

19th ANNUAL REPORT 2006 - 2007

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ATUL
AUTO LTD.


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Board of Directors :	Shri J. J. Chandra	Chairman & Managing Director
	Shri M. J. Patel	Joint Managing Director
	Shri B. J. Chandra	Whole Time Director
	Shri R. H. Dhruva	Independent Director
	Shri S.T. Kaneria	Independent Director
	Advocate H. J. Lalakiya	Independent Director

Auditors : *M/s. Maharishi & Co.*
Chartered Accountants

Bankers : *State Bank of India*

Registered Office : Survey No. 86, Plot No. 1 to 4, NH 8-B,
 Taluka Kotdasangani, Shapar (Veraval), Dist : Rajkot - 360 002

Plants Three wheeler manufacturing Facilities :-

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

At Haridwar :- Sector 2, Plot No 5, IIE, SIDCUL,
 Ranipur, Haridwar. Uttaranchal.





















Wind Turbine generators :- At Rajasthan :- Village Soda, Jaisalmer, Rajasthan.
 At Gujarat :- Village Gandhvi, Lamba, Kalyanpur, Jamnagar.

Secretarial Auditors :- *MJP Associates, Practising Company Secretaries*

Company Secretary :- *CS Snehal H. Kathrani*

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NOTICE

Notice is hereby given that the Nineteenth Annual General Meeting of the Members of Atul Auto Limited will be held on Friday, September 28, 2007 at 4.00 P. M. at Plot no. 1 to 4, survey no. 86, National High way 8 B, Near Microwave Towers, Village Veraval Shapar, Taluka Kotdasangani, Rajkot, Gujarat to transact the following business:-

ORDINARY BUSINESS:

1. To consider and adopt the audited Balance Sheet as at March 31, 2007, 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 dividend on Equity Shares.
3. To appoint directors in place of those retiring by rotation.
4. 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 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

5. To pass, with or without modification, the following Resolution, as an Ordinary Resolution:
 "RESOLVED THAT in accordance with provisions of Section 198, 269, 309, 310, 311 read with Schedule XIII to the Companies Act, 1956, as well as in accordance with provisions 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, approval of the Company be and is hereby given for reappointment of Shri Bharat J Chandra as the Wholetime Director w.e.f. 9th January, 2007 for the period of five years, on such terms and conditions as given in the draft Agreement entered into between the Company and Shri Bharat J Chandra, and as placed before the Meeting"
 "RESOLVED FURTHER THAT the main terms and conditions of the reappointment of Shri Bharat J Chandra, shall be as under:

SALARY:

- a) Rs. 75,000/- per month 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) Commission/Other perquisites:- Shri B. J. Chandra shall not be paid any other commission or perquisites by the Company.
- c) The Terms and conditions of the said appointment may be revised, enhanced, altered and varied from time to time by the Board of Directors of the Company subject to provisions of the Companies Act, 1956 including provisions as contained in Schedule XIII thereto.
- d) Notwithstanding anything to contrary herein contained where in any financial year during the currency of tenure of Shri B. 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.

"RESOLVED FURTHER THAT where in any financial year, the Company is not having profits or its profits are inadequate, the Company shall pay to Shri Bharat J Chandra, the remuneration as said in above paragraphs, 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."

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

"RESOLVED THAT in accordance with provisions of Section 198, 269, 309, 310, 311 read with Schedule XIII to the Companies Act, 1956, as well as in accordance with provisions 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, approval of the Company be and is hereby given for reappointment/revision of remuneration of Shri Mahendra J Patel as the Joint Managing Director for the period upto 31/03/2010, on such terms and conditions as given in the draft Agreement entered into between the Company and Shri M J Patel, and as placed before the Meeting"

"RESOLVED FURTHER THAT the main terms and conditions of the reappointment of Shri M J Patel, shall be as under:

SALARY:

- a) Rs. 75,000/- per month 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) Commission/Other perquisites:- Shri M. J. Patel shall not be paid any other commission or perquisites by the Company.
- c) The Terms and conditions of the said appointment may be revised, enhanced, altered and varied from time to time by the Board of Directors of the Company subject to provisions of the Companies Act, 1956 including provisions as contained in Schedule XIII thereto.
- d) Notwithstanding anything to contrary herein contained where in any financial year during the currency of tenure of Shri 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.

"RESOLVED FURTHER THAT where in any financial year, the Company is not having profits or its profits are inadequate, the Company shall pay to Shri M J Patel, the remuneration as said in above paragraphs, 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."

By Order of the Board of Directors

Date: - 30-06-07

Place: Rajkot

S H Kathrani

Company secretary

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)

NOTES:-

1. A member entitled to attend and 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, Shri M. J. Patel and Shri Rajesh Dhruv, 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 Report on Corporate Governance forming part of 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. (a) The Company has already notified closure of Register of Members and Transfer Books from September 13, 2007 to September 27, 2007 (both days inclusive) for determining the names of Members eligible for dividend on Equity Shares, if declared at the Meeting.
 (b) The dividend on Equity Shares, if declared at the Meeting, will be paid on or after September 28th, 2007 to those Members whose names shall appear on the Company's Register of Members on September 12, 2007. In respect of shares held in dematerialized form, the dividend will be paid on the basis of particulars of beneficial ownership furnished by the Depositories as at the end of business on September 12, 2007.
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.

ATUL AUTO LIMITED

REPORT OF BOARD OF DIRECTORS

Your Directors are pleased to present their Nineteenth Annual Report for the year ended on 31st March 2007.

FINANCIAL RESULTS :

Your Company's performance for the year ended on 31st March 2007 is summarized as under :

Particulars	For the year ended on 31 st March 2007	For the year ended on 31 st March 2006
Turnover	1,217,733,969	129,02,84,137
Profit before taxes	48,572,148	6,50,87,771
Current Tax	(7,995,000)	(90,03,972)
Fringe Benefit tax	(1,177,834)	(10,67,533)
Tax Adjustment of earlier years	924,171	(1,65,287)
Deferred Tax	(8,812,026)	(1,28,54,658)
Wealth Tax	(50,000)	(16,000)
Net profit after Tax	31,438,941	4,19,80,321
Proposed Dividend	5,351,520	(53,51,520)
Dividend Tax	909,758	(7,50,551)
Profit and loss account balance carried forward	2,51,77,663	3,58,78,250

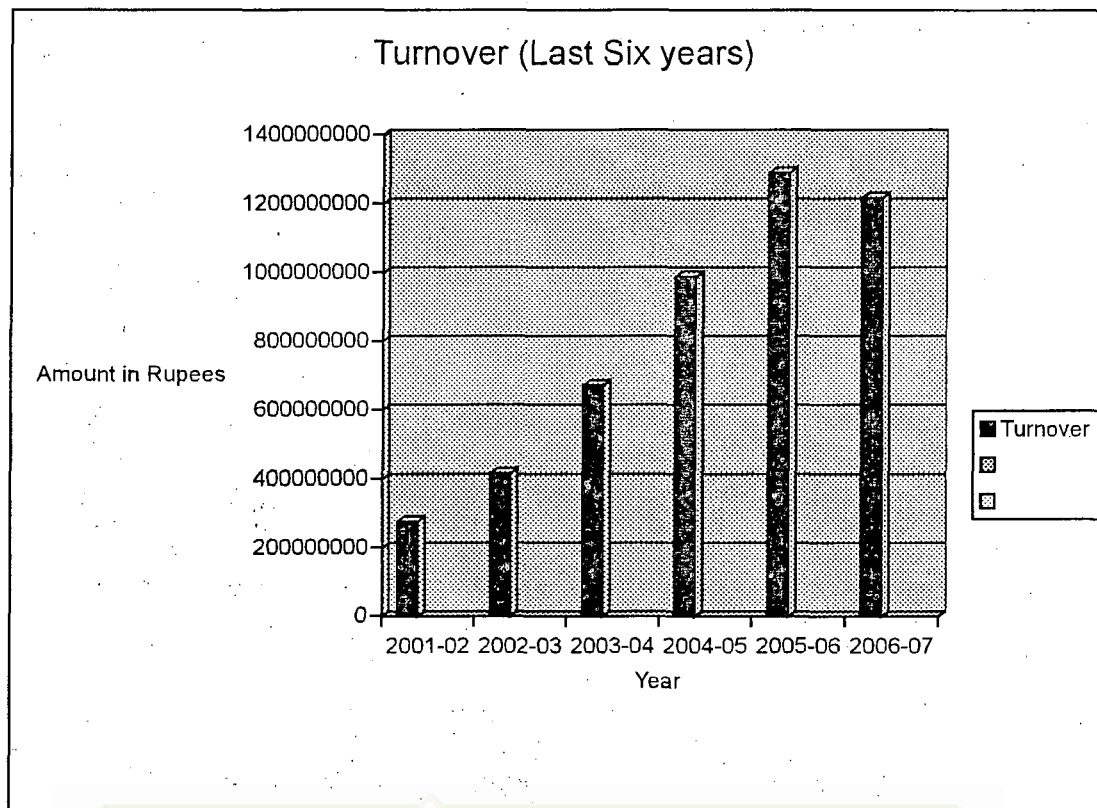
DIVIDEND:

The board of director is pleased to recommend dividend of 10% on the paid up share capital, which is subject to approval of members in the ensuing Annual General Meeting. The total dividend payment amounts to Rs.6,261,278 (including Dividend Tax of Rs. 909,758). If approved as stated, the Final Dividend will be paid to the shareholders whose names appear:

(a) as Beneficial Owners as at the close of 12th September, 2007, as per the list to be furnished by the Depositories in respect of shares held in the Electronic Form, and (b) as Members in the Register of Members of the Company as on 12th September, 2007, after giving effect to all valid share transfers in physical form which are lodged with the Company on or before 12th September, 2007.

PERFORMANCE OF THE COMPANY:

The total turnover of the company for the current year has marginally decrease by 5.62% as compared to the previous year. However, the net profit after tax has fallen down due to higher depreciation and burden of interest cost of expansion projects. The company shall gain benefits of these projects in future. The total turnover of the Company (in terms of Rupees) is Rs. 1,217,733,969/- during the year under Report.



Khushbu Auto Finance Limited is a subsidiary of the company, engaged in the business as a loan company financing the automobiles assets and registered under NBFC. As required u/s, 212 of the Companies Act, 1956 the audited accounts of the company for the year ended on 31st March 2007 and auditors report thereon along with director report of subsidiary company are attached herewith.

POWER GENERATION PROJECT:

The Company has earned total income of Rs. 1,19,88,256 (out of which Rs. 52,81,830 electricity has been used for self consumption) from power generation project as compared to total income of Rs. 89,60,449 during the last fiscal.

ISSUE OF SHARES THROUGH QIP ROUTE

Members are aware that the Company is in process of allotment of equity shares to Qualified Institutional Buyers through QIP route as per provisions of Chapter XIII A of the SEBI Guidelines. Necessary approval of the Members have already been approved by passing the Special Resolution in the Extra Ordinary General Meeting of the Company held on 21st April, 2007. The Company has already obtained the in-principal approval from the Bombay Stock Exchange Ltd, Mumbai, the Ahmedabad Stock Exchange Ltd., Ahmedabad, and the Saurashtra Kutch Stock Exchange Ltd, Rajkot for the said proposed allotment of equity shares. The number of shares and price as and when finalized by the Board shall be published in Notes to the Quarterly results of the Company first published after allotment of equity shares.

BOARD'S 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 such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the 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 Company includes the consolidated accounts with Khushbu Auto Finance Limited, subsidiary of the Company. The consolidated accounts have been prepared on the basis of audited financial statements received from subsidiary, as approved by its Board.

PERSONNEL

Your Company considers human resources as valuable assets for the growth and development of the Company. During the period under review, the relationship with the employees were remain cordials. During the year company took a number of initiatives to strengthen the human resources. The company puts emphasis on attracting and retaining the right talent. The company's culture promotes high performance and professional standards.

PARTICULARS OF EMPLOYEES

The Company has no employee drawing remuneration exceeding limits as specified in the Companies (Particulars of Employees) Rules, 1975, as amended till date, and hence, particulars as mentioned in Section 217(2A) of the Companies Act, 1956, are not required to be given.

TRADE RELATIONS

The Board desires to place on record it's 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

Shri M. J. Patel, and Shri Rajesh Dhruv, Directors of the Company retire by rotation at the ensuring Annual General Meeting and being eligible offer themselves for reappointment. A brief Resume of Shri M. J. Patel and Shri Rajesh Dhruv, nature of their expertise in specific functional areas and names of the companies in which they hold directorship and membership and chairmanship of the