

22nd Annual Report

2009-2010



ATUL
AUTO LTD.

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

V K Kedia

Independent and Non Executive Director

Rajesh Dhruva

Ramniklal Kotecha

Suresh Kaneria

Hakubhai Lalakiya

Board Committees

Audit Committee

Rajesh Dhruva

Suresh Kaneria

Hakubhai Lalakiya

Shareholders Grievances Committee

Suresh Kaneria

Rajesh Dhruva

Hakubhai Lalakiya

Remuneration Committee

Suresh Kaneria

Rajesh Dhruva

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 (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 (Veraval),
Dist. Rajkot, Gujarat

Registrars & Transfer Agents

Sharx (Dyanamic) India Pvt. Ltd.
18/B, Dena Bank Building,
2nd Floor,
Horniman Circle,
Fort, Mumbai - 400 001

Financial Highlights

(Rs. In Lacs)

	2009-10	2008-09	2007-08	2006-07	2005-06
Turnover	11,985	11,681	8,039	12,177	12,902
Total Income	12,108	12,094	8,204	12,453	13,123
Earnings Before Depreciation Interest and Tax (EBDIT)	1,382	526	686	873	914
Depreciation	387	246	229	195	140
Exceptional Items	0	- 23	0	0	0
Profit after Tax	454	46	127	315	420
Equity Dividend	20.00%	5.00%	5.00%	10.00%	10.00%
Dividend Payout	117	29	29	54	54
Equity Share Capital	608	608	558	558	558
Reserve and Surplus	2,756	2,439	2,108	2,052	1,800
Net Worth	3,365	3,048	2,667	2,610	2,359
Gross Fixed Assets	5,928	5,734	5,023	4,051	3,256
Net Fixed Assets	4,282	4,478	3,980	3,232	2,628
Total Assets	7,736	7,786	8,837	8,197	5,838
Market Capitalisation	2,619	1,284	2,810	4,131	7,492
Key Indicators					
	2009-10	2008-09	2007-08	2006-07	2005-06
Earning Per Share	7.76	0.79	2.37	5.88	7.84
Turnover Per Share	220.95	213.47	170.76	262.92	280.38
Book Value per Share	57.50	52.08	49.83	48.78	44.08
Debt: Equity Ratio	0.69	1.04	1.27	1.07	0.67
EBDIT/ Gross Turnover	10.69%	4.21%	7.51%	6.20%	6.09%
Net Profit Margin	3.51%	0.37%	1.39%	2.24%	2.80%
RONW	29.58%	9.19%	17.13%	25.97%	32.80%
ROCE	18.61%	2.73%	7.28%	14.42%	19.07%

NOTICE

Notice is hereby given that the Twenty Second Annual General Meeting of the Members of Atul Auto Limited will be held on Wednesday, 28th July 2010 at 4.00 P. M. at Plot no. 1 to 4, survey no. 86, National High way 8 B, Near Microwave Tower, Village Shapar (Veraval), Tal : Kotda Sangani, Rajkot, Gujarat to transact the following business:-

Ordinary Business

1. To consider and adopt the audited Balance Sheet as at March 31, 2010, 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. Mahendra J Patel, who is liable to retire by rotation and being eligible, offers himself for reappointment.
4. To appoint directors in place of Mr. Rajesh Dhruva, who is liable to retire by rotation and being eligible, offers himself for reappointment.
5. 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

6. **Reappointment & revision of remuneration of Mr. J. J. Chandra, Chairman & Managing Director:**

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 29th March, 2010, approval of the Company be and is hereby given for reappointment of Shri J. J. Chandra, as the Chariman & Managing Director w.e.f. 1st April, 2010 for the period of Three Years on such terms and conditions mentioned herein under, and Shri J. J. Chandra shall be liable to retire by rotation"

"RESOLVED FURTHER THAT the main terms and conditions of the appointment of Shri J. J. Chandra, CMD, shall be as under:

SALARY:

- a) Rs. 3,00,000/- 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) Commission: - Shri J J Chandra, shall not be paid any other commission by the Company.
- c) Other Perquisites:
 - (i) The company shall provide him with a Car together with a driver in accordance with the company policy for business use
 - (ii) The Company shall provide and pay for membership of a club for his official and personal use.
 - (iii) The company shall reimburse reasonable medical cost incurred by him, his wife and children either directly or through appropriate insurance

- (iv) He will be eligible for accident, long-term disability and death insurance cover as remuneration committee may decide such amount from time to time.
- (v) 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 Shri J. J. Chandra, 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 J. 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, 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."

7. Reappointment & revision of remuneration of Mr. M. J. Patel, Wholetime Director:

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 27th March, 2010, approval of the Company be and is hereby given for reappointment of **SHRI MAHENDRABHAI J. PATEL**, as the Wholetime Director w.e.f. 1st April, 2010 for the period of Three Years on such terms and conditions mentioned herein under and Shri M. J. Patel shall be liable to retire by rotation."

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

SALARY:

- a) Rs.2,75,000/- 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) Commission: - Shri M. J. Patel shall not be paid any other commission by the Company.
- c) Other Perquisites:
 - i. The company shall provide him with a Car together with a driver in accordance with the company policy for business use
 - ii. The Company shall provide and pay for membership of a club for his official and personal use.
 - iii. The company shall reimburse reasonable medical cost incurred by him , his wife and children either directly or through appropriate insurance
 - iv. He will be eligible for accident, long-term disability and death insurance cover of such amount as may be decided by remuneration committee from time to time.
 - v. 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. M J Patel, 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 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, 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 authorized to do all things, deeds, acts as may be necessary in this regard.”

8. Reappointment of Mr. Sunil Kumar Mittal as the Wholetime Director:

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 29th March, 2010, approval of the Company be and is hereby given for reappointment of Shri Sunil Kumar Mittal as the Wholetime Director w.e.f. 1st April, 2010 for the period of One year 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 and Shri Sunil Kumar Mittal shall be liable to retire by rotation.”

SALARY:

- a) Rs. 1,32,500/- 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 Perquisites:
 - a. House Rent Allowance: Rs. 35,000/- p.m.
 - b. Conveyance allowance Rs. 9,600/- per annum
 - c. Education allowance for children: - Rs. 2700/- per annum.
 - d. Annual Medical reimbursement for self and family members for the actual amount incurred up to Rs. 18,000/-
 - 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 superannuation fund as per Rules of the company restricted to Rs.1,00,000/- per annum
 - g. Leave Travel Concession as per company rule restricted up to Rs. 1,32,500/- per annum
 - h. Bonus as per applicable rule of the company
 - 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: 28/05/2010

For, ATUL AUTO LIMITED,

Place: Rajkot

(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, 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. M. J. Patel & Mr. Rajesh Dhruva, Director of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment. Further, the Board has passed Resolution for reappointment of Mr. J. J. Chandra, as the Chairman & Managing Director, Mr. M. J. Patel, as the Wholetime Director and Mr. S. K. Mittal, as the Wholetime Director, w.e.f. 1st April, 2010, subject to approval of the Members in the ensuing Annual General Meeting. 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 Monday, **July 19, 2010** to **Tuesday, July 27, 2010** (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 to those Members whose names shall appear on the Company's Register of Members on **July 19, 2010**. 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 **July 19, 2010**.
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 passed Resolution for reappointment of Shri J. J. Chandra, as the Chairman & Managing Director, of the Company, with effect from 1st April 2010, subject to approval of Members in the Annual General Meeting. Mr. Chandra is one of the founder promoters of the Company and is associated with the Company since its inception. Mr. Chandra has, through his foresight and visionary approach, coupled with sound understanding of the automobile industry, has led the Company to the path of growth.

The Board reappointed him as the Chairman & Managing Director of the Company w.e.f. 1st April, 2010 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 with respect to experience of the appointee. 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. J. J. Chandra, as the Chairman & Managing 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 6 of the accompanying notice for approval of the Members of Company.

Except Shri J. J. Chandra no other director of the company, is concerned and/or interested in the above appointment.

Item Nos. 7:

The Board of Directors of the Company passed Resolution for reappointment of Shri M. J. Patel, as the Wholetime Director, of the Company, with effect from 1st April 2010, subject to approval of Members in the Annual General Meeting, Mr. M. J. Patel, has been associated with the company since long. Mr. Patel is supervising the production facility of the Company and has great management skill. The Company has benefited a lot from the expertise and vision of Mr. Patel.

The Board reappointed him as the Wholetime Director of the Company w.e.f. 1st April, 2010 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. M. J. Patel, 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 6 of the accompanying notice for approval of the Members of Company.

Except Shri M. J. Patel no other director of the company, is concerned and/or interested in the above appointment.

Item Nos. 8:

The Board of Directors of the Company passed Resolution for reappointment of Shri Sunil Kumar Mittal, as the Joint Managing Director, of the Company, with effect from 1st April 2010, subject to approval of Members in the Annual General Meeting.

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 automobile industry. He had joined the company from 1st December 2006 as Vice President Technical. Mr. Mittal has been entrusted with research & development of new vehicle of the Company viz. Atul Gem (three-wheeler with rear engine). The Board appointed him as the Wholetime Director of the Company w.e.f. 1st April, 2010 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

DIRECTOR'S REPORT

To The members,

We are delighted to present the report on our business and operations for the year ended March 31, 2010.

1. Results of Operations

(Rs. in lacs)

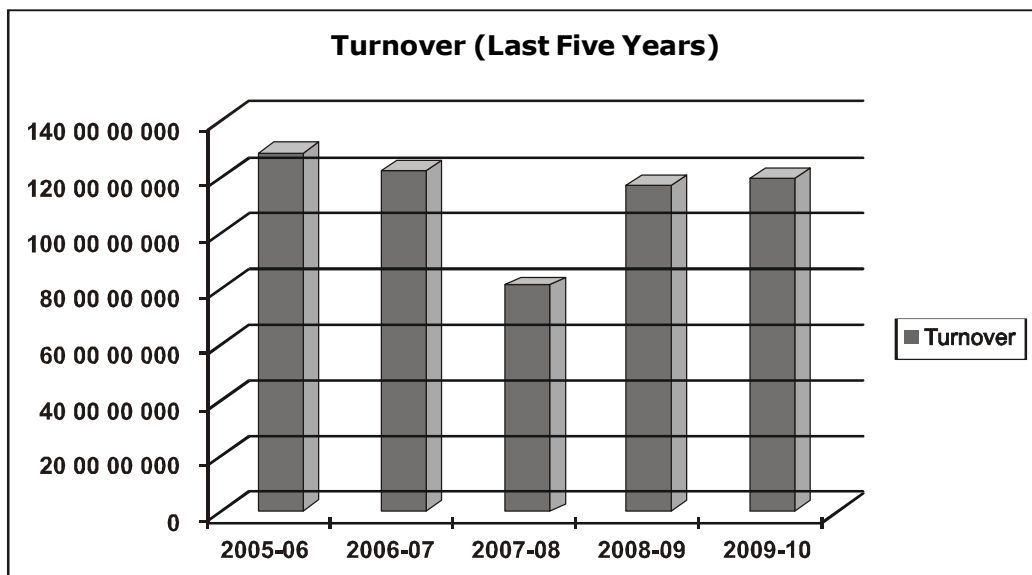
	2009-10	2008-09
Sales of Products and Income From Operations	11,984.74	11,748.25
Manufacturing Expenses	10,010.66	10,509.44
Selling & Marketing Expenses	334.54	766.18
General & Administration Expenses	342.04	249.47
Operating Profit before Interest and Depreciation (PBIDTA)	1,297.50	223.17
Interest and Bank Charges	316.10	279.86
Depreciation and Amortization	389.30	252.84
Operating Profit Before Tax	592.10	- 309.53
Other Income	122.92	345.70
Net Profit Before Tax	715.02	36.17
Provision for Taxation	261.15	13.42
Net Profit after Tax and before exceptional Items	453.87	22.75
Exceptional Items	0.00	23.22
Net Profit after exceptional Items	453.87	45.97

2. Business

Our total income increased to Rs.11,984.74 Lacs from Rs.11,748.25 Lacs in the previous year, The profit before depreciation, taxes and amortization (PBIDTA) amounted to Rs. 1,297.50 (10.83% of revenue) as against Rs. 223.17 Lacs (1.90% of revenue) in the previous year. Sales and marketing costs were 2.79% of our revenue for the year ended March 31, 2010 and 6.52% of revenue for the year ended March 31, 2009. General and administration expenses increased from 2.12% in the previous year to 2.85% in the current year. We continue to reap the benefits of economies of scale. The net profit after tax was Rs. 453.87 Lacs (3.79% of revenue) as against Rs.45.97 Lacs (0.39% of revenue) in the previous year.

3. Capital Expenditure

We have incurred a capital expenditure of Rs. 193.74 Lacs for the year ended March 31, 2010 as compared to Rs. 1386.02 Lacs for the previous year ended March 31, 2009.



4. Appropriations

Dividend

We are pleased to recommend dividend of 20% (Rs. 2.00 per share) on the paid up share capital of the company, which is subject to approval of members in the ensuing Annual General Meeting. This is the highest payout on account of dividend in history of company. The total dividend payment amounts to Rs. 1,36,92,557/- (including Dividend Distribution Tax of Rs.19,89,517/-). If approved as stated, the Final Dividend will be paid to the shareholders whose names shall appear on the Company's Register of Members on July 19, 2010. 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 July 19, 2010

Transfer to Reserves

We propose to transfer Rs.34.04 Lacs (7.5% of the net profit for the year) to the General Reserve and an amount of Rs. 2,141.12 Lacs is proposed to be retained in the Profit & Loss account.

5. Corporate Governance

Your Company has adopted good Corporate Governance Practices since its inception. The Company is being managed in professional manner coupled with transparency and adherence to the legal framework. The Company believes that the Corporate Governance is all about effective management of relationship among constituents of the system, i.e. shareholders, management, employees, customers, vendors, regulatory and the society. The Company has strong belief that this relationship can only be built and strengthen through corporate fairness, transparency, and accountability. A detailed report on Corporate Governance is attached to this Report. The Securities and Exchange Board of India (SEBI) has made efforts to strengthen the Clause 49 of the Listing Agreement. Accordingly, a separate Report on Corporate Governance as well as the Certificate from M/s Maharishi & Co., Chartered Accountants, and the statutory Auditors of the Company are given in the Annual Report.

6. Conservation of Energy, research and development, technology absorption, foreign exchange earnings and outgo

The particulars as prescribed under Sub-section (1)(e) of Section 217 of the Companies

Act, 1956, read with the Companies (Disclosure of particulars in the report of the Board of Directors) RULES 2988, are provided in the Annexure to the director's report section.

7. 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.

8. Directors' responsibility Statement as required under Section 217 (2AA) of the Companies Act, 1956

The financial statements are prepared in accordance with the accounting standards issued by the Institute of Chartered Accountants of India and requirements of Companies Act, 1956, to the extent applicable to us and guidelines issued by SEBI on the historical cost convention, as a going concern and on the accrual basis. There are no material departures from prescribed accounting standards in the adoption of the accounting standards.

The Board of Director accepts responsibility for the integrity and objectivity of these financial statements. The accounting policies used in the preparation of the financial statements have been consistently applied except as otherwise stated in the notes accompanying the respective tables. The estimates and judgments related to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner the form and substance of transactions, and reasonably present our state of affairs and profits for the year.

We have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of the Companies Act, 1956, to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

9. 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 himself for reappointment.

The board of director of the company has passed resolution for reappointment of Shri J. J. Chandra as chairman & Managing Director and Shri Sunilkumar Mittal as Whholetime Director, w.e.f. 1st April, 2010, subject to approval of the members in the ensuring Annual General Meeting. Shri J. J. Chandra is one of the founder promoter of the company and is associated with the company since its inception. Mr. Chandra has, through his foresight and visionary approach, coupled with sound understanding of the automobile industry, has led the Company to the path of growth. Mr. M. J. Patel, is has been associated with the Company since long. Mr. Patel is supervising the production facility of the Company and has proven management skill. The Company has benefited a lot from the expertise and vision of Mr. Patel. 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 automobile industry. He had joined the company from 1st December 2006 as Vice President Technical. Mr. Mittal has been entrusted with research & development of new vehicle of the Company viz. Atul Gem (three-wheeler with rear engine).

A brief resume of Mr. Rajesh Dhruva containing details of nature of their expertise in specific functional areas and names of the companies in which they hold directorship, membership and chairmanship of the board committees, as stipulated in clause 49 of the Listing Agreement with the Stock Exchange in India, are provided in the report of Corporate Governance forming part of the Annual Report.

10. Auditors

M/s Maharishi & Co., Chartered Accountants, and Statutory Auditors of the Company, hold office until the conclusion of the ensuing annual general meeting and are eligible for reappointment.

The company has received letter from auditors to effect that their appointment, if made, will be within the prescribed limits under section 224(1B) of the companies act 1956 and that they are not disqualified for such appointment / reappointment within the meaning of section 226 of the Companies Act 1956.

Acknowledgments

We thank our customers, vendors, investors and bankers for their continued support during the year. We place on record our appreciation of the contribution made by our employees at all levels. We also put on record our gratitude to IDBI for their support. Our consistent growth was made possible by their hard work, solidarity, cooperation and support. We thank the government of India, particularly the Customs and Excise Departments, the Income Tax Department the Ministry of Commerce, the Ministry of Finance, the state governments and other government agencies for their support, and look forward to their continued support in the future.

Date: 28/05/2010

For, ATUL AUTO LIMITED,

Place: Shapar (Veraval)

(J. J. CHANDRA)
Chairman & Managing Director

Particulars pursuant to Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988

Conservation of Energy

The company has always been conscious of need for conservation of energy. Energy conservation measures have been implemented at all the plants and office of the company more efforts are continuously made by the Company to minimize wastages and reduce the consumption rate of power per unit. Total Energy consumption and per unit consumption thereof is given in Form A.

Form A

Particular	2009-10	2008-09
Electricity purchased		
Units	20,92,959	17,53,257
Amount	1,28,34,995	1,05,09,785
Rate per Unit	6.13	5.99
Production in No.	12379	11469
Units consumed per unit of Production	169	153

It includes utilization of own generated electricity units (14,12,113 PY 13,05,227) from WTG near Lamba in Gujarat. These units are set off as per wheeling agreement with Paschim Gujarat Vij Co. Ltd.

Research and Development (R & D) and Technology absorption, adoption and innovation

Atul has full fledged R & D centre at Pune in the state of Maharashtra. The center is aiming at regular up-gradation of vehicles produced by Atul through absorption of latest technology coupled with strategic engineering skills. The Company has developed new product Atul Gem through intensive research. Details are already given in the Report of the Board of Directors.

Foreign Exchange Earnings and Outgo

Particular	2009-10	2008-09
Earnings		
FOB Value of Export	Rs.60,63,864/-	Rs.44,18,17,881/-
Outgo		
Travelling Expenses	1,68,528/-	3,84,512/-
Material Purchases	Nil	25,967/-
Amount of Dividend Paid	2,07,929/-	2,07,870/-

Management Discussion & Analysis:

*** Economic Scenario:**

During the year under report, the global economy as well as Indian economy is in the phase of recovery after 2008-09 global melt down. The India's GDP growth for 2009-10 is estimated at 7.2% compared to 6.7% in 2008-09. Indian industry recovered substantially in fiscal 2009-10. According to Index of Industrial Growth industrial production registered 10.4% growth in 2009-10 as against 2.8% in 2008-09. In 2009-10 fourteen out of seventeen industries achieved higher growth than in the previous year 2008-09.

In fiscal 2009-10 the Indian economy has shown large capital flight in portfolio investment throughout the year. During the year 2009-10 total foreign investment amounted to be USD 66.5 billion as against USD 21.3 billion recorded during the same period last year and as result BSE sensex rose from 9 k points in April 2009 to 16 k points in March 2010.

*** Industry and Business Outlook:**

During the year under report, the production of 3 wheeler vehicles has increased by 24.72% whereas the sales of 3 wheeler vehicles has increased by 25.92%.

*** Product Performance:**

1. Production

Production of vehicle for the year 2009-10 is 12,379 as compared to 11,437 in 2008-09 showing increase of 8%.

2. Sales

Total sales turnover represented in number of vehicles, is 12,329, which in terms of amount is 114.44 crores, against previous year turnover of Rs. 112.15 crores [vehicles sold 11,488 in previous year].

3. Profitability

The company's profit before tax stood at Rs. 7,15,01,637/-, whereas as Net Profit after tax stood at Rs.4,53,86,535/-

4. WTG Project

Members are aware that the company had already installed Wind Turbine Generator of 1.25 MW capacity at Village Soda, Nr. Jaiselmer, State Rajsthan and has also installed 0.600 MW Wind Turbine Generator at Gandhavi, Dist. Jamnagar. The Company has earned total income of Rs. 1,40,62,368/- (Out of which, electricity having value of Rs. 76,10,785/- has been used for self consumption) from power generation project in the year 2009-10 as compared to total income of Rs. 1,35,78,109/- during the last fiscal (Out of which electricity having value of Rs. 69,27,181/- has been used for self consumption). The company has earned benefits of saving in power cost since then.

*** Outlook for 2010-11**

Coupled with the outlook of automobile industry and increased investment in infrastructure industry, the company foresee outlook of three-wheeler industry very bright. It is believed that 3 wheeler is cheapest mode of transportation for passengers as well as goods and demand for this three wheeler is increasing in underdeveloped countries. Export market is also expected to record impressive growth.

*** Financial Condition:**

Sources of Funds

1. **Share Capital**

At present, we have only one class of shares – equity shares of par value of Rs. 10/- each. Our authorized share capital is Rs. 8 crores, divided into 80 Lacs equity shares of Rs. 10/- each. The issued, subscribed and paid up capitals as at March 31, 2010 and March 31, 2009 were Rs.5.85 crores.

2. **Reserve and Surplus**

a. Security Premium

The balance as at March 31, 2010 amounted to Rs.5.51 crores. There is no addition/deletion in security premium during the year.

b. General Reserves

An amount representing 7.5% of current profit for the year ended March 31, 2010 (PY Nil) was transferred to General Reserve account from the Profit & Loss account.

c. Profit & Loss Account

The balance retained in the Profit and Loss Account as at March 31, 2010 Rs. 2,141.12 Lacs after providing the final dividend of Rs. 117.03 Lacs and dividend distribution tax of Rs.19.90 Lacs thereon. The total amount of profits appropriated to dividend including tax of Rs.136.93 Lacs, as compared to 34.23 Lacs in previous year.

d. Shareholder's Funds

The total shareholder funds increased to Rs. 3,364.66 Lacs as at March 31, 2010 from Rs.3,047.72 Lacs as of previous year end. The book value per share increased to Rs.57.50 as at March 31, 2010 as compared to Rs.50.08 as of the previous year end.

3. **Secured Loans**

a. Cash Credit Facilities

The balance outstanding in cash credit account as at March 31, 2010 is Rs.840.51 Lacs as compared to Rs.1,260.86 Lacs. Further the outstanding as at March 31, 2010 represents the cash credit facility with IDBI Bank, whereas for the previous year it was State Bank of India.

b. Term Loans

The balance outstanding on account of term loans as at March 31, 2010 is Rs.1,476.65 Lacs as compared to Rs. 1,912.19 Lacs. During the year 2009-10 the company has repaid term loan taken from State Bank of India for Windmill 1, Windmill 2 and Expansion at Shapar.

4. **Deferred Tax Liabilities**

We recorded deferred tax liabilities of Rs. 102.32 Lacs as at March 31, 2010 and hence the balance of deferred tax liabilities as at March 31, 2010 amounts to Rs.545.28 Lacs.

Application of Funds

1. **Fixed Assets**

We incurred a capital expenditure of Rs. 1,558.64 Lacs(Rs. 711.00 Lacs) offset by a decrease of Rs. 1,428.46 Lacs on account of decrease in Capital work in progress.

2. **Investment**

During the year there is no change in the investments of the company

3. **Sundry Debtors**

Sundry Debtors amounted to Rs. 451.60 Lacs as at March 31, 2010 compared to Rs. 352.13 Lacs as at March 31, 2009.

4. Loans and Advances

LOANS AND ADVANCES	As at March 31, 2010	As at March 31, 2009
Unsecured, considered good		
(a) Dues from Associate Company - Khushbu Auto Finance Limited in which directors are member	71,15,685	5,54,679
(b) Advances receivable in cash or kind or for value to be received	3,06,65,369	3,52,69,664
(c) Inter-corporate deposits due from Associate i.e. Khushbu Auto Finance Limited in which directors are member	2,74,25,000	2,74,25,000
(d) Deposits with Government, Public Bodies and Others		
(i) Balance with Customs, Excise, etc.	17,82,950	69,24,073
(ii) Balance with other authorities	4,77,371	4,77,371
(iii) Other Deposits	36,96,448	36,40,052
(e) Others	39,18,764	29,74,547
	7,50,81,587	7,72,65,386

Advances receivable in cash or kind or for value to be receivable includes an amount of Rs.2,91,59,496/- (PY Rs.2,91,59,496/-) due from a supplier against whom suit for recovery of above dues and damages have been filed and the same is pending before court.

5. Current Liabilities

LOANS AND ADVANCES	As at March 31, 2010	As at March 31, 2009
(a) Sundry creditors	8,88,65,933	8,55,07,917
(i) total outstanding dues of Micro, Medium and Small Enterprise	37,58,255	36,09,421
(ii) total outstanding dues of creditor other than Micro, Medium and Small Enterprise	8,51,07,678	8,18,98,496
(b) Advances from customers	35,66,786	53,52,464
(c) Security Deposits from dealers	88,46,001	59,21,000
(d) Others	2,18,88,939	35,92,956
(e) Liability towards Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 not due		
(i) Unpaid dividend	4,46,957	4,48,513
	12,36,14,616	10,08,22,850

Sundry creditors include creditors for material, services, capital goods, job work, transport, etc. Other liability includes liability on account of duties and taxes, expenses and tax deducted at source.

6. Provisions

PROVISIONS	As at March 31, 2010	As at March 31, 2009
(a) Provision for taxation	66,90,498	23,18,048
(b) Provision for Fringe Benefit Tax	0	6,56,570
(c) Provision for Wealth Tax	20,000	20,000
(d) Proposed dividend	1,17,03,040	29,25,760
(e) Tax on proposed dividend	19,89,517	4,97,233
	2,04,03,055	64,17,611
Provision for gratuity	27,88,630	10,30,724
Provision for warranties	13,54,224	34,67,418
Provision for After Sales Services	27,72,500	5,03,715
TOTAL	2,73,18,409	1,14,19,468

Proposed dividend represents the final dividend we recommended to our shareholders. Upon approval by our shareholders, this will be paid after the Annual General Meeting.

Results of Operations

1. Income

a. Sale of Vehicles and Spares

Sales of Vehicles and Spares have increased by 2.01% to Rs.11,984.74 Lacs for the year March 31, 2010 from Rs.11,748.25 Lacs for the year March 31, 2009. However sale of vehicle in terms of quantity has increased by 7.32% to 12,329 vehicles for the year March 31, 2010 from 11,488 for the year March 31, 2009.

b. Power Generation Income

Power Generation income has decreased by 3% to Rs.64.52 Lacs for the year March 31, 2010 from Rs.66.51 Lacs for the year March 31, 2009.

c. Other Income

During the year other income amounts to Rs.122.92 Lacs as compared to Rs.345.70 Lacs. Other income includes DEPB income of Rs.49.90 Lacs on account of export made during the year 2008-09.

2. Expenditure

a. Raw Material Consumption & Processing Charges

Raw Material consumption & processing charges decreased by 0.65% to Rs.9,301.21 Lacs for the March 31, 2010 from Rs.9,362.04 Lacs for the March 31, 2009.

b. **Staff Cost**

Staff cost increased by 19.23% to Rs.703.41 Lacs for the year March 31, 2010 from Rs.589.97 Lacs for the year March 31, 2009.

c. **Financial Expenses**

Financial expenses increased by 12.95% to Rs.316.10 Lacs for the year March 31, 2010 from Rs.279.86 Lacs for the year March 31, 2009. It includes interest on term loan of Rs.183.99 Lacs, interest on cash credit of Rs.89.92 Lacs, other interest of Rs. 4.19 Lacs and Rs.37.99 Lacs for bank charges.

d. **Depreciation & Amortization**

We have provided Rs.354.70 Lacs for depreciation and Rs.32.52 Lacs for amortization of Intangible asset for the year ended March 31, 2010.

e. **Tax Expenses**

We have provided for current tax of Rs.158.16 Lacs and deferred tax of Rs.102.32 Lacs for the year ended March 31, 2010.

3. Net Profit After Tax

Our net profit after tax increased by 887% to Rs.453.87 Lacs for the year ended March 31, 2010 from Rs. 45.97 Lacs for the year ended March 31, 2009.

4. Earnings Per Share

Our basic EPS increased by 887% during the year from Rs.0.79 per share to Rs. 7.76 per share.

Liquidity

Our growth has been financed largely through cash generated from operations. Net cash generated from operations was Rs. 958.02 Lacs and Rs. 664.48 Lacs for the years ended March 31, 2010 and March 31, 2009 respectively. Net cash used in investing activities was Rs.193.74 Lacs and Rs.726.91 Lacs for the year ended March 31, 2010 and March 31, 2009 respectively. Net cash used in financing activities was Rs.785.87 Lacs for the year ended March 31, 2010 and net cash raised by financing activities was Rs.211.20 Lacs for the year ended March 31, 2009.

Risk and Concerns:-

The company has broadly classified risks as following

1. Industry Risk

a. Technology Changes

Automobile industry is now facing tremendous challenge to come in tandem with worldwide insistence on go green approach. Therefore these industry witnesses very fast change in technological development.

b. Material Supplies and Price

Increasing prices of raw materials and components like steel, components, etc. continued to exercise great strain on profitability of company, though the company did manage to neutralise the impact of cost increase partly by passing on to customer marginally and by cost reduction. However relentless price increase of raw materials and components continue to be an area of concern for the industry as well as your company.

c. Competition

There is competition in industry. This competition also generates the sufficient opportunity for the growth. Aggressive focus on quality, cost and delivery has also been taken up as effective method in safeguarding the company's interest and business share.

2. Financial Risks

a. Leverage

Your company and the entire automotive industry is influenced by general economic growth, availability of finance and interest rates. The company partly meets this challenge by its associate company financing the vehicles of the company.

*** Statutory Compliances :**

Your company has its legal team in place with appropriate policies towards legal compliance. Continuous monitoring of the business operations by experience team and proper system of reporting to ensure that the company has not defaulted in any statutory compliance.

*** Internal Control System and its Adequacy :**

The company has well defined organisation structure, documents policy guidelines, predefined authority levels and extensive systems of internal controls ensure optimal utilization and protection of resources. IT security, accurate reporting of financial transactions and compliance with applicable laws and regulation. The internal control system is framed to ensure that assets are safeguarded against loss from unauthorized use of disposition, and the transactions are authorised, recorded and reported correctly. The company has budgetary system for control and planning and actual performance is reviewed with budget by the management on an ongoing basis. The company's internal auditors review business processes and controls. The Audit committee of the Board then discusses significant finding and corrective measures initiated.

*** Human Resources :**

People are the central to Company's performance and growth and the organization consistently values the contribution and involvement of employees. The Company has a comprehensive HR strategy aligned to the business strategy and all people processes are designed to achieve the strategy.

The Company is consistently focusing on building capability in employees at all levels. The Company has robust talent management and succession planning in place and has been tracking consistently the talent in pipeline and leadership bandwidth at the highest level in the organization in order to equip the organization to handle both consolidation and growth.

*** Cautionary Management**

Statements in this report describing company's objectives, projection, estimates, and expectation may constitute forwarding looking statements within the meaning of applicable laws and regulation. Various information contained in this report has been based on information gathered from various published and unpublished reports and their accuracy, reliability and completeness cannot be assured. The actual results might differ materially from those either express or implied. Factors that could make a difference to the company's operations include among others, raw materials and component prices, government regulations, tax regimes, economic developments in India, natural calamities and other incidental factors.

Director's Report on Corporate Governance

"Corporate Governance is about maintaining an appropriate balance of accountability between three key players; the corporation's owners, the directors whom the owners elect, and the managers whom the director select. Accountability requires not only good transparency, but also an effective means to take action for poor performance or bad decisions."

Company's philosophy on Corporate Governance

Our corporate governance philosophy is based on the following principles :

- Satisfy the spirit of the law and not just the letter of the law. Corporate governance standards should go beyond the law.
- Be transparent and maintain a high degree of disclosure levels. When in doubt, disclose.
- Make a clear distinction between personal conveniences and corporate resources.
- Communicate externally, in a truthful manner, about how the Company is run internally.
- Have a simple and transparent corporate structure driven solely by business needs.
- Management is the trustee of the shareholder's capital and not the owner.

The Board of Directors ('the Board') is at the core of our corporate governance practice and oversees how the Management services protects the long term interest of all our stakeholders. We believe that an active well informed and independent Board is necessary to ensure highest standards of corporate governance.

Composition of Board, and directorships held as at March 31, 2010

Name of the Director	Designation	Age	Qualification	Expertise	Other Directorship
Founder and Executive Director					
Mr. J. J. Chandra	Chairman & Managing Director	55 Years	Under Graduate	Eminent industrialist with wide business experience in Automobile Industry for last 35 years.	Nil
Mr. M. J. Patel	Wholetime Director	47 Years	Under Graduate	Production/Personnel	Nil
Other Executive Director					
Mr. S. K. Mittal	Wholetime Director	51 Years	B.E. (Mechanical)	Engineer by profession and developed expertise in designing complete vehicle and components. Wide experience of more than 21 years in 3 wheeler industry.	Nil

Non Independent & Non Executive Director

Mr. Vijay Kedia	Director	50 Years	B. Com.	Finance, Investment & Fund Management	Kedia Securities Pvt. Ltd., Sky Space Entertainment Pvt. Ltd.
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Independent & Non Executive

Mr. Rajesh Dhruva	Director	55 Years	Commerce Graduate & Chartered Accountant	Finance and Foreign Exchange Regulations	Integrated Proteins Ltd.
Mr. Suresh Kaneria	Director	50 Years	Commerce Graduate	General Administration Skills	Nil
Mr. Hakubhai Lalakia	Director	56 Years	M. COM., L.L.M.	Practicing as advocate for more than 23 years	Nil
Mr. Ramniklal Kotecha	Director	55 Years	B.E. (Mechanical)	Administration & Management	Nil

Cash compensation paid to directors in Fiscal 2010

Name of the Director	Designation	Salary (Rs. Per Annum)	Perquisites (Rs. Per Annum)
Mr. J. J. Chandra	Chairman & Managing Director	14,00,400/-	Nil
Mr. M. J. Patel	Joint Managing Director	8,00,400/-	Nil
Mr. S K Mittal	Joint Managing Director	15,32,084/-	Nil
Mr. Vijay Kedia	Director	Nil	Nil
Mr. Rajesh Dhruva	Director	Nil	Nil
Mr. Suresh Kaneria	Director	Nil	Nil
Mr. Hakubhai Lalkia	Director	Nil	Nil
Mr. Ramniklal Kotecha	Director	Nil	Nil

Details of Directorship/Committee Membership or Chairmanship as at March 31, 2010

Name of the Director	Designation	No. of Shares Held	Directorship in all Public Limited Companies	Membership in Committee in all Public Limited Companies (Other than Atul Auto Ltd.)	Chairmanship of Committee in all Public Limited Companies (Other than Atul Auto Ltd.)
Founder and Executive Director					
Mr. J. J. Chandra	Chairman & Managing Director	2,36,288	Nil	Nil	Nil
Mr. M. J. Patel	Wholetime Director	92,616	Nil	Nil	Nil
Other Executive Director					
Mr. S. K. Mittal	Wholetime Director	Nil	Nil	Nil	Nil
Non Independent & Non Executive Director					
Mr. Vijay Kedia	Director	3,14,426	Nil	Nil	Nil
Independent & Non Executive Director					
Mr. Rajesh Dhruv	Director	Nil	Integrated Proteins Limited	Member Share Holders Grievances Committee, IPL	Chairman Audit Committee IPL
Mr. Suresh Kaneria	Director	Nil	Nil	Nil	Nil
Mr. Hakubhai Lalkia	Director	Nil	Nil	Nil	Nil
Mr. Ramniklal Kotecha	Director	Nil	Nil	Nil	Nil

Board Meetings

Scheduling and Selection of agenda items for Board meetings

Dates for Board meetings in the ensuring year are decided in advance and published as part of the Annual Report. Most Board meetings are held at our registered office at Shapar, Rajkot. The chairperson of the Board and the Company Secretary draft the agenda for each meeting, along with explanatory notes. Every board member can suggest additional items for inclusion in the agenda. The Board meets at least once a quarter to review the quarterly results and other items on the agenda, and also on the occasion of the Annual General Meeting of the Shareholders. Additional meetings are held when necessary. Independent directors are expected to attend at least four board meetings in a year. Total 9 board meetings were held during the year under report.

Information placed before the Board of Directors

The Company circulates along with Notice of the Board Meeting, a detailed Agenda which, inter alia, contain following items, as and when applicable:

- a) Review of annual business plans of the business, capital budgets, and updates,
- b) Quarterly (including periodic) results of the Company,
- c) Minutes of meeting of audit committee, remuneration committee, share holders' grievances committee etc.
- d) Information on recruitment and remuneration of senior officers just below the Board level,
- e) Materially important show cause, demand, prosecution and penalty notices, if any.
- f) Fatal or serious accidents or dangerous occurrences,
- g) Any material significant effluent or pollution problems,
- h) Any issue which involves possible public or product liability claims of a substantial nature.
- i) Details of any joint venture or collaboration.
- j) Transaction that involves the substantial payment of goodwill, brand equity or intellectual property,
- k) Significant labour problem and their proposed solutions,
- l) Significant development in the human resources and industrial relations fronts,
- m) Sale of material nature, of investments, subsidiaries, assets, which is not in the normal course of business,
- n) Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement.
- o) Status of compliance with all regulatory, statutory and material contractual requirements.

The Board of Atul Auto Limited is routinely presented with all information under the above heads whenever applicable and materially significant. These are submitted either as part of the agenda papers well in advance of the Board meetings or are tabled in the course of the Board Meetings.

Attendance of directors during fiscal 2010

Name of the Director	No. of Meetings attended
Mr. J. J. Chandra	9
Mr. M. J. Patel	9
Mr. S. K. Mittal	9
Mr. Vijay Kedia	9
Mr. Rajesh Dhruv	9
Mr. Suresh Kaneria	4
Mr. Hakubhai Lalkiya	9
Mr. Raminklal Kotecha	9

A. Audit Committee

a. Composition

- Shri Rajesh Dhruva (Non Executive & Independent Director and professionally qualified as a Chartered Accountant, acted as the Chairman of the Audit Committee)
- Shri Hakubhai Lalkiya (Non Executive & Independent Director)
- Shri Suresh T. Kaneria (Non Executive & Independent Director)

b. Terms of Reference

The terms of reference as stipulated by the Board to the Audit Committee are as contained in the Clause 49 of the Listing Agreement are as follows:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Reviewing with management the quarterly/ annual financing statements before submission to the Board, focusing primarily on the following:
 - o Matters required to be included in the Directors' Responsibility statement.
 - o Any change in accounting policies and practices.
 - o Major accounting entries based on exercise of judgment by management.
 - o Significant adjustments arising out of audit.
 - o Compliance with accounting standards.
 - o Compliance with listing and other legal requirements relating to the financial statements.
- Compliance with legal requirements concerning financial statements.
- Reviewing with the management, statutory and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow up thereon.
- Reviewing the Company's financial and risk management policies.

c. Meeting of the Committee

The committee has met 5 times during the year 2009-10.

Name of Member	Designation	No. of Committee Meeting Attended
Shri Rajesh Dhruva	Chairman	5
Shri Suresh Kaneria	Member	5
Shri Hakubhai Lalkiya	Member	5

B. Remuneration Committee

a. Composition

- Shri Suresh T. Kaneria (Non Executive & Independent Director)
- Shri Rajesh Dhruva (Non Executive & Independent Director)
- Shri Hakubhai Lalkiya (Non Executive & Independent Director)

b. Terms of Reference

The Committee determines and approves the quantum of remuneration whether by way of salaries, commission, special allowances, any other perquisites to the Managing, Joint Managing and Whole time Directors and non-executive Directors. Generally, the Remuneration Committee considers and approves remuneration payable to executive directors subject to final confirmation by Members in the General Meeting. The Company is not paying any remuneration to any non-executive Director as on date.

c. Meeting of the Committee

The committee has met 4 times during the year 2009-10.

Name of Member	Designation	No. of Committee Meeting Attended
Shri Hakubhai Lalkiya	Chairman	4
Shri Rajesh Dhruva	Member	4
Shri Suresh Kaneria	Member	4

C. Shareholders Committee

a. Composition

- Shri Suresh T. Kaneria (Non Executive & Independent Director)
- Shri Rajesh Dhruva (Non Executive & Independent Director)
- Shri Hakubhai Lalkiya (Non Executive & Independent Director)

b. Compliance Officer

- Shri Jitendra V. Adhia (Vice President Finance & Account)

c. Shareholder's Complaints

During the fiscal 2009-10 the company has not received any investor's complaints. Further, there was no pending investor complaint as at the beginning of the year and hence there was no pending investor complaint as at the end of the year.

d. Meeting of the Committee

The committee has met 4 times during the year 2009-10.

Name of Member	Designation	No. of Committee Meeting Attended
Shri Suresh Kaneria	Chairman	4
Shri Rajesh Dhruva	Member	4
Shri Hakubhai Lalkiya	Member	4

General Body Meeting

The details of the last three Annual General Meetings and that of the extraordinary general meetings are as follows:

Financial Year ended	Date and Time	Venue	Special resolution passed
March 31, 2007	28th September, 2007	Survey No. 86, Plot No. 1 to 4, N.H. 8-B, Shapar (Veraval), Rajkot	None
March 31, 2008	27th September, 2008	Survey No. 86, Plot No. 1 to 4, N.H. 8-B, Shapar (Veraval), Rajkot	None
March 31, 2009	29th September, 2009	Survey No. 86, Plot No. 1 to 4, N.H. 8-B, Shapar (Veraval), Rajkot	None

Disclosures

- During the year under review, besides the transactions mentioned elsewhere in the Annual Report, there were no other related party transactions by the company.
- The company has complied with various rules and regulations prescribed by Stock Exchanges, Securities and Exchange Board of India or any other statutory authority relating to the capital markets during the last 3 years. No penalties or strictures have been imposed by them on the Company.
- We have established a mechanism for employees to report concerns about unethical behaviour, actual or suspected fraud, or violation of our code of conduct of ethics policy. It also provides for adequate safeguards against victimization of employees who avail of the mechanism, and also allows direct access to the Chairperson of the audit committee in exceptional cases. We further affirm that no employee has been denied access to the audit committee.
- We have fully complied with the Clause 49 of listing agreement.
- The senior management has made disclosures to the Board relating to all material financial and commercial transactions stating that they did not have personal interest that may have a potential conflict with the interest of the Company at large.
- The company follows Accounting Standards referred to in (3)(c) of Section 211 of the Companies Act, 1956 and in the preparation of financial statements, the Company has not adopted a treatment different from that prescribed in any Accounting Standards.
- The Managing Directors (CEO) have certified to the Board in accordance with Clause 49(V) of the listing Agreement pertaining to CEO/CFO certification for the financial year ended March 31, 2010.

General Shareholder Information

Annual General Meeting Date, Time and Venue

The 22nd Annual General Meeting of the Company will be held on Saturday, 28th July, 2010 at 4.00 p.m. at registered office of the company, Survey No. 86, Plot No. 1 to 4, National Highway 8- B, Near Microwave Tower, Shapar (Veraval), Rajkot.

Date of Book Closure and Dividend Payment

The company's transfer books will be closed from Monday, 19th July, 2010 to Tuesday 27th July, 2010 (both days inclusive) for purpose of Annual General Meeting.

Tentative Calendar for Declaration of Financial Results in 2010-11

Sr. No.	Particulars	Tentative Dates
1	Financial Year	April 1 st to March 31 st
2	Results for Quarter ending 30 th June, 2010	Second Week of August, 2010
3	Results for Half Year ending 30 th September, 2010	Second Week of November, 2010
4	Results for Quarter ending 31 st December, 2010	Second Week of February, 2011
5	Results for Quarter/Full year ending 31 st March, 2011	Last Week of May, 2011
6	Annual General Meeting	August/September, 2011

Stock Exchange Listing & Stock Code

The Company's shares are presently listed on the Bombay Stock Exchange Limited, Mumbai. The stock code of the company is as under:

Physical - 531795
Demat Segment INE 951D01010

Market Price Data

Month	Month's High Price	Month's Low Price
April - 2009	25.95	22.00
May - 2009	31.35	21.80
June - 2009	39.90	27.80
July - 2009	46.75	27.00
August - 2009	49.20	44.00
September - 2009	56.40	45.00
October - 2009	56.70	44.45
November - 2009	52.50	46.60
December - 2009	52.50	45.20
January - 2010	59.50	46.00
February - 2010	51.00	42.70
March - 2010	55.00	42.30

Registrar and Transfer Agents

Company has appointed Registrar and Transfer Agent, the name and address is as follow:

Sharex (Dynamic) India Private Limited,
17/B, Dena Bank Building,
2nd Floor, Horniman circle,
Fort, Mumbai- 400 001
Phone 022-22702485 / 22641376

Share Transfer System

The processing activities with respect to requests received for share transfer are normally completed within 15 working days from the date of request.

Distribution of Shareholding as at March 31, 2010

SHARE (OR DEBENTURE) OF NOMINAL VALUE	No. OF HOLDERS	(%) OF HOLDERS	TOTAL AMOUNT	% OF AMT.
UP TO 5,000	1,061	76.17%	14,45,220	2.47%
5,001 TO 10,000	115	8.26%	9,17,810	1.57%
10,001 TO 20,000	75	5.38%	10,74,390	1.84%
20,001 TO 30,000	31	2.23%	8,01,170	1.37%
30,001 TO 40,000	13	0.93%	4,50,900	0.77%
40,001 TO 50,000	9	0.65%	4,26,860	0.73%
50,001 TO 1,00,000	25	1.79%	17,44,150	2.98%
1,00,001 TO ABOVE	64	4.59%	5,16,54,700	88.27%
TOTAL	1393	100.00%	5,85,15,200	100.00%

Plant Locations

At Dist. Rajkot Three wheeler manufacturing unit	Atul Auto Limited Survey No. 86, Plot No. 1 to 4, N H 8-B, Near Microwave Tower, Shapar (Veraval), Dist. Rajkot
At Rajasthan Wind Turbine Generators	Village Soda, Dist. Jaisalmer, Rajasthan.
At Gujarat Wind Turbine Generators	Village Gandhavi Lamba, Kalyanpur, Jamnagar, Gujarat

Address for Correspondence

Share Transfer agents:

Sharex (Dynamic) India Private Limited,
18/B, Dena Bank Building,
2nd Floor, Horniman circle,
Fort, Mumbai - 400 001
Phone- 022-22802485 / 22641386

The Compliance Officer

Atul Auto Limited,
8-B, National Highway,
Near Microwave Tower,
Shapar (Veraval)
Dist.: Rajkot, Gujarat

DECLARATION REGARDING COMPLIANCE WITH

CODE OF CONDUCT

[Clause 49 (I) (d)]

The Company has laid down and adopted "Code of Conduct" for all Board Members and core management team of the company. The Company believes that such Code of Conduct is necessary for best Corporate Governance practices, and expects that all Board Members and Core management team adhere to this Code of Conduct.

It is hereby affirmed that all the Directors and Senior Management personnel have complied with the Code of Conduct and have given a confirmation in this regard.

J. J. Chandra

(Chairman and Managing Director)

Place:- Shapar (Veraval)

Date:- 28th May, 2010

MANAGING DIRECTOR CERTIFICATION FOR FINANCIAL STATEMENTS

[CLAUSE 49 (V) OF LISTING AGREEMENT]

We have reviewed financial statements and cash flow statements for the financial year 2009-10 ended on 31st March, 2010 and to the best of our knowledge and belief:

- (a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (b) These statements together present true and fair view of the Company's affairs and in compliance with existing accounting standards, applicable laws and regulations;
- (c) No transactions entered into by the company during the aforesaid year, which are fraudulent, illegal or in violation of the Company's Code of Conduct.

Further, we accept that it is our responsibility to establish and maintain internal controls. We have evaluated the effectiveness of internal control system of the Company and have disclosed to the auditors and the Audit Committee, wherever applicable:

- (a) Deficiencies in the design or operation of internal controls, if any, which came to our notice and steps have been taken/ proposed to be taken to rectify these deficiencies
- (b) Significant changes in the internal control during the year
- (c) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements
- (d) Instances of significant fraud of which we became aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

J. J. Chandra

(Chairman and Managing Director)

Place:- Shapar (Veraval)

Date:- 28th May, 2010

Auditors' Certificate on Corporate Governance

To The Members,
Atul Auto Limited

We have examined the compliance of the conditions of corporate governance by Atul Auto Limited, for the year ended on 31st March, 2010, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance as stipulated under that clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representation made by the Directors and Management, we certify that the Company has complied with conditions of Corporate Governance as stipulated in clause no 49 of the above mentioned listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the company as per the records maintained by the shareholders' grievance committee. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Maharishi & Co.,
Chartered Accountants
Firm Reg. No. 124872W

Prashant Maharishi
Partner
Membership No.: 41452

Place:- Shapar (Veraval)

Date:- 28th May, 2010

AUDITORS' REPORT

To,
The Members
Atul Auto Limited

We have audited the attached Balance Sheet of Atul Auto Limited as at 31st March, 2010, the Profit and Loss Account for the year ended on that date annexed thereto and also the Cash Flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report as follows:

1. As required by Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matter specified in paragraphs 4 of the said order to the extent applicable to the company.
2. Further to our comments in the Annexure referred to above, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of the books;
 - c. The said Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the said Balance Sheet, Profit And Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e. On the basis of written representation received from the Directors as on 31st March, 2010 and taken on record by the board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956;

- f. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the company's accounting policies and the notes thereto, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - ii. In the case of Profit and Loss account, of the Profit of the Company for the year ended on that date; and
 - iii. In the case of Cash flow statement, of the cash flows for the year ended on that date.

For Maharishi & Co.,
Chartered Accountants
Firm Reg. No. 124872W

Prashant Maharishi
Partner
Membership No.: 41452

Place:- Shapar (Veraval)

Date:- 28th May, 2010

Annexure to the Auditors' Report 31st March 2010

(Referred to in Paragraph (1) of our report of even date)

- (1)
 - (a) The company has maintained proper records to show full particulars including the quantitative details and situation of its fixed assets.
 - (b) As explained to us, all the assets have been physically verified by the management at reasonable intervals during the year, which in our opinion is reasonable, having regard to the size of the company and nature of its business. According to information and explanations given to us, no material discrepancies have been noticed on such verification as compared to the book records.
 - (c) The company has not disposed off any substantial part of its fixed assets so as to affect its going concern.
- (2)
 - (a) As explained to us, inventories have been physically verified by the management at regular intervals during the year.
 - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) On the basis of examination of the inventory records of the company, we are of the opinion that, the company has maintained proper records of its inventories. There were no material discrepancies notices on physical verification of inventory as compared to book records.
- (3)
 - (a) The Company has granted loan to the Company covered under register maintained U/s 301 of the Companies Act, 1956. The loan is granted to one party being associates of the company Khushbu Auto Finance Limited and amount involved in the transactions is Rs. 2.18 Crores. At the end of the year, outstanding loan amount is Rs. 2.85 Crores.
 - (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of the loan granted are not prima facie prejudicial to the interest of the Company.
 - (c) The associate company to which loan is granted is regular in payment of interest. The loan granted to associate is for long term and being a associate, no period is fixed for repayment, therefore question of overdue amount does not arise.
 - (d) The Company has not taken any loans Secured or Unsecured, from Companies, firms or other parties covered in the register maintained under Section 301 of the companies Act, 1956.
- (4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and also for the sale of goods. During the course of our audit, we have not observed any major weaknesses in internal controls.
- (5) In respect of transactions covered under section 301 of the Companies Act, 1956:
 - (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.

- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements have been made at prices which are reasonable having regard to prevailing market prices at that time.
- (6) The company has not accepted any deposit within the meaning of Section 58-A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Rules framed there under from the public.
- (7) In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
- (8) We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government, for maintenance of cost records have been prescribed under Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records with a view to determining whether they are accurate or complete.
- (9) In respect of statutory dues:
- (a) According to the records of the company and according to the explanations and information given to us, undisputed statutory dues including Provident Fund, Income tax, Sales Tax, Excise duty, Wealth Tax, Custom duty, Service Tax, Cess, ESI and other statutory dues payable by the company have been generally regularly deposited with appropriate authority. However, according to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2010 for a period of more than six months from the date of becoming payable.
- (b) On the basis of our examination of the documents and records, details of dues of Sales Tax, Income Tax which have not been deposited on account of any dispute are given below;

Particulars	Financial Year to which it relates	Forum where dispute is pending	Amount Rs.
Sales Tax	2002-03	High Court	2,02,531
Central Sales Tax	2002-03	High Court	14,83,791
Excise Duty	2005-06 & 2006-07	Commissioner (Appeals)	1,02,500

- (10) The Company has neither accumulated losses at the end of the financial year nor has it incurred cash losses, both, in the financial year under report and the immediately preceding financial year.
- (11) On the basis of the records examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions and banks. The company has not issued any debentures.
- (12) As explained to us, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or any other securities.
- (13) In our opinion, the company is not a chit fund or a nidhi/mutual/benefit fund/society. Therefore, clause 4 (xiii) of Companies (Auditors' Report) Order, 2003 is not applicable to the company.

- (14) According to information and explanations given to us, the company has not dealt or traded in shares, securities, debentures and other investments and therefore question of maintaining proper record does not arise.
- (15) The Company has given guarantees for loans taken by the associate company from the bank. According to information and explanations given to us, we are of the opinion that the terms and conditions thereof are not prejudicial to the interest of the company.
- (16) In our opinion, the term loans have been applied for the purpose for which they were raised.
- (17) According to the information and explanations given to us and on an overall examination of the Financial Statements of the Company and after placing reliance on the reasonable assumptions made by the Company for classification of long term and short term usages of funds, we are of the opinion that, prima facie, short term funds have not been utilized for long term purposes.
- (18) The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- (19) The company has not issued any debentures.
- (20) The company has not raised any money by public issue during the year.
- (21) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For Maharishi & Co.,
Chartered Accountants
Firm Reg. No. 124872W

Prashant Maharishi
Partner
Membership No.: 41452

Place:- Shapar (Veraval)

Date:- 28th May, 2010

ATUL AUTO LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2010

(Amount in Rs.)

PARTICULARS	SCH.	As at 31 st March, 2010	As at 31 st March, 2009
SOURCES OF FUNDS			
1 Shareholders' Funds			
(a) Share Capital	1	6,08,44,050	6,08,44,050
(b) Reserves and Surplus	2	<u>27,56,22,129</u>	<u>24,39,28,151</u>
		33,64,66,179	30,47,72,201
2 Loan Funds			
(a) Secured Loans	3	<u>23,17,15,911</u>	<u>31,73,05,726</u>
		23,17,15,911	31,73,05,726
3 Deferred Tax Liabilities		<u>5,45,28,105</u>	<u>4,42,96,393</u>
TOTAL FUND EMPLOYED		<u>62,27,10,195</u>	<u>66,63,74,320</u>
APPLICATION OF FUND			
4 Fixed Assets	4		
(a) Gross Block		58,22,55,754	42,63,92,036
(b) Less: Accumulated Depreciation		16,36,31,804	12,49,10,395
(c) Less: Impairment Provision		<u>9,18,831</u>	<u>7,10,271</u>
(d) Net Block		41,77,05,119	30,07,71,370
(e) Capital Work-in-progress including capital advances		<u>1,04,95,128</u>	<u>14,69,84,717</u>
		42,82,00,247	44,77,56,087
5 Investments	5	2,29,94,620	2,29,94,620
6 Currents Assets, Loans and Advances			
(a) Inventories	6	18,57,38,210	17,67,59,304
(b) Sundry debtors	7	4,51,59,676	3,52,13,006
(c) Cash and bank balances	8	1,64,68,880	1,86,28,235
(d) Loans and advances	9	<u>7,50,81,587</u>	<u>7,72,65,386</u>
(A)		32,24,48,353	30,78,65,931
7 Less: Current Liabilities and Provisions			
(a) Current liabilities	10	12,36,14,616	10,08,22,850
(b) Provisions	11	2,73,18,409	1,14,19,468
(B)		<u>15,09,33,025</u>	<u>11,22,42,318</u>
Net Current Assets (A-B)		<u>17,15,15,328</u>	<u>19,56,23,613</u>
TOTAL ASSETS		62,27,10,195	66,63,74,320

SIGNIFICANT ACCOUNTING POLICIES 17

NOTES TO ACCOUNTS 18

The schedules referred to above and notes to accounts form an integral part of the Balance Sheet.

As per our report of even date

For and on behalf of Board

For **Maharishi & co**
Chartered Accountants
Firm Reg. No. 124872W

Mittal S. K.

Patel M. J.

Chandra J. J.

Wholetime
Director

Wholetime
Director

Chairman and
Managing Director

Prashant Maharishi
Partner
M. No.41452
Place: Shapar (Veraval)
Date: 28.05.2010

Purvi P. Mehta
Company Secretary

ATUL AUTO LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31ST, 2010

(Amount in Rs.)

PARTICULARS	SCH.	As at 31 st March, 2010	As at 31 st March, 2009
INCOME	12		
1 Sales of Products and Income From Operations		129,93,62,628	1,25,57,54,654
Less: Excise Duty		<u>10,08,88,949</u>	<u>8,09,29,178</u>
		119,84,73,679	1,17,48,25,476
2 Other Income		<u>1,22,91,562</u>	<u>3,45,70,375</u>
		121,07,65,241	1,20,93,95,851
EXPENDITURE			
3 Manufacturing and Other Expenses	13	106,87,23,874	115 25 08 601
PROFIT BEFORE INTEREST & DEPRECIATION		14,20,41,367	5,68,87,251
4 Depreciation	4	3,87,21,408	2,45,73,923
5 Impairment Loss	4	2,08,560	7,10,271
6 Interest and Bank Charges	14	<u>3,16,09,762</u>	<u>2,79,85,997</u>
		7,05,39,730	5,32,70,191
PROFIT BEFORE EXCEPTIONAL ITEM		7,15,01,637	36,17,060
7 Exceptional Item	15	0	- 23,21,972
PROFIT BEFORE TAX		7,15,01,637	59,39,032
8 Tax Expenses	16	2,61,15,102	13,42,468
PROFIT AFTER TAX		4,53,86,535	45,96,564
9 Balance Brought Forward From Previous Year		18,58,21,901	18,12,25,338
AMOUNT AVAILABLE FOR APPROPRIATION		23,12,08,436	18,58,21,902
10 APPROPRIATION			
(a) Proposed Dividend		1,17,03,040	29,25,760
(b) Tax on Proposed Dividend		19,89,517	4,97,233
(c) General Reserve		34,03,990	0
(d) Proposed Dividend Written Back		0	34,22,992
(e) Balance Carried to Balance Sheet		21,41 11,889	18,58,21,901
11 EARNING PER SHARE			
- Basic and Diluted		7.76	0.79

SIGNIFICANT ACCOUNTING POLICIES 17

NOTES TO ACCOUNTS 18

The schedules referred to above and notes to accounts form an integral part of the Profit and Loss Account.

For and on behalf of Board

As per our report of even date

For **Maharishi & co**
Chartered Accountants
Firm Reg. No. 124872W

Prashant Maharishi
Partner
M. No.41452
Place: Shapar (Veraval)
Date: 28.05.2010

Mittal S. K.

Wholetime
Director

Patel M. J.

Wholetime
Director

Chandra J. J.

Chairman and
Managing Director

Purvi P. Mehta
Company Secretary

ATUL AUTO LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010
(Amount in Rs.)

PARTICULARS	As at 31 st March, 2010	As at 31 st March, 2009
A. Cash flow from operating activities		
Net profit before taxation, and extraordinary items	7,15,01,637	59,39,032
Adjustment for:		
Depreciation	3,87,21,408	2,45,73,923
Impairment Loss	2,08,560	7,10,271
Loss/(Profit) on sale of fixed assets	0	- 23,21,972
Dividend Income	0	- 310
Interest Expenses	<u>3,16,09,762</u>	<u>2,79,85,997</u>
Operating Profit before working capital changes	14,20,41,367	5,68,86,941
<u>Movements in working capital:</u>		
Decrease/-Increase in Sundry Debtors	- 99,46,670	44,06,060
Decrease/-Increase in Inventories	- 89,78,906	1,68,44,968
Decrease/-Increase in loans and advances	21,83,799	- 90,39,341
Increase/-Decrease in Current Liabilities	2,47,05,264	3,40,67,466
Increase/-Decrease in short term borrowing relating operation	<u>-4,20,35,485</u>	<u>-3,99,74,831</u>
	-3,40,71,998	63,04,323
Cash generated from operations	10,79,69,369	6,31,91,264
Direct taxes paid (net of refunds)	<u>-1,21,67,510</u>	<u>32,56,564</u>
Net Cash from operating activities	9,58,01,859	6,64,47,828
B. Cash flow from investing activities		
Purchase of fixed assets	-1,93,74,129	-13,86,01,936
Proceeds from sale of fixed assets	0	6,59,10,287
Dividends received	<u>0</u>	<u>310</u>
Net cash from investing activities	-1,93,74,129	-7,26,91,339
C. Cash flow from financing activities		
Proceeds from issuance of share capital	0	3,35,00,000
Proceeds from long-term borrowings	8,15,124	6,75,00,000
Repayment of long-term borrowings	- 4,43,69,454	- 4,84,71,381
Interest paid	- 3,16,09,762	- 2,79,85,997
Dividend paid	- 29,25,760	- 29,25,760
Tax on dividend paid	<u>- 4,97,233</u>	<u>- 4,97,233</u>
Net cash used in financing activities	- 7,85,87,085	2,11,19,629
Net increase in cash and cash equivalents (A+B+C)	- 21,59,354	1,48,76,118
Cash and cash equivalents at the beginning of the year	<u>1,86,28,235</u>	<u>37,52,117</u>
Cash and cash equivalents at the end of the year	1,64,68,880	1,86,28,235

ATUL AUTO LIMITED**Cash Flow Statement for the year ended March 31, 2010
Components of cash and cash equivalents as at the end of the year****(Amount in Rs.)**

PARTICULARS	As at 31st March, 2010	As at 31st March, 2009
Cash and cheques on hand With bank	1,63,223	1,16,057
- on current account	1,36,66,336	1,60,90,138
- on deposit account	21,89,124	19,70,287
- on Unpaid Dividend account	<u>4,50,197</u>	<u>4,51,753</u>
TOTAL	<u>1,63,05,657</u>	<u>1,85,12,178</u>
	<u>1,64,68,880</u>	<u>1,86,28,235</u>

As per our report of even date

For and on behalf of BoardFor **Maharishi & co**
Chartered Accountants
Firm Reg. No. 124872W**Mittal S. K.****Patel M. J.****Chandra J. J.****Prashant Maharishi**
Partner
M. No.41452
Place: Shapar (Veraval)
Date: 28.05.2010Wholetime
DirectorWholetime
DirectorChairman and
Managing Director**Purvi P. Mehta**
Company Secretary

ATUL AUTO LIMITED
SCHEDULES TO THE BALANCE SHEET

(Amount in Rs.)

PARTICULARS	As at 31 st March, 2010	As at 31 st March, 2009
Sch-1 SHARE CAPITAL		
Authorised		
Equity shares of Rs. 10/- each	80,00,000	8,00,00,000
Issued and Subscribed		
Equity shares of Rs. 10/- each	58,51,520	5,85,15,200
Paid Up		
Equity shares of Rs. 10/- each	58,51,520	5,85,15,200
Share Forfeiture Equity Share	23,28,850	23,28,850
Total	<u>6,08,44,050</u>	<u>6,08,44,050</u>
Notes:		
1. 8,91,920 (Previous Year: 8,91,920) Equity Shares of Rs. 10 each have been issued as fully paid up bonus shares by capitalizing share premium	89,19,200	89,19,200
2. 40,000 Equity Shares of Rs. 10 each have been issued as fully paid up bonus shares by capitalizing undistributed profits.	4,00,000	4,00,000
3. 5,00,000 Equity Shares of Rs. 10 each have been issued as private placement.	50,00,000	50,00,000
	As at March 31st, 2009	Addition
	Deletion	As at March 31st, 2010
Sch-2 RESERVE AND SURPLUS		
(a) Capital Reserve	30,00,000	0
	30,00,000	0
(b) Securities Premium Account	5,51,06,250	0
	<u>2,66,06,250</u>	<u>2,85,00,000</u>
	5,81,06,250	0
	2,96,06,250	2,85,00,000
(c) General Reserve	0	34,03,990
	0	0
(d) Profit and Loss Account		21,41,11,889
		<u>18,58,21,901</u>
TOTAL		27,56,22,129
		<u>24,39,28,151</u>
	As at March 31st, 2010	As at March 31 st , 2009
Sch-3 SECURED LOAN		
1 From Banks		
(A) <u>Cash Credit Facilities</u>		
(i) From State Bank of India	0	12,60,86,271
Cash Credit Facilities with State Bank of India is secured against Equitable Mortgage of land and building and against hypothecation of movable properties, stock and book debts of the company and personally guaranteed by some of the directors of the company.		
(ii) From IDBI	8,40,50,787	0
Cash Credit Facilities with IDBI Bank is secured by first charge on stock and book debts of the company and second pari passu charge on the entire fixed asset of the company and personally guaranteed by some of the directors of the company.		

ATUL AUTO LIMITED
SCHEDULES TO THE BALANCE SHEET

(Amount in Rs.)

PARTICULARS	As at 31 st March, 2010	As at 31 st March, 2009
Schedules to the Balance Sheet		
(B) Term Loans		
(a) From State Bank of India		
(i) For wind Mill I Windmill I Term Loan is secured against First Charge On Wind Turbine Generator At Soda Mada (Rajasthan) and by Equitable Mortgage Of Immovable Properties Of The Company and Hypothecation Of Plant & Machinery and Personal Guarantee Of Some Of The Directors Of The Company. Installment due within 12 months Rs. Nil. (PY Rs.1,41,33,389/)	0	1,41,33,389
(ii) For Wind Mill II Windmill II Term Loan is secured against First Charge On Wind Turbine Generator At Lamba(Gujarat) and by Equitable Mortgage Of Immovable Properties Of The Company and Hypothecation Of Plant & Machinery and Personal Guarantee Of Some Of The Directors Of The Company. Installment due within 12 months Rs. Nil (PY Rs.1,13,72,998/)	0	1,13,72,998
(iii) For Expansion at Shapar Term Loan for Expansion is secured by First Charge Over The Assets Created Out Of Term Loan, i.e. Equitable Mortgage Over The Building and Hypothecation Of Plant & Machinery and Personal Guarantee Of Some Of The Directors Of The Company. Installment due within 12 months Rs. Nil (PY Rs. 1,50,74,416/)	0	1,50,74,416
(b) From IDBI Term Loan from IDBI is secured by charge over immovable properties, stock of the company by way of hypothecation and personal guarantee of some of the directors of the company Installment due within 12 months Rs.60,00,000/(PY Rs. 15,00,000/)	14,68,50,000	15,00,00,000
(c) From HDFC Bank Loan is secured by the hypothecation of vehicle for which the loan was taken. Installment due within 12 months Rs. Nil (PY Rs.1,86,171/)	0	1,86,171
(d) From ICICI Bank Loan is secured by the hypothecation of vehicle for which the loan was taken. Installment due within 12 months Rs. Nil (PY Rs.4,52,481/)	0	4,52,481
(e) From Other Financial Institution From KOTAK MAHINDRA PRIME LIMITED Loan is secured by the hypothecation of vehicle for which the loan was taken. Installment due within 12 months Rs. 5,75,988/(PY Rs. Nil)	8,15,124	0
	23,17,15,911	31,73,05,726
	No. Face Value	As at March 31st, 2010
Sch-5 INVESTMENT		As at March 31st, 2009
Long Term Investments(At Cost)		
A. Other then trade unquoted		
Government Securities - National Savings Certificates FV Rs. 3,000/-		3,000
Quoted		
<u>Equity Shares</u>		
62(previous year 62) shares of Rs.10 each fully paid-up in Suzlon Energy Ltd.	62 10	31,620
B. In Associates Companies		
<u>Unquoted, fully paid-up</u>		
22,96,000 (previous year 22,96,000) equity shares of Rs.10 each in Khushbu Auto Finance Limited	22,96,000 10	2,29,60,000
Aggregate amount of quoted investments (Market Value Rs. 4,458 as per BSE)		31,620
Aggregate amount of unquoted Investments		2,29,63,000
		2,29,94,620

ATUL AUTO LIMITED
SCHEDULES TO THE BALANCE SHEET

Sch-4 FIXED ASSETS

Particulars	Cost as at April 1, 2009	Addition	Deduction	Cost as at March 31, 2010	Depreciation for the year 2009-10	Accumulated depreciation upto March 31, 2010	Impairment for the year 2009-10	Impairment upto March 31, 2010	Net Book value March 31, 2010
(a) Land	46,59,821	0	0	46,59,821	0	0	0	0	46,59,821
	46,59,821	0	0	46,59,821	0	0	0	0	46,59,821
(b) Buildings	8,67,63,702	1,04,95,615	0	9,72,59,317	29,23,194	2,20,24,718	0	0	7,52,34,599
	13,23,85,514	10,96,248	4,67,18,060	8,67,63,702	34,51,654	1,91,01,524	0	0	6,76,62,178
(c) Leasehold Land	1,00,000	0	0	1,00,000	5,000	25,000	0	0	75,000
	94,68,515	0	93,68,515	1,00,000	5,000	20,000	0	0	80,000
(d) Plant & Machinery and Equipment	21,73,75,522	12,24,20,648	0	33,97,96,170	2,12,47,109	7,64,50,049	0	7,10,271	26,26,35,850
	13,47,37,363	9,27,22,992	1,00,84,833	21,73,75,522	91,69,227	5,52,02,940	7,10,271	7,10,271	16,14,62,311
(e) Furniture, Fixtures and Office Appliances	99,96,720	1,98,888	0	1,01,95,608	6,28,869	57,96,051	0	0	43,99,557
	1,09,50,740	1,02,243	10,56,263	99,96,720	6,54,618	51,67,182	0	0	48,29,538
(f) Vehicles	68,86,153	21,04,045	0	89,90,198	5,76,946	36,98,140	0	0	52,92,058
	70,49,789	0	1,63,636	68,86,153	5,80,110	31,21,194	0	0	37,64,959
(g) Computers	84,62,877	6,67,092	0	91,29,969	7,23,320	67,73,276	0	0	23,56,693
	81,31,513	4,41,364	1,10,000	84,62,877	15,56,512	60,49,956	0	0	24,12,921
(h) Other Assets	29,80,969	4,67,508	0	34,48,477	1,45,524	8,40,029	2,08,560	2,08,560	23,99,888
	28,80,609	1,00,360	0	29,80,969	1,34,286	6,94,505	0	0	22,86,464
(i) Windmill	8,91,66,272	0	0	8,91,66,272	92,19,793	4,47,72,888	0	0	4,43,93,384
	8,91,66,272	0	0	8,91,66,272	92,19,793	3,55,53,095	0	0	5,36,13,177
(j) Intangible Asset	0	1,95,09,921	0	1,95,09,921	32,51,654	32,51,654	0	0	1,62,58,268
	0	0	0	0	0	0	0	0	0
TOTAL	42,63,92,036	15,58,63,717	0	58,22,55,754	3,87,21,408	16,36,31,804	2,08,560	9,18,831	41,77,05,119
	39,94,30,136	9,44,63,207	6,75,01,307	42,63,92,036	2,47,71,200	12,49,10,396	7,10,271	7,10,271	30,07,71,369
(h) Capital Work-in-Progress									1,04,95,128
									14,69,84,717
GRAND TOTAL									42,82,00,247
									44,77,56,086

ATUL AUTO LIMITED
SCHEDULES TO THE BALANCE SHEET

(Amount in Rs.)

PARTICULARS	As at 31 st March, 2010	As at 31 st March, 2009
Sch-6 INVENTORIES (Valued at cost or Net Relisable value whichever is less)		
(a) Raw material and components	14,71,51,745	14,58,70,252
(b) Work-in-progress	2,97,39,162	2,47,23,408
(c) Finished Goods	88,47,303	61,65,644
	18,57,38,210	17,67,59,304
	As at 31st March, 2010	As at 31 st March, 2009
Sch-7 SUNDRY DEBTORS		
(a) Debts outstanding for a period exceeding six months		
Unsecured, considered good	16,43,680	66,81,253
(b) Other debts		
Unsecured, considered good	4,35,15,996	2,85,31,753
	4,51,59,676	3 52 13 006
Includes debts due from a company in which Director is a member of Khushbu Auto Private Limited	43,18,999	29,21,736
	As at 31st March, 2010	As at 31 st March, 2009
Sch-8 CASH AND BANK BALANCES		
(a) Cash on hand	1,63,223	1,16,057
(b) Balance with scheduled banks		
On current accounts	1,36,66,336	1,60,90,138
On deposit accounts	21,89,124	19,70,287
On unpaid dividend accounts	4,50,197	4,51,753
	1,64,68,880	1,86,28,235
	As at 31st March, 2010	As at 31 st March, 2009
Sch-9 LOANS AND ADVANCES		
Unsecured, considered good		
(a) Dues from Associate Company - Khushbu Auto Finance Limited in which directors are member	71,15,685	5,54,679
(b) Advances receivable in cash or kind or for value to be received	3,06,65,369	3,52,69,664
(c) Inter-corporate deposits due from Associate i.e. Khushbu Auto Finance Limited in which directors are member	2,74,25,000	2,74,25,000
(d) Deposits with Govt., Public Bodies & Others		
(i) Balance with Customs, Excise, etc.	17,82,950	69,24,073
(ii) Balance with other authorities	4,77,371	4,77,371
(iii) Other Deposits	36,96,448	36,40,052
(g) Others	39,18,764	29,74,547
	7,50,81,587	7,72,65,386

ATUL AUTO LIMITED
SCHEDULES TO THE BALANCE SHEET

(Amount in Rs.)

	As at 31 st March, 2010	As at 31 st March, 2009
Sch-10 CURRENT LIABILITIES		
(a) Sundry creditors	8,88,65,933	8,55,07,917
(i) total outstanding dues of Micro, Medium and Small Enterprise	37,58,255	36,09,421
(ii) total outstanding dues of creditor other than Micro,	8,51,07,678	8,18,98,496
(b) Advances form customers	35,66,786	53,52,464
(c) Security Deposits from dealers	88,46,001	59,21,000
(d) Others	2,18,88,939	35,92,956
(e) Liability towards Investor Education & Protection Fund under Section 205C of the Companies Act, 1956 not due		
(i) Unpaid dividend	4,46,957	4,48,513
	12,36,14,616	10,08,22,850
<hr/>		
	As at 31 st March, 2010	As at 31 st March, 2009
Sch-11 PROVISIONS		
(a) Provision for taxation	66,90,498	23,18,048
(b) Provision for Fringe Benefit Tax	0	6,56,570
(c) Provision for Wealth Tax	20,000	20,000
(d) Proposed dividend	1,17,03,040	29,25,760
(e) Tax on proposed dividend	19,89,517	4,97,233
	2,04,03,055	64,17,611
Provision for gratuity	27,88,630	10,30,724
Provision for warranties	13,54,224	34,67,418
Provision for After Sales Services	27,72,500	5,03,715
TOTAL	2,73,18,409	1,14,19,468

ATUL AUTO LIMITED
SCHEDULES TO THE PROFIT & LOSS ACCOUNT

(Amount in Rs.)

	2009 - 10	2008-09
Sch12 SALE OF PRODUCTS AND OTHER INCOME		
1 Sale of products & other income from operation		
(a) Sale of Vehicle	124,15,84,666	119,82,84,263
(b) Sale of Spares	5,13,26,379	5,08,19,463
(c) Power Generation Income	64,51,583	66,50,928
	129,93,62,628	125,57,54,654
2 Dividend and Other Income		
(a) Dividend	0	310
(b) Interest	39,97,760	21,12,755
(c) DEPB Income	49,89,817	2,98,73,652
(d) Other Income	33,03,985	25,83,658
	1,22,91,562	3,45,70,375
Notes:		
1 Dividend includes		
Dividend from long term investment	0	310
2 Interest includes		
Interest on Bank deposits Tax deduction at sources Rs.19,825/- (PY Rs.32,881/-)	1,69,712	1,00,305
Interest on Loan to Associate Company Tax deduction at sources Rs.2,69,595/- (PY Rs.2,05,068/-)	26,95,955	9,95,471
On overdues from customers tax deduction at source Rs. 5,014/- (PY Rs.43,735/-)	9,81,414	6,39,989
On Deposit with PGVCL Tax Deduction at source Rs.15,068/- (PY Rs. Nil)	1,50,679	0
Interest on I. T. Refund	0	3,76,990
3 Other Income includes		
Bad Debts written back	2,81,212	7,32,465
Insurance Claim Receivable	8,44,332	0
Insurance Commission	10,15,803	6,37,092
Misc Income	11,62,638	12,14,101
Sch13 MANUFACTURING AND OTHER EXPENSES		
1 Consumption of Raw Material		
Inventories as at 31st March, 2009	14,58,70,252	11,15,17,859
Add: Purchases	88,47,18,293	91,85,55,725
Add: Purchases Expenses	3,25,77,468	3,10,71,606
Less: Inventories as at 31st March, 2010	14,71,51,745	14,58,70,252
	91,60,14,268	91,52,74,938
2 Processing Charges	1,41,06,385	2,09,28,684
3 Payment to and provision for employees		
(a) Salaries, wages and bonus	5,62,76,163	4,80,90,213
(b) Contribution to provident fund	47,59,088	43,16,076
(c) Contribution to ESI	0	68,678
(d) Gratuity Expenses	29,93,316	8,44,832
(e) Other Staff Cost	19,64,234	23,04,593
(f) workmen and staff welfare expenses	43,48,681	33,72,984
	7,03,41,482	5,89,97,375

ATUL AUTO LIMITED
SCHEDULES TO THE PROFIT & LOSS ACCOUNT

(Amount in Rs.)

	2009 - 10	2008-09
4 Expenses for manufacture, administration and selling		
(a) power and fuel	52,24,209	35,82,604
(b) Freight and forwarding charges	27,59,041	5,44,88,734
(c) rent	4,58,323	6,99,174
(d) Rates & Taxes	1,51,490	6,75,176
(e) Repairs and maintenance Plant and Machinery	30,76,654	9,98,086
(f) Repairs and maintenance Buildings	30,10,515	5,29,648
(g) Repairs and maintenance Others	31,48,028	31,60,189
(h) Insurance	36,90,994	11,57,859
(i) Advertising and sales promotion	92,28,545	64,52,018
(j) Travelling and conveyance	94,99,527	69,43,839
(k) Communication cost	16,90,906	13,39,857
(l) Printing and stationery	30,79,789	25,30,397
(m) Legal and professional fees	4,71,400	3,70,991
(n) Remuneration to Auditor	6,62,388	5,30,029
(o) Directors' sitting fees	40,000	3,000
(p) Directors' Remuneration	35,13,340	22,34,000
(q) Exchange difference (net)	3,49,830	23,91,453
(r) Donation and contributions to charitable Institutions	1,61,702	35,000
(s) Warranty & After Sales Exp	82,75,695	75,75,110
(t) Miscellaneous expenses	1,69,93,298	1,03,17,993
	7,54,85,674	10,60,15,157
5 (Increase)/Decrease of Excise Duty on Inventory	4,73,478	1,29,810
6 Changes in Stock in Trade and Workin Progress		
Inventories as at 31 st March, 2010		
-Work-in-progress	2,97,39,162	2,47,23,408
-Finished Goods	88,47,303	61,65,644
	3,85,86,465	3,08,89,052
Inventories as at 31 st March, 2009		
-Work-in-progress	2,47,23,408	7,14,65,522
-Finished Goods	61,65,644	1,05,86,166
	3,08,89,052	8,20,51,688
	-76,97,413	5,11,62,636
	106,87,23,874	115,25,08,601
Sch-14 FINANCIAL EXPENSES		
1 Interest		
(a) On Term Loans	1,83,99,407	91,90,421
(b) On Cash Credit	89,92,128	1,40,55,660
(c) Others	4,18,748	4,40,741
	2,78,10,283	2,36,86,822
2 Bank Charges	37,99,479	42,99,175
	3,16,09,762	2,79,85,997
Sch-15 EXCEPTIONAL ITEMS		
Loss on sale of fixed assets (net)		0 - 23,21,972
Sch-16 TAX EXPENSES		
Current tax	1,58,15,751	30,65,753
Deferred tax	1,02,31,712	- 31,49,176
Fringe benefit tax	67,639	14,25,891
	2,61,15,102	13,42,468

Sch 17 SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Atul Auto Limited, incorporated on 18-06-1986 is a manufacturer of Three Wheeler Auto Rickshaw (Passenger /Loading) and its spare parts. It produces Auto Rickshaw under Atul Shakti & Atul Gem brand names. The Company is also engaged in the generation of Electricity with wind Turbine Generator at Village Soda Mada, Rajasthan and at Village Gandhavi, Gujarat.

(a) Basis of Preparation

The financial statements have been prepared to comply in all material respects with the standards notified under The Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under historical cost convention on an accrual basis except in case of assets for which provision for impairment is made. The accounting policies have been consistently applied by the Company and except for the changes in accounting policy discussed more fully below, are consistent with those used in the previous year.

(b) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the period reported. Actual results could differ from those estimates. Any revision to accounting estimates is recognised in accordance with the requirements of the respective accounting standard.

(c) Inventories

Inventories are valued as follows:

Raw materials, components, stores and spares

Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a FIFO basis. Cost includes relevant cost of bringing those material at their present location and condition.

Work in progress and finished goods

Lower of cost and net realizable value. Cost includes Direct Materials and Labour and a proportion of Manufacturing Overheads based on normal operating capacity or actual production whichever is less. Cost of finished goods includes excise duty. Net Realizable Value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(d) Events occurring after balance date

Material events occurring after the date of balance sheet are recognized and are dealt with appropriately in accordance with generally accepted accounting principles and as provided in AS-5

(e) Depreciation

Depreciation is provided using the Straight Line Method as per the at the rates prescribed under schedule XIV of the Companies Act, 1956 except in case of :

Leasehold Land - amortised over the period of the lease

Intangible Asset - Amortised over a period of 5 years as estimated by the management.

(f) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sales of Goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Excise Duty included in the amount of turnover (gross) are deducted from turnover (gross) for disclosure of net turnover in the P&L account.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Sch17 SIGNIFICANT ACCOUNTING POLICIES

Dividends

Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date. Dividend from subsidiaries is recognised even if same are declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirement of schedule VI of the Companies Act, 1956.

(g) Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation and impairment losses. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use, net of CENVAT recoverable. Financing costs relating to construction of fixed assets are also included to the extent they relate to the period till such assets are ready to be put to use. Financing costs not relating to construction of fixed assets are charged to the income statements.

(h) Foreign currency transactions

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate.

(iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

(i) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current Investments are carried at lower of cost and fair value determined on an individual investment basis. Long term investments are carried at cost, less provision for diminution in value other than temporary.

(j) Employee Benefits

Gratuity

The Gratuity Liability is defined benefit obligation. The company has created Employees Group Gratuity Fund which has taken a Group Gratuity Insurance Policy from Life Insurance Corporation of India (LIC). Premium on above policy as intimated by LIC is charged to the Profit & Loss Account. The adequacy of balances available is compared with actuarial valuation obtained at the period end. Shortfall, if any, is provided for in the Profit & Loss Account.

Provident Fund

Retirement benefits in the form of Provident fund is a defined contribution scheme in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary). The contribution are charged to the profit and loss account of the year when the contribution to the respective funds are due.

Leave Salary

The Company provides for the encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment. The liability is provided based on the number of days of unutilised leave at each balance sheet date.

(k) Borrowing Cost

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

Sch17 SIGNIFICANT ACCOUNTING POLICIES

(l) Segment Reporting

The company is engaged mainly in the business of automobile products. These, in the context of Accounting Standard 17 on Segment Reporting, as specified in the Companies (Accounting Standard) Rules, 2006, are considered to constitute one single primary segment. Further, there is no reportable secondary segment i.e. Geographical segment.

(m) Earning Per Share

Basic earning per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period.

(n) Income Taxes

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognised, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

(o) Intangible assets

Product Development Cost

Product Development Cost incurred on new vehicles platforms, variants on existing platforms and new vehicles aggregates are recognized as intangible assets and are included under fixed assets. These amounts are amortized over sixty months from the commencement of commercial production i.e. from June 1, 2009.

(p) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there are impairment indicators. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognised impairment loss is increased or decreased based on reassessment of recoverable amount, which is carried out if the change is significant. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

(q) Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provision are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(r) Product Warranty Expenses

The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures.

However any risk covered by insurance policy premium paid on such policy are charged to revenue in the year in which it is incurred.

Sch-18 NOTES TO ACCOUNTS**Major Components of Deferred Tax arising on account of timing difference are**

	As at 31st March, 2010	As at 31 st March, 2009
Liabilities		
Depreciation	5,22,14,566	4,11,62,108
Product Development Cost	31,48,140	35,54,357
Expenses allowed on payment basis	0	7,43,392
	5,53,62,706	4,54,59,857
Assets		
Impairment of Assets	3,12,311	2,41,421
Expenses allowable on payment basis	5,22,290	9,22,046
	8,34,601	11,63,467
Net Deferred Tax Liability	5,45,28,105	4,42,96,390
Less: Opening Balance of Deferred Tax Liability	4,42,96,390	4,74,45,568
Deferred Tax charge for the year	1,02,31,715	- 31,49,178

Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006

The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company. The amount of principal and interest outstanding during 2009-10 is given below :

(i) Amounts unpaid as at year end - Principal	37,58,255	36,18,949
Interest	-	-
(ii) Amounts paid after appointed date during the year	-	-
(iii) Amount of interest accrued and unpaid as at year end	-	-
(iv) Amount of interest paid during the year as per section 16	-	-

Provisions and Contingencies

	2009-10	2008-09
Provision for Warranty		
Opening Balance	34,67,418	6,40,160
Provision for the year	12,84,317	46,04,925
Payments/debits (net of recoveries from suppliers)	33,98,631	17,77,667
Closing Balance	13,53,104	34,67,418
Provision for After Sales Service & P.D.I.		
Opening Balance	5,03,715	16,00,400
Provision for the year	69,91,378	29,70,185
Payments/debits (net of recoveries from suppliers)	35,05,693	40,66,870
Closing Balance	39,89,400	5,03,715

Provision for Litigation

Rs.3,06,69,142/- shown as advances receivable in cash or kind or for value to be received under Loans and Advances unsecured, considered good includes an amount of Rs.2,91,59,496/- due from a supplier against whom suit for recovery of above dues and damages have been filed. Same is pending before court. The supplier has also filed suit against the company for Rs.11,17,29,796/-. The company has not made any provision on account of this.

Sch-18 NOTES TO ACCOUNTS

Contingent Liabilities not provided for

	As at 31 st March, 2010	As at 31 st March, 2009
Claims against the Company not acknowledged as debts		
Sales Tax	2,02,531	2,02,531
CST	14,83,791	14,83,791
Excise Duty	1,02,510	1,02,500
Case Pending before consumer forum	47,91,000	47,91,000
Case filed by the supplier in the Court	11,17,29,796	0
Guarantees and counter guarantees given by the company	59,40,00,000	69,40,00,000
TOTAL	71,23,09,628	70,05,79,822

Gratuity and other post-employment benefit plans:

The company has a defined benefit gratuity plan. Every employee who has completed five years or more service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following table summaries the components of net benefit expense recognized in the profit and loss account and the funded status and amounts recognized in the balance sheet for the respective plans.

	<u>2009-10</u>	<u>2008-09</u>
Components of Employer Expenses		
Current service cost	11,28,921	7,22,665
Interest cost on benefit obligation	3,28,933	2,91,837
expected return on plan assets	- 2,81,906	- 2,30,277
Net actuarial (gain)/loss recognized in the year	16,50,879	- 31,944
	28,26,827	7,52,282

Net Liability recognised in Balance Sheet as at March 31

Defined benefit obligation	69,29,549	41,11,665
Fair value of plan assets	42,00,919	30,80,941
	- 27,28,630	- 10,30,724

Changes in the present value of the defined benefit obligation are as follows:

Opening defined benefit obligation	41,11,665	36,47,968
Interest Cost	3,28,933	2,91,837
Current service cost	11,28,921	7,22,665
Benefit paid	- 3,03,398	- 5,35,020
Actuarial (gains)/losses on obligation	16,63,428	- 15,785
Closing defined benefit obligation	69,29,549	41,11,665

Changes in the fair value of plan assets are as follows:

Opening fair value of plan assets	30,80,941	26,46,861
Expected return	2,81,906	2,30,277
Contribution by employer	11,28,921	7,22, 665
Benefits paid	-3,03,398	- 5,35,020
Actuarial gains/(losses)	12,549	16,158
Closing fair value of plan assets	42,00,919	30,80,941

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows

Investments with Insurer	100%	100%
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The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. There has been significant change in expected rate of return on assets due to the improved stock market scenario.

Sch-18 NOTES TO ACCOUNTS

The principal assumptions used in determining gratuity benefit obligations for the company's plan are shown below:

Discount rate	8.00%	8.00%
Expected rate of return on assets	9.15%	8.50%

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand of the employment market.

Amounts for the current and previous to periods are as follows

Defined Benefit Obligation	69,29,549	41,11,665
Plan Assets	42,00,919	30,80,941

Supplementary Statutory Information

Director's Remuneration

Salaries

37,32,884	35,56,524
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Note: As the future liability for gratuity and leave encashment is provided on an actuarial basis for the company as whole, the amount pertaining to the directors is not ascertainable and, therefore, not included above.

Out of above Remuneration paid to Whole time director Rs.2,19,544/- (PY : Rs.13,22,524/-) is capitalized as Product Development expenses included in Capital Work-in-Progress.

Computation of net Profit in accordance with section 349 of the Companies Act, 1956 for calculation of commission payable to directors

Company has been advised that the computation of net profits for the purposes of directors' remuneration under section 349 of the companies act 1956 need not be enumerated since commission have not been paid to the directors. Fixed monthly remuneration has been paid to the directors as per schedule XIII to the company's act 1956.

Auditor's Remuneration includes

Audit Fee	3,00,000	3,00,000
Taxation matters	2,47,500	2,03,451
Other services	1,00,000	7,500
out-of-pocket expenses	14,888	19,078
TOTAL	6,62,388	5,30,029

Excise Duty

Excise duty on sales amounting to Rs. 10,08,88,949/- (PY : Rs.8,09,29,178) has been reduced from sales in profit & loss account and excise duty on increase/decrease in stock amounting to Rs.4,01,485/- (PY : Rs. 1,29,810/-) has been considered as (income)/expense in Schedule 5 of financial statement

Earnings in foreign currency (Cash/accrual basis)

Export at F.O.B. value	60,63,864	44,18,17,881
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Expenditure in foreign currency (Cash/accrual basis)

Travelling	1,68,528	3,84,512
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Value of Imports calculated on CIF basis

Raw materials	0	25,967
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Net dividend remitted in foreign exchange

Period to which it relates	2008-09	2007-08
Number of non-resident shareholders	32	33
Number of equity shares held on which dividend was due	4,15,859	4,15,740
Amount remitted	2,07,929	2,07,870

Sch-18 NOTES TO ACCOUNTS

Related Party disclosure as required under clause 32 of The Listing Agreement

A Names of Related Parties

Associates	Khushbu Auto Finance Limited	
Key Management Personnel	1. Chandra Jayantilal Jagjivan	Chairman & Managing director
	2. Patel Mahendra Jamnadas	Wholetime director
	3. Mittal Sunilkumar	Wholetime director
Relatives of key management personnel	1. Chandra Dharmendra Jagjivan	Brother of Chairman & Managing Director Shri Chandra Jayantilal
	2. Chandra Harish Jagjivan	Brother of Chairman & Managing Director Shri Chandra Jayantilal
	3. Chandra Mahesh Jagjivan	Brother of Chairman & Managing Director Shri Chandra Jayantilal
	4. Chandra Niraj Jayantilal	Son of Chairman & Managing Director Shri Chandra Jayantilal
	5. Chandra Prafulla Jayantilal	Wife of Chairman & Managing Director Shri Chandra Jayantilal
	6. Patel Ashok Jamnadas	Brother of Wholetime Director
	7. Patel Manisha Mahendra	Wife of Joint Wholetime Director Shri Mahendra Jamnadas

Enterprises owned or significantly influenced by key personal management or their relatives

1. Atul Auto Agency
2. Atul Auto Industries
3. Atul Automotives
4. Atul Motors Pvt. Ltd.
5. Atul Petroleum
6. Khushbu Auto Private Limited
7. New Chandra Motor Cycle Agency
8. New Chandra Motor Cycle House
9. Atul Automobiles

B Related Party Disclosure

	Associates		Key Management Personnel		Enterprise owned or significantly influenced by key management personnel or their relatives		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
Sales	1,54,731	39,743	0	0	27,58,17,491	21,34,47,977	27,59,72,222	21,34,87,720
Purchase	0	0	0	0	6,72,135	41,88,357	6,72,135	41,88,357
Current Account	2,71,66,749	8,24,21,750	0	0	0	0	2,17,66,749	8,24,21,750
Remuneration	0		37,32,884	35,56,524	0		37,32,884	35,56,524
(Sale)/purchase of fixed assets	0		0		7,64,468	-10,15,000	7,64,468	-10,15,000
After Sales Service/ Warranty Claims	0		0		13,34,950	15,77,387	13,34,950	15,77,387
Services Received	0		0		63,409	69,447	63,409	69,447
Sales Incentives	0		0		0	4,73,775	0	4,73,775
Interest Received	0	24,68,250	0		0		0	24,68,250
Interest Paid	26,95,955	14,72,779	0		0	8,000	26,95,955	14,80,779
Commission Received	0		0		0	20,000	0	20,000
Commission Paid	0		0		0	34,000	0	34,000
Risk Pool Income	0		0		1,50,000	0	1,50,000	0
Amount Written Off	0		0		1,00,000		1,00,000	0
Guarantees given/ (obtained)	59,40,00,000	69,40,00,000					59,40,00,000	69,40,00,000

Balance outstanding as at the year end

Receivable	73,06,074	5,54,679	0	0	1,37,39,613	51,77,417	2,10,45,687	57,32,096
Payable	0		0	0	67,359	0	67,359	0
Inter corporate	2,74,25,000	2,74,25,000	0	0	0	0	2,74,25,000	2,74,25,000
Deposits								

C Disclosure in respect of material transaction with related parties

Transaction	Name of the Party	2009-10	2008-09
Current Account	Khushbu Auto Finance Limited	2,17,66,749	8,24,21,750
Purchase of Goods	Khushbu Auto Private Limited	2,00,174	1,12,275
	New Chandra Motor Cycle House	4,71,961	39,70,246
Sale of Goods	Khushbu Auto Private Limited	26,09,79,525	17,45,40,830
	Khushbu Auto Finance Limited	1,54,731	39,473
	New Chandra Motor Cycle Agency	91,72,673	1,64,69,138
	New Chandra Motor Cycle House	56,65,293	55,33,228
After Sales Services/ Warranty Claim	Khushbu Auto Private Limited	3,64,981	13,62,597
	New Chandra Motor Cycle Agency	37,886	13,62,597
Amount Written Off	New Chandra Motor Cycle House	1,00,000	0
Guarantee Given	Khushbu Auto Finance Limited	59,40,000	69,40,000

Information in regard to Opening Stock and Closing Stock:

	2009-10		2008-09	
	Quantity Nos.	Value	Quantity Nos.	Value
(a) Opening Stock				
Three Wheelers	65	61,65,644	116	1,05,86,166
Two Wheelers	1	0	1	0
		61,65,644		1,05,86,166
(b) Closing Stock				
Three Wheelers	108	88,47,303	65	61,65,644
Two Wheelers	0	0	1	0

Details with regard to sales effected by the Company:

	2009-10		2008-09	
	Quantity Nos.	Value	Quantity Nos.	Value
3 Wheelers	12,329	114,43,62,873	11,488	112,15,19,574
Spares Parts for Vehicles		4,76,59,223		4,66,54,974
Power Generation Income	14,70,241	64,51,583	18,21,174	66 50,928
		119,84,73,679		117,48,25,476

Quantitative information in regard to installed capacity and the actual production by the company

	Units of Measurement	Installed Capacity	Actual Production
3 Wheelers		Not Ascertainable	12,379
			11,469

Power Generation

For Sales (Rajshthan Windmill)	Units	29,00,000	17,35,043
		29,00,000	14,70,241
For own Consumption (Gujarat Windmill)	Units	16,00,000	14,12,113
		16,00,000	18,21,174

Note: During the year 7 Three Wheelers (PY 32) and 1 Two Wheelers (PY Nil) were dismantled.

Other Notes**1 Charges not registered**

Company has purchased staff buses and motor cars on hire purchase basis from the Finance Company for which the registration of charge on such vehicles is pending for registration with Registrar of Companies as on 31st March, 2009 amounting to Rs. 8,15,124 (Previous Year Rs. 6,38,651)

2 Previous Year Comparatives

Previous year's figures have been regrouped where necessary to conform to this year's classification.

As per our report of even date

For and on behalf of Board

For **Maharishi & co**
Chartered Accountants
Firm Reg. No. 124872W

Mittal S. K.

Patel M. J.

Chandra J. J.

Wholetime
Director

Wholetime
Director

Chairman and
Managing Director

Prashant Maharishi
Partner
M. No.41452
Place: Shapar (Veraval)
Date: 28.05.2010

Purvi P. Mehta
Company Secretary

Statement pursuant to Part IV of Schedule VI to the Companies Act, 1956
Balance Sheet Abstract and Company's General Business Profile

I Registration Details

Registration No.:	16999	State Code	04
Balance Sheet Date	31/03/2010		

II Capital Raised During The Year (Amount in Thousand)

Public Issue	0	Right Issue	0
Bonus Issue	0	Private Placement	0

III Position of Mobilisation And Development of Funds (Amount in Thousands)

Total Liabilities	6,22,710	Total Assets	6,22,710
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Sources of Funds

Paid Capital	60,844	Reserve & Surplus	2,75,622
Secured Loans	2,31,716	Unsecured Loans	0

Application of Funds

Net Fixed Assets	4,28,200	Investments	22,995
Net Current Assets	1,71,515	Miscellaneous Expenditure	0
Accumulated Losses	0		

IV Performance of Company (Amount in Thousands)

Turnover (Sales and Other Income)	12,10,765	Total Expenditure	11,39,264
Profit before Tax	71,502	Profit After Tax	45,387

Earning Per Share Basic Rs.	7.76	Dividend Rate%	20%
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Earning Per Share Diluted Rs.	7.76		
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V Generic names of principal products/services of the Company

(As per monetary Items)

Item Code No. (ITC Code)	87114.01	Product Description	Auto Rickshaw
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TWENTY SECOND ANNUAL REPORT 2009 - 2010
ATTENDANCE SLIP

I certify that I am registered shareholder / proxy for the registered shareholder of the company.

I hereby record my presence at the 22nd Annual General Meeting of the Company at Survey No, 86, Plot Nos. 1 to 4, National Highway 8-B, Shapar (Veraval), RAJKOT-360 002. on Friday, Dt. 28-7-10.

Member's / Proxy's name in Block Letters _____

Member's / Proxy's Signature _____

Client ID _____

DP ID _____

Note :

1. Please sign this attendance slip and hand it over at the Attendance Verification Counter at the ENTRANCE OF THE MEETING PLACE.
2. The Shareholding stated above is subject to change for transfers upto date of meeting. THIS ATTENDENCE SLIP IS VALID ONLY IN CASE SHARES ARE HELD ON THE DATE OF MEETING.

ATUL AUTO LIMITED

Regd. Office : Survey No. 86, Plot Nos. 1 to 4, National Highway 8-B,
Shapar (Veraval) RAJKOT - 360 002.

PROXY

I / We _____
of _____ in the district of _____ being
a Member / Members of the above named Company, with Client ID _____
DPID _____ hereby appoint _____ of _____ in the
district of _____ or fulfilling him / her _____
as my / our Proxy to attend and vote for me / us and on my / our until of the "22nd
Annual General Meeting of the Company" to be held on Friday 28-07-10, at 4-00 P.M.
and at any adjournment thereof.

Signed this _____ day of _____ 2010

Reference edin _____

Signature _____

Affix
1-00 Rs.
Revenue
Stamp

NOTE : A proxy in order to be valid must be duly filled in, stamped, signed & deposited at the Registered Office of the company at Survey No. 86, Plot Nos. 1 to 4, National Highway 8-B, Shapar (Veraval), Dist. RAJKOT - 360 002, not less then 48 hours before commencement of the meeting.

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