23rd Annual Report

2010-11



Spreading the Wings

ATUL AUTO LTD.



TABLE OF CONTENTS

Sr. No.	Details	Page No.
01	Mission	01
02	Vision	02
03	Company Information	03
04	Financial Highlights	04
05	Notice of The Annual General Meeting	05
06	Director's Report	09
07	Management's Discussion and Analysis	13
08	Report on Corporate Governance	16
09	Declaration regarding Compliance with Code of Conduct	27
10	Managing Director's Declaration for Financial Statement	28
11	Auditor's Certificate on Corporate Governance	29
12	Auditor's Report on Financial Statements	30
13	Balance Sheet	35
14	Profit & Loss Account	36
15	Cash Flow Statement	37
16	Schedules forming part of Balance Sheet and P/L Account	40
17	Significant Accounting Policies and Notes to Accounts	45
18	Letter to Share holder for Green Initiative	
19	ECS MANDATE FORM	
20	Member's Feedback Form, Attendance Slip and Proxy Form	

MISSION

To become a market leader in Light Transport Vehicle segment and achieve the status of world class company which manufactures and markets a wide range of high quality products to the total satisfaction of customers in the domestic and overseas market by ensuring:

1 Low cost of Manufacture

2 Highly Profitable Growth

3 Sustainable Domestic and Global Competitiveness

4 Maximum Stake Holders Satisfaction & Pride

5 Business Ethics

Through a continuous improvement of process & focus on:

1 Total Quality

2 Resource Productivity

3 Technology

4 Cost Effectiveness

And by creating an interactive professional environment of trust, openness, self confidence & commitment which encourages team effort among the stake holders, suppliers & dealers for profitable venture.

VISION

TO BE THE NO. 1 AND

THE MOST PROFITABLE

GLOBAL PLAYER WITH

WORLD – CLASS QUALITY

AND TECHNOLOGY

LEADERSHIP IN THE LIGHT

TRANSPORT VEHICLE

SEGMENT OFFERING THE

TRANSPORTATION SOLUTIONS

TO SATISFY ULTIMATE

CUSTOMER NEEDS.

Company Information

Board of Directors

Chairman and Managing Director
J. J. Chandra

Wholetime Directors
M. J. Patel
S K Mittal

Non Independent Director
Vijay Kedia

Independent and Non Executive Director
Rajesh Dhruva
Ramniklal Kotecha
Suresh Kaneria
Hakubhai Lalakiya

Board Committees

Audit Committee	Shareholders Grievances Committee	Remuneration Committee
Rajesh Dhruva	Suresh Kaneria	Suresh Kaneria
Suresh Kaneria	Rajesh Dhruva	Rajesh Dhruva
Hakubhai Lalakiya	Hakubhai Lalakiya	Hakubhai Lalakiya

Company Secretary — CS Purvi P Mehta

Secretarial Auditors — MJP Associates
Practising Company Secretaries

Auditors — Maharishi & Co., Chartered Accountants

Bankers — IDBI Bank Ltd.

Plant Location

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

Windmill

Rajasthan
Village Soda,
Dist. Jaisalmer,
Rajasthan

Gujarat
Village Gadhavi,
Lamba,
Kalyanpur,
Jamnagar,
Gujarat

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

Financial Highlights

(₹ In Lacs)

	2010-11	2009-10	2008-09	2007-08	2006-07
Turnover	20,159	11,985	11,681	8,039	12,177
Total Income	20,266	12,108	12,094	8,204	12,400
Earnings Before Depreciation Interest and Tax (EBDIT)	2,006	1,420	569	686	875
Depreciation	425	387	246	229	195
Exceptional Items	0	0	-23	0	0
Profit after Tax	943	454	46	127	315
Equity Dividend	40.00%	20.00%	5.00%	5.00%	10.00%
Dividend Payout	234	117	29	29	54
Equity Share Capital	608	608	608	558	558
Reserve and Surplus	3,427	2,756	2,439	2,108	2,052
Net Worth	4,036	3,365	3,048	2,667	2,610
Gross Fixed Assets	6,330	5,928	5,734	5,023	4,051
Net Fixed Assets	4,265	4,282	4,478	3,980	3,232
Total Assets	7,465	7,736	7,786	8,837	8,197
Market Capitalisation	6,788	2,619	1,284	2,810	4,131
Key Indicators					
	2010-11	**2009-10**	**2008-09**	**2007-08**	**2006-07**
Earning Per Share	16.11	7.76	0.79	2.37	5.88
Book Value per Share	68.97	57.50	52.08	49.83	48.78
Debt: Equity Ratio	0.15	0.69	1.04	1.27	1.07
EBDIT/ Gross Turnover	9.95%	11.85%	4.87%	8.54%	7.19%
Net Profit Margin	4.68%	3.79%	0.39%	1.58%	2.58%
RONW	39.07%	29.58%	9.19%	17.13%	25.97%
ROCE	33.49%	18.61%	2.73%	7.28%	14.42%

NOTICE

Notice is hereby given that the Twenty Third Annual General Meeting of the Members of Atul Auto Limited will be held on 30th July, 2011, Saturday, 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, 2011, 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. Vijay Kedia, who is liable to retire by rotation and being eligible, offers himself for reappointment.
4. To appoint directors in place of Mr. S K Mittal, who is liable to retire by rotation and being eligible, offers himself for reappointment.
5. To appoint directors in place of Mr. Ramnik Kotecha, who is liable to retire by rotation and being eligible, offers himself for reappointment.
6. To appoint M/s Maharishi & Co., Chartered Accountants, as 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

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 28th March, 2011, approval of the Members be and is hereby given for reappointment of Shri Sunil Kumar Mittal as the Wholetime Director w.e.f. 1st April, 2011 for the period of One year on such terms and conditions mentioned herein under AND Mr. Mittal 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) ₹ 1,91,580/- 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 Allowances:

   a. House Rent Allowance: ₹ 38,316/- p.m.
   b. Education allowance for children: - ₹ 200/- per month.
   c. Conveyance allowance: ₹ 800/- per month
   d. Annual Medical reimbursement for self and family members for the actual amount incurred up to ₹ 15,000/-
   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, super annuation fund and benefits payable as per Rules of the Company restricted to ₹ 99,600/- per annum
g. Leave Travel Concession as per Company rule up to ₹ 15,959/- p.m. payable on yearly basis
h. Bonus : ₹ 38,316/- p.m. payable on half yearly basis
i. Use of Company's Car along with facility of Driver for business use
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."

RESOLVED FURTHER THAT Mr. S K Mittal,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 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, 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: 30/05/2011
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

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

The Board of Directors of the Company passed Resolution for reappointment of Shri Sunil Kumar Mittal, as the Wholetime Director, of the Company, with effect from 1st April 2011, subject to approval of Members in the Annual General Meeting. (Last year also, the Board has appointed Mr. Mittal as the WTD for the period of one year w.e.f. 1st April, 2010).

The Board appointed him as the Wholetime Director of the Company w.e.f. 1st April, 2011 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.

Further, 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. S. K. Mittal, 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 8 of the accompanying notice for approval of the Members of Company.

Except Shri Sunil Kumar Mittal, no other director of the company, is concerned and/or interested in the above appointment

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. Vijay Kedia, Mr. Ramnik Kotecha & Mr. S K Mittal, , Director 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. **The Company has already notified closure of Register of Members and Transfer Books from Saturday, 23rd July, 2011 to Friday, 29th July, 2011 (both days inclusive)**

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

Investors are requested to provide an National Electronic Clearing Service (NECS) mandate to the Company in case of shares held in physical form and ensure that the correct and updated particulars of their bank account are available with the Depository Participant (DP) in case of shares held in demat form. This would facilitate in receiving direct credits of dividends, refunds etc., from companies and avoiding postal delays and loss in transit. Investor must update the new bank account number allotted after implementation of Core Banking Solution (CBS) to the Company in case of shares held in physical form and to the Depository Participant (DP) in case of shares held in demat form.

(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.