	Long Term Provision	Short Term Provision	Long Term Provision	Short Term Provision
PROVISION FOR EMPLOYEE BENEFITS				
Gratuity		2,419,497		8,958,602
Leave Salary	2,551,761	8,882,456	1,934,398	5,727,434
Sub-Total	2,551,761	11,301,953	1,934,398	14,686,036
OTHER PROVISIONS				
Provision for After Sales Service		8,082,700		6,954,800
Provision for PDI/WRC coupon		743,800		1,069,188
Provision for Warranty Claims		12,836,763		11,303,310
Provision for Finance Subvention		-		6,160,500
Provision for Income Tax				10,642,893

Provision for Wealth Tax		220,000		160,000
Proposed Dividend		38,400,600		65,829,600
Provision for tax on Proposed Dividend		6,526,182		11,187,741
Sub-Total		66,810,045		113,308,032
<b>TOTAL PROVISION</b>	<b>2,551,761</b>	<b>78,111,998</b>	<b>1,934,398</b>	<b>127,994,068</b>

## B. PROVISION FOR GRATUITY

The company has a defined benefit gratuity plan. Every employee who has completed five years or more service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following table summaries the components of net benefit expense recognized in the profit and loss account and the funded status and amounts recognized in the balance sheet for the respective plans.

	31-03-2014		31-03-2013	
<b>NET EMPLOYEE BENEFIT EXPENSE RECOGNIZED IN THE EMPLOYEE COST</b>				
Current Service Cost	3,564,909		3,143,091	
Interest cost on benefit obligation	1,629,357		1,027,037	
Expected return on plan assets	-260,966		-674,347	
Net actuarial (Gain)/Loss recognized in the year	-1,972,405		2,994,791	
Net Benefit Expenses		2,960,895		6,490,572
<b>BENEFIT ASSET/LIABILITY</b>				
Present Value of defined benefit obligation	22,898,246		20,366,966	
Fair Value of Plan Assets	-20,478,749		-11,408,364	
Plan (Asset)/Liability		2,419,497		8,958,602
<b>CHANGES IN THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION ARE AS FOLLOWS:</b>				
Opening defined benefit obligation	20,366,966		12,837,957	
Interest Cost	1,629,357		1,027,037	
Current service cost	3,564,909		3,143,091	
Benefit paid	-1,794,996		-496,339	
Actuarial (gains)/losses on obligation	-867,990		3,855,220	
Closing defined benefit obligation		22,898,246		20,366,966
<b>CHANGES IN THE FAIR VALUE OF PLAN ASSETS ARE AS FOLLOWS:</b>				
Opening fair value of plan assets	11,408,364		7,369,925	
Expected return	260,966		674,348	
Contribution by employer	9,500,000		3,000,000	
Benefits paid	-1,794,996		-496,339	
Actuarial gains/(losses)	1,104,415		860,430	
Closing fair value of plan assets		20,478,749		11,408,364

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows

Investments with Insurer	100%	100%
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The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal assumptions used in determining gratuity benefit obligations for the company's plan are shown below:

Particulars	31-03-2014			31-03-2013	
	Discount rate		8.00%		8.00%
Expected rate of return on assets		9.15%		9.15%	
The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand of the employment market.					
Amounts for the current and previous periods are as follows	2013-14	2012-13	2011-12	2010-11	2009-10
Defined Benefit Obligation	22,898,246	20,366,966	12,837,957	11,209,434	6,929,549
Plan Assets	20,478,749	11,408,364	7,369,925	5,726,166	4,200,919

#### D. PROVISION FOR WARRANTIES

A provision is recognized for expected warranty claims for ATUL SHAKTI & ATUL SMART sold for last 6 months and for ATUL GEM & ATUL GEMINI sold for last 24 months based on past experience of the level of repairs and returns. It is expected that significant portion of these costs will be incurred in the next financial year. Assumption used to calculate the provision for warranties were based on current sales levels and current information available about returns based on the warranty period for all products sold. The table given below gives information about movements in warranty provisions.

At the beginning of the year	11,303,310		7,250,212	
Arising during the year	15,736,722		17,781,199	
Utilised during the year	-14,203,269		-13,728,101	
At the end of the year		12,836,763		11,303,310

#### E. PROVISION FOR AFTER SALES SERVICES & WRC

At the beginning of the year	8,023,988		6,898,888	
Arising during the year	20,181,699		17,516,726	
Utilised during the year	-19,379,187		-16,391,626	
At the end of the year		8,826,500		8,023,988

Provision for After Sales Service is made on the basis of estimation of balance of unutilised service coupon proportionate to the balance of free service period.

## 7 TRADE PAYABLES

	31-03-2014		31-03-2013	
Against Materials	223,646,232		209,494,700	
Against Capital Goods	3,048,047		5,136,552	
Against Transportation Expenses	20,206,420		14,896,597	
Others	24,704,993		5,067,663	
<b>TOTAL</b>		<b>271,605,692</b>		<b>234,595,512</b>

Details of dues to Micro, small and Medium Enterprises as per MSMED Act, 2006

The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company. The amount of principal and interest outstanding as at 31.03.14 is given below:

	31-03-2014		31-03-2013	
	(i) Amounts unpaid as at year end	Principal	73,997,673	
	Interest	-		-
(ii) Amounts paid after appointed date during the year		-		-
(iii) Amount of interest accrued and unpaid as at year end		-		-
(iv) Amount of interest paid during the year as per section 16		-		-

## 8 OTHER CURRENT LIABILITIES

Investor Education and Protection Fund will be credited by following amount (as and when due)\*

	31-03-2014		31-03-2013	
Unpaid Dividends	3,197,973		2,160,862	
Dues to Investor Education and Protection Fund	-		-	
Dealer's Deposit	36,756,953		25,776,000	
Advances from Customers	15,818,937		12,490,745	
Statutory Dues	24,949,604		29,512,208	
Other Liabilities	7,078,189		7,676,110	
<b>TOTAL</b>		<b>87,801,656</b>		<b>77,615,925</b>

## 9 FIXED ASSETS

Particulars	Land	Buildings Factory building	Buildings office building	Plant & Machinery 4.75%	Plant & Machinery 11.31%	Plant & Machinery W/indmill- 10.34%	Furniture & Fixtures 4.75%	Furniture & Fixtures 6.33%	Vehicles 9.50%	Vehicles 11.31%	Office Equipment Computer- 16.21%	TOTAL
Gross value												
As at 31st March, 2012	4,659,821	89,602,074	14,753,066	273,206,105	114,260,916	34,140,750	745,147	12,307,120	19,517,216	5,577,099	15,583,697	584,353,011
Additions		16,270,729	5,598,762	30,870,386	16,830,419			1,057,337	-764,468	2,904,150	2,424,922	75,956,705
Disposals				-109,000							-117,000	-990,468
As at 31st March, 2013	4,659,821	105,872,803	20,351,828	303,967,491	131,091,335	34,140,750	745,147	13,364,457	18,752,748	8,481,249	17,891,619	659,319,248
Additions		37,994,941	17,790,588	65,345,827	11,422,592			4,061,864	4,611,277		2,168,971	143,396,060
Disposals				-432,337								-432,337
As at 31st March, 2014	4,659,821	143,867,744	38,142,416	368,880,981	142,513,927	34,140,750	745,147	17,426,321	23,364,025	8,481,249	20,060,590	802,282,971
Depreciation												
As at 31st March, 2012		25,697,838	2,584,921	82,102,896	43,998,796	21,935,311	393,789	6,917,191	4,437,498	1,912,653	8,950,979	1,98,931,872
Additions		3,190,132	306,282	13,218,341	13,782,242	3,530,154	35,395	771,730	1,689,428	640,943	1,815,919	38,980,566
Disposals				-42,145					-178,477		-117,000	-337,622
As at 31st March, 2013	-	28,887,970	2,891,203	95,279,092	57,781,038	25,465,465	429,184	7,688,921	5,948,449	2,553,596	10,649,898	237,574,816
Additions		4,224,038	596,523	16,524,897	15,487,724	3,530,154	35,395	811,374	2,018,430	909,930	1,956,048	46,094,513
Disposals				-244,632								-244,632
As at 31st March, 2014	33,112,008	33,112,008	3,487,726	111,559,357	73,268,762	28,995,619	464,579	8,500,295	7,966,879	3,463,526	12,605,946	288,424,697
Impairment												
As at 31st March, 2012				933,519				303,040				1,236,559
Additions												
Disposals												
As at 31st March, 2013	-	-	-	933,519	-	-	-	303,040	-	-	-	1,236,559
Additions												
Disposals												
As at 31st March, 2014				933,519				303,040				1,236,559
NET												
As at 31st March, 2013	4,659,821	76,984,833	17,460,625	207,754,880	73,310,297	867,5285	315,963	5,372,496	12,804,299	5,927,653	7,241,721	420,507,873
As at 31st March, 2014	4,659,821	110,755,736	34,654,690	256,388,105	69,245,165	5,145,131	280,568	8,622,986	15,397,146	5,017,723	7,454,644	517,621,715

INTANGIBLE ASSETS	Product Development Expenses	SAP	TOTAL
Cost			
As at 31st March, 2012	19,509,921	7,441,718	26,951,639
Cost			
Disposals			
As at 31st March, 2013	19,509,921	7,441,718	26,951,639
Cost		5,250,000	5,250,000
Disposals			
As at 31st March, 2014	19,509,921	12,691,718	32,201,639
Amortisation			
As at 31st March, 2012	1,1055,614	358,820	11,414,434
Additions	3,901,980	1,488,352	5,390,332
Disposals			
As at 31st March, 2013	14,957,594	1,847,172	16,804,766
Additions	3,901,984	2,125,843	6,027,827
Disposals			
As at 31st March, 2014	18,859,578	3,973,015	22,832,593
Net Block			
At 31 March 2013	4,552,327	5,594,546	10,146,873
At 31 March 2014	650,343	8,718,703	9369,046

## 10 NON-CURRENT INVESTMENT

	31-03-2014		31-03-2013	
Trade Investments (Valued at cost unless stated otherwise)				
Investment in Equity Instrument (quoted)	3,441		31,620	
310 shares in Suzlon Energy Limited of ₹ 2 each valued at cost (market value as at 31/03/2014 is ₹ 3,441/- (PY ₹ 4,232/-))				
(At cost less provision for other than temporary diminution of ₹ 28,179/- (PY 0/-))				
Extent of Holding	less than 1%		less than 1%	
Non- Trade Investments (Valued at cost unless stated otherwise)				
Government Security (Unquoted)	-		3,000	
Investment in Associates (Unquoted)	12,260,640		12,260,640	
22,96,000(previous year 22,96,000) equity shares of ₹ 10 each in Khushbu Auto Finance Limited				
(At cost less provision for other than temporary diminution of ₹ 1,06,99,360/- (PY 1,06,99,360/-))				
Extent of Holding	49.91%		49.91%	
Aggregate amount of quoted investment	3,441		31,620	
Aggregate amount of unquoted investment	12,260,640		12,263,640	
<b>TOTAL</b>		12,264,081		12,295,260

## 11 LONG TERM LOANS & ADVANCES

	31-03-2014		31-03-2013	
Advances for Capital Goods (Unsecured Considered Good)	24,262,634		25,425,190	
Security Deposit (Unsecured Considered Good)	6,943,498		4,448,972	
Balance with Govt authority	18,473,987		8,597,378	
<b>TOTAL</b>		<b>49,680,119</b>		<b>38,471,540</b>

## 12 INVENTORIES (Valued at Cost or Net Realisable Value whichever is lower)

	31-03-2014		31-03-2013	
Raw Material	181,962,219		165,184,590	
Work In Progress	8,230,012		7,068,575	
Finished Goods	43,460,351		57,216,330	
<b>TOTAL</b>		<b>233,652,582</b>		<b>229,469,495</b>

## 13 TRADE RECEIVABLES

	31-03-2014		31-03-2013	
Unsecured Considered Good				
Outstanding for more than 6 months	1,044,814		868,423	
Others	129,636,476		70,650,407	
<b>TOTAL</b>		<b>130,681,290</b>		<b>71,518,830</b>
Trade Receivables includes:				
Dues from partnership firm in which the company's directors' relative are partners	576,279		1,821,536	
Dues from company in which the company's directors' relative are directors/ shareholders	-		-	

## 14 CASH & CASH EQUIVALENT

	31-03-2014		31-03-2013	
Balances with Bank				
In Current Accounts	189,497,613		27,175,685	
In unpaid dividend account	3,197,973		2,160,862	
In Fixed Deposit Account	77,478,629		12,281,903	
Cash on Hand	209,896		900,392	
Investment in securities for maturities less than 90 days	181,110,791		338,214,142	
<b>TOTAL</b>		<b>451,494,902</b>		<b>380,732,984</b>
Balance With Current Account includes				
AAL EMPLOYEE SUPER FUND (A/C SBI 30378530831)	8,970		9,520	
HDFC RAJ. (C/A A/C. 01010330000319)	2,536,476		15,926	
ICICI BANK (EEFC A/C. 624806000025)	-		2,686,831	
IDBI Bank (375103000002820)	-		25,000	

IDBI BANK [FDOD A/C 0375655000000116]	7,025,856		7,440,166
IDBI BANK (C/C A/C. 375655100000204)	149,334,799		9,493,307
BANK OF INDIA - RAJKOT (A/C.-310220110000499)	24,785		-
ICICI BANK - RAJKOT (A/C.-624805013289)	30,566,727		7,504,935
<b>TOTAL</b>	<b>189,497,613</b>		<b>27,175,685</b>

## 15 SHORT TERM LOANS & ADVANCES

	31-03-2014		31-03-2013	
Advances to be received in cash or in kind		17,936,132		12,840,626
Advances to Suppliers	8,208,569		9,063,214	
Advance to Employees	1,706,945		1,391,554	
Other Advances	3,035,284			
Pre paid Expenses	4,985,334		2,385,858	
Balances with Govt Authority		11,382,483		2,762,514
<b>TOTAL</b>		<b>29,318,615</b>		<b>15,603,140</b>

## 16 OTHER CURRENT ASSETS

	31-03-2014		31-03-2013	
Income receivable and other assets	5,612,849		1,304,440	
<b>TOTAL</b>		<b>5,612,849</b>		<b>1,304,440</b>

## 17 REVENUE FROM OPERATIONS

	31-03-2014		31-03-2013	
Sales of Vehicles	4,666,851,342		3,978,153,707	
Sales of Spares	128,681,474		114,602,363	
Less: Excise Duty	-502,973,044		-464,158,079	
		4,292,559,772		3,628,597,991
Other Operating Revenue		8,786,884		9,806,268
<b>TOTAL</b>		<b>4,301,346,656</b>		<b>3,638,404,259</b>
Details of Product Sold				
Atul Gem	2,523,968,221		2,187,503,622	
Atul Gemini	289,269,693		771,750	
Atul Shakti	1,238,130,299		1,209,005,300	
Atul Smart	127,608,560		130,401,026	
Spares	113,582,999		100,916,294	
<b>TOTAL</b>		<b>4,292,559,772</b>		<b>3,628,597,992</b>

## 18 OTHER INCOME

	31-03-2014		31-03-2013	
a. Dividend	20,933,647		18,351,636	
Gain on Sale of Mutual Fund	2,914,302		393,864	
Gain on Revaluation of Mutual Fund	224,615		19,360	
Interest				
Bank FD	3,636,177		815,392	
Other	39,205		-	
Commercial Paper	897,000		-	
Income Tax Refund	142,500		-	
Other Deposits	406,181		151,566	
Profit on sale of Fixed Assets	51,022		30,000	
<b>TOTAL</b>		<b>29,244,650</b>		<b>19,761,819</b>

b. Dividend includes dividend from Current Investment including investment in securities for less than 90 days.

## 19 COST OF MATERIAL CONSUMED

	31-03-2014		31-03-2013	
Consumption of Material	3,218,479,558		2,758,593,130	
Purchase Expenses	61,643,155		53,231,941	
Processing Charges	23,802,800		23,121,195	
<b>TOTAL</b>		<b>3,303,925,513</b>		<b>2,834,946,266</b>
Major Components of Raw Material Consumption				
Engine	1,005,847,288		945,924,186	
Tyre	185,595,143		201,014,357	
Battery	81,650,462		70,416,131	
Other material, Process Charge and Purchase Expenses	2,030,832,620		1,617,591,592	
<b>TOTAL</b>	<b>3,303,925,513</b>		<b>2,834,946,266</b>	

## 20 CHANGES IN INVENTORIES OF FINISHED GOODS WORK-IN-PROGRESS AND STOCK-IN-TRADE

	31-03-2014		31-03-2013	
Work in progress				
Opening Stock	7,068,575		10,080,828	
Closing Stock	8,230,012		7,068,575	
		-1,161,437		3,012,253
Finished Goods				
Opening Stock	57,216,330		61,647,813	
Closing Stock	43,460,351		57,216,330	
		13,755,979		4,431,483
<b>TOTAL</b>		<b>12,594,542</b>		<b>7,443,736</b>

## 21 EMPLOYEE BENEFIT EXPENSES

	31-03-2014		31-03-2013	
Salary, Wages & Bonus	218,553,431		164,122,305	
Directors Remuneration	16,601,086		12,726,876	
Contribution to PF, Gratuity and superannuation	15,672,343		17,951,786	
Staff Welfare Expenses	22,794,585		15,306,681	
<b>TOTAL</b>		<b>273,621,445</b>		<b>210,107,648</b>

## 22 FINANCE COST

	31-03-2014		31-03-2013	
Interest Expenses	2,328,573		1,663,899	
Interest on Income Tax	479,851		1,407,327	
Bank Charges	184,292		252,392	
Other Borrowing Cost	467,836		709,454	
<b>TOTAL</b>		<b>3,460,552</b>		<b>4,033,072</b>

## 23 DEPRECIATION & AMORTISATION

	31-03-2014		31-03-2013	
Depreciation	46,094,513		38,980,567	
Impairment	-		-	
Amortisation	6,027,827		5,390,332	
<b>TOTAL</b>		<b>52,122,340</b>		<b>44,370,899</b>

## 24 OTHER EXPENSES

	31-03-2014		31-03-2013	
(Increase)/Decrease of excise duty on Finished Goods	-3,723,557		-227,177	
Repairs to buildings	11,153,641		5,896,403	
Repairs to Machinery	16,324,949		8,125,350	
Research & Development Expenses	915,042		801,105	
Windmill Operation Charges	853,970		457,376	
Power & Fuel	27,044,346		16,599,288	
Vehicle Expenses	868,338		1,193,395	
		<b>53,436,729</b>		<b>32,845,740</b>
Advertising & Sales Promotion	74,968,513		42,556,470	
Freight & Forwarding Expenses	11,770,303		7,435,283	
Travelling & Conveyance	36,299,746		27,174,987	
Warranty & After Sales Services	33,880,931		31,527,266	
		<b>156,919,493</b>		<b>108,694,006</b>
Auditor's Remuneration	1,214,370		1,174,614	
Bonus Issue Expenses	-		961,510	
Communication Cost	3,592,834		2,807,217	
Director's Sitting Fees	80,000		46,000	

Donation	2,727,210		3,025,113	
Exchange Rate Difference	266,108		-23,630	
Insurance	1,129,061		797,056	
Legal & consultancy Charges	4,596,468		3,899,292	
Office Admin Expenses	4,372,741		3,968,572	
Other miscellaneous expenses	2,820,065		5,313,311	
Printing & Stationary	1,561,820		3,069,971	
Rates and taxes	883,167		719,151	
Rent	4,456,777		3,305,873	
Repairs to Others	19,325,258		14,409,237	
Right Issue Expenses	-		50,000	
		47,025,879		43,523,287
<b>TOTAL</b>		<b>257,382,101</b>		<b>185,063,033</b>
Auditor's Remuneration includes				
For Audit Fee	800,000		700,000	
For Limited Review	75,000		75,000	
For Taxation matters	300,000		350,000	
Other Matters	5,000		17,500	
Reimbursement expense	34,370		32,114	
<b>TOTAL</b>		<b>1,214,370</b>		<b>1,174,614</b>

## 25 TAX EXPENSES

	31-03-2014		31-03-2013	
Current Tax	128,254,000		118,454,000	
Tax of Earlier years	-15,055,250	113,198,750	-3,747,343	114,706,657
Deferred Tax	16,338,700	16,338,700	-1,696,100	-1,696,100
<b>TOTAL</b>		<b>129,537,450</b>		<b>113,010,557</b>

## 26 EARNING PER SHARE

	31-03-2014		31-03-2013	
Net profit as per P & L	297,947,363		259,190,866	
No. of Shares	10,971,600		10,971,600	
<b>EPS</b>		<b>27.16</b>		<b>23.62</b>

## 27 CONTINGENT LIABILITIES NOT ACKNOWLEDGE AS DEBT

	31-03-2014		31-03-2013	
Sales Tax	202,531		7,802,531	
CST	1,183,791		1,183,791	
Excise Duty	1,784,610		1,784,610	
Service Tax	474,336		474,336	
Income Tax	16,789,223		6,586,762	
PGCVL	-		2,346,556	
Case Pending before Consumer Forum	1,733,875		3,242,415	

Case filed by investor for non allotment of right issue shares	1,346,259		1,346,259	
Case filed by the Supplier in the Court	111,729,796		111,729,796	
<b>TOTAL</b>		<b>135,244,421</b>		<b>136,497,056</b>

## 28 ESTIMATED AMOUNT OF CONTRACTS REMAINING TO BE EXECUTED ON CAPITAL ACCOUNTS AND NOT PROVIDED FOR

	31-03-2014		31-03-2013	
For purchase of Assets		7,756,160		14,294,514

## 29 VALUE OF IMPORT ON CIF BASIS

	31-03-2014		31-03-2013	
Purchase of Raw material		3,903,529		138,132

## 30 EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)

	31-03-2014		31-03-2013	
Travelling		964,742		2,697,471

## 31 NET DIVIDEND REMITTED IN FOREIGN EXCHANGE

	31-03-2014		31-03-2013	
Period for which it relates		-		2011-12
No. of Non Resident Shareholders		-		2
No. of Equity Shares held on which dividend was due		-		36,000
Amount Remitted		-		180,000

## 32 EARNINGS IN FOREIGN CURRENCIES

	31-03-2014		31-03-2013	
Export at F.O.B. Value of vehicle and spares		72,182,999		30,450,263
Technical service income		1,210,433		3,313,883

## 33 CONSUMPTION

	31-03-2014		31-03-2013	
	Amount	%	Amount	%
Imported	3,903,529	0.121%	138,132	0.005%
Indigenous	3,214,576,029	99.879%	2,758,454,999	99.995%
<b>TOTAL</b>	<b>3,218,479,558</b>	<b>100%</b>	<b>2,758,593,131</b>	<b>100%</b>

### 34 RELATED PARTY DISCLOSURE

Name of Related Parties				
(a)	Associate Company	Khushbu Auto Finance Limited		
	Key Management Personnel	Chandra Jayantilal Jagjivan	Chairman & Managing Director	
		Patel Mahendra Jamnadas	Wholetime Director & CFO	
		Chandra Niraj Jayantilal	Wholetime Director	
	Enterprises owned or significantly influenced by key personal management or their relatives	Atul Auto Agency		
		Atul Auto Industries		
		Atul Automotives		
		Atul Motors Pvt. Ltd.		
		Atul Petroleum		
		Khushbu Auto Private Limited		
		New Chandra Motor Cycle Agency		
		New Chandra Motor Cycle House		
(b)	Transaction with Related Parties		31-03-2014	31-03-2013
	Enterprise owned or significantly influenced by key management personnel or their relatives	Sales (inclusive of tax)	470,146,963	499,996,589
		Purchase (inclusive of tax)	2,173,535	303,179
		Warranty Claims/After Sales Service/PDI/WRC Charges	1,605,548	1,799,192
		Sales Incentive & Promotion	-	146,500
		Purchase of Fixed Assets	-	150,000
		Vehicle Repairing Exp	25,720	89,908
		After Sales Service Receivable	-	13,200
	Key Managerial Personnel	Remuneration	16,601,086	12,726,876
		Reimbursement	797,184	1,392,900
		TOTAL	17,398,270	14,119,776
	Relatives of Key Managerial Personnel	Remuneration	674,112	562,500
		Reimbursement	-	11,259
		TOTAL	674,112	573,759
(c)	Balance outstanding as at the end of the Year			
	Receivable	Enterprise owned or significantly influenced by key management personnel or their relatives	576,279	1,821,536
	Payable		227,217	2,323,816
	Equity Capital Contribution	Associate	22,960,000	22,960,000
	Disclosure in respect of Material Transaction with Related Parties			
	Sales of Goods	Khushbu Auto Private Limited	434,682,007	444,873,053
		New Chandra Motor Cycle Agency	30,236,511	49,510,100
		New Chandra Motor Cycle House	5,228,445	5,613,436
	Purchase of Goods	New Chandra Motor Cycle House	2,173,535	432,606

Warranty Claim /After Sales Service Payable/	Khushbu Auto Private Limited	1,450,962	1,538,008
PDI/WRC Charges	New Chandra Motor Cycle Agency	154,586	261,184

As per our report of even date

**For Maharishi & Co**

Chartered Accountants

Firm Reg. No. 124872W

**Prashant Maharishi**

Partner

M. No.: 41452

Place: Rajkot

Date: 20.05.2014

For and on behalf of the Board of Directors

**Chandra J J**

Chairman and Managing Director

**Paras Viramgama**

Company Secretary

**Patel M J**

Whole-time Director & CFO







**ATUL AUTO LIMITED  
ECS Mandate Form**

(PLEASE FILL THE FORM IN CAPITAL LETTERS ONLY)

To,  
**Sharex Dynamic (India) Pvt Ltd**  
**Unit: ATUL AUTO LIMITED**  
Unit-1, Luthra Ind. Premises,  
1st Floor, 44-E, M VasantiMarg,  
Andheri-Kurla Road, Safed pool,  
Andheri(E), Mumbai 400072

I hereby authorize ATUL AUTO LIMITED to make all payments in respect of my holding in the Company to my banker for crediting to my account as detailed below:

Share Holder's Name: .....

Folio Numbers: ..... Number of Shares held: .....

Name of the bank: .....

Branch name and address:.....

.....

Account Type: Saving Bank A/c [ ] Current A/c [ ] Others [ ] .....

(Mark 'X' in the appropriate box) (Please Specify on case of Others)

Bank Account number: .....

Nine digit MICR number of the account:.....

IFSC/NEFT Code:..... SWIFT Code (If applicable): .....

I/We hereby declare that the particulars given above are correct and complete. If credit is not effected for the reason(s) of incomplete or incorrect information, I/We would not hold the Company responsible.

Date: .....

.....  
(Signature of the first holder)  
(as appearing in the company's records)

**Certificate of the Investor's Bank**

We certify that the particulars of the bank account of ..... (Name of Shareholder)  
furnished above are correct as per our records.

Bank Stamp:

Date: .....

.....  
Signature of the authorized  
official of the bank

**Note:** Please attach cancelled Cheque.





## ATTENDANCE SLIP

### ATUL AUTO LIMITED

CIN: L54100GJ1986PLC016999

8-B National Highway, Near Microwave Tower, Shapar (Veraval), Dist. Rajkot -360024 (Guj)

26th Annual General Meeting - August 12, 2014

Name of Member(s):	
Registered Address:	
Folio No/DP Id Client Id:	
No of shares:	

I hereby record my presence at the 26th Annual General Meeting of the Company held on Tuesday, August 12, 2014 at 11:00 a.m. at the Registered Office of the Company at 8-B National Highway, Near Microwave Tower, Shapar (Veraval), District Rajkot, Gujarat-360024

.....  
Signature of Member/Proxy

Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall.

## PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

### ATUL AUTO LIMITED

CIN: L54100GJ1986PLC016999

8-B National Highway, Near Microwave Tower, Shapar (Veraval), Dist. Rajkot -360024 (Guj)

26th Annual General Meeting - August 12, 2014

Name of Member(s):	
Registered Address:	
Folio No/DP Id Client Id	
E-Mail Address:	

I/We, being the member (s) of ..... shares of the above named company, hereby appoint:

1	Name:	Address:
	E-Mail Id:	Signature:
Or falling him/her		
2	Name:	Address:
	E-Mail Id:	Signature:
Or falling him/her		
3	Name:	Address:
	E-Mail Id:	Signature:

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 26th Annual General Meeting of the Company to be held on Tuesday, August 12, 2014 at 11:00 a.m. at the Registered Office of the Company at 8-B National Highway, Near Microwave Tower, Shapar (Veraval), District Rajkot, Gujarat-360024 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resol No	Resolution Particulars	Vote (Optional see note 2) (Please mention no of shares)		
		For	Against	Abstains
<b>Ordinary Business</b>				
1	Consideration and adoption of the financial statements of the Company for the year ended March 31, 2014 and the reports of the Board of Directors and Auditors thereon.			
2	Declaration of final dividend for FY 2013-14			
3	Reappointment of Mr. Vijay K Kedia, who retires by rotation			
4	Reappointment of M/s. Maharishi & Co. as statutory auditors of the Company			
<b>Special Business</b>				
5	Appointment of Mr. Hakubhai J Lalakiya as Independent Director			
6	Appointment of Mr. Subodhchandra T Shah as Independent Director			
7	Appointment of Mr. Hemant J Bhatt as Independent Director			
8	Appointment of Mr. Hasmukh H Adhvaryoo as Independent Director			
9	Revision in remuneration of Mr. J J Chandra, Chairman and Managing Director			
10	Revision in remuneration of Mr. M J Patel, Whole-time Director & CFO			
11	Revision in remuneration of Mr. Niraj J Chandra, Whole-time Director			
12	Sub-division of equity shares of the Company			
13	Alteration of clause V of Memorandum of Association of the Company			

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014



.....  
Signature of Shareholder

.....  
Signature of Proxy holder(s)

**Notes:**

1. This Form, in order to be effective should be duly stamped, completed, signed and deposited at the Registered Office of the Company, not less than 48 hours before the meeting.
2. It is optional to indicate your preference. If you leave the for, against or abstain column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.
3. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.





**ATUL**

**ATUL AUTO LIMITED**

CIN: L54100GJ1986PLC016999  
8-B National Highway, Near Microwave Tower,  
Shapar (Veraval), Dist. Rajkot -360024 (Guj)  
[www.atulauto.co.in](http://www.atulauto.co.in)