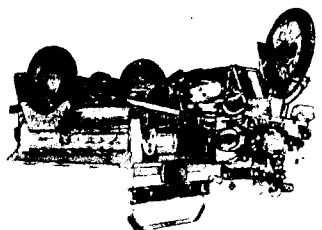
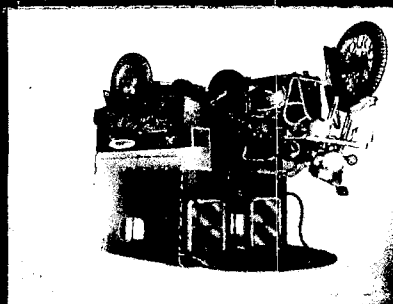
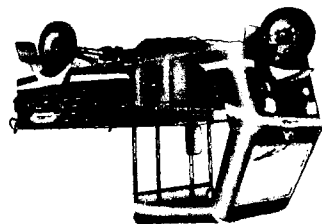
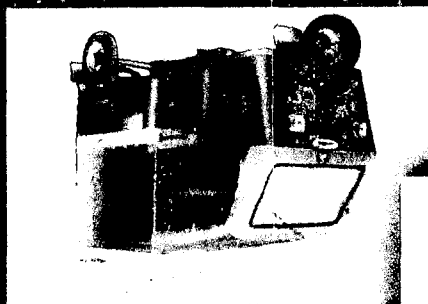


AUTO LTD.



TENTH ANNUAL REPORT

1997-98

Continuing Tradition of Growth

MD	✓	KKC	✓
CS	NA	DPY	NA
RO	✓	DIV	NA
TRA	NA	AC	✓
AGM	✓	SPM	✓
YE	✓		✓



ATUL AUTO LTD.

BOARD OF DIRECTORS

Mr. Chandra J. J.	Chairman and Managing Director
Mr. Jogalekar Shriharsh S.	Vice Chairman
Mr. Patel Mahendra J.	Executive Director
Mr. Chandra Harish J.	Director
Mr. Kukreja Rajendra S.	Director
Mr. Dhruva Rajesh H.	Director

AUDITORS

M/s. PUROHIT & Co. Chartered Accountants, Jamnagar.

BANKERS

State Bank of India
Citizen Co-operative Bank
Laxmi vilas Co-operative Bank
State Bank of Saurashtra

REGISTERED OFFICE:

Survey No. 86, Plot Nos. 1 to 4,
N. H. 8-B, Shapar (Veraval).
Rajkot - 360 002.

CORPORATE OFFICE:

Jimmy Tower, Gondal Road,
Opp. Swaminarayan Gurukul,
Rajkot - 360 004.

ATUL AUTO LIMITED

Regd. Office : Survey No. 86, Plot No. 1 to 4, N. H. 8-B,
Shapar (Veraval). Rajkot - 360 002.

NOTICE

Notice is hereby given to the members of ATUL AUTO LIMITED that Tenth Annual General Meeting of its members shall be held on 30th September 1998 on Wednesday at 9-00 A.M. at Registered Office of the Company - at : Survey No. 86, Plot No. 1 to 4, N. H. 8-B, Shapar (Veraval). Rajkot - 360 002. to transact following business.

ORDINARY BUSINESS :

- (1) To Receive, consider and adopt the Directors' Report and Audited Balance Sheet and Profit and Loss Account as at and for the year ended on 31st March, 1998 and Auditors' Report thereon.
- (2) To appoint director in place of Shri Dhruva Rajesh H. who retires from office by rotation and being eligible offers himself for re appointment.
- (3) To appoint director in place of Patel Mahendra J. who retires from office by rotation and being eligible offers himself for re appointment.
- (4) To appoint auditors in place of M/s. Purohit & Co., Chartered Accountants, who retires at the end of ensuing Annual General Meeting and to fix their remuneration.

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member. The instrument of proxy should however be deposited at the registered office of the Company not less than fourty eight hours before the commencement of the meeting.
2. Audited statement of accounts, Auditors' and Directors' report thereon for the period ended on 31st March, 1998 are enclosed herewith. Members are requested to bring their copy of annual accounts.
3. The members are requested to intimate any change of their address etc. immediately to the share department quoting their folio no. at the registered office of the Company.

By order of the Board

At : RAJKOT

Dated : 27 June, 1998.

CHANDRA J. J.
CHAIRMAN & MANAGING
DIRECTOR

ATUL AUTO LIMITED

DIRECTORS' REPORT

To,

THE MEMBERS OF
ATUL AUTO LIMITED

Your directors are pleased to present Tenth Annual Report of the company together with audited accounts for the year ended on 31st March, 1998 and Auditors' Report thereon.

1. FINANCIAL RESULTS :

	For the Year Ended on	
	31/03/98	31/03/97
Profit before depreciation & Income Tax	22,148,972	4,609,005
Less :		
a) Depreciation	4,061,088	933,659
b) Provision for Taxes	3,550,000	625,000
c) Income Tax of earlier years	470,855	- Nil -
Net Profit during the year transferred to Profit & Loss A/c.	14,067,028	3,050,346

Your directors do not recommend dividend as internal accruals are recommended ploughing back in expansion of the company. During the year profits of the company before tax and depreciation has improved by 60% annually.

2. SALES AND OPERATIONS :

Sales of vehicles has increased from 694 to 2006 vehicles in the current accounting year of 12 months compared to previous year of 4 months. In this year, company has manufactured complete vehicles for the full year instead of only chassis. During the year sales realisation of completed vehicles jumped from Rs. 55,113,454/- (4 months) to Rs. 165,361,217/-

During April 1998 to June 1998 company recorded sales of Rs. 42,767,613/- in comparison to Rs. 34,483,514/- for comparative previous period in approximately three months. Company has already tapped the market of other areas of Gujarat, Madhya Pradesh, Rajasthan and Maharashtra State, where demand of such types of vehicles is tremendous. We are hopeful to achieve sustained better results during the current and future years. This achievement has been made as expansion project of the company has completed and full benefits are now accruing. New machines have been put to use fully. Company is constantly endeavoring to develop other parts required in manufacturing of vehicles to develop critical parts in house. It has been successful in developing most of them during the year. Fruits of this research and development will be available to your company in current year. During the year, company has started selling spares parts for effective after sales services to its customers.

3. EMPLOYEE RELATIONS :

The company continued to have cordial and harmonious relations with its employees. During the year company has also started contributing to the group gratuity scheme with Life Insurance Corporation of India.

4. DIRECTORS :

Your directors are very sorry to inform the members that one of the founder director of the company Shri Chandra Atulkumar has passed away since last meeting. Company has been benefited to great extent from experience and expertise in grass roots level management of late Shri Atul Chandra. Company pays holy tribute to the departed soul. On 9/2/98 Shri Chandra Harish J. was appointed as director of the company on casual vacancy caused due to this. He will hold office till expiry of term of Shri Atul Chandra.

Sarvashri Dhruva Rajesh H. and Shri Patel Mahendra J. retire from the board of directors by rotation and being eligible offer themselves for reappointment. You are requested to appoint directors in place of Shri Dhruva Rajesh H. and Shri Patel Mahendra J.

During the year, Shri Nakhva Kishor R. has resigned from the board. Board sincerely thanks him for his efforts put in management of the company.

5 AUDITORS :

M/s. Purohit & Co., Chartered Accountants, auditors of the company retire at the conclusion of the ensuing General Meeting. You are requested to appoint auditors and fix their remuneration.

6 GENERAL :

- a. Disclosure pursuant to companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 is annexed herewith.
- b. The particulars of employees required to be furnished under section 217 (2A) of the companies Act 1956 are available at the registered office of the company on request.
- c. Your directors put on record their wholehearted gratitude to GIC and State Bank of India for their support in implementing the expansion project. We are also thankful to the sincere efforts put by the executives, staff and workers of the company.

By order of the Board

At : RAJKOT

Dated : 27 June, 1998.

CHANDRA J. J.
CHAIRMAN & MANAGING
DIRECTOR

ANNEXTURE TO THE DIRECTORS' REPORT

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUT GO

THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS') RULES, 1988

1. CONSERVATION OF ENERGY :

The company continues to take various measures for conservation of energy by regular monitoring of consumption and improved maintenance of system along with adaptation of any new and proven technology available. Some of the recent measures taken are regular monitoring of all the equipment and particularly of assembly line. Programs being implemented to reduce the internal lighting load with highly efficient lighting systems. Efforts are also being made to minimize the energy wastage in the production process the various measures taken for energy conservation have resulted in significant savings, which have been reflected in cost of production over a period of time. Total energy consumption and energy consumption per unit of production is given as per prescribed Form - A.

FORM - A

A. POWER CONSUMPTION

	For the Year Ended on	
	31/03/98	31/03/97
1. ELECTRICITY PURCHASED		
Units	371176	108354
Total Amount (Rs.)	17,44,192	3,62,939
Rate 1 Unit (Rs.)	4.70	3.34

B. CONSUMPTION PER UNIT OF PRODUCTION

Production in numbers	2006	737
Electricity unit per vehicle	185	147
(Variation due to product mix, manufacturing of critical parts in house and manufacturing of body of autorickshaw)		

C. TECHNOLOGY ABSORPTION

FORM - B

RESEARCH & DEVELOPMENT :

SPECIFIC AREAS IN WHICH R & D CARRIED OUT BY THE COMPANY

- Evaluation and assessment of new sources of raw materials
- Application of potential new raw materials for attainment of specific properties for product development.
- Product design and product development
- Identifying areas and its implementation for in-house manufacturing of important raw materials and critical components.

BENEFITS DERIVED AS A RESULT OF R & D.

Decrease in cost of raw materials and better sales realization partly during the year and in future years. Our efforts will be concentrated to satisfy the stringent requirements of automobile industry & meet the national standard of product, quality & performance.

TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION.

New product for specific requirement in automobile industry is regularly being developed. Constant upgradation and modification in equipment to improve productivity are carried out. Due to these new models of Road King and Road Master are developed.

FOREIGN EXCHANGE EARNINGS AND OUT GO :

Earnings	Nil	Nil
Outgo	339,115	79,880

For and on behalf of board

At : RAJKOT
Dated : 27 June, 1998.

CHANDRA J. J.
CHAIRMAN & MANAGING
DIRECTOR

ATUL AUTO LIMITED

AUDITORS' REPORT

To,
THE MEMBERS OF
ATUL AUTO LIMITED
SHAPAR-RAJKOT.

We report that we have audited the attached Balance Sheet of ATUL AUTO LIMITED, SHAPAR-RAJKOT as at 31st MARCH 1998 signed by us under reference to this report and the relative profit and loss account for the year ended on that date which are in agreement with the books of account.

In our opinion and to the best of information and according to explanations given to us the balance sheet and profit and loss account together with the notes thereon and attached thereto give in prescribed manner the information required by The Companies Act 1956 and also give respectively true and fair view of the state of the affairs of the company as at 31st MARCH 1998 and its profit and loss account for the period ended on that date.

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. In our opinion proper books of accounts have been kept as required by law so far as appears from our examinations of the books.

As required by the MANUFACTURING AND OTHER COMPANIES (AUDITORS REPORT) ORDER 1988 issued by the Central Government and on the basis of such checks as we considered appropriate and according to the information and explanations given to us we further report that :-

1. The company has maintained proper records to show full particulars including the quantitative details and situation of its fixed assets. As explained to us all the assets have been physically verified by the management at reasonable intervals during the year. According to information and explanation given to us no discrepancies have been noticed on such verification as compared to the book records.
2. None of the fixed assets have been revalued during the period.
3. The finished goods, stores, spare parts and raw materials of the company have been physically verified by the management at the reasonable intervals.
4. The procedure of physical verification of the stocks followed by the management are reasonable and adequate, looking to the size and the nature of the business of the company.
5. According to the records produced before us for our verification, the discrepancies no-

ticed on such verification between the physical stocks and book records were not material.

6. On the basis of our examination of stock records, we are of the opinion that the valuation of the stock is fair and proper in accordance with the normally accepted accounting principles and is on the same basis in the preceding year.
7. According to the information and explanations given to us and such relevant audit checks as we deemed proper carry out, Company has not taken any loan from the Companies or other parties listed in the registers maintained under section 301 of the companies Act, 1956.
8. The company has not granted any loans to companies, firms or other parties listed in the registers maintained under section 301 of the act and to the Companies under the same management.
9. The parties whom loans or advances in nature of loans given are repaying the principal amount and interest thereon as stipulated except advances to the employees of the company, free of interest and they are regular repaying loans.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of stores, raw materials, including components, plant and machinery, equipment and other assets and with regards to the sale of goods.
11. According to the information and explanation given to us, where transaction have been made with different parties, the transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the companies act, 1956 and aggregating during the period to RS. 50,000.00 or more in respect of each party have been made at prices which are reasonable, having regard to the prevailing market prices for such goods, materials or services where such market prices are available or the prices at which transactions for similar goods or materials have been made with other parties.
12. As explained to us, the company has a regular procedure for the determination of unserviceable damaged stores, raw materials and finished goods. Adequate provisions has been made in the account for the loss arising on the items so determined.
13. Company has not accepted any deposit within the meaning of Section 58-A of the Companies Act, 1956 and the rules framed thereunder.
14. In our opinion, reasonable record have been maintained by the company for disposal of realizable scraps and there is no sale of scraps during the year.
15. In our opinion, the company has adequate internal audit system commensurate with the size of the company and the nature of its business.