

15th

ANNUAL REPORT 2002-2003

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ATUL AUTO LIMITED


DIRECTOR





ATUL AUTO LTD.

BOARD OF DIRECTORS

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

AUDITORS

M/s. PUROHIT & Co. Chartered Accountants,

BANKERS

State Bank of India
Citizens Co-operative Bank Ltd.
Laxmi Vilas Bank Ltd.
State Bank of Saurashtra
HDFC Bank

REGISTERED OFFICE :

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

CORPORATE OFFICE :

Jimmy Tower, Gondal Road,
Opp. Swaminarayan Gurukul,
Gondal Road,
Rajkot - 360 002.

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NOTICE

Notice is hereby given that the Fifteenth Annual General Meeting of the Members of the Company will be held on Monday, 29th September, 2003 at 4.00 p.m. at the Registered Office of the Company situated at Survey No. 86, Plot No. 1 to 4, National Highway 8-B, Shapar (Veraval) Rajkot - 360 002, to transact the following business:

Ordinary Business:

1. To receive, consider and adopt Audited Balance Sheet as on 31st March 2003 and Profit & Loss Account for the year ended on that day along with the Directors' and auditors' Report thereon.
2. To reappoint, the retiring M/s. Purohit & Co., Chartered Accountants, 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 and to fix their remuneration.
3. To appoint Director in place of Shri S. S. Jogalekar, who is liable to retire by rotation and being eligible, offers himself for reappointment.
4. To appoint Director in place of shri Bharat J. Chandra, who is liable to retire by rotation and being eligible, offers himself for reappointment.

Date : 17/6/2003

Place : Rajkot

By order of the Board of Directors

(J. J. CHANDRA)

Chairman & Managing Director

NOTES:-

- 1) ALL THE MEMBERS ENTITLED TO ATTEND AND VOTE AT MEETING ARE ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE MEETING ON HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY TO BE VALID MUST REACH AT THE REGISTERED OFFICE AT LEAST 48 HOURS BEFORE THE MEETING.
- 2) The instrument appointing proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- 3) The Share Transfer Books will remain close from 6th September 2003 to 28th September 2003 (both days inclusive).
- 4) Members are requested to address all their correspondence either to the Registrar & Transfer Agent or at the registered office of the Company.

ATUL AUTO LIMITED

DIRECTOR

INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT:-

As required by the Listing Agreement, the particulars of directors who are proposed to be reappointed are given below :

1. NAME : Mr. Shriharsh S. Jogalekar
2. AGE : 55 years
3. QUALIFICATION : B. E.
4. EXPERTISE : Expertise in financial & strategic management
5. OTHER DIRECTORSHIPS* : Nil

Shri S. S. Jogalekar has been holding Directorship of the Company since 19/12/1994

1. NAME : Mr. Bharat J. Chandra
2. AGE : 47 years
3. QUALIFICATIONS : Graduate
4. EXPERTISE : Expertise developed in production and purchase.
5. OTHER DIRECTORSHIPS* : Nil

Shri Bharat J. Chandra has been holding Directorship of the Company Since 23/06/2001

* Excludes directorship in Indian Private Limited Companies

ATUL AUTO LIMITED

REPORT OF BOARD OF DIRECTORS

Your Directors are pleased to present their Fifteenth Annual Report for the year ended on 31st March, 2003. The year in consideration saw an overall slack of economic condition of the country, badly affecting the automobile industry in all respect. Further more, down trend in rural market and slow growth of new market also affect the expected results of the Company. However Company responded very well to this and net sales of the Company is increased by 51% and by 65% in terms of number of vehicles sold. Company expects to maintain this level of increase in the next year also.

PERFORMANCE OF THE COMPANY:

Your Company's performance for the year ended on 31st March 2003 is summarized as under:

Particulars	For the year ended on 31 st March 2003	For the year ended on 31 st March 2002
Turnover	41,68,48,574	27,68,33,735
Profit before taxes	1,67,91,320	1,43,56,602
Tax on profits	59,45,302	31,40,000
Deferred Tax for the Current Year	2,88,010	7,61,072
Net profit	1,05,58,008	1,04,55,530
Taxation adjustments of previous years	0	5,56,182
Profit and loss account balance carried forward	1,05,58,008	1,10,11,712

Considering the current economic situation and for future developments your directors do not recommend any dividend.

During the year, Company got an opportunity to export vehicles manufactured by it. Company exported 8 vehicles amounting to Rs. 7,32,743/- being FOB Value.

Using comparative low prices, Company has under review sales and margin was under severe pressure. However, because of good marketing strategy and excellent quality of products, your Company has sold 5485 vehicles as compared to 3313 vehicles in immediately preceding previous year, showing 65 % growth therein.

RESPONSIBILITY STATEMENT

In pursuance of Section 217(2AA) of the Companies Act, 1956, the Directors confirm:

- (a) That in the preparation of annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same.

- (b) That They have selected accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the accounting year and of the profit and loss account for that year.
- (c) That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- (d) That they have prepared the annual accounts on a going concern basis.

CONSOLIDATED FINANCIAL STATEMENTS:

In accordance with Accounting Standard - 21 "Consolidated Financial Statements", Annual Report of Atul Auto Limited includes the consolidated accounts with its subsidiary Company. The consolidated accounts have been prepared on the basis of audited financial statements received from subsidiary, as approved by its Board.

PERSONAL:

Relationships of employees and the management remained cordial and harmonious. During the year, various cultural and spiritual programmes were arranged to boost the morale and efficiency of the employees. Manufacturing facilities of the Company worked on all working days during the year without any labour interruption.

TRADE RELATIONS

The Board desires to place on record its appreciation of the support and cooperation received from suppliers / vendors and authorized dealers and all other associated with our Company. Company regards them as partners in its progress and shares with them the fruits of growth. The Management constantly endeavors to build strong and mutually respectable trade relations with them.

DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 Shri S. S. Jogalekar, and Shri Bharat J. Chandra, Directors of the Company retire by rotation at the ensuing Annual General meeting and being eligible offer themselves for reappointment.

There has been no change in the constitution of the board of Director of the Company.

CORPORATE GOVERNANCE:

Your Company has adopted good Corporate Governance Practices since its inception. The Company is being managed in highly professional manner coupled with transparency and adherence to the legal framework. A detailed report on Corporate Governance is attached to this Report.

AUDITORS

M/s. Purohit & Co., Chartered Accountants, retire as auditor of the Company at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

TRANSACTION WITH SUBSIDIARY

During the year Company has subscribed to the right offer of subsidiary Company i.e. Khushbu Auto Finance Limited (KAFL) and acquired additional 11.48 lacs equity Shares on 24th April, 2002. After acquiring these shares, the total stake of the company in KAFL is 51.02% of the paid up share capital of KAFL.

GENERAL

- (a) Disclosures pursuant to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are annexed herewith.
- (b) The Particulars of Employees required to be furnished under section 217 (2A) of the Companies Act, 1956 are available with the registered office of the Company on request.
- (c) Your directors put on record their wholehearted gratitude to State Bank of India, The Citizens Cooperative Bank Limited, Laxmi Vilas Bank Limited, State Bank of Saurashtra, HDFC Bank for their support. We are also thankful to the executives, staff and workers of the Company for their sincere efforts in development of the Company.

For and on behalf of Board

(J. J. Chandra)

Chairman & Managing Director

Rajkot

Date : 17th June, 2003

ANNEXURE TO THE DIRECTORS' REPORT

Disclosures pursuant to the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988

1. Conservation of energy

Company is constantly conscious of energy conservation. It equips itself with modern machineries, which conserve power. Efforts are being made constantly to conserve and minimize wastages of that in production process. During the year, consumption rate per unit is decreased to Rs. 5.51 from Rs. 5.71 and unit consumed per unit of production is substantially decreased by 46 units from 182 to 136. Total Energy consumption and per unit consumption thereof is given in Form A.

Form - A

Particulars	2002 -2003	2001 - 2002
<u>Electricity purchased</u>		
Units	749204	607856
Amount	4131325	3469981
Rate per unit	5.51	5.71
Production in numbers	5495	3343
Units consumed per unit of Production	136	182

2. Research and development

Company carried out research and developments in the area of

1. Evaluation and assessment of new sources of raw Materials.
2. Product design and developments
3. In house manufacturing of critical components
4. Evaluation of alternative to diesel vehicles

Benefit derived by the above measures resulted in lower raw material cost per vehicle and increase in sales due to acceptance of new products developed by the Company.

3. Technology absorption, adoption and innovation

After constant efforts of technology upgradation Company developed new auto rickshaw model "Atul Shakti" which has contributed to the sales of the Company as a major product. The vehicles attained the international standards of Euro II emission norms.

4. Foreign Exchange earnings and outgo

Particulars	2002 -2003	2001 - 2002
<u>Earnings</u>		
FOB Value of Export	732743/-	2317970/-
<u>Outgo</u>		
Foreign Travel Expenses	245000/-	1104138/-

ATUL AUTO LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC SCENARIO:-

During the year 2002-03, the economy of our Country was adversely affected by the poor agriculture output due to inadequate monsoon. It was further badly affected by economic slowdown in the global era. The growth in GDP of the Indian Economy is stated at 4.4 % during 2002-03 as against higher projections set earlier. However, it is expected that in the coming year, the agricultural and manufacturing sectors will fight back to accelerate the growth of Indian economy.

INDUSTRY

The automobile industry also faced a tough time during the year under review. However, your Company is possessing inbuilt strength to stand firmly in the highest level of competition from domestic as well as global automobile manufactures.

SEGMENT REPORTING:-

The Company is having only one segment and hence, segment wise discussion is not required to be given.

PERFORMANCE:-

Despite of tough competition and slowdown in economy, your Company has performed with highest excellence in terms of generation of total income. The total income of the Company is Rs. 4234 lacs as compared to Rs. 2828 lacs of previous year 2001-2002, which indicates increase in total income by 49 %, and the Profit before tax was Rs 168 lacs as compared to Rs. 149 lacs of previous year, evidencing 13 % increase in the same. Whereas the net profit after tax is Rs. 106 lacs during the year under review, as compared to Rs. 110 lacs of previous year. The net profit after tax of the Company has been decreased from Rs. 110 lacs to Rs. 106 lacs, indicating 4 % decline therein, is due to increase in raw material cost, and other expenditures including interest cost. However, the Company is in continuous process to minimize the overall costing and thereby increase the overall net profitability in the forthcoming years.

INTERNAL AUDIT SYSTEM:-

The Company has developed good internal audit system so as to evaluate, with utmost care and maximum independence, the adequacy of all internal controls, ensuring adherence to provisions of all laws including the Companies Act, 1956, Listing Agreement, directives issued by the Securities and Exchange Board of India, labour laws, tax laws etc. It also aimed at improvement in financial management, and investment policy. The