



Rising with  
every challenge

QUALITY	MARKET   GEMINI DZ SERVICE	PAPER	TRUST	LOYALTY
GEM   RAM	EXPERTS   SHAKTI   CUSTOMER	CARGO	SMART	COLOR
INSPIRATION	PRINTING   WORKERS   SERVICE	CHANNEL	RUBBER	PLANT
METAL EXPORT	GEMINI	PASSENGER	IN HOUSE	LOYALTY
STEEL   CAMP	DEALER	PLASTIC	SERVICE	RESPECT
H R   PETROL	RESPECT	TEMPLE	WARRANTY	CARGO
MAN - AGER	FESTIVAL	DIESEL	SERVICE	RUBBER
CENTRE   OIL	TECHNICAL	CELL	FINANCE	SERVICE
R A M   PAPER	LOYALTY	IN HOUSE	SERVICE	SHAKTI
TRUST   COOPERATION	RESPECT	PRINTING	SMART	TEMPLE
MARKETING   PLANT   COLOR	CARGO	DEALER	QUALITY	PRAYER
INVESTMENT	PLANNING	PASSENGER   INVESTEMENT		SERVICE ENGINEERS   HR
METAL	SERVICE	COOPERATION   MANAGER		LEADERSHIP   FINANCE
GEMINI	SHAKTI	LEADERSHIP		REGULARITY   FESTIVAL

Annual Report

2013-14



# Contents

**02** Corporate Snapshot

**04** Message from the Chairman and Managing Director

**06** Rising with every challenge

**10** Key Management Team

**12** Financial Highlights

**13** 5 year Highlights

**16** Notice of Annual General Meeting

**25** Directors' Report

**29** Management Discussion & Analysis

**33** Report on Corporate Governance

**44** Shareholders' Information

**47** Independent Auditor's Report

**52** Financial Statements

**56** Significant Accounting Policies and  
Notes on Financial Statements



The last few years have been particularly challenging for the Indian economy. Consider this :

- ⌘ **Subdued GDP growth** ⌘ **Sustained high inflation**
- ⌘ **Plummeting currency**

Challenges in the economy have been compounded by challenges in the auto industry.

Consider this :

- ⌘ **Domestic Three wheeler sales were down by 11 per cent**
- ⌘ **Domestic Sales of Commercial Vehicles were down by 20 per cent**
- ⌘ **Labour costs increased by 12 per cent**

Multiple challenges in the economy and industry have weighed down heavily on the automobile industry, with most players struggling to cope with falling sales and falling margins.

## **Not many have been able to overcome these challenges.**

At Atul Auto, we have always viewed challenges as opportunities. We have always believed that perseverance and persistence prevail over problems. And that is why, in spite of daunting challenges, we have delivered yet another sterling performance :



**At Atul Auto,**  
our determination and dedication, our faith and focus, our resilience and resources and our experience and expertise have ensured that we are

**Rising with every challenge**



# Corporate Snapshot

Atul Auto is one of the youngest players in the 3 wheeler business with humble beginning in 1992 that started with manufacturing of Chhakaras (Rural Transportation Vehicle - RTV) – customised multi-purpose vehicles typical to the Saurashtra region in Gujarat, which over a period of time became the identity of Saurashtra.

The Company has been promoted by the Chandra and Patel families and has emerged as one of the fastest growing 3 wheeler companies in the country, capturing both market share and investor imagination alike.

The Company's strength has been its consistent delivery – enduring product and efficient services, which has made it a serious competitor to the domestic and MNC giants.

With a well-diversified product portfolio consisting of 45 models and variants, an extremely strong brand, integrated manufacturing plant and presence across key regions, Atul Auto is today the fastest growing 3 wheeler player in India.

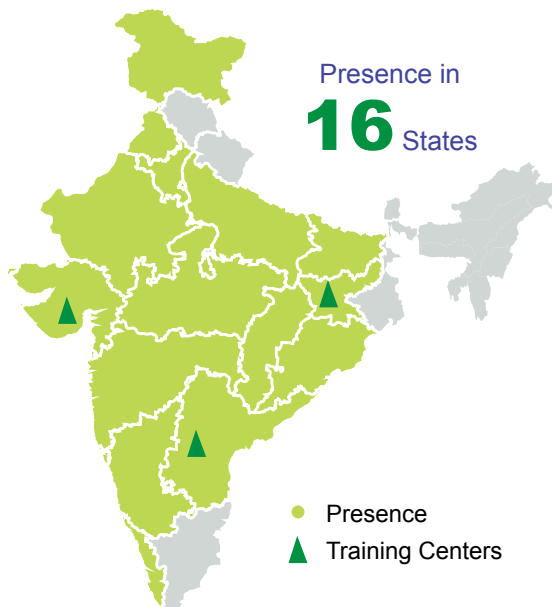
## Vision

To contribute towards making the common people self-reliant, with our state of art technology, products and services.

## Manufacturing

- ✦ Integrated plant located at Shapar in the Rajkot district of Gujarat
- ✦ Installed capacity of 48,000 vehicles per annum
- ✦ Machining of components, fabrication of chassis, state of art pre-paint and final paint facilities, assembly of 3 wheelers and end-of-line testing all under one roof.
- ✦ Human Assets of 1000

## Markets and Reach



## International Presence

Asia

Sri Lanka | Bangladesh

Africa

Nigeria | Kenya | Tanzania | South Africa

## Awards



"MOST PROMISING SME IN AUTO & ENGINEERING" by CNBC-TV18, ICICI Bank Emerging India Awards 2012



"LEADERS OF TOMORROW AWARDS 2013" at National Level by ET NOW



"LEADERS OF TOMORROW AWARD 2013" in the Western Region by ET NOW

## Product Portfolio

### Atul Shakti



### Atul Smart



### Atul Gem



### Atul Gemini Dz



## Key Differentiators

- Compulsive cost advantages
- Compelling fuel-efficiency
- Stronger build and structure designed to withstand high degrees of loading

## Listing

**Bombay Stock Exchange**  
Scrip ID – ATULAUTO  
Scrip Code - 531795  
Group / Index - B / S&P BSE  
SMALL CAP

**National Stock Exchange**  
Symbol – ATULAUTO  
ISIN -INE951D01010

## Key Financials

**Market Capitalisation**  
₹ **39,459** lacs

**Net Worth**  
₹ **9,424** lacs

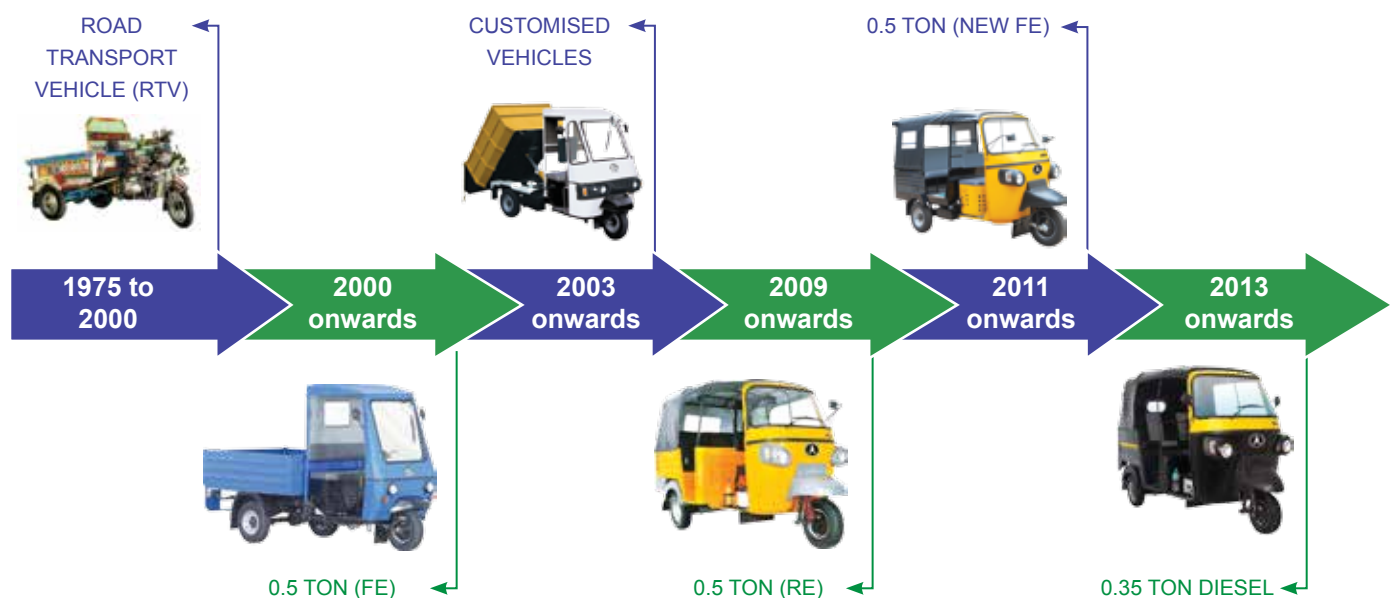
**Net Block**  
₹ **5,333** lacs

**EPS**  
₹ **27.16**

(as on 31st March 2014)

## Timeline of Evolution

Consistent track record of product development



*Moving ahead with passion*



# Message from the Chairman and Managing Director

**It is always a pleasure and privilege to share with you how our Company performed during last fiscal and its future plans and direction.**



## Dear Shareholders,

It is always a pleasure and privilege to share with you how our Company performed during last fiscal and its future plans and direction.

It has been yet another outstanding year for the Company, with significant and impressive growth in both the top-line and the bottom line. This was achieved through relentless focus on improving efficiency in operations, higher customer-engagement and untiring marketing efforts. I am sure you will like to join me as I congratulate every member of the Atul Auto family for proving yet again that with passion, enthusiasm, confidence and commitment, Atul Auto has been RISING WITH EVERY CHALLENGE.

The year 2013-14 had more than its share of challenges, both on the macro-economic front as well as within the industry. All the major economies of the world continued to struggle and underperform. In India, growth remained sluggish due to high inflation and weakening currency. These factors led to a tight monetary policy with high interest rates, and consequently, higher costs of capital, thus depressing demand and dampening growth across industries. The auto-industry has been under severe pressure for the last two years due to slack demand. The domestic three-wheeler segment was also affected, with volumes reducing by as much as 60,000 units for the year 2013-14 compared to the previous year. Add to this lower demand were increasing costs – raw materials, wages, energy and cost of finance all increased during the year, making it one of the most challenging year.

At Atul Auto, notwithstanding these challenges, but RISING WITH EVERY CHALLENGE, we delivered yet another excellent performance:

**₹ 42,926 lacs**

Total Sales / Revenue

**₹ 4,275 lacs**

PBT

**11.25%**

EBIDTA Margin

**6.94%**

PAT Margin

**₹ 2,980 lacs**

PAT

**27.16**

EPS

We have always been focussing on aligning our products to meet the needs of the market. In line with this, we launched Atul Gemini in the 350 kg. payload capacity powered by diesel engine in the month of May 2013. With this launch Atul Auto will be able to address all together a new segment in the 3 Wheeler industry. As proved in the past any new product launched by Atul Auto has always attained a grand success.

Looking ahead, I am optimistic that both the economy and the industry are heading for brighter days. The new government has inspired fresh hope, reflected in surging stock markets. Globally too, key economies are expected to pick up in 2014-15. The auto industry is also expected to revive demand and growth. These factors augur well for Atul Auto, and we are quite confident of reaping benefits as we emerge as a serious PAN India player in the industry.

I thank you for your sustained faith and constant support in Atul Auto, and assure you we are on a strong trajectory of growth and success.

**J J Chandra**

Chairman and Managing Director

# Rising with every challenge



Our journey began in Gujarat in 1992 with a small but confident step. Soon after exploring the rural market with RTV - Khushbu, the R & D team sensed that customers' preference was changing and accordingly, the first ever 0.5 tonner was developed and launched during the year 2000 for cargo and passenger applications more suitable for Gujarat and the neighbouring state Rajasthan.

The value offering and high quality standard helped the Company achieve market leadership in Gujarat in quick time.



## We launched Atul Gem

With Atul Gem, we had the right product to enter the mainstream 3 wheeler markets dominated by RE models. What followed was a period of exponential growth – in volumes, in value, in reach and product range.

## Volumes

Atul Gem was an unprecedented success, and swiftly garnered a major share of the RE market with its rugged structure and body-strength, its fuel-efficiency and its compelling savings in costs. With this huge surge in demand came the next set of challenges : to increase capacity and to expand reach.

We leveraged the power of re-engineering and local level shop-floor innovation. We focussed on execution and improving our operational efficiencies. The result – We increased our capacity from 24,000 units to 36,000 units in FY 2013 to 48,000 units in FY 2014.

## Geographic Reach

As we expanded our capacity to meet the rising demand, we also had to widen our geographic reach to service new customers in new markets. We did this through a relentless drive of building a nation-wide network of dealers and service centres across key clusters and consumption hubs of the country.

## A Product for every user and every need

Meeting the needs of the market has been an integral and important part of our overall growth story. We understand the typical needs and specific requirement of every end-user, be it a fleet-owner or a FMCG giant or an individual passenger auto-rickshaw owner.

In a developing economy where the per capita income is low, demand is for economic transport solution and none other than a 3 wheeler can deliver such value. At Atul Auto, we have focused on higher and speedy



By 2009, we had dominated the FE market and were now looking at the larger RE market. The challenge was to evolve capability and capacity, branding and marketing to manufacture RE vehicles that would appeal to the PAN Indian market.

We took the strategic decision – to enter the RE segment. This was the beginning of the RISING at Atul Auto.

return on investment for the end user with efficient pre, at and after sale service.

### **Platform to keep RISING**

At Atul Auto, we believe that RISING WITH EVERY CHALLENGE that we have demonstrated has been achieved through a well-thought strategy matched with relentless execution. This has provided us with a unique platform for future growth.

Another critical factor that will propel our RISING in the future is our people. We believe we have some of the best talent in the industry. Most of our employees share a strong bond of affinity and loyalty with the Company and have been with us for long years. We have the best-in-class HR policies that ensure they achieve their potential. Our attrition rates are among the lowest in the industry.

To lead the next Company into the future, we have a strong and capable second line of generation ready. It is our young, dynamic and professional young leaders, grounded in values and highly ambitious who will take us to the next level as we continue

### **RISING WITH EVERY CHALLENGE**





**STANDARD ROOM**

**BODY IN WHITE SHOP (BIW)**

