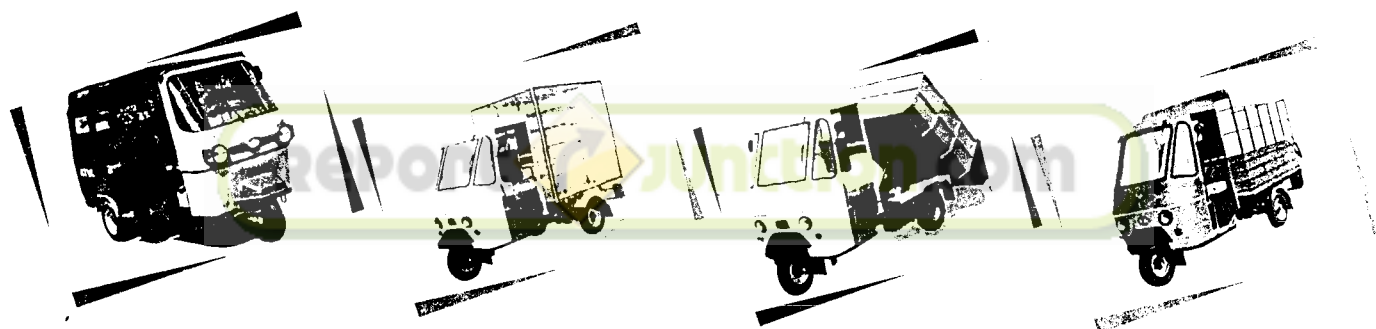


20th ANNUAL REPORT

2007 - 2008



ATUL

AUTO LTD.




ATUL
AUTO LTD.

20th ANNUAL REPORT 2007 - 2008

| | | |
|----------------------------|---|--|
| Board of Directors: | Shri J. J. Chandra | Chairman & Managing Director |
| | Shri M. J. Patel | Joint Managing Director |
| | Shri Sunil Mittal (Appointed w.e.f. 31 st October, 2007) | Whole Time Director |
| | Shri B. J. Chandra | (resigned w.e.f. 31 st October, 2007) |
| | | Whole Time Director |
| | CA R. H. Dhruv | 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 and IDBI*

Registered Office : Survey No. 86, Plot No. 1 to 4, N H 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 Twentieth Annual General Meeting of the Members of Atul Auto Limited will be held on Saturday, September 27, 2008 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, Kotda Sangani, Rajkot, Gujarat to transact the following business:-

Ordinary Business:

1. To consider and adopt the audited Balance Sheet as at March 31, 2008, 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 final dividend on Equity Shares.
3. To appoint directors in place of Shri J.J.Chandra, who is liable to retire by rotation and being eligible, offers himself for reappointment.
4. To appoint Directors in place of Advocate Shri H.J.Lalakiya, who is liable to retire by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors 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.

Special Business

6. Appointment of Mr. Sunil Kumar Mittal as a Director

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, Shri Sunil Kumar Mittal, 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 authorised to do all things, deeds, acts as may be necessary in this regard."

7. Appointment of Mr. Sunil Kumar Mittal as Wholetime Director

To pass, with or without modification, the following Resolution, as a Ordinary 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, approval of the Company be and is hereby given for appointment of Shri Sunil Kumar Mittal as the Wholetime Director

w.e.f. 31st October ,2007 for the period of Two Years on such terms and conditions mentioned herein under”

“RESOLVED FURTHER THAT the main terms and conditions of the appointment of Shri Sunil Kumar Mittal shall be as under:

SALARY:

- a) Rs.87,458 per month for the period from 31-10-2007 to 31-03-2008 and Rs. 1,50,000 per month with effect from 01-04-2008 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) Commission/Other perquisites: - Shri Sunil Kumar Mittal 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.

Notwithstanding anything to contrary herein contained where in any financial year during the currency of tenure of Shri Sunil Kumar Mittal, 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 Sunil Kumar Mittal, 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.”

8. Delisting Of Securities From Saurashtra Kutch Stock Exchange Ltd

To pass, with or without modification, if any, the following Resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to the applicable provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, Provisions of the Companies Act, 1956 and Securities Contracts (Regulation) Act, 1956, and the Rules made thereunder, the Listing Agreement with the Saurashtra Stock Exchange Ltd., and other applicable Rules, Regulations and Guidelines and further subject to the requisite approvals, permissions or consents as may be required, and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions or consents as may be agreed to by the Board of Directors of the Company, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to seek voluntary delisting of the Equity Shares of the Company from the Saurashtra Stock Exchange Ltd, Rajkot at such time or times as the Board may decide.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts, deeds, matters and things as it may in its absolute

discretion consider necessary, appropriate and incidental thereto to give effect to this resolution including settling of any question with regard thereto."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to delegate all or any of the powers herein conferred, to any Director or Directors and/or any officer or Officers of the Company to give effect to this resolution."

9. **Delisting Of Securities From Ahmedabad Stock Exchange Ltd**

To pass, with or without modification, if any, the following Resolution as a SPECIAL RESOLUTION:

"RESOLVED THAT pursuant to the applicable provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, Provisions of the Companies Act, 1956 and Securities Contracts (Regulation) Act, 1956, and the Rules made thereunder, the Listing Agreement with the Ahmedabad Stock Exchange Ltd., and other applicable Rules, Regulations and Guidelines and further subject to the requisite approvals, permissions or consents as may be required, and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions or consents as may be agreed to by the Board of Directors of the Company, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to seek voluntary delisting of the Equity Shares of the Company from the Ahmedabad Stock Exchange Ltd, Ahmedabad at such time or times as the Board may decide."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts, deeds, matters and things as it may in its absolute discretion consider necessary, appropriate and incidental thereto to give effect to this resolution including settling of any question with regard thereto."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to delegate all or any of the powers herein conferred, to any Director or Directors and/or any officer or Officers of the Company to give effect to this resolution."

By order of the Board of Directors

Date: 30/06/2008

Place: Rajkot

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

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 J.J.Chandra and Shri H.J.Lalakiya, 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 commends 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 12, 2008 to September 26, 2008 (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 27th, 2008 to those Members whose names shall appear on the Company's Register of Members on September 12, 2008. 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, 2008.
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.

Annexure to the Notice

Explanatory statement pursuant to section 173(2) of the Companies Act, 1956

Item Nos. 6:

The Board of Directors of the Company appointed Mr. Sunil Kumar Mittal, as an Additional Director of the Company with effect from 31st October, 2007 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. Mittal 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.

Item Nos. 7:

The Board had also appointed Mr. Mittal as a Wholetime Director- Technical of the Company for a period of Two Years W.e.f. 31st October, 2007, subject to the approval of the Members.

Mr. Mittal is a B.E. Mechanical. He is engineer by profession and has developed expertise in designing complete vehicle and components wide experience of more than twenty years in three industry. He had joined the company from 1st December, 2006 as Vice President Technical at a Remuneration of Rs.76, 086 per month. Since he was previously appointed as employee of the company Remuneration Committee on 25th October, 2007 approved the terms of appointment and remuneration of Mr. Sunil Kumar Mittal W.e.f. 31st October, 2007 and in compliance with the section 269 and other applicable of the companies Act, 1956 read with Schedule XIII of the said Act, the terms of appointment and remuneration specified above are now being placed before the Members for their approval.

The Directors recommend the resolution at item 6 and 7 of the accompanying notice for approval of the Members of Company. Mr. Sunil Kumar Mittal is concerned or interested in item no. 6 and 7 of the notice.

Item No 8 & 9:

As members are aware that the equity shares of the Company are listed at the Mumbai Stock Exchange Ltd. (BSE), the Ahmedabad Stock Exchange Ltd. (ASE), and the Saurashtra Kutch Stock Exchange Ltd.(SKSE). The securities of the Company got listed at the stock exchanges to provide liquidity to the shareholders and investors of the Company.

For quite some time it has been observed that the scripts of the Company are not actively traded at ASE/SKSE. The trading volume of equity shares of the Company at Saurashtra Kutch Stock Exchange Ltd (SKSE) last many years either been negligible or nil. So it is advisable for the Company to take the advantage of voluntary delisting of the securities.

The Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, provide an option to the Company to seek voluntary delisting of its shares from the Stock Exchanges, provided the shares of the Company continue to be listed in a Stock Exchange having nationwide trading terminals, and in such an event, even an exit opportunity is not required to be given to the investors.

In view of the above, it is proposed to seek voluntary delisting of the Company's shares from the Saurashtra Kutch Stock Exchange Ltd, Rajkot and Ahmedabad Stock Exchange Ltd, Ahmedabad. However the Company's shares shall continue to be listed at the Bombay Stock Exchange Ltd., Mumbai.

Members are requested to pass the Resolutions as Special Resolutions.

None of the Directors of the Company is interested in the said resolution.

ATUL AUTO LIMITED

REPORT OF BOARD OF DIRECTORS

Your Directors are pleased to present their Twentieth Annual Report for the year ended on 31st March 2008.

FINANCIAL RESULTS:

Your Company's performance for the year ended on 31st March 2008 is summarized as under:

| Particulars | For the year ended on 31 st March 2008 | For the year ended on 31 st March 2007 |
|--|---|---|
| Turnover | 803,977,740 | 1,217,733,969 |
| Profit before taxes | 19,113,866 | 48,572,148 |
| Current Tax | (2,577,673) | (7,070,829) |
| Fringe Benefit tax | (303,740) | (1,177,834) |
| Deferred Tax | (3,578,348) | (8,812,026) |
| Wealth Tax Reversal/(Provision) | 15,735 | (50,000) |
| Net profit after Tax | 12,669,841 | 31,461,459 |
| Proposed Dividend | 5,851,520 | 5,351,520 |
| Dividend Tax | 994,465 | 909,758 |
| Profit and loss account balance carried forward | 5,823,856 | 2,51,77,663 |

Dividend

The board of director is , leased 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, 845,985 (including Dividend Tax of Rs. 994,465). If approved as stated, the Final Dividend will be paid to the shareholders whose names appear as Beneficial Owners as at the close of 11th September, 2008, 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, 2008, after giving effect to all valid share transfers in physical form which are lodged with the Company on or before 11th September, 2008

Performance of the Company

The total turnover of the Company (in terms of Rupees) is Rs. 803,977,740/- during the year under Report. The total turnover of the company for the current year has decreased 33.98% as compared to the previous year. However, the net profit after tax has fallen down due to higher depreciation, burden of interest cost of expansion projects and also increases in rate of interest in working capital facilities.