

24th Annual Report 2011-12



ATUL
AUTO LTD.

www.atulauto.co.in

**AAL HONORED WITH
"MOST PROMISING SME IN AUTO & ENGINEERING"
BY CNBC-TV18- ICICI BANK EMERGING INDIA AWARDS 2012**



Atul Auto Ltd receives an award for the “Most Promising SME in Auto & Engineering” at CNBC-TV18- ICICI Bank Emerging India Awards 2012, seventh year of recognizing and awarding the budding entrepreneurs in the SME fraternity powered by CRISIL on March 22, 2012 in Mumbai. On behalf of Atul Auto Ltd, Niraj Chandra, Whole time Director, Vijay Kedia- Director and J. V. Adhia, Vice President (Finance) receive this prominent award by the worthy hands of Shri Sachin Pilot, the Union Minister of State, Communications and Information Technology, Government of India

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MISSION

*To devote ourselves to cater to the common man's
Transportation needs by
Introducing environment-friendly vehicles
Which are empowered by
Latest technological advances*

VISION

*To contribute in eradication of poverty
By making the common people self- dependent
With our state of art
Technology, products and services*

Board and Committees

The Board of Directors

J. J. Chandra
Chairman and Managing Director

CA Rajesh Dhruva
Independent and Non Executive Director

M. J. Patel
Wholetime Director

Ramniklal Kotecha
Independent and Non Executive Director

Niraj Chandra
Wholetime Director

Suresh Kaneria
Independent and Non Executive Director

V. K. Kedia
Non Independent Director

Adv. H K Lalakiya
Independent and Non Executive Director

Board Committees

Audit Committee

Rajesh Dhruva, *Chairman*
Suresh Kaneria
Hakubhai Lalakiya

Shareholders Grievances Committee

Suresh Kaneria, *Chairman*
Rajesh Dhruva
Hakubhai Lalakiya

Remuneration Committee

Suresh Kaneria, *Chairman*
Rajesh Dhruva
Hakubhai Lalakiya

Company secretary

CS Purvi Prashant Mehta

Auditors

Maharishi & Co.,
Chartered Accountants

Secretarial Auditors

MJP Associates
Practicing Company Secretaries

Registered Office

Survey No. 86,
Plot No.1 to 4,
National Highway 8-B,
Near Microwave Tower,
Shapar – 360 024 (Veraval)
Dist. Rajkot, Gujarat

Registrars & Transfer Agents

Sharex (Dynamic) India Pvt. Ltd.
Unit No. 1, Lothra Ind. Premises,
Safed Pool, Andheri Kurla Road,
Andheri (East)
Mumbai – 400 072

The Board of Directors



Mr. J. J. Chandra
Chairman and Managing Director

Mr. Jayantibhai J. Chandra aged 57 years is one of the founder promoter and Chairman & MD of the Company. He is an Undergraduate with a wide experience in Automobile Industry of more than 36 years. Presently he is one of the Promoters of the Company. He began his career as a manufacturer of carrier Auto Rickshaw under the brand name 'KHUSHBU' under his family firm Atul Auto Industries, Jamnagar and acquired expertise in automobile manufacturing and marketing. He looks after substantial administrative part in the organization. He has a far reaching vision with a keen insight to help Company to emerge as one of the leading manufacturers of small commercial vehicles. He was appointed as Director on 18.06.1986 since then he was reappointed as managing Director of the Company.



Mr. M. J. Patel
Wholetime Director

Mr. Mahendra Jamnadas Patel, aged 49 years is the Whole-time Director of the company. He is an Undergraduate and is one of the promoters of the Company with an experience of more than 19 years in manufacturing and assembling of automobile sector. He has worked as a Director-Production in Sunrise Soaps and chemicals for 3 years. Presently he is looking after whole of the production department of the Company. He was appointed as Director on 30.11.1994 since then he was reappointed as a Whole Time Director of the Company. Mr. Mahendrakumar Jamnadas Patel has been associated as promoters of the issuer from w.e.f. 30th November, 1994.



Mr. Niraj Chandra
Wholetime Director

Mr. Niraj Chandra, aged 33 years is the wholetime director of the company since 1st march 2012. Prior to this, he was working in marketing, production and general administration department of the company. He has hands on experience on the overall company polices and marketing strategies. He has studied in Nirma institute of Technical Studies in mechanical engineering.



Mr. V. K. Kedia
Non Independent Director

Mr. Vijay K Kedia, aged 51 years is the Non Independent & Non Executive Director of the Company. A Commerce Graduate by qualification and has been working with the Company since 2009. He has an experience of more than 25 years in Finance & Securities Market.



Mr. Rajesh Dhruva
Independent and Non Executive Director

Mr. Rajeshbhai Hasubhai Dhruva, aged 56 years is the Independent & Non Executive Director of the Company. He has been working with the Company since 1994 as a Director. He is a Chartered Accountant by Profession having a wide experience of more than 25 years in the field of Finance. He advises the Company in Finance & Foreign Exchange regulations.



Mr. Ramnikal Kotecha
Independent and Non Executive Director

Mr. Ramniklal Kotecha, aged 58 years is the Independent & Non Executive Director of the Company. He is B.E Mechanical by qualification and has experience of more than 25 years in the field of Administration and Management. He began his career as a site engineer in a swiss based company Rodiyo Foundation Engineering Ltd. at Metro Railway Project at Kolkata. Thereafter he ventured his own export – import business of engineered goods in 1983. He has an excellent acumen in management skill and presently runs a professionally managed company involved in export of agricultural, construction machinery, casting, forging, & automotive components. He is concerned about over all Administration & Management.



Mr. Suresh Kaneria
Independent and Non Executive Director

Mr. Sureshbhai Tulsidas Kaneria aged 51 years is the Independent & Non Executive Director of the Company. He is a Commerce Graduate by qualification and has a wide experience of more than 30 years in General Administrative Sector. He is concerned with all the activities related to the administration of the Company and he is continuing Directorship since 2004.



Mr. H.K. Lalakiya
Independent and Non Executive Director

Mr. Hakubhai Jadavbhai Lalakiya, aged 57 years is the Independent & Non Executive Director of the Company. He is an advocate by profession, having wide experience of more than 25 years in the Legal field and has been continuing Directorship since 2006. He is advising and taking care of legal aspects of the Company. His versatile experience of civil and criminal matters helps the Company and legal department to deal with a consumer forum cases and misc. Frauds and Land revenue matters.



Mr. A. Padmanabhan

Mentor

Aged 70 years, a mechanical engineer and technocrat having rich experience in the field of automobile. His core competence is creative engineering and system integration. He is a consultant technologist to a variety of corporate. He has a registered Indian patent #187211 Delay Fuel transfer Engine to his credit. Over carrier spanning from 1965 to 2012 he has developed business acumen to pay attention to fine details in creating cost effective solutions.



Mr. J. V. Adhia

Vice President - Finance

Mr. J. V. Adhia, aged 41 years, joined the Company on June 19, 1992 and is the Vice President-Finance and Accounts of the Company. He is MBA, Bachelor of Commerce and Diploma in Business Management. He has approximately 18 years experience in finance, taxation and audit.



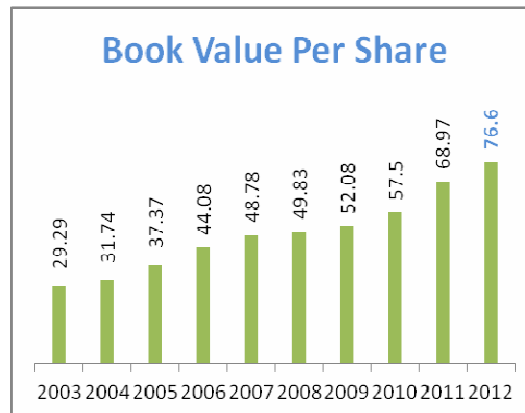
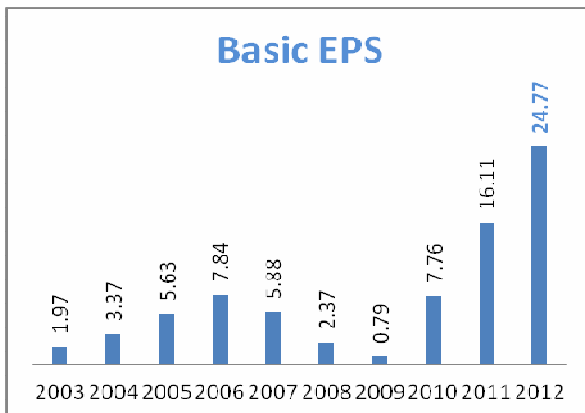
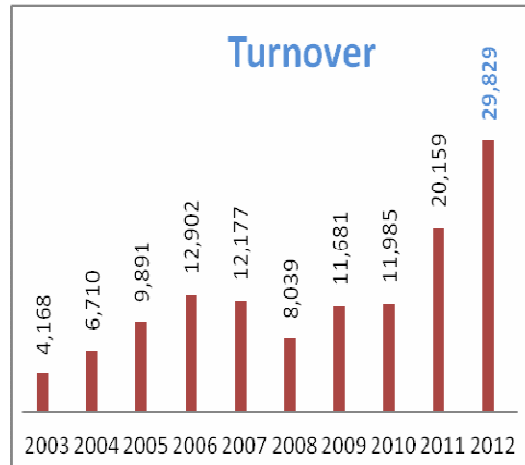
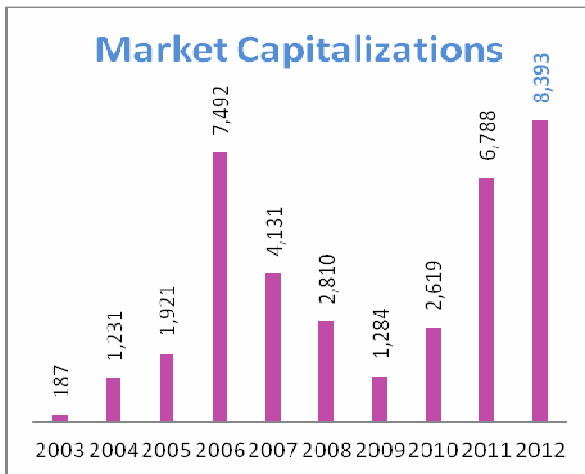
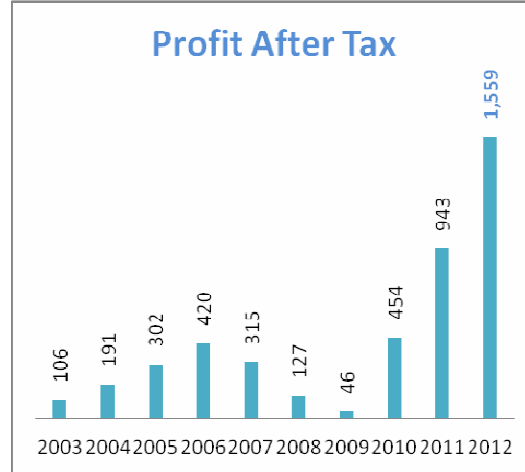
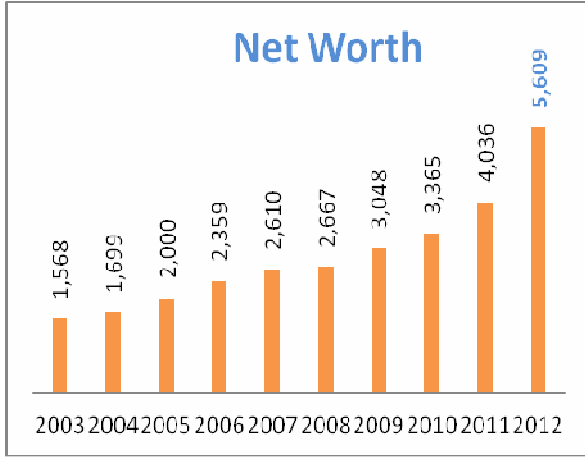
Mr. Paul Zachariah

Vice President - Marketing

Mr. Paul Zachariah, aged 45 years, joined the Company on May 5, 2003 and is the Vice President- Marketing of the Company. He has a Diploma in Automobile Engineering. Out of his 19 years experience he has served for three years with one of the larges three wheeler manufacturer.

A decade in Retrospect

In ₹ lacs, except per share data



The Year at a Glance

(In lacs, except per share data)

	2012	2011	Growth (%)
Financial Performance			
Income	29,882	20,204	47.9
Gross Profit	4,992	3,589	39.0
Operating Profit (PBIDTA)	2,814	2,005	40.3
Profit after Tax	1,559	943	65.4
EPS (par value of 10/- each : Basic & Diluted)	24.77	16.11	53.8
Dividend Per Share	5	4	25.0
Financial Position			
Capital Expenditure	847	425	99.4
Fixed Assets	4,154	4,246	(2.2)
Cash and Cash Equivalents	479	284	68.8
Net Current Assets	1,604	529	203
Total Assets	9,663	7,465	29.4
Debt	389	600	29.6
Net Worth	5,609	4,036	39.0
Cash and Cash Equivalents / Total Assets (%)	5	4	-
Market Capitalization	8,393	6,788	23.7

NOTICE

Notice is hereby given that the Twenty Fourth Annual General Meeting of the Members of Atul Auto Limited will be held on Tuesday, 26th June, 2012 at 10.00 A. M. at Plot no. 1 to 4, Survey No. 86, National High way 8 B, Near Microwave Towers, Village Veraval Shapar, Kotda Sangani, Rajkot, Gujarat to transact the following business:-

Ordinary Business:

1. To consider and adopt the audited Balance Sheet as at March 31, 2012, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors' thereon.
2. To declare the final dividend
3. To appoint directors in place of Mr. Jayantibhai J Chandra, who is liable to retire by rotation and being eligible, offers himself for reappointment.
4. To appoint directors in place of Mr.Hakubhai Lalakiya, who is liable to retire by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT M/s. Maharishi & Co, Chartered Accountants (Registration No. 124872W),be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors.”

Special Business:

6. To pass, with or without modification, the following Resolution, as an Ordinary Resolution:

“RESOLVED THAT” in accordance with provisions of Section 257 and other applicable provisions, if any, of the Companies Act, 1956, Mr.Niraj Jayantibhai Chandra, who was appointed as an additional director by the Board, and is eligible for appointment as director, and in respect of whom notice under section 257 of the Companies Act, 1956, has been received, be and is hereby appointed as Director of the Company and he shall be liable to retire by rotation as per provisions of the Companies Act, 1956 read with Articles of Association of the Company.”

“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.”

7. To pass, with or without modification, the following Resolution, as a Special Resolution:

“RESOLVED THAT in accordance with provision of section 198, 269, 309, 310, 311 read with Schedule XIII to the Companies Act, 1956 as well as in accordance with provision as contained in the Memorandum and Articles of Association of the Company, and in pursuance of recommendations of the Remuneration Committee of the Board of Directors of the Company, and, approval of Members be and is hereby given for appointment of Mr. Niraj Jayantibhai Chandra, as the Wholetime Director w.e.f. 1st March, 2012 for the period of Three Years on such terms and conditions mentioned herein under, and Mr. Niraj Chandra shall be liable to retire by rotation”

“RESOLVED FURTHER THAT the main terms and conditions of the appointment of Mr. Niraj Chandra shall be as under:

SALARY:

- a) Basic Salary of Rs. 77,100/- per month till the remaining tenure with authority to the Board of Directors to increase the same from time to time in accordance with limits specified in Schedule XIII to the Companies Act, 1956, as amended from time to time.
- b) Other Perquisites:
 - a. House Rent Allowance: Rs. 31,223/- p.m.
 - b. Conveyance allowance: Rs. 800/- p.m.
 - c. Education allowance for children: - Rs. 200/- p.m..
 - d. Annual Medical reimbursement for self and family members for the actual amount incurred up to Rs. 1,250/- p.m.
 - e. Contribution towards provident fund up to 12 % of basic salary or such other percentage as may be prescribed under the Rules of the respective Funds
 - f. Contribution towards gratuity Fund, super annuation fund and benefits payable as per Rules
 - g. Leave Travel Concession as per Company rule up to Rs. 6,425/- p.m.
 - h. Bonus as per applicable rule of the Company, at present Rs. 15,420/- p.m.
 - i. Use of Company’s Car along with facility of Driver and reimbursement of maintenance expenses of car
 - j. 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 Board shall have discretion, authority to modify forgoing terms, and remuneration within the limit prescribed under Schedule XIII of the Companies Act, 1956. He shall not be entitled to any sitting fees for attending meetings of the Board and / or Committee of directors”

“RESOLVED FURTHER THAT notwithstanding anything to contrary herein contained where in any financial year during the currency of tenure of Mr. Niraj Chandra, the Company has no profits or has inadequate profits, the Company will pay

remuneration by way of salary, incentive remuneration, perquisites and allowances as specified above.”

“RESOLVED FURTHER THAT where in any financial year, the Company is not having profits or its profits are inadequate, the Company shall pay to Mr. Niraj Chandra, the remuneration as said in above paragraphs, subject to provisions of Schedule XIII to the Companies Act, 1956”

8. To pass, with or without modification, the following Resolution, as a Special Resolution:

“RESOLVED THAT in accordance with provision of section 198, 269, 309, 310, 311 read with Schedule XIII to the Companies Act, 1956 as well as in accordance with provision as contained in the Memorandum and Articles of Association of the Company, and in pursuance of recommendations of the Remuneration Committee of the Board of Directors of the company as well as in pursuance of Resolution passed by the Board of Directors of the Company in its meeting held on 1st April, 2012, approval of the Members be and is hereby given for revision of remuneration of Mr. Jayantibhai J Chandra, Chairman & Managing Director w.e.f. 1st April, 2012 on such terms and conditions mentioned herein under AND Mr. J J Chandra shall be liable to retire by rotation in terms of provisions of the Companies Act, 1956 read with provisions of Memorandum and Articles of Association of the Company”

SALARY:

- a) Rs. 5,00,000/- per month

“RESOLVED FURTHER THAT The Board shall have discretion, authority to modify forgoing terms, and remuneration subject to provisions of Section 198, 269, 309, 310, 311 read with Schedule XIII to the Companies Act, 1956”

“RESOLVED FURTHER THAT Mr. J J Chandra, shall not be entitled to any sitting fees for attending meetings of the Board and / or Committee of directors”

“RESOLVED FURTHER THAT notwithstanding anything to contrary herein contained where in any financial year during the currency of tenure of Mr. J J Chandra, the Company has no profits or has inadequate profits, the Company will pay remuneration by way of salary, incentive remuneration, perquisites and allowances as specified above, subject to provisions of Schedule XIII to the Companies Act, 1956”

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

9. To pass, with or without modification, the following Resolution, as a Special Resolution:

“RESOLVED THAT in accordance with provision of section 198, 269, 309, 310, 311 read with Schedule XIII to the Companies Act, 1956 as well as in accordance with provision as contained in the Memorandum and Articles of Association of the Company, and in pursuance of recommendations of the Remuneration Committee of the Board of Directors of the company as well as in pursuance of Resolution passed by the Board of Directors of the Company in its meeting held on 1st April, 2012, approval of the Members be and is hereby given for revision of remuneration of Mr. Mahendra Jamnadas Patel, Wholetime Director w.e.f. 1st April, 2012 on such terms and conditions mentioned herein under AND Mr. M J Patel shall be liable to retire by rotation in terms of provisions of the Companies Act, 1956 read with provisions of Memorandum and Articles of Association of the Company”

SALARY:

- a) Rs. 4,50,000/- per month

“RESOLVED FURTHER THAT The Board shall have discretion, authority to modify forgoing terms, and remuneration subject to provisions of Section 198, 269, 309, 310, 311 read with Schedule XIII to the Companies Act, 1956”

“RESOLVED FURTHER THAT Mr. M J Patel, shall not be entitled to any sitting fees for attending meetings of the Board and / or Committee of directors”

“RESOLVED FURTHER THAT notwithstanding anything to contrary herein contained where in any financial year during the currency of tenure of Mr. M J Patel, the Company has no profits or has inadequate profits, the Company will pay remuneration by way of salary, incentive remuneration, perquisites and allowances as specified above, subject to provisions of Schedule XIII to the Companies Act, 1956”

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

10. To pass, with or without modification, the following Resolution, as an Ordinary Resolution:

“RESOLVED THAT pursuant to provisions of Section 94 and all other applicable provisions, if any of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the authorized share capital of the Company of Rs. 8,00,00,000/- (Rupees Eight Crores only) divided into 80,00,000 (Eighty lacs) equity shares of Rs. 10/- (Rupees ten only) each to Rs. 15,00,00,000/- (Rupees Fifteen crores only) divided into 1,50,00,000 (One crore fifty lacs only) equity shares of Rs. 10/- (Rupees Ten only) each, with powers to the Board of Directors to decide on extent of variation in such rights and to classify and re-classify from time to time such shares into any class of shares”

“RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board of Directors of the Company be and is hereby authorized to take all such steps

and actions and give such directions as may be in its absolute discretion deem necessary and to settle any question that may arise in this regard”

11. To pass, with or without modification, the following Resolution, as a Special Resolution:

“RESOLVED THAT pursuant to provisions of Section 16 and all other applicable provisions, if any of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), THE Memorandum of Association of the Company be and is hereby altered by substituting the existing Clause V thereof by the following Clause V:

“The authorized share capital of the Company is Rs. Rs. 15,00,00,000/- (Rupees Fifteen crores only) divided into 1,50,00,000 (One crore fifty lacs only) equity shares of Rs. 10/- (Rupees Ten 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 for the purpose of giving effect to this Resolution, the Board of Directors of the Company be and is hereby authorized to take all such steps and actions and give such directions as may be in its absolute discretion deem necessary and to settle any question that may arise in this regard”

12. To pass, with or without modification, the following Resolution, as a Special Resolution:

“RESOLVED THAT pursuant to applicable provisions of the Companies Act, 1956, and subject to the applicable Guidelines/Regulations/approvals of the Stock Exchange, Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI), and any other applicable authority, as may be necessary and subject to provisions as contained in the Memorandum and Articles of Association of the

Company, the Company do issue and allot 36,57,200 equity shares of Rs. 10/- (Rupees Ten) each aggregating to Rs.3,65,72,000 (Rupees Three crores fifty seven lacs two hundred only) as Bonus Shares credited as fully paid up, by capitalization of the sum standing to the credit of Securities Premium Account and/or such other permissible account, to all Members of the Company, holding equity shares of Rs. 10/- each of the Company in ratio of one new fully paid up equity share of Rs. 10/- each for every two equity shares held as on the book closure date”

“RESOLVED FURTHER THAT the said Bonus shares, from the date of allotment, shall be subject to provisions of Memorandum and Articles of Association of the Company and shall rank pari passu in all respects with existing shares”

“RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution and for removal of any difficulty or doubt, the Board (hereinafter referred to as “the Board” which term shall be deemed to include any committee which the Board may constitute to exercise its powers, including the powers conferred by this Resolution, be and is hereby authorized to all such acts, deeds, matters, and things as it may, in its absolute discretion, deem necessary, expedient, usual or proper and to settle any question or difficulty that may arise with regard to the issue and allotment of Bonus shares as aforesaid or any other matter incidental or consequential thereto”

Date: 02/06/2012
Place: Shapar (Veraval)

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

(J. J. CHANDRA)
Chairman & Managing Director

Registered Office:

Atul Auto Limited
Plot No 1 to 4, Survey No. 86
Near Microwave Tower, National Highway 8 B
Rajkot Gondal Highway, Village Shapar Veraval
Taluka Kotda Sangani, Dist Rajkot,
Gujarat

EXPLANATORY STATEMENT PURSUANT TO PROVISIONS OF SECTION 173 (3) OF THE COMPANIES ACT, 1956

Item No 6 & 7

The Board of Directors of the Company appointed Mr. Niraj Chandra, as an Additional Director of the Company with effect from 1st March, 2012, pursuant to section 260 of the Act and Article 135 of the Articles of Association of the Company. Under Section 260 of the Company Act, Mr. Niraj Chandra ceases to hold office at this Annual General Meeting but is eligible for appointment as a Director. A notice under section 257 of Act has been received from a Member signifying his intention to propose his appointment as a Director.

Further, the Board has appointed Mr. Niraj Chandra as Wholetime Director of the Company w.e.f. 1st March, 2012, subject to approval of Members in the ensuing Annual General Meeting. Resolution at Item No. 7 covers the detailed terms/conditions of appointment of Mr. Niraj Chandra as Wholetime Director of the Company.

The Directors recommend the Resolution at Items 6 & 7 of the accompanying notice for approval of the Members of Company. Mr. Niraj Chandra, being proposed appointee, is concerned or interested in Items no. 6 & 7 of the notice.

Mr. Niraj Chandra is son of Mr. J J Chandra, Chairman & Managing Director of the Company.

Item No 8

The Board of Directors of the Company passed Resolution for revision of remuneration of Mr. J J Chandra, Chairman & Managing Director of the Company, with effect from 1st April 2012, subject to approval of Members in the Annual General Meeting. Mr. Chandra is one of the founder promoters of the Company and is associated with the Company since its inception. Mr. 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.

The remuneration, which is proposed in the Resolution, is in consonance with the remuneration being paid by Companies of similar size in the Industry with respect to experience of the appointee. 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 the Chairman & Managing Director, and this is to be treated as an abstract under Section 302 of the Companies Act, 1956.

The Directors recommend the resolution at item 8 of the accompanying notice for approval of the Members of Company, by passing the Resolution as a Special Resolution.

Except Mr. J J Chandra, being the proposed beneficiary, and Mr. Niraj Chandra, being son of Mr. J J Chandra, no other director of the company, is concerned and/or interested in the above Resolution for revision of remuneration.

Item Nos. 9:

The Board of Directors of the Company passed Resolution for revision of remuneration of Mr. M J Patel, Wholetime Director of the Company, with effect from 1st April 2012, subject to approval of Members in the Annual General Meeting. Mr. M J Patel, is has been associated with the Company since long. Mr. Patel is supervising the production facility of the Company and has great management skill. The Company has benefited a lot from the expertise and vision of Mr. Patel.

The remuneration, which is proposed in the Resolution, is in consonance with the remuneration being paid by Companies of similar size 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 the Wholetime Director, and this is to be treated as an abstract under Section 302 of the Companies Act, 1956.

The Directors recommend the resolution at Item 9 of the accompanying notice for approval of the Members of Company, by passing the Resolution as a Special Resolution.

Except Mr. M. J. Patel no other director of the company, is concerned and/or interested in the above Resolution for revision of remuneration.

Item Nos. 10:

The Company may, for its business expansion plans as well as to strengthen its capital base, require to issue securities in future. However, the present Authorised Share Capital of the Company of Rs. 8 crores may not be sufficient to serve the additional issue of securities. Hence, it is proposed to increase the authorized share capital of the Company from Rs. 8,00,00,000/- (Rupees Eight Crores only) divided into 80,00,000 (Eighty lacs) equity shares of Rs. 10/- (Rupees ten only) each to Rs. 15,00,00,000/- (Rupees Fifteen crores only) divided into 1,50,00,000 (One crore fifty lacs only) equity shares of Rs. 10/- (Rupees Ten only) each. In terms of provisions of the Companies Act, 1956, approval of the Members is required to increase the authorized share capital of the Company.

The Directors recommend the resolution at Item 10 of the accompanying notice for approval of the Members of Company, by passing the Resolution as an Ordinary Resolution.

None of the Directors is, interested in the Resolution.

Item Nos. 11:

It is proposed to increase the authorized share capital of the Company from Rs. 8,00,00,000/- (Rupees Eight Crores only) divided into 80,00,000 (Eighty lacs) equity shares of Rs. 10/- (Rupees ten only) each to Rs. 15,00,00,000/- (Rupees Fifteen crores only) divided into 1,50,00,000 (One crore fifty lacs only) equity shares of Rs. 10/- (Rupees Ten only) each. Clause V of the Memorandum of Association of the Company In contains details of Authorised share capital of the Company. Hence, it is proposed to amend the Clause V of Memorandum of Association of the Company consequent to increase in authorized share capital of the Company.

The Directors recommend the Resolution at Item 11 of the accompanying notice for approval of the Members of Company, by passing the Resolution a Special Resolution.

None of the Directors is anyway, interested in the Resolution.

Item Nos. 12:

In accordance with the philosophy of giving greatest importance to shareholder value creation and as well as a motive of strengthening capital base of the Company, the Board of Directors of the Company, in its Meeting held on 12th May, 2012, recommended, subject to approval of members at the General Meeting, issue & allot, bonus shares to shareholders of the Company. Further, the bonus shares, as and when allotted, from the date of allotment, shall be subject to provisions of Memorandum and Articles of Association of the Company and shall rank pari-passu in all respects with existing shares. The Bonus shares will be credited to demat accounts of shareholders, who are holding shares in demat form or share certificates will be issued to shareholders, who are holding shares in physical form, latest by 10th July, 2012

The Board recommends the Resolution at Item No 12 to be passed as a Special Resolution.

The Directors may be deemed to be interested in this Resolution to the extent of the Bonus shares, if any, that may be allotted to them.

Notes:

1. A member entitled to attend, vote at the Annual General Meeting (the Meeting) is entitled to appoint a proxy to attend and vote on a poll instead of himself, and the proxy need not be a member of the Company. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before commencement of the Meeting.
2. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.

3. In terms of Article 154 of the Articles of Association of the Company, Mr. J J Chandra, and Mr. Hakubhai Lalakia, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Brief resume of these Directors, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships/ chairmanships of Board Committees, as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges in India, are provided in the Annual Report. The Board of Directors of the Company recommends their respective re-appointments.
4. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
5. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID Numbers and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the Meeting.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. Relevant documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days, except Sunday, between 11.00 a. m. and 1.00 p. m. up to the date of the Meeting.
8. The Register of Members and Transfer Books will remain closed on 5th July, 2012.
9. (a) In order to provide protection against fraudulent encashment of dividend warrants, Members who hold shares in physical form are requested to intimate the Company's Registrars and Transfer Agents, M/s. Sharex (Dynamics) Private Limited, under the signature of the Sole/First joint holder, the following information to be incorporated on dividend warrants:
 - (i) Name of the Sole/First joint holder and the Folio Number.
 - (ii) Particulars of Bank Account, viz.:
 - (a) Name of Bank
 - (b) Name of Branch
 - (c) Complete address of the Bank with Pin Code Number
 - (d) Account type, whether Savings Account (SA) or Current Account (CA)
 - (e) Bank Account Number
- (b) Members who hold shares in dematerialized form may kindly note that their Bank Account details, as furnished by their Depositories to the Company, will be printed on their dividend warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such Members for deletion of or change in such Bank Account details. Further, instructions, if any, already given by them in respect of shares held in physical

form will not be automatically applicable to shares held in electronic form. Members who wish to change such Bank Account details are therefore requested to advise their Depository Participants about such change with complete details of Bank Account.

10. Members who hold shares in physical form in multiple folios in identical names or joint accounts in the same order of names are requested to send the share certificates to the Company's Registrars and Transfer Agents, M/s. Sharex (Dynamics) private Limited, for consolidation into a single folio.
11. Non-Resident Indian Members are requested to inform the Company's Registrars and Transfer Agents, M/s. Sharex (Dynamics) private Limited, immediately of:-
 - (a) The change in the Residential status on return to India for permanent settlement.
 - (b) The particulars of the Bank Account maintained in India with complete name, branch, account type, account number and address of Bank with Pin Code Number, if not furnished earlier.
12. Members are advised to refer to the information provided in the Annual Report.

Directors' Report

Dear Members,

We are delighted to present the report on our business and operations for the year ended on March 31, 2012.

A. Results of our operations

	(₹ in lacs)	
	2012	2011
Revenue from Operations	29,882	20,204
Cost of materials consumed	24,186	15,749
Profit	5,696	4,455
Change in inventories of finished goods, work in progress	(430)	98
Selling and marketing expenses	617	249
Employee benefits expenses	1,648	1,160
General and administration expenses	1,107	1,004
Operating profit Before Interest, Depreciation, Taxes and Amortization (PBIDTA)	2,754	1,944
Finance Cost	76	183
Depreciation and amortization	426	425
Operating Profit before tax	2,252	1,336
Other income	59	61
Net profit before tax and exceptional item	2311	1397
Provisions for taxation	765	454
Net profit after tax and before exceptional item	1546	943
Exceptional Items	13	-
Net profit after tax and exceptional items	1559	943
Profit and loss account balance brought forward	2718	2141
Proposed dividend	366	234
Tax on proposed dividend	59	38
Amount transferred to general reserve	156	94
Balance in Profit and loss account	3696	2718
EPS before exceptional item (Basic & Diluted)	24.57	16.11
EPS after exceptional item (Basic & Diluted)	24.77	16.11

B. Business

Our total income increased to ₹ 29,882 lacs from ₹ 20,204 lacs in the previous year, at a growth rate of 47.9%. Our product export revenues aggregated to ₹ 369 lacs up by 15.3% from ₹ 320 in the previous year. Out of total revenue, 1.23% came from exports.

Our revenues from Domestic Market have increased from ₹ 19,883 lacs to ₹ 29,513 lacs with growth rate of 48.4%.

Our gross profit amounted to ₹ 4,992 lacs (16.7% of the revenue) as against ₹ 3,589 lacs (17.8% of revenue) in the previous year. The Profit Before Interest, Depreciation, Taxes and Amortization (PBIDTA) amounted to ₹ 2,814 lacs (9.4% of revenue) as against ₹ 2,005 lacs (9.9% of revenue) in the previous year. Sale and marketing cost were 2.1% and 1.2% of our revenue for the year ended March 31, 2012 and March 31, 2011,

respectively. General and Administration expenses were 3.7% and 5.0% of our revenues during the current year and previous year, respectively. The net profit after tax before exceptional item was ₹ 1,546 lacs (5.2% of revenue) as against ₹ 943 lacs (4.7% of revenue) in the previous year.

C. Products

Company manufactures 3 – Wheelers in India in the sub 1 tonne category targeting the passenger segment and cargo segment. In passenger segment, the company manufactures the diesel powered carrier for carrying 3 to 6 passengers and also the CNG, LPG and Petrol driven vehicle. In cargo segment, the company manufactures vehicles with a rated carrying capacity of up to 0.50 tonne. Both these vehicles have been approved by the Automotive Research Association of India

We manufacture customized vehicles like tippers, hydraulic hoppers, vegetable vending vans etc. The vehicles find wide application in courier services, industrial products, laundry construction, dairies, caterers, FMCG distribution, LPG distribution etc. The company produces auto rickshaw under Atul Shakti, Atul Smart and Atul Gem brand names.

Products:

The company's existing products are various types of Front Engine & Rear Engine Three wheelers under the brand name "Atul Shakti", "Atul Gem" & "Atul Smart".

The broad categories of the Products are as follow:

1. Goods Carriers
2. Passengers Carriers
3. Special Purpose Vehicle
 - a) Chicken Carrier
 - b) Tripper
 - c) Water Tank Carrier
 - d) Soft Drink Carrier
 - e) Mobile Shop
 - f) Hopper
 - g) Bio Hazard
 - h) Vegetable vending

Atul Shakti, Atul Gem & Atul Smart (Loading)

It is suitable for transportation of small volumes of cargo from transit station to main offices and vice versa. It has a capacity of 500 kgs and it fitted with 7.5 HP, 4 Stroke air cooled engine. It has distinct advantages over the other pick up vans, which have mostly petrol engines. Other unique features of the vehicle include auto ignition start, fuel efficiency etc. The company has introduced different types of vehicle to cater to the specific demand of the customers like Pack Body Vehicles, Soft Drink Carrier, High Deck, Chicken Carrier, Hydraulic Tipper, Ice – Cream shop, Hopper, Water tank carrier and Open Box type body etc.

Atul Shakti, Atul Gem & Atul Smart (Passenger Rickshaw)

This vehicle has an approved capacity to carry 3 passengers (excluding driver) or in terms of pay load capacity it can carry 500 kgs. The vehicle is fitted with 7.5 HP, 4 strokes air cooled diesel engine having handle bar, auto start and dry clutch facilities.

D. Quality

To counter the threat of growing competition, the Company continues to intensify its drive to improve quality and product offering while maintaining its low cost product development/sourcing advantage.

E. Branding, awards and recognition

We provide comprehensive business solutions in the light of transport vehicle segment to help customers gain market differentiation and competitive advantage. We are known by the brand, "Atul" to all stakeholders and the general public.

In 2011-12, as in the years preceding, we were awarded:

"Most promising SME in Auto & engineering" by CNBC-TV18-ICICI Bank Emerging India Awards 2012, on March 22, 2012 at Mumbai.

F. Capital Expenditure

We incurred a capital expenditure of ₹ 846 lacs (₹ 425 lacs in the previous year). The entire capital expenditure was funded out of internal accruals.

During the year, we capitalized ₹ 287 lacs to our gross block of Tangible Fixed Assets comprising ₹ 14 lacs for investment in building, ₹ 155 lacs on plant & machinery, ₹ 5 lacs on furniture & fixtures, ₹ 67 lacs on vehicles and ₹ 14 lacs office equipments. And we capitalized ₹ 74 lacs to our gross block of Intangible Fixed Assets, by investing in SAP software and ₹ 32 lacs in Information system infrastructure.

Last year, we added ₹ 503 lacs to our gross block of Tangible Fixed Assets, including investment in ₹ 57 lacs for investment in building, ₹ 310 lacs on plant & machinery, ₹ 24 lacs on furniture & fixtures, ₹ 109 lacs on vehicles and ₹ 4 lacs office equipments.

G. Liquidity

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. During fiscal 2012, internal cash flows have more than adequately covered working capital requirements, capital expenditure and dividend payments. As at March 31, 2012, we had liquid assets of ₹ 4,926 lacs as against ₹ 2,888 lacs at the end of previous year – 2010-11.

The funds have been invested in liquid mutual funds.

H. *Increase in Share Capital*

(a) Right Issue

During the year, company has issued 14,62,880 Equity shares of ₹ 10/- each for cash at a price of ₹ 30/- each including a premium of ₹ 20/- per Equity share aggregating to an amount of ₹ 439 lacs on Right Basis in the ratio of 1 Equity share for every 4 Equity shares on 25th October, 2011. These shares are listed & available for trading at the Bombay Stock Exchange Limited (BSE).

(b) Increase in Authorised Share Capital & issue/allotment of Bonus shares :

Members are aware that Company is planning for business expansions, for which the Company may require funds in future. Further, the Board has also recommended, subject to approval of members in the ensuing Annual General Meeting, the issue and allotment of bonus shares in the ratio of One equity share for every Two shares held in the company at record date to be decided by Board at later date. Therefore, it is required to increase the authorized share capital of the Company so as to accommodate the future increase in paid up share capital. It is proposed to increase share capital of the Company from Rs. 800 lacs divided into 80 lacs each shares of Rs. 10/- each to Rs. 1500 lacs divided into 150 lacs equity shares of Rs. 10/- each. Necessary Resolutions are given in the Notice of the Annual General Meeting given in this Annual Report.

I. *Appropriations*

Dividend

The Board has recommended a final dividend of 50% or ₹ 5/- per share for the financial year ended on 31st March, 2012. The dividend will be paid on total paid up share capital of Rs. 7,31,44,000 divided into 73,14,400 equity shares of Rs. 10/- each.

The total dividend amount pay out is ₹ 425 lacs, as against ₹ 272 lacs in the previous year. The dividend for the year includes ₹ 59 lacs Dividend Distribution Tax, as compared to last year of ₹ 38 lacs.

The declaration and payment of dividends on Equity shares is recommended by the Board of Directors and approved by the shareholders of the company. The amount paid as dividend in past is not indicative of company's dividend policy in future.

The register of members and share transfer books will remain closed on 5th July, 2012. Company's Annual General Meeting is scheduled to be held on 26th June, 2012.

Transfer to Reserves

We propose to transfer ₹ 156 lacs (10% of the net profit for the year) to the general reserve. An amount of ₹ 3,696 lacs are proposed to be retained in the profit and loss account.

J. *Corporate Governance*

We continue to benchmark our corporate governance policies with the best in Industry.

The company is managed with utmost professionalism, transparency and adherence to the legal framework. The company believes that the corporate governance is all about effective management of relationship among constituents of the system, i.e. shareholders, management, employees, customers, vendors, regulators and the society. The company has strong belief that this relationship can only be built and strengthened through corporate fairness, transparency, and accountability. For fiscal year 2012, the compliance report is provided in the corporate governance report section of the Annual Report. The Auditors' certificate on compliance with the mandatory requirements of Clause 49 of the Listing Agreement is given in the Annexure to the Directors' report.

We have documented our internal policies on corporate governance. In line with the committee's recommendations, the Management's Discussion and Analysis of the financial position of the Company is provided in this Annual Report.

K. *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.

L. *Particulars of Employees*

There are no employee in the Company drawing remuneration more than Rs. 5 lacs per month or 60 lacs per annum, the limits specified in the Companies (Particulars of Employees) Rules, 1975 as amended by the Companies (Particulars of Employees) (Amendment) Rules, 2011 dated 31st March, 2011 .

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

The financial statements are prepared in accordance with the accounting standards issued by the Institute of Chartered Accountants of India and the requirements of the Companies Act, 1956, to the extent applicable to us, and guidelines issued by SEBI on the historical cost convention as a going concern and on the accrual basis. There are no material departures from prescribed accounting standards in the adoption of the accounting standards.

The Board of Directors accepts responsibility for the integrity and objectivity of these financial statements. The accounting policies used in the preparation of the financial statements have been consistently applied. The estimates and judgments related to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner the form and substance of transaction, and reasonably present our state of affairs and profits for the year.

We have taken sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956, to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

N. Directors

Mr. Chandra Niraj was appointed as an additional Director effective March 1, 2012. He was also appointed as whole time director for three years, subject to approval of Members at the ensuing Annual General Meeting. In terms of Section 260 of the Companies Act, 1956, he will hold office only up to the date of the ensuing Annual General Meeting. The Company has received requisite notice in writing from a member proposing his candidature for the office of Director liable to retire by rotation.

Mr. Chandra J. J. and Advocate Mr. H.K. Lalakiya, Directors of the company are liable to retire by rotation at the ensuing Annual General Meeting and being eligible to offer themselves for reappointment.

Mr. Sunilkumar Mittal, has resigned from Board effective from 12th December, 2011 and board appreciates the efforts put in by him in growth of the company.

O. Auditors

M/s Maharishi & Co., Chartered Accountants, auditors of the company retire at the ensuing Annual General meeting and have confirmed their eligibility and willingness to accept office, if re-appointed.

P. Green Initiatives

During the previous fiscal, the Company had started a sustainability initiative with the aim of going green and minimizing our impact on the environment. Keeping in view the underlying theme and the circulars issued by MCA, the Company proposes to send documents like Notice convening General Meeting (s), Audited Financial Statements, Directors' Report, Auditors' Report or any other communication in electronic form, to the mail address provided by shareholders and made available to the Company by the Depository Participants. Members are requested to register their email ID with their Depository Participants, in case e-mail address is not already registered.

Members can also register their email address with Company on the following e-mail address:

investorrelations@atulauto.co.in

Additional details are available on Company's website www.atulauto.co.in

Q. Acknowledgments

We thank our customers, vendors, investors and bankers for their continued support during the year. We place on record our appreciation of the contribution made by our employees at all levels. Our consistent growth was made possible by their hard work, solidarity, cooperation and support.

We 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

J. J. CHANDRA
Chairman & Managing Director

Signed at Rajkot on May 12, 2012

Annexure to the Directors' Report

- a. Particular pursuant to Companies (Disclosure of particular in the report of the Board of Directors) Rules, 1988
- b. **Conservation of Energy**

The company has always been conscious of need for conservation of energy. Energy conservation measures have been implemented at plant and more efforts are continuously made by the company to minimize wastages and reduce the consumption rate of power per unit. Actions of the company have resulted in consumption of units of power per vehicle from 143 units to 124 units. Total Energy consumption and per unit consumption thereof is given in Form A. This year we have reduced energy consumption per vehicle by 13.29%,

Form A

Particulars	2011-12	2010-11
Electricity Purchased		
Units	34,13,060	27,78,620
Amount ₹	2,14,83,276	1,63,95,310
Rate Per Unit	6.29	5.90
Production in No.	27563	19321
Unit consumed per unit of production	124	143

It includes utilization of own generated electricity units 12,91,748 (previous year 12,57,451) from WTG in Gujarat. These units are set off as per wheeling agreement with Paschim Gujarat Vij Co. Ltd.

- c. **Research and Development (R&D)**

The company has R & D centre at Pune. The centre 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

	2012	2011
Revenue expenditure	2.21	3.59
Capital expenditure	Nil	Nil
Total	2.21	3.59

- d. **Future Plan of Action**

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

e. Foreign Exchange Earnings and Outgo

Activity relating to exports, initiatives taken to increase exports, development of new export plans. During the year, 1.23% 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	
	2012	2011
Earning	265	303
Expenditure	25	15
Net foreign exchange Earning (NFE)	240	288
NFE/Earning (%)	90.6	95.0

For and on behalf of the Board of Directors

J. J. CHANDRA
Chairman & Managing Director

Signed at Rajkot on May 12, 2012

Management's Discussion and Analysis

Overview

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956, guidelines issued by the Securities and Exchange Board of India (SEBI) and the Generally Accepted Accounting Principles (GAAP) in India. Our managements accept responsibility for the integrity and objectivity of these financial statements, as well as for the various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, so that the financial statements reflect in a true and fair manner the form and substance of transactions, and reasonably present our state of affairs, profit and cash flows for the year.

A. Industry Structure and Developments

Changing economic and business conditions, evolving consumer preference, rapid technological innovation and adoption, and globalization are driving corporation to transform the manner in which they operate. Companies are now more focused on their core business objectives, such as revenue growth, profitability and asset efficiency. GDP of the country is expected to grow at 7% financial year 2012-13 and with good monsoon; GDP in agricultural sector is expected to grow by 3%. However, there are serious concerns in short term industrial outlook and industry is slowing down. As the inflation has also remained very high at steep increase in fuel prices will result in lower spending for purchase of goods across the industries. The automobile industry cannot remain isolated. It is future expected that the industrial output growth is likely to remain subdued in 2012-13 owing to tighter monetary policies and weak external demand. Moderation in industrial production, rise in interest rates, fuel prices and other transporter cost is pressurizing profitability of fleet operators and is consequently expected to lead to lower CV demand for FY 2012 & FY 2013, after 2 years of strong growth. With cues of poor global economic scenario, the GDP of India is also expected to grow at a slower pace of 7.1% in FY 2013. Industrial output growth has shown a sharp decline in YTD Apr – Nov FY 2012 growth with an average growth of 3.8% as against an average growth of 8.4% for the period from April-Nov FY 2011.

B. Automobile Industry and Trends

The factors such as income growth, consumer confidence, finance availability, increase in commodity prices and stiffening and increase in excise duty has impact on automobile industry across the sector. The overall growth in various segments of automobiles has started showing negative trends for last 2 quarters of FY 2011-12. However growth in retail business and higher growth in rural basis has supported three wheeler industry. The cargo vehicles' segment in last two quarters has shown positive growth of 5.5% and 7.7% in FY 11-12 and passenger vehicle has shown negative trend of 1.4% and 8% in the similar period. Therefore the three wheelers passage and cargo vehicles are showing mix trends of growth. In FY 12-13 cargo segment is expected to grow every quarter at the average rater of 3% whereas passengers' vehicles are

expected to grow at average rate of 7 to 8 % per quarter. The overall industry of three wheelers is likely to be approx half million vehicles annually.

C. Evaluation of technology

Consciousness of regulator and environment awareness of the consumers coupled with impending rise of diesel prices. The industries may also look at eco friendly vehicles. Psychology of domestic users towards minimum cost per km for fuel and maintains would be the diving factors in this market.

D. Financial Condition

Sources of funds

1. Share Capital

At present, we have only one class of shares – equity shares of par value ₹ 10/- each. Our authorized share capital is ₹ 800 lacs, divided into 80 lacs equity share of ₹ 10/- each. The issued, subscribed and paid up capital stood at ₹ 731 lacs at the March 31, 2012, compared to ₹ 585 lacs at March 31, 2011.

During the year, company has issued 14,62,880 Equity shares of ₹ 10/- each for cash at a price of ₹ 30/- each including a premium of ₹ 20/- per Equity share aggregating to an amount of ₹ 439 lacs on Right Basis in the ratio of 1 Equity share for every 4 Equity shares on 25th October, 2011. These shares are listed & available for trading at the Bombay Stock Exchange Limited (BSE).

2. Reserves and Surplus

Capital Reserve

The balance as at March 31, 2012 amounted to ₹ 30 lacs, same as the previous year.

Securities Premium

The addition to the securities premium account of ₹ 292 lacs during the year is primarily on account of premium received on issue of 14,62,880 equity shares on right issue for cash price of ₹ 30/- each including a premium of ₹ 20/- per equity share.

General Reserve

An amount of ₹ 156 lacs representing 10% of the net profit for the year ended March 31, 2012 (previous year ₹ 94 lacs) was transferred to the general reserves account form the Profit and Loss account.

Profit and Loss Account

The balance retained in the Profit and Loss account as at March 31, 2012 is ₹ 3,696 lacs, after providing the proposed dividend ₹ 366 lacs and dividend tax of ₹ 59 lacs thereon. The total amount of profit appropriated to dividend including dividend tax was ₹ 425 lacs, as compared to ₹ 272 lacs in the previous year.

Shareholder funds

The total shareholder funds increased to ₹ 5,609 lacs as at March 31, 2012 from ₹ 4,036 lacs as of the previous year end.

The book value per share increased to ₹ 77 as at March 31, 2012, compared to ₹ 69 as of the previous year end.

Application of Funds

3. Fixed assets

Capital Expenditure

We incurred a capital expenditure of ₹ 846 lacs (₹ 425 lacs in the previous year). The entire capital expenditure was funded out of internal accruals.

Addition to Gross Block

During the year, we capitalized ₹ 287 lacs to our gross block of Tangible Fixed Assets comprising ₹ 14 lacs for investment in building, ₹ 155 lacs on plant & machinery, ₹ 5 lacs on furniture & fixtures, ₹ 67 lacs on vehicles and ₹ 14 lacs office equipments. And we capitalized ₹ 74 lacs to our gross block of Intangible Fixed Assets, by investing in SAP software & ₹ 32 lacs on computer.

During the previous year, we capitalized ₹ 503 lacs to our gross block of Tangible Fixed Assets, including investment in ₹ 57 lacs for investment in building, ₹ 310 lacs on plant & machinery, ₹ 24 lacs on furniture & fixtures, ₹ 109 lacs on vehicles and ₹ 4 lacs office equipments.

Deductions to Gross Block

During the year, we deducted ₹ 559 lacs from the gross block on disposal of assets. During the previous year, we retired/disposed various assets with the gross block of ₹ 14 lacs. Which include the sale of Rajasthan Windmill of ₹ 300 lacs, with profit of ₹ 112 lacs.

Capital Expenditure Commitments

We have a capital expenditure commitment of ₹ 853 lacs as at March 31, 2012 as compared to ₹ 122 lacs as at March 31, 2011.

4. Investments

Our investments includes, investment held in associated company Khushbu Auto Finance Limited of ₹ 230 lacs. Which represent 49% holding in the company. During the year we depreciated the value of investment by ₹ 107 lacs on account of permanent diminution in the value of share of Khushbu Auto Finance Limited.

Our investment also includes current investment made in liquid mutual funds of ₹ 652 lacs.

5. Deferred Tax Assets /Liabilities

We recorded deferred tax assets of ₹ 11 lacs at March 31, 2012 (₹ 12 lacs as at March 31, 2011 and deferred tax liabilities of ₹ 477 lacs as at March 31, 2012 (₹ 553 lacs as at March 31, 2011).

We assess the likelihood that our deferred tax assets will be recovered from future taxable income. We believe it is more likely than not that we will realize the benefits of these deductible differences.

6. Trade receivables

Trade receivable amounted to ₹ 608 lacs as at March 31, 2012, compared to ₹ 540 lacs as at March 31, 2011. These debts are considered good and realizable. Debtors are at 2.03% of revenues for the year ended March 31, 2012, compared to 2.68% for the previous year, representing a Day Sales Outstanding (DSO) of 7 days and 10 days for the respective years.

7. Cash and Cash Equivalents

The bank balances shows various balances held in scheduled banks. The deposit account represents deposits of maturity up to 3 month.

8. Loans and Advances

(₹ in lacs)

	2012	2011
Long term loans & advances		
Advance for capital goods	352	19
Securities and rent deposits	36	25
Balance with government authority	71	57
Sub-Total	459	101
Short term loans & advances		
Advances to suppliers for material	131	51
Advances to suppliers for services	12	31
Advances for other	8	11
Advances to staff	5	2
Expenses paid in advance	10	5
Balance with government authority	28	23
Sub-Total	194	123
Total	653	224

Advances are made for capital goods, deposits includes PGVCL deposit, rent deposit and security deposit.

Company has paid tax against demand raised and went for future litigation.

9. Liabilities

₹ in lacs

	2012	2011
Dealer's deposits	205	168
Gratuity obligations	55	55
Leave salary	6	7
Cash credit from IDBI	389	-
Trade payable	1551	1081
Unpaid dividend	10	8
Advance form dealers	269	331
Others liabilities		
Duties & taxes	292	169
Gratuity reimbursement	1	0
Provision for expenses	57	50
Total	2,835	1,869

Provision for expenses represent amounts accrued for other operational expenses.

Duties and taxes payable represent local taxes payable in which we operate and the same will be paid in due course.

Advances received from clients represent monies received for the delivery of future services.

10. Provisions

(₹ in lacs)

	2012	2011
Proposed Dividend	366	234
Tax on Dividend	59	38
Income Tax	164	63
Unavailed leave	19	16
Post-sale Client Support and Warranties	141	66
Wealth Tax Payable	3	2
Total	753	419

Proposed dividend represents that, we recommended to our shareholders. On approval by our shareholders, this will be paid after the Annual General Meeting (AGM). Provision for tax on dividend denotes taxes payable on final dividend declared for the year. Provisions for taxations represent estimated income tax liabilities.

Provisions for Unavailed leave are towards our liability for leave encashment valued on an actuarial basis. The provision for post – sales client support and warranties is towards likely expenses for providing post sales client support on fixed prices contracts.

Results of Operations

The function wise classification of statement of profit and loss account is as follows:

	(₹ in lacs)			
	2012	%	2011	%
Revenue from Operations	29,882	100	20,204	100
Cost of materials consumed	24,186	80.9	15,749	78.0
Profit	5,696	19.1	4,455	22.0
Change in inventories of finished goods, work in progress	(430)	(1.4)	98	0.5
Selling and marketing expenses	617	2.1	249	1.2
Employee benefits expenses	1,648	5.5	1,160	5.7
General and administration expenses	1,107	3.7	1,004	5.0
Operating profit Before Interest, Depreciation, Taxes and Amortization (PBIDTA)	2,755	9.2	1,944	9.6
Finance Cost	76	0.3	183	0.9
Depreciation and amortization	426	1.4	425	2.1
Operating Profit before tax	2,252	7.5	1,335	6.6
Other income	59	0.2	62	0.3
Net profit before tax and exceptional item	2,312	7.7	1,397	6.9
Provisions for taxation	765	2.6	454	2.2
Net profit after tax and before exceptional item	1,546	5.2	943	4.7
Exceptional Items	13	0.0	-	0.0
Net profit after tax and exceptional items	1,559	5.2	943	4.7

1. Income

Sale of Vehicles and Spares

Sales of Vehicles and Spares have been increased by 48.2% to ₹ 29,798 lacs for the year March 31, 2012, compared to ₹ 20,107 lacs in March, 2011. Company has recorded total sales of 27,000 vehicles as compared to 19,404 vehicles in the previous year.

Power Generation Income

Power generation income has decreased by 37.9% to ₹ 32 lacs for the year March 31, 2012 from ₹ 51 lacs for the year March 31, 2011. The reduction in power generation income is due to sale of Rajasthan Windmill.

Other Income

Other operating income has been increased to ₹ 53 lacs for the year March 31, 2012 for ₹ 46 lacs for the year March 31, 2011. During the year other income amounts to ₹ 59 lacs as compared to ₹ 62 lacs in previous year.

2. Expenditure

Raw Material Consumption & Processing Charges

Raw Material consumption & processing charges increased by 53.6% to ₹ 24,186 lacs for the March 31, 2012 from ₹ 15,749 lacs for the March 31, 2011.

Employee Benefits

Employee benefits increased by 42.1% to ₹ 1,648 lacs for the year March 31, 2012 from ₹ 1,160 lacs for the March 31, 2011.

Finance Cost

During the year finance cost has been decreased by 58.3% to ₹ 76 lacs compared to ₹ 183 lacs in the previous year. It includes interest on term loan of ₹ 38 lacs, other interest of ₹ 26 lacs, bank charges of ₹ 2 lacs and other borrowing cost of ₹ 10 lacs.

Depreciation & Amortization

We have provided ₹ 380 lacs for depreciation, amortization of intangible asset of ₹ 43 lacs and ₹ 3 lacs Impairment of asset.

Tax Expenses

We have provided provision for current tax ₹ 840 lacs for the year ended March 31, 2012, compared to ₹ 459 lacs in the previous year.

Gross Profit

The gross profit during the year was ₹ 4,992 lacs representing 16.7% of revenues compared to ₹ 3,589 lacs representing 17.8% of revenues in the previous year.

Selling and Marketing Expenses

We incurred selling and marketing expenses at 1.0% of our total revenues, compared to 0.5% in the previous year. It includes ₹ 104 lacs of finance subvention expenses paid to financial company / bank for finance given to vehicles.

General and Administration Expenses

We incurred general and administration expenses amounting to 4.76% and 5.74% of our total revenues, during the current year and previous year, respectively.

3. Operating Profits

We earned an operating profit (PBIDTA) of ₹ 2,814 lacs, representing 9.4% of total revenues compared to ₹ 2,005 lacs, representing 9.9% of total revenues, during the previous year.

4. Depreciation

We provide ₹ 380 lacs and ₹ 386 lacs towards depreciation for the year ended March 31, 2012 and March 31, 2011 representing 1.27% and 1.91% of total revenues. The

depreciation as a percentage of gross block (excluding land) is 11.10% and 9.82% for the year ending March 31, 2012 and 2011, respectively.

5. Other Income

Our treasury policy allows us to invest in short –term instruments with a maturity of upto 365 days, with a limit on individual fund/ bank. The increase in interest income during the year was on account of higher cash generation in the business and increase in the average yield during the year.

6. Provision for Tax

We have provided for our tax liability in India. The Indian statutory corporate tax rate for the year ended March 31, 2012 is 32.445%.

7. Net Profit After Tax

Our net profit increased by 63.94% to ₹ 1,546 lacs for the year ended March 31, 2012 from ₹ 943 lacs in the previous year, excluding exceptional item. This represents 5.17% and 4.67% of revenue for the year ended March 31, 2012 and March 31, 2011 respectively

8. Earnings Per Share (EPS) Before Exceptional Item

Our basic EPS before exceptional item increased by 52.51% during the year to 24.57 per share from 16 per share in the previous year. The outstanding shares used in computing basic EPS increased from 58,51,520 for the year ended March 31, 2011 to 62,93,403 for the year ended March 31, 2012.

9. Exceptional Items

We have made provision for diminution in investment ₹ 107 lacs and profit on sale of windmill ₹ 120 lacs. Net effect 13 lacs are shown as exceptional item.

10. Liquidity

Our growth has been financed largely through cash generated from operations. The net cash generated from our operations was ₹ 1,879 lacs and ₹ 1,405 lacs for the years ended March 31, 2012 and March 31, 2011, respectively. Net cash provided by / (used in) investing activities was ₹ (556) lacs and ₹ (127) lacs for the year ended March 31, 2012 and March 31, 2011, respectively. Net cash used in financing activities was ₹ 477 lacs and ₹ 1,159 lacs for the years ended March 31, 2012 and March 31, 2011, respectively.

11. Related Party Transactions

These have been discussed in detail in the Notes to the financial statements section of this report.

12. Events Occurring after the Balance Sheet Date

There were no significant events occurring after the Balance Sheet date.

E. *Opportunities and threats*

Our strengths

- The Company has been in this business for more than three decades.
- Company's promoters have hands on experience in the auto industry.
- Company has a dedicated research & Development team constantly working to develop more efficient vehicles.
- The Company has launched diesel vehicles having substantial advantage in terms of fuel economy over petrol driven vehicle.
- The company has also launched CNG & LPG vehicles which are having good demand, looking into cost effectiveness and environment friendly product.
- Company has started expanding its reach to new markets.
- Company has complete range of three wheelers to cater any market segment.

Our Strategy

We strive to shed our image of regional player to national player by penetrating market in various states.

Our Competition

We operate in a highly competitive and rapidly changing market and compete with entities who are large players and several other small manufacturers. Company is facing competition from these companies, which is normal in nature.

In the future, we expect an intensified competition from some of them, and may also experience competition from new competitors. In particular, we expect increased competition from firms that strengthen their presence in India bringing advanced technology and foreign collaboration.

We understand that price alone cannot constitute a sustainable competitive advantage. We believe that the principal competitive factors in our business are the ability to : attract and retain high-quality management, technology professionals, and sales personnel; constant innovation and improvement in products , increase the scale and breadth of service offerings to customers PAN India and provide solutions for customer needs; keep pace with ever-changing technology and customer requirements; a strong and well-recognized brand; a proven track record of performance excellence and customer satisfaction; the financial strength to be able to invest in personnel and infrastructure and capacities to support the evolving demands of market; and high ethical and corporate governance standards to ensure honest and professional business practices and protect the reputation of the Company and its customers.

We believe we compete adequately with respect to these factors.

Outlook, risks 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 process 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.

F. Internal Control Systems and Their Adequacy

The Managing Director's certification provided in Annual Report discusses the adequacy of our internal control systems and procedures.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objective, projections, estimates, expectations may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include, among others, economic conditions affecting demand /supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and incidental factors.

Corporate Governance Report

Our Corporate Governance Philosophy

Corporate governance is about commitment to values and ethical business conduct. At Atul Auto, good corporate governance is intrinsic to the management of company affairs. These values and principles set the context to manage our Company affairs in a fair and transparent manner. As a responsible corporation, these values set the framework to maintain accountability in all our affairs, and democratic and open processes.

We believe that sound corporate governance is critical to enhance and retain investor trust. Accordingly, we always seek to ensure that we attain our performance goals with integrity. We also endeavor to enhance long- term shareholder value and respect minority right in all our business decisions. Recognizing that good corporate governance is the responsibility and privilege of every stakeholder of the company, we have involved guidelines and practices over the years to ensure timely and accurate disclosure of information regarding our financials and performance as well as the leadership and governance of the company.

Our corporate governance philosophy is based on the following principles:

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

The Board of Directors ('the Board') is at the core of our corporate governance practice and oversees how the Management serves and protects the long term interest of all our stakeholders. We believe that an active, well-informed and independent Board is necessary to ensure the highest standards of corporate governance. It is well recognized that an effective corporate governance. Our Board exercises its fiduciary responsibilities in the widest sense of the term.

In our Board, 8 out of 4, are independent members. Further, we have audit committee, remuneration committee, shareholders grievance committee, which comprises independent directors and chairman.

Corporate Governance Guidelines

Over the years, the Board has developed corporate governance guidelines to help fulfill our corporate responsibility towards our stakeholders. These guidelines ensure that the Board will have the necessary authority and processes in place to review and evaluate our operations when required. Further, these guidelines allow the Board to make decisions that are independent of the Management. The Board may change these guidelines from time to time to achieve our stated objectives.

A. Board composition

Size and composition of the Board

The current policy is to have an appropriate mix of executive and independent directors to maintain the independence of the Board, and to separate its functions of governance and management. Currently, the Board consists of 8 members, three are wholtime directors, one non independent director and four are independent and non executive directors.

Two of the executive directors are our founders. The Board believes that the current size is appropriate, based on our present circumstances. The Board periodically evaluates the need for change in its composition and size.

Composition of the Board, and directorships held as at March 31, 2012

Name of the Directors	Designation	Age	Qualification	Expertise	Other Directorship
Founder and Executive Director					
Mr. J.J. Chandra	Chairman & Managing Director	57	Under Graduate	Eminent industrialist with wide business experience in Automobile Industry for last 37 year	Nil
Mr. M. J. Patel	Wholtime Director	49	Under Graduate	20 years of experience in Automobile Industry	Nil
Other Executive Director					
Mr. Niraj Chandra	Wholtime Director	33	Under Graduate	marketing, production and general administration department	Khushbu Auto Finance Limited
Non Independent & Non Executive Director					
Mr. Vijay Kedia	Director	51	B. Com	More than 26 years of experience in the field of Finance & Securities Market.	1. Kedia Securities Pvt. Ltd. 2. Three PI Services Pvt. Ltd. 3. Lykis Limited 4. Regent Realty Pvt. Ltd.

Independent & Non Executive Director					
Mr. Rajesh Dhruva	Director	57	Commerce Graduate & Chartered Accountant	Finance and Foreign Exchange Regulations	<ol style="list-style-type: none"> 1. Keynote Consultancy Pvt. Ltd. 2. Integrated Proteins Ltd. 3. Keynote Corporate Counsels Pvt. Ltd. 4. Sunflower Apparels Pvt. Ltd. 5. Denim Fashion Ltd. 6. Capri Apparels Pvt. Ltd. 7. Power Source Engine Parts Pvt. Ltd.
Mr. Suresh Kaneria	Director	52	Commerce Graduate	General Administration Skills	<ol style="list-style-type: none"> 1. Anuradha Realty Pvt. Ltd. 2. Khushbu Auto Finance Ltd.
Advocate Hakubhai Lalakia	Director	58	M. Com., L.L.M.	Practicing as advocate for more than 25 years	Khushbu Auto Finance Limited
Mr. Ramniklal Kotecha	Director	59	B.E. (Mechanical)	Administration & Management	<ol style="list-style-type: none"> 1. Rajkot Machine Tools Pvt. Ltd. 2. Visionnext Diesel Pvt. Ltd. 3. Kotecha Steel Forge Pvt. Ltd. 4. Ganga RK Industries Pvt. Ltd. 5. Kusum Casting Pvt. Ltd.

Details of Directorship / Committee Membership or Chairmanship as at March 31, 2012

Name of the Director	Designation	No. of shares Held	Directorship in all Public Limited Companies	Membership in Committee in all Public Limited Companies (Other than Atul Auto Ltd.)	Chairmanship of Committee in all Public Limited Companies (Other than Atul Auto Ltd.)
Mr. J. J. Chandra	Chairman & Managing Director	6,86,869	Nil	Nil	Nil
Mr. M. J. Patel	Wholetime Director	92,616	Nil	Nil	Nil
Mr. Niraj Chandra	Wholetime Director	1,34,893	Khushbu Auto Finance Ltd.	Nil	Nil
Mr. Vijay Kedia	Director	4,13,426	Lykis Limited	Nil	Nil
Mr. Rajesh Dhruv	Director	Nil	-Denim Fashion Ltd. -Integrated Proteins Ltd.	Shareholders' Grievance Committee, Integrated Proteins Ltd	Audit Committee ,Integrated Proteins Ltd
Mr. Suresh Kaneria	Director	Nil	Khushbu Auto Finance Ltd.	Nil	Nil
Mr. Hakubhai Lalakia	Director	Nil	Khushbu Auto Finance Ltd.	Nil	Nil
Mr. Ramniklal Kotecha	Director	Nil	Nil	Nil	Nil

Responsibilities of Independent Chairman, the Executive Co-Chairman and the CEO and Managing Director

The responsibilities and authorities of these officials are as follows:

Managing Director

The Managing Director is responsible for corporate strategy, brand equity, planning, external contracts and all management matters. He is also responsible for achieving the annual business targets and acquisitions.

Board Definition of Independent Directors

According to Clause 49 of the Listing Agreement with Indian stock exchanges, an independent director means a person who is not an officer or employee of the Company or its subsidiaries or any other individual having a material pecuniary relationship or transactions with the Company which, in the opinion of our Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of the directors

Board Membership Criteria

Board members are expected to possess the expertise skills and experience required to manage and guide a high-growth, high-tech automobile company. Expertise in strategy, technology, finance, quality and human resources is essential. Generally, the members are between 40 and 60 years of age. Board members are expected to rigorously prepare for, attend and participate in all Board and applicable committee meetings. Each member is expected to ensure that their other current and planned future commitments do not materially interfere with their responsibilities with us.

Selection of New Directors

The Board is responsible for the selection of new directors. The Board delegates the screening and selection process involved in selecting new directors to the committee, which consists exclusively of independent directors. The committee in turn makes recommendations to the Board on the induction of any new directors.

Membership Term

The Board constantly evaluates the contribution of the members and periodically shares updates with the share holders about re-appointments as per statute. The current law in India mandates the retirement of one third of the Board members (who are liable to retire by rotation) every year, and qualifies the retiring members for re-appointment. Executive directors are appointed by the shareholders for the tenure of the maximum period of three years, but are eligible for re-appointment upon completion of their term.

Board Compensation Policy

The remuneration committee determines and recommends to the Board the compensation payable to the director. All Board-level compensation is approved by the shareholders and separately disclosed in the financial statements. Remuneration of the executive directors consists of a fixed component. The remuneration committee makes a quarterly appraisal of

the performance of the executive directors based on a detailed performance related matrix. The annual compensation of the executive directors is approved by the remuneration committee, within the parameters set by the shareholders at the shareholders at the shareholders' meetings.

Cash compensation Paid to Directors in Fiscal 2012

(₹ In lacs)

Name of the director	Fixed salary			
	Basic salary	Perquisites/ Allowance	Retiral benefits	Total fixed salary
Founder and Executive Director				
Mr. J. J. Chandra	36	-	-	36
Founder Whole-time Director				
Mr. M. J. Patel	33	-	-	33
Whole-time Director				
Mr. Niraj Chandra	0.77	0.33		1.10

No remuneration by way of salary or perquisites or commission paid to any of the Non-Executive Directors during the year 2011-12

Sitting fee paid to the Non-Executive Directors, for 2011-12 are as detailed below:

Name of Non Executive Director	Sitting Fee
Mr. Rajesh Dhruva	11,000
Mr. Suresh Kaneria	11,000
Mr. Hakubhai Lalakia	11,000
Mr. Ramniklal Kotecha	11,000
Mr. Vijay Kedia	10,000
Total	54,000

Membership in Other Boards

Executive directors may, with the prior consent of the chairperson of the Board of Directors, serve on the boards of corporate or government bodies whose interest are germane to the future of the IT and software business, or the key economic institutions of the nation, or whose primary objective is benefiting society. Independent directors are not expected to serve on the boards of competing Companies. Other than this there are no limitations except those imposed by law and good corporate governance practices. The outside directorships held by each of our directors are listed in the composition of the Board and Directorship table in this section.

B. Board Meetings

Scheduling and Selection of Agenda Items for Board Meetings

Dates for board meeting in the ensuing year are decided in advance. Most Board meetings are held at our registered office. The Chairperson of the Board and the Company Secretary draft the agenda for each meeting, along with explanatory notes in consultation with Managing Director and distribute these in advance to the directors. Every Board member can suggest additional items for inclusion in the agenda. The Board meets at least once a quarter to review the quarterly results and other items on the agenda, and also on occasions of the Annual General Meetings of the share holders. Additional meetings are held, when necessary. Independent Directors are expected to attend at least four Board meetings in a year. Committees of the Board usually meet on the same day before the formal Board meeting, or whenever the need arises for transacting business. Total 11 Board Meetings were held during the year ended on 31st March, 2012. Attendance of Members of Board of Directors in the said Meetings are as under:

Attendance of Directors in the Board Meeting during fiscal 2011-2012

Name of the director	No. of meetings	
	No. of Meetings held	No. of Meetings attended
Mr. J. J. Chandra	11	10
Mr. M. J. Patel	11	11
Mr. Niraj Chandra *	11	1
Mr. Vijay Kedia	11	10
Mr. Rajesh Dhruv	11	11
Mr. Suresh Kaneria	11	11
Mr. Hakubhai Lalakia	11	11
Mr. Ramniklal Kotecha	11	11
Mr. Sunilkumar Mittal**	11	6

**Appointed w.e.f. 1st March, 2012*

***Resigned w.e.f. 12th December, 2011*

Notes : 1. All the directors attended the Annual General Meeting held on 30th July, 2011

Availability of Information to Board Members

The Board has unfettered and complete access to any information within the Company, and to any of the employees. At Board Meetings, managers who can provide additional insight into the items being discussed and invited. Regular updates provided to the Board include:

- Annual operating plans and budgets, capital budgets and updates
- Quarterly results
- Minutes of the meetings of audit, remuneration and shareholders grievance committees as well as abstracts of circular resolution passed, if any.
- General notice on interest received from directors
- Dividend data
- Information on recruitment and remuneration of senior officers just below the Board level.
- Materially important litigations, show cause, demand, prosecution and penalty notices

- Fatal or serious accidents, dangerous occurrences, and issues related to material effluents or pollution
- Any materially relevant defaults in financial obligations to and by us
- Any issue that involves possible public or product liability claims of substantial nature
- Any significant development involving human resources management
- Sale of material nature, of investments and assets, which are not in normal course of business
- Details of foreign exposure and the step taken by the Management to limit risks of adverse exchange rate movement
- Non-compliance with any regulatory, statutory or listing requirements, as well as shareholders services such as non-payment of dividends and delays in share transfer.

Discussion with Independent Directors

The Board's policy is to regularly have separate meetings with independent directors to update them on all business-related issues and new initiatives. In such meetings, the executive directors and other members of the senior management make presentations on relevant issues.

In addition, our independent directors meet periodically in an executive session that is without any of the executive directors, or the Management.

Materially Significant Related Party Transactions

There have been no materially significant related party transactions, monetary transactions or relationship between the Company and directors, the Management, relatives, except for those disclosed in the financial statements for the year ended March 31, 2012.

C. Board Committees

Currently, the Board has three committees, audit committee, remuneration committee and shareholders grievance committee. All committees consist entirely of independent directors.

The Chairperson of the Board in consultation with Company Secretary and the committee chairperson determine the frequency and duration of the committee meetings. Recommendations of the committees are submitted to the entire Board for approval.

The quorum for meetings is either two members or one-third of the members of the committee, whichever is higher.

1. Audit Committee

Our audit committee ('the committee') comprises three independent directors:

- Rajesh Dhruv, *Chairman*
- Advocate H. K. Lalakiya, *Member*
- Suresh T. Kaneria, *Member*

We are listed on the Bombay Stock Exchange (BSE). Clause 49 of listing Agreement makes it mandatory for listed companies to adopt an appropriate audit committee charter.

Our committee adopted a charter, which meets the requirements of clause 49 of the listing Agreements with Indian stock exchange.

The primary objective of the committee is to monitor and provide effective supervision of the management's financial reporting process to ensure accurate and timely disclosures, with the highest level of transparency, integrity and quality of financial reporting. The committee oversees the work carried out in the financial reporting process by the management, the internal Auditors and the independent Auditors, and notes the processes and the safeguard employed by each. The committee has the ultimate authority and responsibility to select, evaluate and, where appropriate replace the independent Auditors in accordance with the law. All possible measures must be taken by the committee to ensure the independence and objectivity of the independent Auditors.

Audit Committee Attendance during Fiscal 2012

Four audit committee meetings were held during the year on the year on 31st March, 2012 on May 30, 2011, August 12, 2011, November 12, 2011 and February 07, 2012

	No. of Meetings	
	Held	Attended
Rajesh Dhruv	4	4
Suresh Kaneria	4	4
Hakubhai Lalakiya	4	4

Audit Committee Report for the year ended March 31, 2012

Each member of the committee is an independent director, according to the definition laid down in the audit committee charter, and Clause 49 of the Listing Agreement with the relevant Indian stock exchanges.

The management is responsible for company's internal control and the financial reporting process. The independent Auditors are responsible for performing an independent audit of the Company's financial statements in accordance with generally accepted auditing standards, and for issue a report thereon. The committee's responsibility is to monitor these processes. The committee is also responsible for overseeing the process related to the financial reporting and information dissemination. This is to ensure that the financial statements are true, fair, sufficient and credible. In addition, the committee recommends to the Board the appointment of the Company's internal and independent Auditors.

In this context, the committee discussed with the company's auditor, the overall scope and plans for the independent audit. The Management representation to the committee that the company's financial statements were prepared in accordance with the generally Accepted Accounting principle (GAAP). The committee discussed with the Auditors, in the absence of the Management (whenever necessary), the Company's audited financial statements

including the Auditors' judgments about and the clarity of disclosures in the financial statements.

Relying on the review and discussed conducted with the Management and the independent Auditors, the audit committee believes that the company's financial statements are fairly presented in conformity with GAAP.

The committee has also reviewed the internal controls put to ensure that the accounts of the company are properly maintained and that the accounting transactions are in accordance with prevailing Laws and regulations. In conducting such review, the committee found no material discrepancy or weakness in the internal control systems of the company.

The committee also reviewed the financial policies of the company and expressed its satisfaction with the same.

The company Auditors provided to the committee the written disclosures required by the Standard on Auditing (SA) -260 issued by the Institute of Chartered Accountants of India (ICAI) based on which the committee discussed the Auditors. After review, the committee expressed its satisfaction on the independence of the internal and the statutory Auditors.

Based on the committee discussion with the Management and the Auditors and the committee review of the representation of the Management and the report of the auditor to the committee, the committee has recommended the following to the directors:

1. The audited financial statements prepared as per Indian GAAP of Atul Auto Limited for the year ended on March 31, 2012, be accepted by the Board as a true and fair statements of the financial status of the company.

The committee has recommended to the Board the re-appointment of Maharishi & Co., Chartered Accountants, as the statutory Auditors of the company for the fiscal year ended on March 31, 2013, and that the necessary resolution for appointing them as auditor be placed before the shareholder.

In conclusion, the committee is sufficiently satisfied that it has complied with its responsibilities as outlined in the audit committee charter.

Sd/-

Rajkot

May 12, 2012

Chairman

2. Remuneration Committee

Our compensation committee ('the committee') comprises three independent directors. They are:

- Suresh T. Kaneria, *Chairman*
- CA Rajesh Dhruv, *Member*
- Adv H. K. Lalakiya, *Member*

The purpose of the committee of the Board of director ('the Board') shall be to discharge the Board's responsibilities relating to compensation of the company executive directors and member of the Executive council. The committee has the overall responsibility of approving and evaluating the compensation plan, policies and programs for executive directors and for the member of the executive council.

The committee shall annually review and approve for the Managing Director, the executive director and executive council (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 the 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 the executive director 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.

Remuneration Committee Attendance during Fiscal 2012

Five Meetings of Remuneration Committee were held during the year ended on 31ST March, 2012 on May 30, 2011, August 12, 2011, November 11, 2011, February 7, 2012 and March 25, 2012.

	No. of Meetings	
	Held	Attended
Suresh Kaneria	5	5
Rajesh Dhruva	5	5
Hakubhai Lalakiya	5	5

Compensation Committee Report for the year ended March 31, 2012

During the year, the committee recommended the appointment of Niraj Chandra as a whole-time Director. In this connection the remuneration committee discussed and approved the compensation structure for him. The committee also reviewed the performance of all whole-time director and the member of executive council based on a

detailed performance parameters set for each whole-time director and approved the payment of various compensation to each of them. Further the committee evaluated the usefulness of the performance parameters and suggested necessary change to the same.

The committee believes that the compensation and benefits are adequate to motivate and retain the senior officers of the company. Apart from the said disclosures, none of the director had a material beneficial interest in any contract of significance to which the company or any of its subsidiaries were a party, during the financial year.

Rajkot

Sd/-

May 12, 2012

Chairman

3. Shareholders Grievance Committee

Our shareholders grievance committee ('the committee') comprises three independent directors. They are:

- Suresh T. Kaneria, *Chairman*
- CA Rajesh Dhruv, *Member*
- Adv. H.K. Lalakiya, *Member*

Purvi P Mehta, company secretary, is the Compliance Officer.

Shareholders Grievance Committee Attendance During Fiscal 2012

The committee has the mandate to review and redress shareholder grievance

Six Meetings of Shareholders' Grievance Committee were held during the year on 31st March, 2012 on April 15, 2011, June 12, 2011, October 18, 2011, December 20, 2011, January 21, 2012 and March 22, 2012.

	No. of Meetings	
	Held	Attended
Suresh Kaneria	6	6
Rajesh Dhruv	6	6
Hakubhai Lalakiya	6	6

Shareholders Grievance Committee Report for the year ended March 31, 2012

The Committee expresses satisfaction with the Company's performance in dealing with investor grievances and its share transfer system.

The details of complaints resolved during the financial year ended March 31, 2012 are as follows:

Received	Resolved	Closing
22	22	-

Dematerialization of Securities

As on 31st March, 2012, 69,13,273 shares (out of total 73,14,400 equity shares) are dematerialized. Members, who have still not dematerialized their shares, are requested to dematerialize the same to avail benefit of paperless trading of securities. Further, 100 % shares of promoters are dematerialized as on 31st March, 2012.

Sd/-

Rajkot

May 12, 2012

Chairman

D. Management Review and Responsibility

Formal Evaluation of Officers

The remuneration committee of the board approves the compensation and benefits for all Executive Board Members. Another committee, headed by the Managing Director, reviews, evaluates and decides the annual compensation of our officers from the level of vice president..

Board Interaction with Clients, Employees, Institutional Investors, the Government and Media

The Chairman & Managing Director, Non executive and Non-Independent Director and Vice President-Finance, handle all interactions with investors, the media and various Government authorities

Risk Management

We have an integrated approach to management risks inherent in various aspects of our business..

Management's Discussion and Analysis

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

E. Shareholders

Disclosures Regarding the Appointment or Re-appointment of Directors

Mr. Chandra Niraj was appointed as an additional Director effective March 1, 2012. He was also appointed as whole time director for three years, subject to approval of Members at the ensuing Annual General Meeting. In terms of Section 260 of the Companies Act, 1956, he will hold office only up to the date of the ensuing Annual General Meeting. The Company has received requisite notice in writing from a member proposing his candidature for the office of Director liable to retire by rotation.

Mr. J J Chandra and Advocate (Mr.)H.K. Lalakiya, Directors of the company are liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Mr. Sunilkumar Mittal, Whole time Director, has resigned from Board effective from 12th December, 2011 and Board appreciates the efforts put in by him in growth of the company.

Communication to the Shareholders

The report contains select financial data extracted from the audited financial statements under Indian GAAP. The quarterly report along with additional information is also posted on our website. Moreover, the quarterly/ annual results and official news releases are generally published in the news papers. Quarterly and annual financial statements are also posted in our website.

Investor Grievances and Share Transfer

We have a Board –Level shareholders grievance committee to examine and redress shareholders and investors complaints. The status on complaints and share transfer are

reported to the entire board. The details of share transferred and the nature of complaints are provided in *shareholders information section of the Annual Report*. For shares transferred in physical form, the company provides adequate notice to the seller before registering the transfer of the shares. The share transfer committee of the company will meet as often as required to approve share transfers. For matters regarding shares transferred in physical form, share certificates, dividends and change of address, shareholders should communicate with Sharex Dynamic (India) Pvt. Ltd., our registrar and share transfer agent (RTA) Its address is published in *shareholder information* section of Annual Report.

Share transactions in the electronic form can be effected in a much simpler and faster manner. After confirmation of sale/purchase transactions from the broker, shareholder should approach depository participant with a request to debit or credit the account for the transaction. The depository participant will arrange to complete the transactions by updating the account. There is no need for separate communication to the company to register the share transfer.

General Body Meetings

The details of last three Annual General Meetings are as follows:

Financial year ended	Date & Time	Venue	Special Resolution Passed
March 31, 2009	September 29, 2009 at 4.00 p.m. IST	Plot No. 1 to 4, Survey no. 86, National High Way 8 B, Near Microwave Tower, Shapar, Gujarat, India	<ul style="list-style-type: none"> • Appointment of Mr. Sunil Kumar Mittal as Joint Managing Director w.e.f. 1st June, 2009
March 31, 2010	July 28, 2010 at 4.00 p.m. IST	Plot No. 1 to 4, Survey no. 86, National High Way 8 B, Near Microwave Tower, Shapar, Gujarat, India	<ul style="list-style-type: none"> • Reappointment & revision of remuneration of Mr. J. J. Chandra as a Chairman & Managing Director w.e.f. 1st April, 2010. • Revision of remuneration and redesignation of Mr. M. J. Patel as Wholetime Director • Reappointment of Mr. Sunil Kumar Mittal as the Wholetime Director
March 31, 2011	July 30, 2011 at 4.00 p.m. IST	Plot No. 1 to 4, Survey no. 86, National High Way 8 B, Near Microwave Tower, Shapar, Gujarat, India	<ul style="list-style-type: none"> • Reappointment of Mr. Sunil Kumar Mittal as a Wholetime Director w.e.f. 1st April, 2011.

Compliance with Non-mandatory Requirements of Clause 49 of the Listing Agreement

Clause 49 of the listing agreement ('the clause') mandates us to obtain a certificate from either the Auditors or practicing company secretaries regarding compliance of conditions of corporate governance as stipulated in the clause, and annex the certificate with the Directors' report, which is sent annually to all our shareholders. We have obtained a certificate to this effect and same is given as an Annexure to the director's report.

The clause further states that the non-mandatory requirements may be implemented as per our discretion. However, the disclosures of compliance with mandatory requirements and adoption (and compliance) / non-adoption of non- mandatory requirements shall be made in this section of the Annual Report.

Details of Non-compliance

There has been no instance of non compliance with any legal requirements nor have there been any condition imposed by any stock exchange, SEBI, on any matters relating to the capital market over the last three years.

Auditors' certificate on corporate governance

As required by clause 49 of the listing agreement, the Auditors' certificate is given in the annexure to the Report of Board of Directors in the Annual Report.

Managing Director's certification

- I. As required by Clause 49 of the Listing Agreement, the Managing Director's certificate is given elsewhere in this the Annual Report.

Code of Conduct

In compliance with clause 49 of the Listing Agreement, the company has adopted a code of conduct and Ethics ('the Code'). This Code is also applicable to the members of the Board.

All the members of the board and senior employees of the company have affirmed compliance to the code, as at March 31, 2012. A declaration to this effect, signed by managing director and the, is provided in the Managing Directors'' certification section of this Audit Report.

We comply with the following non-mandatory requirements:

Remuneration Committee

We have instituted a compensation committee. A detailed note on compensation / remuneration committee is provided under remuneration committee in this section.

Shareholder's Rights

The Clause states that a half-yearly declaration of financial performance, including summary of the significant events in the last six months, may be sent to each shareholder.

We communicate with investors regularly through email, telephone and face-to-face meetings either in investor conferences or Company visits We also leverage the internet in communicating with our investor base. We announce quarterly financial results within six weeks of the close of a quarter. The announcement of quarterly result is followed by media briefing in television channels, press conference and conference calls.

Training of Board members

The Board's policy is to have separate meetings regularly with Independent Directors to update them on all business-related issues and new initiatives. In such meetings, the executive directors and other members of the senior management share point of views and leadership thoughts on relevant issues.

Whistleblower Policy

We have established a mechanism for our employees to report concerns about un-ethical behavior, actual or suspected fraud, or violation of our Code of Conduct and Ethics policy. It also provides for adequate safeguards against victimization of employees who avail of the mechanism, and also allows direct access to the chairperson of the audit committee in exceptional cases. We further affirm that no employee has been denied access to the audit committee.

Auditors' Certificate on Corporate Governance

To,
The Member of Atul Auto Limited

We have examined the compliance of conditions of Corporate Governance by Atul Auto limited ('the company), for the year ended on 31 March, 2012, as stipulated in clause 49 of the Listing Agreement of the company with the stock exchange.

The compliance of condition of Corporate Governance is the responsibility of the management. Our examination has been Limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the Compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best our information and according to the explanation given to us and based on the representation made by the directors and management, we certify that the Company has complied with the condition of Corporate Governance as stipulated in the above mention Listing Agreement.

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

For Maharishi & Co.
Chartered Accountants
Firm's registration No.124872W

Prashant Maharishi
Partner
Membership No. 41452

Signed at Rajkot on May 12, 2012

Managing Director's Certification

To
The Board of Directors
Atul Auto Limited
Rajkot, Gujarat

I, J. J. Chandra, Chairman and Managing Director of Atul Auto Limited, to the best of my knowledge and belief, certify that:

1. I have reviewed the Balance sheet and Profit and Loss account, including all the schedules and notes on accounts, as well as the Cash Flow statements, and the directors' report.
2. Based on my knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made ,in light of the circumstances under which such statement were made, not misleading with respect to the statements made.
3. Based on my knowledge and information, the financial statements, and other financial information included in this report, present in all material respects a true and fair view of the company's affairs, the financial condition, results of operation and cash flows of the company as of, and for, the period presented in this report, and are in compliance with the existing accounting standard and / or applicable laws and regulation.
4. To the best of my knowledge and belief there are no material transactions entered into by the Company during the year that are fraudulent, illegal or violative of the Company's Code of Conduct and Ethics.
5. I am responsible for establishment and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company, and I have:
 - a. Designed such disclosure control over and procedures to ensure that material information relating to the company, including its consolidated subsidiaries, is made know to us by other within those entities, particularly during the period in which this report is being prepared.
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Generally Accepted Accounting Principles (GAAP).
 - c. Evaluated the effectiveness of the Company's disclosure, controls and procedures.
 - d. Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal year that has materially affected, or is reasonable likely to materially affect, the Company's internal control over financial reporting.

6. I have disclosed, based on our most recent evaluation, wherever applicable, to the Company's auditors and the audit committee of the Company's Board of Directors (and person performing the equivalent functions):
 - a. There were no deficiencies in the design or operation of internal controls, that could adversely affect the Company's ability to record, process, summarize and report financial data, and there have been no material weaknesses in internal controls over financial reporting including any corrective actions with regards to deficiencies.
 - b. There were no significant changes in internal controls during the year covered by this report.
 - c. All significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements.
 - d. There were no instances of fraud of which we are aware, that involve the Management or other employees who have a significant role in the Company's internal control system.
7. In the event of any materially significant misstatements or omission, I will return to the Company that part of any bonus or incentive or equity-based compensation, which was inflated on account of such errors.
8. I affirm that I have not denied any personnel, access to the audit committee of the Company (in respect of matter involving alleged misconduct) and we have provided protection to whistleblowers from unfair termination and other unfair or prejudicial employment practices.
9. I further declare that all Board member and senior managerial personnel have affirmed compliance with the Code of Conduct and Ethics for the current year.

J. J. Chandra

Chief Executive officer and
Managing Director

Signed at Rajkot on May 12, 2012

Shareholder 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 company was originally promoted by Mr. Jayantibhai Jagjivandas Chandra and Mr. Atul J. Chandra. The registered office of the company was transferred to Jamnagar in the state of Gujarat on 24th January, 1992. Subsequently on 20th April, 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 12th August, 1994. The company was subsequently converted into a Public Limited company and fresh certificate of incorporation was obtained on 12th August, 1994 from the Registrar of the Companies, Gujarat.

The company set up its plant at shaper (Rajkot district), Gujarat, with financial assistance from GSFC. 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 Issues and Right Issue

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

Note: Members' approval is sought in the ensuing Annual General Meeting for the proposed issue & allotment of bonus shares in ratio of one equity share for every two shares held on the book closure date. If approved by members, this will be third Bonus issue in history of Company.

Unclaimed dividend

Section 205 of the Companies Act, 1956, mandates that companies 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 (Rs.)
2004	General	1/-	30/9/2004	30/9/2011	89,429
2005	N A	Nil	NA	NA	Nil
2006	General	1/-	24/07/2006	24/7/2013	47,028
2007	General	1/-	28/9/2007	28/09/2014	1,200
2008	General	1/-	27/09/2008	27/09/2015	55,314
2009	General	0.50	29/09/2009	29/09/2016	1,48,768
2010	General	2/-	28/07/2010	28/7/2017	2,76,546
2011	General	4/-	30/7/2011	30/7/2018	3,90,084

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	26 th June 2012 at 10.00 a.m.
Venue	Plot No. 1 to 4, Survey no. 86, National High Way 8 B, Near Microwave Tower, Shapar, Gujarat, India
Book closure date	05 th July 2012
Dividend payment date	Between 12 th July, 2012 to 15 th July, 2012

Investor Awareness

Maintaining the highest standards is not a matter of mere form, but of substance. In continuation of our efforts in that direction, we have provided a synopsis of some of your rights and responsibilities as a shareholder on our website www.atulauto.co.in. We encourage you to visit our website and read the document. We hope that the document will give you appropriate guidance, though in brief, on any questions regarding your rights as a shareholder.

Dematerialization of shares and liquidity

Atul Auto Ltd.'s shares are tradable compulsorily in electronic form and, through Sharex Dynamic (India) Private Limited, Registrars and Share Transfer Agents.

As at March 31, 2012, 94.52 % of our shares were held in dematerialized form and the rest in physical form.

Shares held in demat and physical modes as March 31, 2012 are as follows:

Category	Number of shares	% to total equity
Demat mode	69,13,273	94.52 %
Physical mode	4,01,127	5.48 %
Grand total	73,14,400	100 %

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.

Reconciliation of Share Capital Audit

The Board of Directors of the Company has appointed MJP Associates, Practicing Company Secretaries, to conduct Reconciliation of Share Capital Audit of the Company. The findings of reconciliation of share capital audit are satisfactory.

Investor Complaints

Nature of complaints	Received		Attended	
	2012	2011	2012	2011
Dividend/Annual Report Related	22	4	22	4

We attended to most of the Investor's grievances / correspondences within a period of ten days from the date of receipt of such grievances. The exceptions have been for cases constrained by disputes or legal impediments.

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*.

Legal Proceedings

There are certain pending cases related to disputes over title to shares in which we had been made a party. However, these cases are not material in nature.

Shareholders Holding More than 1% of the Shares

The details of shareholders (non-founders) holding more than 1% of the equity as at March 31, 2012 are as follows :

Name of the shareholder	No. of shares	%
DAYALAL GORDHANDAS PATEL	75,172	1.02
VIJAY KISHANLAL KEDIA	4,13,426	5.65
KEDIA SECURITIES PVT LTD	6,57,000	8.98
KAMAL KUMAR JALAN SECURITIES PVT. LTD.	1,05,717	1.44

Distribution of shareholding as at March 31, 2012

Range of equity share held	No. of shareholders	%	No. of shares	%
upto-100	903	47.40	41,492	0.57
101-200	276	14.49	44,120	0.60
201-500	312	16.38	1,04,733	1.43
501-1000	150	7.87	1,12,886	1.54
1001-5000	166	8.71	3,46,822	4.74
5001-10000	31	1.63	2,21,542	3.03
10001-100000	54	2.83	19,58,178	26.77
100001 and above	13	0.68	44,84,627	61.31
Total	1905	100.00	73,14,400	100.00

Share transfers in Physical Form

Shares sent for physical transfer are affected after giving a 15 days notice to the seller for confirmation of the sale.

Listing on stock exchanges & ISIN for Demat

Stock Exchange where securities of Company are listed	The Bombay Stock Exchange Ltd, Mumbai (BSE)
BSE Script Code	531795
ISIN (for demat)	INE951D01010

The listing fees for fiscal 2012-2013 have been paid for BSE.

Stock Market Data Relating to Shares listed in India

The monthly high and low quotations, as well as the volume of shares traded at the BSE for the current year are provided as follows:

Shareholding Pattern

Category	March 31, 2012			March 31, 2011		
	Shareholders (No.)	Voting strength (%)	Number of shares held	Shareholders (No.)	Voting strength (%)	Number of shares held
Promoters' holding						
Indian Promoters	29	60.8	44,47,746	29	59.3	34,69,888
Total promoters' holding (A)	29	60.8	44,47,746	29	59.3	34,69,888
Public shareholding						
Institutional investors	-	-	-	-	-	-
Mutual funds	-	-	-	-	-	-
Banks, financial institutions and insurance companies	-	-	-	-	-	-
Foreign institutional investors	-	-	-	-	-	-

Others						
Private corporate bodies	96	13.5	9,85,436	90	14.9	8,72,562
Indian public	1,705	21.2	15,53,839	1,353	20.6	12,02,705
NRIs / OCBs / Foreign nationals	65	4.4	3,20,169	61	5.2	3,04,708
Clearing Members	10	0.1	7,210	4	0.0	1,657
Total public shareholding (B)	1,876	39.2	28,66,654	1,508	40.7	23,81,632
Total (A + B)	1,905	100	73,14,400	1537	100	58,51,520

Stock market data – Exchanges in India

	BSE		
	High (Rs.)	Low (Rs.)	Volume (No.)
2011			
April	155.00	112.35	1,43,513
May	149.40	112.00	2,59,077
June	136.75	109.00	1,57,341
July	132.50	112.00	91,550
August	121.95	90.10	69,881
September	114.80	88.35	69,036
October	127.00	86.00	56,808
November	131.75	105.00	1,58,291
December	122.00	100.05	44,556
2012			
January	126.95	103.75	50,146
February	131.00	115.00	63,116
March	125.35	108.20	25,001
Total	(*)163.00	(*)103.75	11,88,316

*Notes: The number of shares outstanding are 73,14,400. *represents yearly high and yearly low of equity shares.*

Auditors' Report on Financial Statements

To The Members

1. We have audited the attached Balance Sheet of ATUL AUTO LTD ('the Company') as at March 31, 2012 and also the Statement of Profit and Loss and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, (as amended), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the paragraph 3 above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. 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;
 - iii. 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;
 - iv. In our opinion, the balance sheet, statement of profit and loss and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - v. On the basis of the written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, 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, 2012;
- 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 cash flow statement, of the cash flows for the year ended on that date.

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

Prashant Maharishi
Partner
Membership No.041452
Signed at Rajkot on 12th May, 2012

Annexure to Auditors' Report

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of ATUL AUTO LIMITED on the financial statements for the year ended March 31, 2012]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All the fixed assets have not been physically verified by the management during the year but there is a regular programme 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, a substantial part of fixed assets has not been disposed of by the company during the year.
- (ii) (a) The inventory (excluding stocks lying with few 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) 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 no material discrepancies were noticed on physical verification carried out at the end of the year.
- (iii) (a) As informed, the Company has not granted 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.
- (e) The Company had taken loan from its associate company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 82.96 lacs and the year-end balance of loans taken from such parties was ₹ Nil.
- (f) In our opinion, the rate of interest and other terms and conditions for such loans are not, prima facie, prejudicial to the interest of the Company.
- (g) In respect of the aforesaid loans, the company is regular in repaying the principal amounts as stipulated and has been regular in payment of interest.
- (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 lacs 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.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the company.
- (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. However the company has not deposited ₹ 1,14,880 to investor education and protection fund which was due in September 2011.
- (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, except dues towards investor education and protection fund as stated above.
- (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	2,11,660	2004-05	Income Tax Appellate Tribunal
The Income Tax Act, 1961	TDS	32,59,470	2002-03	Commissioner Appeals
The Income Tax Act, 1961	TDS	25,22,288	2003-04	Commissioner Appeals
The Income Tax Act, 1961	TDS	9,52,405	2004-05	Commissioner Appeals

- (x) The company has no 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) 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 (Auditor's 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. 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 made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act. In our opinion, the prices at which shares have been issued is not prejudicial to the interest of the company.
- (xix) According to the information and explanations given to us, no debentures have been issued by the company during the year.
- (xx) We have verified that the end use of money raised by public issues from the draft prospectus filed with SEBI, the offer document and as disclosed in the notes to the financial statements.
- (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

Signed at Rajkot on May 12, 2012

Balance sheet as at 31st March, 2012

		(Amount in ₹)	
Particulars	Notes	31-Mar-12	31-Mar-11
I EQUITIES AND LIABILITIES			
1	Shareholders Fund		
	(a) Share Capital	7 54 72 850	6 08 44 050
	(b) Reserves & Surplus	48 53 88 299	34 27 32 445
Sub-Total Shareholder's Fund		56 08 61 149	40 35 76 495
2	Non - Current Liabilities		
	(a) Long-term borrowings	0	3 00 00 000
	(b) Deferred tax liabilities (Net)	4 65 88 500	5 40 69 270
	(c) Other Long term liabilities	2 04 76 000	1 67 71 001
	(d) Long-term provisions	60 86 955	62 23 398
Sub-Total Non - Current Liabilities		7 31 51 455	10 70 63 669
3	Current Liabilities		
	(a) Short term Borrowing	3 88 65 281	0
	(b) Trade payables	15 51 08 561	10 80 93 204
	(c) Other current liabilities	6 29 68 521	8 58 56 971
	(d) Short-term provisions	7 53 17 304	4 19 34 468
Sub-Total Current Liabilities		33 22 59 667	23 58 84 643
TOTAL EQUITIES & LIABILITIES		96 62 72 271	74 65 24 807
II ASSETS			
1	Non-Current Assets		
	(a) Fixed Assets	12	
	(i) Tangible assets	38 41 84 582	41 22 55 173
	(ii) Intangible assets	1 55 37 205	1 23 56 287
	(iii) Capital work-in-progress	1 57 12 981	0
	(b) Non-current investments	1 22 95 260	2 29 94 620
	(c) Long-term loans and advances	4 58 75 947	1 00 66 081
	(d) Other non-current assets	35 829	33 877
Sub-Total - Non Current Assets		47 36 41 804	45 77 06 038
2	Current Assets		
	(a) Current investments	6 51 96 958	0
	(b) Inventories	29 82 49 831	19 17 38 805
	(c) Trade receivables	6 08 08 643	5 40 70 115
	(d) Cash and cash equivalents	4 78 53 926	2 83 51 765
	(e) Short-term loans and advances	1 93 56 688	1 22 60 916
	(f) Other current assets	11 64 421	23 97 168
Sub-Total - Current Assets		49 26 30 467	28 88 18 769
TOTAL ASSETS		96 62 72 271	74 65 24 807

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

Firm Reg. No. 124872W

For and on behalf of Board

Chandra J J

Chairman and Managing
Director

Patel M J

Whole Time Director

Prashant Maharishi

Partner

M. No.: 41452

Place: Rajkot

Date: 12.05.2012

Purvi P Mehta
Company Secretary

Statement of Profit and Loss for the year ended 31st March, 2012

(Amount in ₹)

	Particulars	Note No.	31-Mar-12	31-Mar-11
I	INCOME			
	Revenue from operations	22	298 82 20 553	202 03 70 869
	Other income	23	59 32 435	61 71 697
	TOTAL REVENUE		299 41 52 988	202 65 42 566
II	EXPENSES			
	Cost of materials consumed	24	241 86 20 913	157 49 05 799
	Changes in inventories of finished goods work-in-progress	25	-4 29 90 793	98 48 617
	Employee benefits expense	26	16 47 58 905	11 59 61 539
	Other expenses	27	17 23 59 341	12 52 78 439
	TOTAL EXPENSES		271 27 48 366	182 59 94 394
III	Profit before interest, tax, depreciation & exceptional items (III-IV)		28 14 04 622	20 05 48 172
	Finance costs	28	76 47 116	1 83 35 345
	Depreciation and amortization expense	29	4 25 88 621	4 25 36 019
IV	Profit before tax & exceptional items (III-IV)		23 11 68 886	13 96 76 808
V	Exceptional items	30	- 12 80 554	0
VI	Profit before tax (IV - V)		23 24 49 440	13 96 76 808
VII	Tax expense:	31		
	(1) Current tax		8 40 27 063	4 58 67 983
	(2) Deferred tax		- 74 80 770	- 4 58 835
	Sub-Total Tax Expenses		7 65 46 293	4 54 09 148
VIII	PROFIT/(LOSS) FOR THE YEAR		15 59 03 147	9 42 67 660
IX	Earnings per equity share Basic & Diluted	32	24.77	16.11

Summary of Significant Accounting Policies 2.1
The notes referred to above forms an integral part of the Profit & Loss Account

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: 12.05.2012

For and on behalf of Board

Chandra J J
Chairman and Managing
Director

Patel M J
Whole Time
Director

Purvi P Mehta
Company Secretary

Cash Flow Statement for the year ended 31 March, 2012

	31-Mar-12	31-Mar-11
A. Cash flow from operating activities		
Net profit before taxation	23 24 49 439	13 96 76 807
<u>Adjustment for:</u>		
Depreciation & Impairment	4 25 88 621	4 25 36 019
Provision for diminution of Investment	1 06 99 360	
Loss/(Profit) on sale of fixed assets	-1 15 85 644	2 47 564
Dividend Income	- 55 32 792	- 16 63 860
Interest Expenses on long term funds	43 55 912	1 46 15 500
Operating Profit before working capital changes	27 29 74 897	19 54 12 030
<u>Movements in working capital:</u>		
Decrease/-Increase in Trade Receivable	- 62 38 528	- 89 10 439
Decrease/-Increase in Inventories	-10 65 11 026	- 60 00 595
Decrease/-Increase in Long Term Current Assets (Loans & Advances and Other Assets)	- 10 10 138	- 57 83 418
Decrease/-Increase in Short Term Current Assets (Loans & Advances and Other Assets)	- 58 63 026	3 29 98 503
Increase/-Decrease in Trade Payables	4 70 15 357	-1 52 54 512
Increase/-Decrease in Long Term Liabilities & Provisions	35 68 556	2 29 94 399
Increase/-Decrease in Short Term Liabilities & Provisions	1 46 87 392	5 78 27 946
Increase/-Decrease in short term borrowing relating operation	3 88 65 281	-8 40 50 787
Sub-Total Movement in Working Capital	-1 54 86 131	- 61 78 903
Cash generated from operations	25 74 88 766	18 92 33 128
Direct taxes paid (net of refunds)	-6 95 51 383	-4 86 86 538
NET CASH FROM OPERATING ACTIVITIES	18 79 37 383	14 05 46 590
B. Cash flow from investing activities		
Purchase of fixed assets	-8 46 69 599	-4 24 55 171
Sale of Investment	0	2 74 25 000
Tax paid on Capital Gain	- 59 16 425	0
Proceeds from sale of fixed assets	2 94 87 610	6 30 000
Dividends received	55 32 792	16 63 860
NET CASH FLOW FROM INVESTING ACTIVITIES	-5 55 65 621	-1 27 36 311
C. Cash flow from financing activities		
Repayment of long-term borrowings	-6 00 00 000	-8 76 65 124
Proceeds from Issue of Shares	4 38 86 400	0
Interest paid	- 43 55 912	-1 46 15 500
Dividend paid	-2 34 06 080	-1 17 03 040
Tax on dividend paid	- 37 97 051	- 19 43 729
NET CASH CLOW FROM FINANCING ACTIVITIES	-4 76 72 643	-11 59 27 393
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	8 46 99 119	1 18 82 885

Cash and cash equivalents at the beginning of the year	2 83 51 765	1 64 68 880
Cash and cash equivalents at the end of the year	11 30 50 884	2 83 51 765
Components of cash and cash equivalents as at the end of the year		
Cash and cheques on hand	73 293	4 73 981
Investment in Liquid securities	6 51 96 958	
With bank		
- On current account	4 63 21 541	2 66 11 576
- On Fixed Deposit Account	4 50 823	4 18 074
- on Unpaid Dividend account	10 08 269	8 48 134

TOTAL

11 30 50 884

2 83 51 765

As per our report of even date

For Maharishi & Co
Chartered Accountants
Firm Reg. No. 124872W

For and on behalf of Board

Chandra J J
Chairman and
Managing
Director

Patel M J
Whole Time
Director

Prashant Maharishi
Partner
M. No.: 41452
Place: Rajkot
Date: 12.05.2012

Purvi P Mehta
Company Secretary

Notes to financial statements for the year end 31st March, 2012

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 Smart & Atul Gem brand names. The Company is also engaged in the generation of Electricity with wind Turbine Generator at Village Soda Mada, Rajasthan and 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 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 contributions are charged to the profit and loss account of the year when the contributions 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.

Note No.	Particulars	31.03.2012		31.03.2011	
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3	<u>SHARE CAPITAL</u>	No.	Amount	No.	Amount
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a	<u>Authorised Share Capital</u>				
	Equity Shares of Rs. 10 each	80 00 000	8 00 00 000	80 00 000	8 00 00 000
	Issued, Subscribed & Paid up Share Capital	73 14 400	7 31 44 000	58 51 520	5 85 15 200
	Equity Shares of Rs. 10 each				
	Share Forfeiture		23 28 850		23 28 850
	TOTAL SHARE CAPITAL		7 54 72 850		6 08 44 050

b	<u>Reconciliation of the shares outstanding at the beginning and at the end of the reporting period - Equity Shares</u>				
	At the beginning of the period	58 51 520	5 85 15 200	58 51 520	5 85 15 200
	Issued during the period - Right Issue	14 62 880	1 46 28 800	0	0
	Outstanding at the end of the period	73 14 400	7 31 44 000	58 51 520	5 85 15 200

c Terms/Rights attached to Equity Shares

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

The company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing General Meeting. During the year ended 31 March, 2012 the amount of per share dividend recognized as distributed to equity shareholders was Rs.5 (31 March 2011 : Rs.4)

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

	<u>No.</u>	<u>% of total holding</u>	<u>No.</u>	<u>% of total holding</u>
Chandra J J	6 86 869	9.39%	2 36 288	4.04%
Kedia Securities Private Ltd	6 57 000	8.98%	5 00 000	8.54%
Chandra M J	4 30 022	5.88%	4 30 022	7.35%
Chandra D J	4 22 442	5.78%	4 22 442	7.22%
Kedia Vijay K	4 13 426	5.65%	3 14 426	5.37%
Chandra H J	3 88 262	5.31%	3 88 262	6.64%
Chandra B J	3 25 302	4.45%	3 25 302	5.56%

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.

4	<u>RESERVES & SURPLUS</u>	Amount	Amount
a	<u>Capital Reserves</u>	30 00 000	30 00 000
b	<u>Security Premium Account</u>		
	Opening Balance	5 51 06 250	5 51 06 250
	Add: Securities Premium credited on Right Issue	2 92 57 600	0
	Closing Balance	8 43 63 850	5 51 06 250
c	<u>General Reserve</u>		
	Opening Balance	1 28 30 756	34 03 990
	Add: Transfer from P & L Account	1 55 90 315	94 26 766
	Closing Balance	2 84 21 071	1 28 30 756
d	<u>Profit & Loss A/c</u>		
	Opening Balance	27 17 95 439	21 41 11 888
	Add: Profit during the year	15 59 03 147	9 42 67 660
	Less: Proposed Dividend	-3 65 72 000	-2 34 06 080
	Less: Tax on Proposed Dividend	- 59 32 893	- 37 97 051
	Less: Transfer to General Reserve	-1 55 90 315	- 94 26 766
	Add: Excess provision of previous year on tax on dividend written back	0	45 788
	Closing Balance	36 96 03 378	27 17 95 439
	TOTAL RESERVE & SURPLUS	48 53 88 299	34 27 32 445

5	<u>LONG TERM BORROWINGS</u>	<u>Non - Current Portion</u>	<u>Current Maturities</u>	<u>Non - Current Portion</u>	<u>Current Maturities</u>
	<u>Secured Term Loan from Bank</u>				
	Term Loan from IDBI Bank	0	0	3 00 00 000	3 00 00 000
	TOTAL BORROWINGS	0		3 00 00 000	3 00 00 000

- (a) Term Loan from IDBI was secured by equitable mortgage of immovable properties and hypothecation of plant and machinery etc and personal guarantee of some of the directors of the company . The term loan was repayable within 24 months by 8 quarterly installment of Rs.75,00,000/- each. During the year the company has repaid the term loan out of fund received from Right Issue and internal accrual.

<u>6</u>	DEFERRED TAX LIABILITY			
	<u>Deferred Tax Liability</u>			
	Depreciation	4 61 56 450		5 29 79 620
	Product Development Cost	15 62 620		23 38 210
			4 77 19 070	5 53 17 830
	<u>Deferred Tax Assets</u>			
	Impairment of Fixed Assets	2 98 110		3 05 210
	Leave Salary	8 32 420		8 07 000
	Balance amount to be claimed u/s 35AD	0		1 36 350
			11 30 530	12 48 560
	NET DEFERRED TAX LIABILITY		4 65 88 540	5 40 69 270

<u>7</u>	OTHER LONG TERM LIABILITY		
	Dealer's Deposits (Unsecured)	2 04 76 000	1 67 71 001

<u>8</u>	<u>(a) PROVISIONS</u>	<u>Long Term Provision</u>	<u>Short Term Provision</u>	<u>Long Term Provision</u>	<u>Short Term Provision</u>
	<u>Provision for Employee Benefits</u>				
	Gratuity	54 68 032		54 83 268	
	Leave Salary	6 18 923	19 46 697	7 40 130	16 34 213
	Sub-Total	60 86 955	19 46 697	62 23 398	16 34 213
	<u>Other Provisions</u>				
	Provision for After Sales Service		58 90 600		38 61 700
	Provision for PDI/WRC coupon		10 08 288		4 42 488
	Provision for Warranty Claims		32 93 892		23 35 544
	Provision for Warranty Insurance		39 56 320		0
	Provision for Income Tax		1 63 76 614		62 87 392
	Provision for Wealth Tax		3 40 000		1 70 000
	Proposed Dividend		3 65 72 000		2 34 06 080
	Provision for tax on Proposed Dividend		59 32 893		37 97 051
	Sub-Total		7 33 70 607		4 03 00 255
	TOTAL PROVISION	60 86 955	7 53 17 304	62 23 398	4 19 34 468

(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.

Net Employee Benefit Expense recognized in the employee cost

Current Service Cost	25 90 779	19 87 644
Interest cost on benefit obligation	8 96 755	5 54 364
Expected return on plan assets	- 5 23 944	- 3 84 384
Net actuarial (Gain)/Loss recognized in the year	21 175	27 28 067
Net Benefit Expenses	29 84 764	48 85 691

Benefit asset/liability

Present Value of defined benefit obligation	1 28 37 957	1 12 09 434
Fair Value of Plan Assets	- 73 69 925	- 57 26 166
Plan Asset/(Liability)	54 68 032	54 83 268

Changes in the present value of the defined benefit obligation are as follows:

Opening defined benefit obligation	1 12 09 434	69 29 549
Interest Cost	8 96 755	5 54 364
Current service cost	25 90 779	19 87 644
Benefit paid	- 14 80 460	- 10 09 724
Actuarial (gains)/losses on obligation	- 3 78 551	27 47 601
Closing defined benefit obligation	1 28 37 957	1 12 09 434

Changes in the fair value of plan assets are as follows:

Opening fair value of plan assets	57 26 166	42 00 919
Expected return	5 23 944	3 84 384
Contribution by employer	30 00 000	19 87 644
Benefit s paid	- 14 80 460	- 8 66 315
Actuarial gains/(losses)	- 3 99 725	19 534
Closing fair value of plan assets	73 69 925	57 26 166

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. There has been significant change in expected rate of return on assets due to the improved stock market scenario.

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

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 to periods are as follows

	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
Defined Benefit Obligation	1 28 37 957	1 12 09 434	69 29 549	41 11 665
Plan Assets	73 69 925	57 26 166	42 00 919	30 80 941

(c) 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 sold for last 8 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	23 35 544	13 54 224
Arising during the year	98 97 684	42 34 732
Utilised during the year	- 89 39 336	- 32 53 412
At the end of the year	32 93 892	23 35 544

(d) Provision for After Sales Services & WRC

At the beginning of the year	43 04 188	30 39 400
Arising during the year	1 48 24 625	1 01 65 407
Utilised during the year	-1 22 29 925	- 89 00 619
At the end of the year	68 98 888	43 04 188

9 SHORT TERM BORROWINGS

Cash Credit from IDBI Bank		3 88 65 281
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Cash Credit facilities from IDBI Bank is secured by current assets (viz. stock and book debts both current and future) of the company and hypothecation of entire fixed assets of the company and personal guarantee of some of the directors of the company .

10 TRADE PAYABLES

Against Materials	12 84 49 556	8 95 62 707
Against Capital Goods	5 77 821	9 93 831
Against Transportation Expenses	1 03 02 404	91 01 891
Others	1 57 78 780	84 34 775
TOTAL	15 51 08 561	10 80 93 204

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 during 2010-11 is given below:

(i) Amounts unpaid as at year end	Principal	20 81 912	68 35 909
	Interest	0	0
(ii) Amounts paid after appointed date during the year		0	0
(iii) Amount of interest accrued and unpaid as at year end		0	0
(iv) Amount of interest paid during the year as per section 16		0	0

11 OTHER CURRENT LIABILITIES

Current Maturities of Long Term Borrowings	0	3 00 00 000
Investor Education and Protection Fund will be credited by following amount (as and when due)*		
Unpaid Dividends	9 18 940	8 48 134
Dues to Investor Education and Protection Fund	89 429	0
Advances from Customers	2 69 31 145	3 31 04 870
Other Liabilities	3 50 29 007	2 19 03 967
TOTAL	6 29 68 521	8 58 56 971

*Out of unpaid dividends of Rs.9,18,940 (PY 8,48,134) Rs.89,489 (PY Nil) is due to be credited to the Investor Education and Protection Fund. However the company has not deposited the same to the fund.

Fixed Assets

Not e No.	Particulars								
<u>12</u>	<u>Tangible Fixed Assets</u>	<u>Land</u>	<u>Leasehold Land</u>	<u>Buildings</u>	<u>Plant & Machinery</u>	<u>Furniture & Fixtures</u>	<u>Vehicles</u>	<u>Office Equipments</u>	<u>TOTAL</u>
	Cost								
	As at 1st April, 2010	46 59 821	1 00 000	9 72 59 317	43 61 52 865	1 01 95 608	89 90 198	53 88 021	56 27 45 830
	Additions	0	0	57 43 548	3 09 81 204	23 88 783	1 08 55 462	3 50 931	5 03 19 928
	Disposals	0	0	0	0	0	- 14 28 770	0	- 14 28 770
	As at 31st March, 2011	46 59 821	1 00 000	10 30 02 865	46 71 34 069	1 25 84 391	1 84 16 890	57 38 952	61 16 36 988
	Additions	0	0	13 52 275	1 87 26 906	4 67 876	66 77 425	14 34 715	2 86 59 196
	Disposals	0	- 1 00 000	0	-5 58 43 170			0	-5 59 43 170
	As at 31st March, 2012	46 59 821	0	10 43 55 140	43 00 17 805	1 30 52 267	2 50 94 315	71 73 667	58 43 53 015
	Depreciation								
	As at 1st April, 2010	0	25 000	2 20 24 718	12 74 17 653	57 96 049	36 98 145	14 18 584	16 03 80 149
	Additions	0	5 000	30 52 058	3 33 79 252	7 10 455	12 41 472	2 45 803	3 86 34 039
	Disposals	0	0	0	0	0	- 5 51 205	0	- 5 51 205
	As at 31st March, 2011	0	30 000	2 50 76 776	16 07 96 905	65 06 504	43 88 412	16 64 387	19 84 62 983
	Additions		1 667	32 05 983	3 17 55 224	8 04 690	19 61 741	2 80 789	3 80 10 093
	Disposals		- 31 667	0	-3 75 09 537				-3 75 41 204
	As at 31st March, 2012	0	0	2 82 82 759	15 50 42 592	73 11 194	63 50 153	19 45 176	19 89 31 872
	Impairment Loss								
	At 1 April, 2010				7 10 271			0	7 10 271
	At 31 March, 2011				7 10 271			2 08 560	9 18 831
	Charge for the year				9 438	3 03 040		5 250	3 17 728
	At 31 March, 2012				7 19 709	3 03 040		2 13 810	12 36 559
	Net Block								
	At 31 March 2011	4,659,821	70,000	77,926,089	305,626,894	6,077,887	14,028,478	3,866,005	412,255,173
	At 31 March 2012	4,659,821	-	76,072,381	274,255,505	5,438,033	18,744,162	5,014,681	384,184,582
	INTANGIBLE ASSETS	Product	SAP	TOTAL					

	<u>Development Exp</u>		
Cost			
As at 1st April, 2010			19,509,921
Additions	19,509,921	-	-
Disposals	-	-	-
As at 31st March, 2011	-	-	19,509,921
Additions	19,509,921	-	7,441,718
Disposals	-	7,441,718	-
As at 31st March, 2012	-	-	-
	19,509,921	7,441,718	26,951,639
Amortisation			
As at 1st April, 2010			3,251,654
Additions	3,251,654	-	3,251,654
Disposals	3,901,980	-	3,901,980
Other Adjustments	-	-	-
As at 31st March, 2011	-	-	-
Additions	7,153,634	-	7,153,634
Disposals	3,901,980	358,820	4,260,800
As at 31st March, 2012	-	-	-
	11,055,614	358,820	11,414,434
Net Block			
At 31 March 2011			12,356,287
At 31 March 2012	12,356,287	-	12,356,287
	8,454,307	7,082,898	15,537,205

13	<u>NON-CURRENT INVESTMENT</u>		
	<u>Trade Investments (Valued at cost unless stated otherwise)</u>		
	Investment in Associates	1 22 60 640	2 29 60 000
	22,96,000(previous year 22,96,000) equity shares of Rs. 10 each in Khushbu Auto Finance Limited (At cost less provision for other than temporary diminution of Rs.1,06,99,360/- (PY Nil))		
	<u>Non- Trade Investments (Valued at cost unless stated otherwise)</u>		
	Government Security (Unquoted)	3 000	3 000
	Investment in Equity Instrument (Quoted)	31 620	31 620
	310 shares in Suzlon Energy Limited of Rs. 2 each valued at cost (market value as at 31/03/2012 is Rs.7843 (PY Rs.4,458))		
	TOTAL	1 22 95 260	2 29 94 620
14	<u>LONG TERM LOANS & ADVANCES</u>		
	Advances for Capital Goods (Unsecured Considered Good)	3 51 72 804	19 01 090
	Security Deposit (Unsecured Considered Good)	35 54 166	24 18 609
	Balance with Govt authority	71 48 977	57 46 382
	TOTAL	4 58 75 947	1 00 66 081
15	<u>OTHER NON-CURRENT ASSETS</u>		
	Deposit with bank for maturity period for more than 12 months With State Bank of India		
		35 829	33 877
16	<u>CURRENT INVESTMENTS</u>		
	Investment in mutual fund	6 51 96 958	
	TOTAL	6 51 96 958	
17	<u>INVENTORIES (Valued at Cost or Net Relisable Value whichever is lower)</u>		
(a)	Raw Material	22 65 21 189	16 30 00 957
)	Work In Progress	1 00 80 828	2 63 55 047
	Finished Goods	6 16 47 813	23 82 801
	TOTAL	29 82 49 831	19 17 38 805

18	<u>TRADE RECEIVABLES</u>		
	Unsecured Considered Good		
	Outstanding for more than 6 months	6 76 635	11 86 559
	Others	6 01 32 008	5 28 83 556
	TOTAL	6 08 08 643	5 40 70 115

Trade Receivables includes:

Dues from partnership firm in which the company's directors' relative are partners	3 72 77 631	4 50 84 039
Dues from company in which the company's directors' relative are directors/ shareholders	54 26 124	36 18 956

19	<u>CASH & CASH EQUIVELENT</u>		
	Balances with Bank		
	on Current Accounts	4 63 21 541	2 66 11 576
	On unpaid dividend account	10 08 269	8 48 134
	On Fixed Deposit Account	4 50 823	4 18 074
	Cash on Hand	73 293	4 73 981
	TOTAL	4 78 53 926	2 83 51 765

Balance With Current Account includes

State Bank of India (A/c. No. 30378530831)	9 470	9 450
Corporation Bank (A/c. No. 01/240)	10 000	0
HDFC Bank (A/c. No. 01010330000319)	65 613	41 137
HDFC Bank (A/c. No. 0185033000113)	3 844	11 913
ICICI Bank (A/c. No. 624805013289)	1 44 89 047	25 00 000
IDBI Bank (A/c. No. 375655100000204)	0	2 40 05 509
IDBI Bank (A/c. No. 375103000002820)	3 17 30 081	30 081
State Bank of India (A/c. No. 30048509815)	13 486	13 486

20	<u>SHORT TERM LOANS & ADVANCES</u>		
	Advances to be received in cash or in kind	1 65 81 170	99 19 581
	Balances with Govt Authority	27 75 518	23 41 335
	TOTAL	1 93 56 688	1 22 60 916

21	<u>OTHER CURRENT ASSETS</u>		
	Other assets	11 64 421	23 97 168
	Fixed Deposit with Bank for maturity over 3 months but less than 12 months.		
	TOTAL	11 64 421	23 97 168

22	<u>REVENUE FROM OPERATIONS</u>		
	Sales of Vehicles	318 56 55 238	213 97 82 774
	Sales of Spares	10 10 41 810	7 50 32 916
	Revenue from Windmill	31 66 233	50 96 408
	Other Operating Revenue	52 75 511	45 89 588
	Less: Excise Duty	-30 69 18 239	-20 41 30 817
	TOTAL	298 82 20 553	202 03 70 869

Details of Product Sold

Atul Gem	173 28 89 860	
Atul Shakti	98 15 88 477	
Atul Smart	17 47 07 775	
Spares	9 05 92 697	
		297 97 78 809

23	<u>OTHER INCOME</u>		
(a)	Dividend	55 32 792	16 63 860
	Interest		
	Bank FD	80 937	1 80 182
	Dealers	1 86 602	6 19 775
	ICD	0	33 38 486
	IT Refund	0	2 62 970
	Other	1 32 104	1 06 424
	Deposits		
	TOTAL	59 32 435	61 71 697

(b) Dividend includes dividend from Current Investment.

24	<u>COST OF MATERIAL CONSUMED</u>		
	Opening Stock	16 30 00 957	14 71 51 745
	Purchase	237 49 89 215	151 05 69 270
	Purchase Expenses	8 56 84 765	6 47 31 239
	Processing Charges	2 14 67 165	1 54 54 502
	Closing Stock	-22 65 21 189	-16 30 00 957
	TOTAL	241 86 20 913	157 49 05 799

	Engine	74 23 41 978	47 21 10 647
	Tyre	14 83 31 677	8 91 71 947
	Battery	5 07 71 344	3 28 47 984
	Wheel Rim	4 13 89 550	2 47 61 096
	Other	143 57 86 364	95 60 14 125

25	<u>CHANGES IN INVENTORIES OF FINISHED GOODS WORK-IN-PROGRESS AND STOCK-IN-TRADE</u>		
	Inventories at the beginning of the year		
	Work-in-process	2 63 55 047	2 97 39 162
	Finished Goods	23 82 801	88 47 303
		2 87 37 848	3 85 86 465
	Inventories at the end of the year		
	Work-in-process	1 00 80 828	2 63 55 047
	Finished Goods	6 16 47 813	23 82 801
		7 17 28 641	2 87 37 848
	TOTAL	-4 29 90 793	98 48 617

26	EMPLOYEE BENEFIT EXPENSES		
	Salary, Wages & Bonus	13 13 06 935	8 61 85 943
	Directors Remuneration	88 62 007	89 40 300
	Gratuity Expenses	29 84 764	48 96 054
	Contribution to PF	95 18 173	68 32 004
	Staff Welfare Exp	1 20 87 026	91 07 238
	TOTAL	16 47 58 905	11 59 61 539
27	OTHER EXPENSES		
	(Increase)/Decrease of Excise Duty on Inventory	77 30 110	- 8 38 626
	Advertising & Sales Promotion	3 01 55 828	93 94 128
	Auditor's Remuneration	9 74 076	9 14 196
	Communication cost	32 26 384	26 42 292
	Director's Sitting Fees	54 000	54 000
	Donation	20 38 621	12 00 197
	Exchange Rate Difference	3 25 688	62 063
	Freight & Forwarding	38 98 766	29 04 558
	Insurance	4 93 772	3 54 721
	Legal & consultancy Charges	57 86 946	35 46 799
	Office Admin Exp	39 15 813	25 04 566
	Other misc exp	21 99 794	3 10 61 356
	Power & Fuel	1 80 06 499	1 20 26 165
	Printing & Stationary	17 39 333	22 37 292
	Rates and taxes	7 26 865	6 88 536
	Rent	25 56 073	18 53 963
	Repairs to buildings	32 15 312	19 93 706
	Repairs to Machinery	1 58 26 148	80 69 631
	Repairs to Others	88 07 858	49 83 125
	Research & Development Exp	2 21 133	3 59 368
	Right Issue Exp	10 93 411	4 63 080
	Travelling & Conveyance	2 37 11 592	1 85 85 561
	Vehicle Exp	12 70 197	21 16 991
	Warranty & After Sales Services	3 33 25 996	1 61 08 568
	Windmill Operation charges	10 59 125	19 92 203
	TOTAL	17 23 59 341	12 52 78 439
	Payment to auditors includes		
	Audit Fee	6 00 000	5 00 000
	Taxation matters	3 60 500	2 05 000
	Reimbursement of Expenses	13 576	83 196

28	<u>FINANCE COST</u>			
	Interest Expenses	64 26 646	1 78 59 080	
	Bank Charges	2 21 555	2 67 545	
	Other Borrowing Cost	9 98 915	2 08 720	
	TOTAL	76 47 116	1 83 35 345	
29	<u>DEPRECIATION & AMORTISATION</u>			
	Depreciation	3 80 10 093	3 86 34 039	
	Impairment	3 17 728	0	
	Amortisation	42 60 800	39 01 980	
	TOTAL	4 25 88 621	4 25 36 019	
30	<u>EXCEPTIONAL ITEMS</u>			
	Provision for diminution in investment	1 06 99 360	0	
	Profit on sale of windmill	-1 19 79 914	0	
	TOTAL	- 12 80 554	0	
31	<u>TAX EXPENSES</u>			
	Current Tax	8 41 44 000	4 62 89 000	
	Tax of Earlier years	- 1 16 937	8 40 27 063	- 4 21 017
				4 58 67 983
	Deferred Tax	- 74 80 770	- 74 80 770	- 4 58 835
	TOTAL	7 65 46 293	4 54 09 148	- 4 58 835
32	<u>EARNING PER SHARE</u>			
	Net profit as per P & L	15 59 03 146	9 42 67 659	
	No. of Shares	62 93 403	58 51 520	
	TOTAL	24.77	16	
33	<u>CONTIGENT LIABILITIES NOT ACKNOWLEDGE AS DEBT</u>			
	Sales Tax	2 02 531	2 02 531	
	CST	11 83 791	11 83 791	
	Excise Duty	22 58 946	23 12 273	
	Income Tax	69 45 763	69 45 823	
	Case Pending before Consumer Forum	33 36 665	41 14 375	
	Case filed by the Supplier in the Court	11 17 29 796	11 17 29 796	
			12 56 57 492	12 64 88 589

<u>34</u>	<u>ESTIMATED AMOUNT OF CONTRACTS REMAINING TO BE EXECUTED ON CAPITAL ACCOUNTS AND NOT PROVIDED FOR</u>		
	For purchase of Residential Property	35 36 343	1 21 80 008
	Others	8 17 34 893	0
		8 52 71 236	1 21 80 008
<u>35</u>	<u>UTILISATION OF MONEY RAISED THROUGH PUBLIC ISSUE</u>		
	During the year ended on March 31, 2012 the company has raised Rs. 4,38,86,400/- through Right Issue. The details of utilisation of the fund are as below		
	Right Issue	15 00 000	
	Expenses		
	Business Expansion in few states	1 00 00 000	
	Repayment of Term Loan	3 23 86 400	
		4 38 86 400	
<u>36</u>	<u>VALUE OF IMPORT ON CIF BASIS</u>		
	Repairs to machinery		1 14 610
	Purchase of Engine	2 74 401	
<u>37</u>	<u>Expenditure in foreign currency (accrual basis)</u>		
	Travelling	22 00 323	13 35 719
<u>38</u>	<u>Imported and indigenous raw materials, components and spare parts consumed</u>		
<u>39</u>	<u>Net dividend remitted in foreign exchange</u>		
	Period for which it relates	2010-11	2009-10
	No. of Non Resident Shareholders	25	43
	No. of Equity Shares held on which dividend was due	1 99 360	2 61 450
	Amount Remitted	7 97 440	5 22 900
<u>40</u>	<u>Earnings in foreign currencies</u>		
	Export at F.O.B. Value	2 65 34 872	3 02 63 892

Note No.	Particulars	31.03.2012	31.03.2011
<u>41</u>	<u>RELATED PARTY DISCLOSURE</u>		
A	<u>Name of related parties</u>		
	Associate Company :	1	Khushbu Auto Finance Limited
	Key Management Personnel :	1	Chandra Jayantilal Jagjivan Chairman & Managing Director
		2	Patel Mahendra Jamnadas Wholetime Director
		3	Mittal Sunilkumar Wholetime Director (upto 12/12/11)
		4	Chandra Niraj Jayantilal Wholetime Director (w.e.f. 01.03.2012)
	Relatives of Key Management Personnel :	1	Chandra Dharmendra Jagjivan Brother of Chairman & Managing Director Mr. Chandra Jayantilal Jagjivan
		2	Chandra Harish Jagjivan Brother of Chairman & Managing Director Mr. Chandra Jayantilal Jagjivan
		3	Chandra Mahesh Jagjivan Brother of Chairman & Managing Director Mr. Chandra Jayantilal Jagjivan
		4	Chandra Bharat Jagjivan Brother of Chairman & Managing Director Mr. Chandra Jayantilal Jagjivan
		5	Chandra Prafulla Jayantilal Wife of Chairman & Managing Director Mr. Chandra Jayantilal Jagjivan
		6	Patel Ashok Jamnadas Brother of Joint Managing director Mr. Mahendra Jamnadas
		7	Patel Manisha Mahendra Wife of Joint Managing director Mr. Mahendra Jamnadas
	Enterprises owned or significantly influenced by key personal management or their relatives :	1	Atul Auto Agency
		2	Atul Auto Industries
		3	Atul Automotives
		4	Atul Motors Pvt. Ltd.
		5	Atul Petroleum
		6	Khushbu Auto Private Limited
		7	New Chandra Motor Cycle Agency
		8	New Chandra Motor Cycle House
		9	Atul Automobiles
		10	Ganga R K Industries Limited

(b) <u>Transaction with Related Parties</u>			
Enterprise owned or significantly influenced by key management personnel or their relatives	Sales (inclusive of tax)	46 98 56 948	30 98 07 746
	Purchase (inclusive of tax)	3 26 78 576	
	Warranty Claims/After Sales Service/PDI/WRC Charges	14 00 501	13 47 768
	Vehicle / Machinery Repairing exp	1 23 061	61 012
	Sales Incentive & Promotion	1 13 750	0
	R & D exp	51 790	
	Purchase of Fixed Assets		8 20 300
	After Sales Service Receivable	10 400	25 900
	Service Received		5 05 035
	Reimbursement	9 641	1 28 100
		50 42 44 667	31 26 95 861
Key Managerial Personnel	Remuneration		89 40 300
	Reimbursement		16 17 018
			0
			1 05 57 318
Relative of Key Managerial Personnel	Remuneration		7 56 096
	Reimbursement		1 64 761
			0
			9 20 857
(c) Balance outstanding as at the end of the year			
Receivable	Enterprise owned or significantly influenced by key management personnel or their relatives		6 48 38 647
	Key Managerial Personnel		0
	Relative of Key Managerial Personnel		0
			0
			6 48 38 647

Payable	Enterprise owned or significantly influenced by key management personnel or their relatives		1 58 42 076
	Key Managerial Personnel		
	Relative of Key Managerial Personnel		1 58 42 076
Equity Capital Contribution	Associate		2 29 60 000
(d) Disclosure in respect of Material Transaction with Related Parties			
Sales of Goods	Khushbu Auto Private Limited	42 78 12 426	28 79 23 900
	New Chandra Motor Cycle Agency	3 46 90 111	1 56 51 754
	New Chandra Motor Cycle House	72 01 397	60 59 330
Purchase of Goods	Ganga R K Industries Pvt Ltd	3 13 10 062	
	New Chandra Motor Cycle House	10 31 290	8 75 960
Warranty Claims/After Sales Service/PDI/WRC Charges	Khushbu Auto Private Limited	12 86 831	13 05 545
	New Chandra Motor Cycle Agency	1 07 790	42 223

As per our report of even date
For Maharishi & Co
Chartered Accountants
Firm Reg. No. 124872W

For and on behalf of Board

Prashant Maharishi
Partner
M. No.: 41452
Place: Rajkot
Date: 12.05.2012

Chandra J J
Chairman and
Managing Director

Patel M J
Whole Time
Director

Purvi P Mehta
Company Secretary

LETTER TO SHAREHOLDER FOR GREEN INITIATIVE

Date: 01/06/2012

Dear Shareholder,

The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" (Circular No. 17/2011 dated 21.04.2011, Circular No. 18/2011 dated 29.04.2011 and Circular No. 21/2011 dated 02.05.2011) allowing paperless compliances by Companies through electronic mode. Companies are now permitted to send various Notice / documents to its shareholders through electronic mode to the registered e-mail addresses of shareholders.

Keeping in view the underlying theme and the circulars issued by MCA, we propose to send documents like Notice convening General Meeting (s), Audited Financial Statements, Directors Report, Auditors' Report or any other communication in electronic form, to the mail address provided by you and made available to us by the Depository Participants.

In the records provided to us by the Depository Participants, in case your e-mail address is not registered, Kindly inform the same to your Depository Participant, or you can also register your e-mail with Company on the following e-mail addresses:

Investorrelations@atulauto.co.in

You can also change or register your e-mail address, from time to time, by completing online registration form "Form for Registering/Changing E-mail Address" on the website of the Company **www.atulauto.co.in** , under the Investors section.

Please register your e-mail address as soon as possible, in order to enable us to send the above mentioned documents to you through electronic mode to the e-mail address registered by you.

Please note that these documents will also be accessible on the Company's website **www.atulauto.co.in**, and will be available for downloading by the shareholders

Please note that you will be entitled to be furnished, free of cost, with a copy of the documents mentioned above upon receipt of a requisition form you, any time, as a member of the Company. In case you desire to receive the documents mentioned above in physical form, please inform us accordingly.

We are sure you would appreciate the "Green Initiative" taken by MCA and your Company's desire to participate in such initiatives. We are looking forward to your whole-hearted support in this initiative and request your co-operation in helping us to implement the same.

Thanking you,

Yours faithfully
For **Atul Auto Limited**

Purvi P Mehta
Company Secretary

ATUL AUTO LIMITED

ECS MANDATE FORM

I hereby authorize you to make all payments in respect of my holding in your Company to my bankers for crediting to my account as detailed below:

- 1. Shareholder's name :
(In Block letters) (First holder)

- 2. Folio Number/DP ID :
and Client Id No. (Joint holder, if any)

- 3. Number of Shares held :

- 4. Name of the bank :

- 5. Branch name and address :

- 6. Account type SB [] Current [] Others []
[Mark 'X' in the A/c A/c (please specify)
approximate box]

- 7. Bank account number :

- 8. Ledger folio number of the account :
(as appearing on cheque Book)

- 9. Nine digit code number of the bank :
and branch appearing on the cheque

- 10. PNR/GIR no. Ward No.

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.

Dated :
Signature of the first holder
(as appearing in the Company's records)

.....

Certificate of the investor's bank

Certified that the particulars of the bank account furnished above are correct as per our records.

Bank Stamp:

Dated:
Signature of the authorized official of the bank

Note: Please attach a photocopy of cheques issued by your bank relating to your above account for varifying of the code number.

**TWENTY FOUR ANNUAL REPORT 2011 - 2012
ATTENDANCE SLIP**

I certify that I am registered shareholder / proxy for the registered shareholder of the company.

I hereby record my presence at the 24th Annual General Meeting of the Company at Survey No, 86, Plot Nos. 1 to 4, National Highway 8-B, Shapar (Veraval), RAJKOT-360 002. on Tuesday, Dt. 26-06-12.

Member's / Proxy's name in Block Letters _____

Member's / Proxy's Signature _____

Client ID _____

DP ID _____

Note :

1. Please sign this attendance slip and hand it over at the Attendance Verification Counter at the ENTRANCE OF THE MEETING PLACE.
2. The Shareholding stated above is subject to change for transfers upto date of meeting. THIS ATTENDANCE SLIP IS VALID ONLY IN CASE SHARES ARE HELD ON THE DATE OF MEETING.

ATUL AUTO LIMITED

Regd. Office : Survey No. 86, Plot Nos. 1 to 4, National Highway 8-B,
Shapar (Veraval) RAJKOT - 360 002.

PROXY

I / We _____
of _____ in the district of _____ being
a Member / Members of the above named Company, with Client ID _____
DPID _____ hereby appoint _____ of _____ in the
district of _____ or fulfilling him / her _____
as my / our Proxy to attend and vote for me / us and on my / our until of the "24th
Annual General Meeting of the Company" to be held Tuesday, Dt. 26-06-12., at 4-00
P.M. and at any adjournment thereof.

Signed this _____ day of _____ 2012

Reference edin _____

Signature _____



NOTE : A proxy in order to be valid must be duly filled in, stamped, signed & deposited at the Registered Office of the company at Survey No. 86, Plot Nos. 1 to 4, National Highway 8-B, Shapar (Veraval), Dist. RAJKOT - 360 002, not less then 48 hours before commencement of the meeting.



Registered Office & Factory : 8-B, National Highway, Near Microwave Tower, Shapar (Veraval)
Dist. Rajkot - 380024. (Gujarat) Ph. : +91 - 2827 - 666000 Fax : +91 - 2827 - 666029
• Email : info@atulauto.co.in • Website : www.atulauto.co.in