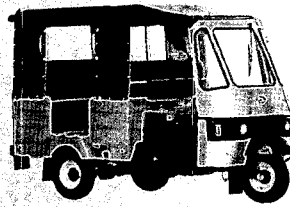


21st ANNUAL REPORT 2008 - 2009



ATUL GEM



ATUL SHAKTI



ROAD MASTER



ATUL
AUTO LTD.

THE REAL GEM OF PROSPERITY.

ATUL
GEM



PAXX



CARGO



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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 encourage 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.

NOTICE

Notice is hereby given that the Twenty First Annual General Meeting of the Members of Atul Auto Limited will be held on **Tuesday, September 29, 2009 at 4.00 P. M.** at Plot no. 1 to 4, survey no. 86, National High way 8 B, Near Microwave Towers, Village Veraval Shapar, Kotda Sangani, Rajkot, Gujarat to transact the following business:-

Ordinary Business

1. To consider and adopt the audited Balance Sheet as at March 31, 2009, 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. Suresh T. Kaneria, who is liable to retire by rotation and being eligible, offers himself for reappointment.
4. To appoint M/s. Maharishi & Co., Chartered Accountants, as Statutory, 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

5. Appointment of Mr. Ramniklal Kotecha as Director:

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

"RESOLVED THAT in accordance with provisions of Section 257 and other applicable provisions, if any, of the Companies Act, 1956, Mr. Ramniklal Kotecha, who was appointed as an additional director by the Board, and is eligible for appointment as director, and in respect of whom notice under section 257 of the Companies Act, 1956, has been received, be and is hereby appointed as Director of the Company and he shall be liable to retire by rotation as per provisions of the Companies Act, 1956 read with Articles of Association of the Company."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all things, deeds, acts as may be necessary in this regard."

6. Appointment of Mr. Vijay Kedia as Director:

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

"RESOLVED THAT in accordance with provisions of Section 257 and other applicable provisions, if any, of the Companies Act, 1956, Mr. Vijay Kedia, who was appointed as an additional director by the Board, and is eligible for appointment as director, and in respect of whom notice under section 257 of the Companies Act, 1956, has been received, be and is hereby appointed as Director of the Company and he shall be liable to retire by rotation as per provisions of the Companies Act, 1956 read with Articles of Association of the Company."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all things, deeds, acts as may be necessary in this regard."

7. Appointment of Mr. Sunil Kumar Mittal as the Joint 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 1st June, 2009, approval of the Company be and is hereby given for appointment of Shri Sunil Kumar Mittal as the Joint Managing Director (redesignated from Wholetime Director) w.e.f. 1st June, 2009 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:

SALARY:

a) Rs. 1,07,400 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 Sunil Kumar Mittal shall not be paid any other commission by the Company.

c) **Other Perquisites:**

(i) Housing Rent Allowance: Rs. 21,480/- per month.

(ii) Entertainment allowance: Rs. 25,000/- per month.

(iii) Medical reimbursement for self and family members for the actual amount incurred.

(iv) 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.

(v) Contribution towards gratuity fund, super annuation fund and benefits payable as per Rules.

(vi) Use of Company's Car along with facility of driver and reimbursement of maintenance expenses of car.

d) Bonus: 15 % of basic salary for first half of each financial year, and 25 % of basic salary for second half of financial year.

e) The Terms and conditions of the said appointment may be revised, enhanced, altered and varied from time to time by the Board of Directors of the Company subject to provisions of the Companies Act, 1956 including provisions as contained in Schedule XIII thereto.

f) Notwithstanding anything to contrary herein contained where in any financial year during the currency of tenure of Shri Sunil Kumar Mittal, the company has no profits or has inadequate profits, the company will pay remuneration by way of salary, incentive remuneration, perquisites and allowances as specified above.

"RESOLVED FURTHER THAT where in any financial year, the Company is not having profits or its profits are inadequate, the Company shall pay to Shri Sunil Kumar Mittal, the remuneration as said in above paragraphs, subject to provisions of Schedule XIII to the Companies Act, 1956"

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all things, deeds, acts as may be necessary in this regard."

By order of the Board of Directors

Date: 17/08/2009
Place: Shapar (Veraval)

For, ATUL AUTO LIMITED,

(J. J. CHANDRA)
Chairman & Managing Director

Registered Office:

Atul Auto Limited
Plot No 1 to 4, Survey No. 86
Near Microwave Tower, National Highway 8 B
Rajkot Gondal Highway, Village Shapar Veraval
Taluka Kotda Sangani, Dist Rajkot,
Gujarat

Notes:

1. A member entitled to attend and vote at the Annual General Meeting (the Meeting) is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before commencement of the Meeting.
2. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
3. In terms of Article 154 of the Articles of Association of the Company, Mr. Suresh Kaneria, Director of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment. Further, Mr. Vijay Kedia & Mr. Ramniklal Kotecha, who have been appointed as additional directors, are proposed to be appointed as Directors in the ensuing Annual General Meeting. Further, Mr. Sunil Mittal, Wholetime Director, has been appointed as the Joint Managing Director, w.e.f. 1st June, 2009 by the Board of Directors of the Company, 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. The Company has already notified closure of Register of Members and Transfer Books from

September 17, 2009 to September 28, 2009 (both days inclusive)

9. (a) In order to provide protection against fraudulent encashment of dividend warrants, members who hold shares in physical form are requested to intimate the Company's Registrars and Transfer Agents, M/s. Sharex Dynamics (India) 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, SHAREX DYNAMICS (INDIA) PVT. LTD. for consolidation into a single folio.
11. Non-Resident Indian Members are requested to inform the Company's Registrars and Transfer Agents, SHAREX DYNAMICS (INDIA) PVT. LTD. 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. 4:

The Board of Directors of the Company appointed Mr. Ramniklal Kotecha, as an Additional Director of the Company with effect from 31 January 2009, pursuant to section 260 of the Act and Article 135 of the Articles of Association of the Company. Under section 260 of the Act, Mr. Kotecha ceases to hold office at this Annual General Meeting but is eligible for appointment as a Director.

A notice under section 257 of Act has been received from a Member signifying his intention to propose his appointment as a Director.

Mechanical Engineer by profession, Mr. Kotecha, has started career in swiss-based company Rodiyo Foundation Engineering Ltd. as the Sight Engineer at Metro Railway project at Kolkatta. Thereafter, ventured his own export-import business of engineering goods in 1983. Presently, Mr. Kotecha is running professionally managed company involved in export of agricultural, construction machinery, casting, forging & automotive components. He is having an excellent acumen in management skills. Mr. Kotecha is an independent & non-executive Director of the Company.

The Directors recommend the resolution at item 4 of the accompanying notice for approval of the Members of Company. Mr. Ramniklal Kotecha is concerned or interested in item no. 5 of the notice.

Item Nos. 5:

The Board of Directors of the Company appointed Mr. Vijaykumar Kedia, as an Additional Director of the Company with effect from 31st January 2009, pursuant to section 260 of the Act and Article 135 of the Articles of Association of the Company. Under section 260 of the Company Act, Mr. Kedia ceases to hold office at this Annual General Meeting but is eligible for appointment as a Director. A notice under section 257 of Act has been received from a Member signifying his intention to propose appointment of Mr. Kedia as a Director.

A commerce graduate, Mr. Vijaykumar Kedia, is having experience of more than 25 years in field of finance & securities market. He is well versed with the field of shares & securities, finance, investment, & fund management. Mr. Kedia is holding more than 2% shares in the Company and hence, is a non-independent & non-executive Director of the Company.

The Directors recommend the resolution at item 5 of the accompanying notice for approval of the Members of Company. Mr. Vijaykumar Kedia, is concerned or interested in item no. 5 of the notice.

Item Nos. 6:

The Board of Directors of the Company appointed Mr. Sunil Kumar Mittal, Wholetime Director, as the Joint Managing Director of the Company, with effect from 1st June 2009, 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 and posses experience of more than twenty years in three wheeler industry. He had joined the company from 1st December 2006 as Vice President Technical. Mr. Mittal has been instrumental in the research & development of new vehicle of the Company viz. Atul Gem (three-wheeler with rear engine). The Board appointed him as the Joint Managing Director of the Company w.e.f. 1st June, 2009 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 Joint 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. Mr. Sunil Kumar Mittal is concerned or interested in item no. 6 of the notice.

ATUL AUTO LIMITED
REPORT OF BOARD OF DIRECTORS

Your Directors are pleased to present their Twenty first Annual Report for the year ended on 31st March 2009.

FINANCIAL RESULTS:

Your Company's performance for the year ended on 31st March 2009 is summarized as under:

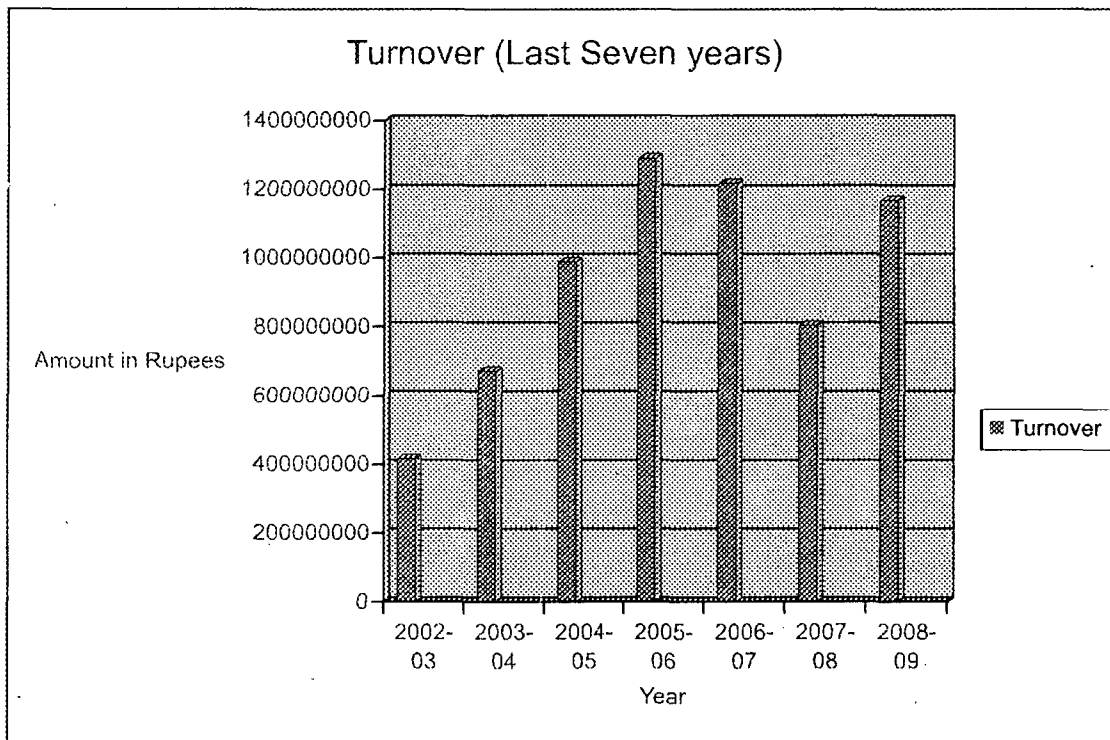
Particulars	For the year ended on 31 st March 2009	For the year ended on 31 st March 2008
Turnover	116,81,74,548	80,39,77,740
Profit before taxes	59,39,032	1,91,13,867
Current Tax	(30,65,753)	(25,77,673)
Fringe Benefit tax	(14,25,891)	(3,03,740)
Deferred Tax	—	35,78,348
Deferred Tax charge	(31,49,176)	—
Wealth Tax Reversal/(Provision)	—	(15,735)
Net profit after Tax	45,96,564	1,26,69,841
Proposed Dividend	29,25,760	58,51,520
Proposed Dividend written back	(34,22,992)	
Dividend Tax	4,97,233	9,94,465
Profit and loss account balance carried forward	45,96,563	58,23,856

DIVIDEND

The Board of director is pleased to recommend dividend of 5% (Re.0.50 per share) on the paid up share capital, which is subject to approval of members in the ensuing Annual General Meeting. The total dividend payment amounts to Rs. 34,22,993 (including Dividend Tax of Rs. 4,97,233). If approved as stated, the Final Dividend will be paid to the shareholders whose names appear as Beneficial Owners as at the close of 16th September, 2009, as per the list to be furnished by the Depositories in respect of shares held in the Electronic Form, and (b) as Members in the Register of Members of the Company as on 17th September, 2009, after giving effect to all valid share transfers in physical form which are lodged with the Company on or before 16th September, 2008

PERFORMANCE OF THE COMPANY

The total net turnover of the Company (in terms of Rupees) has been increased from Rs. 80,39,77,740/- of previous year to Rs. 1,16,81,74,548 during the year under Report. The total net turnover of the company for the current year has increased 45.30 % as compared to the previous year. However, the net profit before tax has fallen down from Rs. 1,91,13,867 to Rs. 59,39,032 in the present fiscal due to increase in raw material cost & operating expenditures.



ATUL GEM

On 28th May 2009, Atul has introduced its all-new rear engine three-wheeler, under the brand name 'ATUL GEM', with world-class state of art technology at a glittering function at Ajmer. The GEM is Rugged and Reliable vehicle, which gives a fuel economy of 35 ± 3 kmpl under idle test condition run on economic fuel-Diesel. To offer reliability, company has tied up with insurance company and offering 24 months warranty. The new facility of manufacturing such as BIW for fabrication of Chassis with cabin has been installed for this new model. Atul Auto uses CED technology [Cathode Electro Deposition - CED]. For painting CED is the latest painting technology, used world over for high corrosion resistance painting to paint the vehicles for long rust proof life. The new conveyer assembly line has capacity to produce 50 vehicles per shift and all other support systems have been aligned accordingly.

The stylish looking GEM presently comes in two models, GEM PAXX, the passenger carrier is spacious with ample driver space, comfortable three passengers seating and ample luggage space, GEM Cargo- XL (Extra Large) has a larger platform tray and foldable sides, which makes loading and unloading easier. It has a payload capacity of 585 kilograms. The Cargo comes with cabin and doors. Both the variants are made of monocoque chassis to take more loads and to absorb shocks & impacts much better. The GEM has larger wheels for heavy payloads and better road grip.

The 8 HP at 3600-RPM diesel engine packs extra horsepower, providing a smooth ride even in rough or hilly areas. Dual circuit self-adjusting hydraulic brakes with tandem master cylinder ensure safe breaking.

There are several other features of the GEM, which makes it a safe and comfortable driving experience such as the Electric self-start function, dual powerful headlamps for easy night driving, locks for steering, fuel tank and doors to stop thefts and pilferage as well as a comfortable cabin with ergonomic controls and a single piece windshield glass.

Three more variants, GEM Cargo, GEM- High Deck & GEM - Delivery Van will be available to the customers in short time.

POWER GENERATION PROJECT

The Company has earned total income of Rs. 1,35,78,109 (out of which, electricity having value of Rs. 69,27,181 has been used for self consumption) from power generation project in the year 2008-09, as compared to total income of Rs. 1,22,85,745 during the last fiscal (out of which, electricity having value of Rs. 53,24,061 has been used for self consumption.)

WIDE DEALER NETWORK

Atul is having wide Dealer network in 10 states and more than 100,000 Atul vehicles are on the Indian as well as foreign roads with commendable success, both in terms of workmanship and after sales service through its well spread Authorised Dealers' Network operating in 10 Indian states.

BOARD'S RESPONSIBILITY STATEMENT

In pursuance of Section 217(2AA) of the Companies Act, 1956, the Directors confirm:

- a) That in the preparation of annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same,
- b) That They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the accounting year and of the profit and loss account for that year;
- c) That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- d) That they have prepared the annual accounts on a going concern basis.

SUBSIDIARY OF THE COMPANY

M/s Khushbu Auto Finance Ltd. (KAFL), subsidiary of the Company, has been ceased to be subsidiary w.e.f. 28th February 2009, consequent to allotment made by it to a corporate body. Consequently, consolidated accounts with Khushbu Auto Finance Limited, has not been included in the Annual Report.

PERSONNEL

Your Company has always aimed at enhancing human values, and strengthening the employee skills & productivity. At the same time, the Company believes that employee should be treated with human touch and purity of selflessness. Your Company is emphasizing on training /leadership development to nurture & groom critical talent as well as develop leadership internally.

PARTICULARS OF EMPLOYEES

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

TRADE RELATIONS

The Board desires to place on record it's appreciation of the support and cooperation received

from suppliers / vendors and authorized dealers and all other associates with our Company. Company regards them as partners in its progress and shares with them the fruits of growth. The Management constantly endeavors to build strong and mutually respectable trade relations with them.

DIRECTORS

Mr. Suresh Kaneria, Director, of the Company retires by rotation at the ensuing Annual General Meeting and being eligible offer himself for reappointment.

Mr. Vijaykumar Kedia, and Mr. Ramniklal Kotecha, has been appointed as Additional Directors of the Company w.e.f. 31st January 2009, and their term of office is expiring at ensuing Annual General Meeting. Necessary resolution for their appointment as directors liable to retire by rotation are being included in notice convening Annual General Meeting pursuant to notices received under section 257 of the Companies Act, 1956.

The Board of Directors of the Company appointed Mr. Sunil Kumar Mittal, Wholetime Director, as the Joint Managing Director of the Company, with effect from 1st June 2009, 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 three-wheeler industry. He had joined the company from 1st December 2006 as Vice President Technical. Mr. Mittal has been instrumental in the research & development of new vehicle of the Company viz. Atul Gem (three-wheeler with rear engine). The Board appointed him as the Joint Managing Director of the Company w.e.f. 1st June, 2009 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.

A brief Resume of Mr. Suresh T. Kaneria, Mr. Vijaykumar Kedia, Mr. Ramniklal Kotecha and Mr. S.K. Mittal, 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 Exchanges in India, are provided in the report of Corporate Governance forming part of the annual report.

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 annexed to this Report of Board.

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.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Disclosures with regards to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo as required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are annexed herewith (**Annexure A**) and forms part of this Report.

ACKNOWLEDGEMENT

Your directors put on record their wholehearted gratitude to State bank of India and IDBI for their support. We are also thankful to the executives, staff and workers of the Company for their sincere efforts in development of the Company.

For and on behalf of Board

(J. J. Chandra)

Chairman & Managing Director

Date : 17th August, 2009

Place : Shapar (Veraval)

ANNEXURE 'A' TO THE DIRECTORS' REPORT

CONSERVATION OF ENERGY, RESEARCH & DEVELOPMENT, TECHNOLOGY ABSORPTION

Disclosures pursuant to the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988

1. 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 offices 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

Particulars	2008-09	2007-08
Electricity purchased*		
Units	17,53,257	17,31,656
Amount	1,05,09,785	81,78,578
Rate per unit	5.99	4.72
Production in numbers	11,469	8,736
Units consumed per unit of Production	153	198

It includes utilization of own generated electricity units (13,05,227 -previous year; 14,84,360) from WTG near Lamba in Gujarat. These units are set off as per wheeling Agreement with Paschim Gujarat Vij Co. Ltd.

2. 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 upgradation 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.

3. Foreign Exchange earnings and outgo

Earnings:-

Particulars	2008-09	2007-08
Earnings		
FOB Value of Export	44,18,17,881	15,51,033

Outgo:-

Expenditure in foreign currency	2008-09	2007-08
a) Traveling expenses	3,84,512	21,400
b) Material Purchases	25,967	15,978
c) Amount of dividend paid	2,07,870	4,15,752

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC SCENARIO

During the year under Report, the economic scenario was full of severe recession caused by massive financial crisis. As per Report of the International Monetary Fund, during 2009, for the first time since World War II, global GDP is projected to contract to -1.3 percent compared to a growth of 3.2 percent in 2008 and 5.2 percent in 2007. On the positive side, whilst projections for the real GDP growth rate for the advanced economies are negative, the emerging and developing economies, especially China, India, the Middle East and a few African countries, promise a relatively better growth rate for next year. Nevertheless, since the current global outlook is exceptionally uncertain, the emerging and developing economies should be ready for tough times ahead. Indian Economy After clocking an average annual growth of 8.9 per cent over the last five years (2003-08), India registered a cyclical downturn in 2008-09. According to the Central Statistical Organization, the Real GDP growth rate estimated for 2008-09 has gone down significantly to 7.1 per cent from 9.0 per cent in the previous year. The loss of growth momentum in the industrial sector was evident during 2008-09 (April-February) with the year-on-year expansion being 2.8 per cent as against 8.8 per cent in the corresponding period of the previous year.

INDUSTRY AND BUSINESS OUTLOOK

During the year under Report, the sales of passenger vehicles [15,49,882 in 2007-08 & 15,51,880 in 2008-09] and two wheelers [72,49,278 in 2007-08 & 74,37,670 in 2008-09] has been increased as compared to the previous year. However, sales of commercial vehicles [4,90,494 in 2007-08 & 3,84,122 in 2008-09] and three wheelers [3,64,781 in 2007-08 & 3,49,719 in 2008-09] have seen downtrend in the year 2008-09.

PRODUCT PERFORMANCE

1. PRODUCTION:-

Production of the vehicles for the year 2008-09 is 11,437 as compared to 8,736 in 2007-08, showing an increase of 30.91%.

2. SALES:-

Total Sales turnover, while represented in number of vehicles, is 11,488, which in terms of amount is Rs.112.15 Crores, against previous year turnover of Rs. 75.94 Crores [vehicles sold 8857 in previous year].

3. PROFITABILITY:-

The company's profit before tax stood at Rs.59,39,032, whereas Net profit after tax stood at Rs.45,96,564.

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 Rajasthan and has also installed 0.600 MW Wind Turbine Generator at Gandhavi, Dist. Jamnagar. The Company has earned total income of Rs. 1,35,78,109 (out of which, electricity having value of Rs. 69,27,181 has been used for self consumption) from power generation project in the year 2008-09, as compared to total income of Rs. 1,22,85,745 during the last fiscal (out of which, electricity having value of Rs. 53,24,061 has been used for self consumption). The company has earned benefits of saving in power cost since then.

OUTLOOK FOR 2009-10

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 looking to the vast regional development in the country where three wheelers are the cheapest mode of transportation for passengers as well as goods, demand for this product is likely to record consistent growth. Company is also foreseeing sustained requirement of three-wheeler in underdeveloped countries. Export market is also expected to record impressive growth.

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 this industry witness very fast change in technological development

(b) Material supplies and price:-

Increasing prices of raw materials and components like steel, rubber, etc. continued to exercise great strain on profitability of the 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 been taken up as effective method in safeguarding the company's interest and business share.

2. Financial Risks:-

• 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.

3. STATUTORY COMPLIANCES:-

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

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:-

The company has well defined organisation structure, documented policy guidelines, predefined authority levels and extensive systems of internal controls to 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 discuss the significant finding and initiates the corrective measures.

HUMAN RESOURCES

People are at the central to Company's performance and growth. 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 STATEMENTS

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.

Directors' Report on Corporate Governance

Your directors present the Company's Report on Corporate Governance.

1. Company's Philosophy on Corporate Governance:

The Company believes in setting the highest standard of good and ethical corporate governance practices to enhance the long-term shareholder value and protect the interest of shareholders, customers and others.

The main objectives of Corporate Governance are:

1. Maximizing long-term sustainable shareholder value.
2. Ensuring fairness, honesty, transparency in all transactions with all.

Atul's corporate governance framework would be based on following main principles

1. Constitution of board of directors of appropriate size, expertise, experience and commitment to discharge their responsibilities and duties
2. Independent verification and safeguarding integrity of the company's financial reporting
3. Timely and balanced disclosure of all material information concerning the company to all stakeholders
4. Compliance with applicable rules and regulations

The Company is committed to follow the high standards of transparency, accountability and propriety. The company is in process of forming Atul's code of ethics and Atul's business policy. The Company has formed various committees of the Board of Directors to monitor the various aspects of the business.

2. Board of Directors:

Composition of the Board:-

As on 31st March 2009, composition of the the Board of Directors of the Company was as follow:

No.	Name	Designation	Category
1	Mr. J. J. Chandra	Chairman & Managing Director	Executive Non-Independent
2	Mr. Mahendra J Patel	Joint Managing Director	Executive Non-Independent
3	Mr. Sunil Kumar Mittal	Wholetime Director	Executive Non-Independent
4	Mr. Vijaykumar Kedia	Director	Non-executive Non-Independent
5	Mr. Rajesh Dhruv	Director	Non-executive Independent
6	Mr. Suresh Kaneria	Director	Non-executive Independent
7	Mr. Hakubhai Lalakia	Director	Non-executive Independent
8	Mr. Ramniklal Kotecha	Director	Non-executive Independent

Brief Resume of Director

- | | | |
|----|---------------------------------|---|
| 1. | Mr. J. J. Chandra | Chairman & Managing Director
Director since 18/10/1986 |
| | a. AGE | 54 Years |
| | b. QUALIFICATION | Under Graduate |
| | c. EXPERTISE | Eminent industrialist with wide business experience in Automobile Industry for last 39 years. |
| | d. OTHER DIRECTORSHIPS# | Nil |
| 2. | Mr. Mahendra J. Patel | Joint Managing Director
Director since 30/11/1994 |
| | a. AGE | 46 Years |
| | b. QUALIFICATION | Under Graduate |
| | c. EXPERTISE | Production / Personnel |
| | d. OTHER DIRECTORSHIPS# | Nil |
| 3. | Mr. Sunilkumar Mital | Whole time Director since 31/10/2007
Joint Managing Director w.e.f. 01/06/2009 |
| | a. AGE | 50 Years |
| | b. QUALIFICATION | B.E. Mechanical |
| | c. EXPERTISE | Engineer by profession and developed expertise in designing complete vehicle and components. Wide experience of more than 20 years in three-wheeler industry. |
| | d. OTHER DIRECTORSHIPS# | Nil |
| 4. | Mr. Rajesh H. Dhruv | Director since 19/12/1994 |
| | a. AGE | 54 Years |
| | b. QUALIFICATION | Commerce Graduate and Chartered Accountant |
| | c. EXPERTISE | Finance and Foreign Exchange Regulations |
| | d. OTHER DIRECTORSHIPS# | One (Integrated Proteins Limited) |
| 5. | Mr. Suresh T. Kaneria | (Director since 8/3/2004) |
| | a. AGE | 49 Years |
| | b. QUALIFICATION | Commerce Graduate |
| | c. EXPERTISE | General Administration Skills |
| | d. OTHER DIRECTORSHIPS# | Nil |
| 6. | Mr. Hakubhai J. Lalakiya | (Director since 31/5/2006) |
| | a. AGE | 55 years |
| | b. QUALIFICATION | M.Com. L.L.M. |
| | c. EXPERTISE | Practicing as Advocate for more than 22 years |
| | d. OTHER DIRECTORSHIPS# | Nil |
| 7. | Mr. Ramniklal Kotecha | (Director since 31/01/2009) |
| | a. AGE | 54 years |
| | b. QUALIFICATION | B.E. (Mechanical) |
| | c. EXPERTISE | Administration & management |
| | d. OTHER DIRECTORSHIPS# | Nil |

8. **Mr. Vijaykumar Kedia** (Director since 31/01/2009)
- a. AGE 49 years
- b. QUALIFICATION B. Com.
- c. EXPERTISE Finance, investment & fund management
- d. OTHER DIRECTORSHIPS# Kedia Securities Pvt. Ltd.,
Sky Space Entertainment Pvt. Ltd.

#Excludes directorship in or Membership of any Committee in any Private Limited Companies/
Foreign Companies.

Meetings :-

Since the beginning of the financial year 2008-09, till the date of end of the financial year, a total of 12 Board Meetings were held on the following dates viz., 24th June, 2008, 30th June, 2008, 7th July, 2008, 31st July, 2008, 18th August, 2008, 27th September, 2008, 7th October, 2008, 31st October, 2008, 30th December, 2008, 31st January, 2009, 16th February, 2009 and 31st March, 2009. Mr. Ramniklal Kotecha & Mr. Vijaykumar Kedia, have been appointed as additional directors w.e.f. 31st January 2009.

All other Directors were present in all the meetings of the Board of Directors.

3. **Remuneration to Directors:**

Name of Director	Category	Designation	Salary (Rs. per annum)	Perquisites (Rs. per annum)	Option under the Employee Stock Option Scheme*
Mr. Jayantilal J. Chandra	Executive	Chairman & Managing Director	14,17,000	Nil	Nil
Mr. Mahendra J. Patel	Executive	Joint Managing Director	8,17,000	Nil	Nil
Mr. Sunil Kumar Mital	Executive	Joint Managing Director *	13,22,524	Nil	Nil
Mr. Rajesh Dhruv	Non- Executive and Independent	Director	Nil	Nil	Nil
Mr. Suresh T Kaneria	Non- Executive and Independent	Director	Nil	Nil	Nil
Mr. Ramniklal Kotecha**	Non- Executive and Independent	Director	Nil	Nil	Nil
Mr. Vijay Kedia**	Non- Executive and non-Independent	Director	Nil	Nil	Nil
	Total				

. * appointed as Joint MD w.e.f. 1st June, 2009

** appointed as additional directors w.e.f. 31st January, 2009

Note: Rs.8,300/- is contribution to Super Annuation Fund for Mr. J. J. Chandra, Mr. M. J. Patel, and Mr. S. K. Mittal, from May-08. Further, The Company does not have any Employee Stock Option Scheme at present.

4. **Details of Directorship/Committee Membership or Chairmanship**

as on 31st March 2009

Name of Director	Designation	Number of Shares held Company	Directorship in all Public Limited Companies #	Membership in Committee in all Public limited Companies #	Chairmanship of Committee in all Public-limited Companies
Mr. Jayantilal J. Chandra	Chairman & Managing Director	2,36,288	01	Nil	Nil
Mr. Mahendra J. Patel	Joint Managing Director	92,616	01	Nil	Nil
Mr. Sunilkumar Mittal*1	Joint Managing Director	Nil			
Mr. Rajesh Laruv	Director	Nil	02	05	02
Mr. Suresh T. Kaneria	Director	Nil	01	02	02
Mr. H. J. Lalakiya	Director	Nil	01	03	Nil
Mr. Vijay Kedia*2	Director	3,14,426			
Mr. Ramniklal Kotecha*2	Director	Nil			

includes Directorship/Membership or Chairmanship of Committee in Atul Auto Limited but excludes Directorship in or Membership or Chairmanship of any Committee in any Private Limited Companies/ Foreign Companies. The Company has made preferential allotment of 5,00,000 equity shares on 8th May 2008 to M/s Kedia Securities Pvt. Ltd., in which Mr. Vijaykumar Kedia is a Director.

***1 Appointed as Joint MD w.e.f. 1st June 2009**

***2 Appointed as additional director w.e.f. 31st January 2009**

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:

- Review of annual business plans of the business, capital budgets, and updates,
- 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.

2. **Materially significant related party transactions:**

There have been no materially significant related party transaction, pecuniary transaction or relationships between Atul Auto Limited and its directors for the year ended on 31st March 2009 that may have a potential conflict with the interests of the Company at large.

For details please refer to Schedule 12 of Notes forming part of Accounts.

3. **Composition of Various Committees:-**

AUDIT COMMITTEE :

a) **Composition:-**

Audit Committee consisted of three members - Shri R.H. Dhruv, Shri. H. J. Lalakiya and Shri Suresh T. Kaneria, all being Non-Executive and Independent Directors. Shri R. H. Dhruv being professionally qualified as a Chartered Accountant, acted as the Chairman of the Audit Committee.

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:

- 1). 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.

- 2) Reviewing with management the quarterly/ annual financing statements before submission to the Board, focusing primarily on the following:
 - Matters required to be included in the Directors' Responsibility statement.
 - Any change in accounting policies and practices.
 - Major accounting entries based on exercise of judgment by management.
 - Significant adjustments arising out of audit.
 - Compliance with accounting standards.
 - Compliance with listing and other legal requirements relating to the financial statements.
1. Compliance with legal requirements concerning financial statements.
2. Reviewing with the management, statutory and internal auditors, the adequacy of internal control systems.
3. 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.
4. Discussion with internal auditors any significant findings and follow up thereon.
5. Reviewing the Company's financial and risk management policies.

Meetings of the Committee:-

The Committee has met 5 times during the year 2008-09.

Name of Member	Designation	No. of Committee Meetings attended
Shri R. H. Dhruv	Chairman	05
Shri S.T. Kaneria	Member	05
Shri H. J. Lalakiya	Member	05

Shareholders' Grievance Committee

a) **Terms of Reference:-**

The Committee has been given responsibility to look after complaints, if any, of investors to redress the same expeditiously. The Committee also approves requests for issue of duplicate share certificates, splitting/consolidation of share certificates, transfer and transmission of shares etc.

b) **Composition:-**

The committee comprises of Three Non-Executive Directors, Shri Rajesh Dhruv, Shri Suresh T. Kaneria and Shri H. J. Lalakiya. Shri Suresh T. Kaneria is the Chairman of the Committee. The committee has met six times during the year 2008-09.

c) **Meetings of Committee:-**

Name of Member	Designation	No. of Committee Meetings attended
Shri S. T. Kaneria	Chairman	6
Shri Rajesh Dhruv	Member	6
Shri H. J. Lalakiya	Member	6

d) The Committee has resolved almost all complaints received during the year.

Remuneration Committee

Composition:-

The committee comprises of Three Non-Executive Independent Directors, Shri Rajesh Dhruv, Shri Suresh T. Kaneria and Shri H. J. Lalakiya. Shri Suresh T. Kaneria is the Chairman of the Committee.

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.

Meetings of Committee:-

The Committee held its five Meeting during the year 2008-09

Name of Member	Designation	No. of Committee Meetings held	No. of Committee Meetings attended
Shri S. T. Kaneria	Chairman	5	5
Shri Rajesh Dhruv	Member	5	5
Shri H. J. Lalakiya	Member	5	5

Risk Management

The Board takes responsibility for the total process of risk management in the oraganisation. Results of the risk assessments and residual risks are presented to the Senior Management and the Audit Committee members. The Management is accountable for the integration of risk management practices into the day-to-day activities. The scope of the Audit Committee reports covering operational, financial and other business risk areas.

Subsidiary Company

M/s Khushbu Auto Finance Ltd (subsidiary of the Company till 28th February 2009) has made allotment of equity shares on 28th February 2009 to another body corporate. By virtue of this allotment, Khushbu Auto Finance Ltd ceases to be a subsidiary of the Company w.e.f. 28th February 2009. Further, Mr. Suresh Kaneria, and Mr. Hakubhai Lalakia, the Independent Directors of the Company have resigned from the Board of Khushbu Auto Finance Limited, w.e.f 28th February 2009.

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 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 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.

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) and the Executive Director (Finance & Corporate Affairs) (CFO) 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, 2009.

Communication to shareholders

The quarterly results of the Company are published in any two of leading newspapers namely in Sandesh (Gujarati), Financial Express (Gujarati), Business Standard (English), Indian Express (English), Times of India (English) and the Economic Times (Gujarati)

General Body Meetings

Details of the last three annual general meetings are given below:

Financial Year	Date	Time	Venue
2007-2008	27 th September, 2008	4.00 P.M.	Survey No.86, Plot No. 1 to 4, N.H. 8-B, Shapar (Veraval), Rajkot
2006-2007	28 th September, 2007	4.00 P.M.	Survey No.86, Plot No. 1 to 4, N.H. 8-B, Shapar (Veraval), Rajkot
2005-2006	24 th July,2006	4.00 P.M.	Survey No.86, Plot No. 1 to 4, N.H. 8-B, Shapar (Veraval), Rajkot

4. Shareholder information

Registered Office

Atul Auto Limited, Survey No. 86, Plot No. 1 to 4, National Highway 8-B, Near Microwave Tower, Shapar (Veraval) Rajkot

Date, time and venue of annual general meeting

The 21st General Meeting (AGM) of the Company will be held on Saturday, 26th September, 2009 at 4-00 P.M. at registered office of the Company, Survey No. 86, Plot No. 1to 4, National Highway 8-B, Near Microwave Tower Shapar (Veraval) Rajkot.

Tentative Calendar for Declaration of financial Results in 2009-10

Sr. No	Particulars	Tentative dates
1	Financial Year	April 1 st to March 31 st
2	Results for Quarter ending 30 th June, 2009	Last week of July 2009
3	Results for audited half year and quarter ending 30 th September, 2009	Last week of November 2009
4	Results for Quarter ending 31 st December, 2009	Last week of January 2010
5	Results for Quarter/full financial year ending 31 st March, 2010	Last week of June 2010
6	Annual general meeting	September 2010

Dates of book Closure

The Company's transfer books will be closed from September 17, 2009 to September 28, 2009 (both days inclusive) for purpose of Annual General Meeting.

Stock Exchange Listing

The Company's shares are presently listed on the Bombay Stock Exchange Ltd., Mumbai. The shares of the Company have been delisted from the Saurashtra Kutch Stock Exchange Ltd., Rajkot and the Ahmedabad Stock Exchange Ltd., Ahmedabad in the year under Report.

Stock code

	Physical	Demat Segment
Trading symbol	531795	INE 951D01010

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 Schedule as on 31st March 2009:

SHARE (OR DEBENTURE) OF NOMINAL VALUE			No. OF HOLDERS	(%) OF HOLDERS	TOTAL AMOUNT	% OF AMT.
UPTO	TO	5000	1155	77.41	15,71,190.00	2.69
5001	TO	10000	115	7.71	9,06,210.00	1.55
10001	TO	20000	82	5.50	11,40,550.00	1.95
20001	TO	30000	31	2.08	7,95,170.00	1.36
30001	TO	40000	14	0.94	4,91,240.00	0.84
40001	TO	50000	8	0.54	3,82,000.00	0.65
50001	TO	100000	24	1.61	16,84,130.00	2.88
100001	TO	ABOVE	63	4.22	5,15,44,710.00	88.099
TOTAL			1492	100.00	5,85,15,200	100.00

Dematerialization of shares – as at 31-03-2009

The Company had signed agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to offer depository services to its shareholders.

As on 31st March 2009, 54,65,964 equity shares representing 93.41% of paid up share capital of the Company have been dematerialized. Out of these dematerialized shares, 44,24,244 equity shares were in NSDL and 10,41,720 equity shares were in CDSL.

There are 3,85,556 equity shares are in physical form which is 7.35% of paid share capital of the company.

Members are requested to dematerialize their shares as early as possible, if not yet dematerialized, so as to get benefits of electronic & paperless trading of equity shares.

Shareholders seeking any information/solution of any problem of query related to shares, share transfer; dematerialization of shares etc. may kindly contact the Registrar and Transfer Agent of the Company.

Stock market data

The company's shares are traded at Bombay Stock Exchange. The details of their monthly high and low prices are as under in rupees per share.

(Source: BSE website)

Month	Month's High price	Month's Low Price
April 2008	73.40	50.45
May 2008	68.90	52.05
June 2008	73.95	47.05
July 2008	50.35	36.20
August 2008	51.00	45.50
September 2008	53.10	36.00
October 2008	38.90	20.00
November 2008	29.75	20.60
December 2008	26.00	20.55
January 2009	26.60	21.40
February 2009	23.95	19.15
March 2009	24.60	19.75

Plant Location

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 (Verval), Dist. Rajkot.

At Rajasthan

Wind Turbine generators
Rajasthan.

Village Soda, Dist. Jaisalmer,

At Gujarat

Wind Turbine generators

Village Gandhavi Lamba, kalyanpur,
Jamnagar, Gujarat

Address for correspondence, any query on annual report and for share transfer, dematerialization etc.:

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,
Corporate Office:-
Jimmy Tower, Opp. Swaminarayan Gurukul,
Gondal Road, Rajkot- 360 002

AUDITORS' REPORT

To,
The Members
Atul Auto Limited

We have audited the attached Balance Sheet of Atul Auto Limited as at 31st March, 2009, 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, 2009 and taken on record by the board of Directors, we report that none of the Directors is disqualified as on 31st March, 2009 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, 2009;
 - 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

Prashant Maharishi
Partner
Membership No.: 41452

Date: 17th August, 2009
Place: Rajkot.

Annexure to the Auditors' Report -31st March 2009
(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 subsidiary / Associate of the company and amount involved in the transactions is Rs. 8.24 Crores. At the end of the year outstanding loan amount is Rs. 2.74 Crore.
- (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 subsidiary company to which loan is granted is regular in payment of interest. The loan granted to subsidiary is for long term and being a subsidiary, 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, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources do not exist for obtaining comparable quotations, 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 continuing failure to correct 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 internal audit functions carried out during the year by a firm of Cost Accountants appointed by the Management have been 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, 2009 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

- (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 subsidiary/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

Prashant Maharishi
Partner
Membership No.: 41452

Date: 17th June, 2009
Place: Rajkot.

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, 2009, as stipulated in clause 49 of the Listing Agreement entered into by the 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 in all material respects with the conditions of Corporate Governance as stipulated in clause no 49 of the abovementioned listing Agreement.

We 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

Prashant Maharishi
Partner
Membership No.: 41452

Date: 17th August, 2009
Place: Rajkot.

ATUL AUTO LIMITED
BALANCE SHEET AS AT 31st, MARCH, 2009

(Amount in Rs.)

<u>PARTICULARS</u>	<u>Sch. No.</u>	<u>For the year ended as on 31st March</u>	
		2009	2008
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	60,844,050	55,844,050
Reserves and Surplus	2	243,928,151	210,831,589
Loan Funds			
Secured Loans	3	317,305,726	338,251,938
Deferred Tax Liabilities	4	44,296,393	47,445,568
TOTAL		666,374,320	652,373,146
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	426,392,036	399,430,135
less: Accumulated Depreciation		124,910,395	104,249,462
Less: Impairment Provision		710,271	-
Net Block		300,771,370	295,180,673
Capital Work-in-progress including capital advances		146,984,717	102,845,988
		447,756,087	398,026,661
Investments	6	22,994,620	22,994,620
Currents Assets, Loans and Advances			
Interest accrued on Investments		-	67,666
Inventories			
Sundry debtors	7	176,759,304	193,604,272
Cash and bank balances	8	35,213,006	39,619,066
Loans and advances	9	18,628,235	3,752,117
	10	77,265,386	75,933,952
(A)		307,865,931	312,977,073
Less: Current Liabilities and Provisions			
Current liabilities			
Provisions	11	100,822,850	67,803,227
	12	11,419,468	13,821,981
(B)			
Net Current Assets (A-B)		112,242,318	81,625,208
TOTAL		195,623,613	231,351,865
		666,374,320	652,373,146
Notes to Accounts	20		

The schedules referred to above and notes to accounts from an integral part of the Balance Sheet. As per our report of even date.

For, Maharishi & Co.
Chartered Accountants

Prashant Maharishi
Proprietor
M. No. 41452

Chandra J. J.
Chairman and
Managing Director

Patel M. J.
Joint Managing
Director

Place : Rajkot
Date : 17-08-2009

Katharani S. H.
Company Secretary

ATUL AUTO LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2009

(Amount in Rs.)

<u>PARTICULARS</u>	<u>Sch. No.</u>	<u>For the year ended as on 31st March</u>	
		2009	2008
INCOME			
Turnover (Gross)			
Sale of Product		1,249,103,726	913,801,234
Less: Excise duty		80,929,178	109,823,494
Turnover (Net)		1,168,174,548	803,977,740
Other Income	13	41,293,804	14,902,345
TOTAL (A)		1,209,468,352	818,880,085
EXPENDITURE			
Raw material consumed	14	884,203,332	611,773,884
Employee compensation	15	56,692,783	56,912,782
Operating and other expenses	16	160,449,850	79,865,692
Decrease in inventories	17	51,162,636	176,702
Depreciation/amortization		24,573,923	22,946,600
Impairment Losses		710,271	-
Financial expenses	18	28,058,497	28,090,558
Exceptional Items		(2,321,972)	-
TOTAL(B)		1,203,529,320	799,766,218
Profit before tax, extraordinary and prior period items (A-B)		5,939,032	19,113,867
Provision for Tax			
Current tax		3,065,753	2,577,673
Deferred tax charge		(3,149,176)	3,578,348
Fringe benefit tax		1,425,891	303,740
Wealth Tax		-	(15,735)
Total Tax Expenses/Income		1,342,468	6,444,026
Profit after tax		4,596,564	12,669,841
Balance brought forward from previous year		181,225,338	175,599,036
Profit available for appropriation		185,821,902	188,268,876
Appropriations:			
Proposed dividend		2,925,760	5,851,520
Proposed dividend written back		(3,422,992)	-
Tax on dividend		497,233	994,465
Gratuity Provision			197,552
Surplus carried to Balance Sheet		185,821,901	181,225,339
Earning per share	19		
Basic & Diluted [Nominal value of share Rs. 10 (Previous year : Rs. 10)]			
Computed on the bases of net profit after tax		0.79	2.37
Notes to Accounts	20		

The schedules referred to above and the notes to accounts from an integral part of the Profit and Loss Account. As per our report of even date.

For, Maharishi & Co.
Chartered Accountants

Prashant Maharishi
Proprietor M. No. 41452

Place : Rajkot
Date : 17-08-2009

**For and on behalf of Board of
Directors of Atul Auto Limited**

Chandra J. J.
Chairman and
Managing Director

Patel M. J.
Joint Managing
Director

Katharani S. H.
Company Secretary

ATUL AUTO LIMITED

'CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2009

(Amount in Rs.)

<u>PARTICULARS</u>	<u>For the year ended as on 31st March</u>	
	2009	2008
A. Cash flow from operating activities		
Net profit before taxation, and extraordinary items	5,939,032	19,113,867
Adjustment for:		
Depreciation	24,573,923	22,946,600
Impairment Loss	710,271	-
Loss/(Profit) on sale of fixed assets	(2,321,972)	192,009
Dividend Income	(310)	-
Interest Expenses	28,058,497	28,090,558
Operating Profit before working capital changes	56,959,441	70,343,034
<u>Movements in working capital:</u>		
Decrease/(Increase) in Sundry Debtors	4,406,060	42,041,474
Decrease/(Increase) in Inventories	16,844,968	13,970,267
Decrease/(Increase) in Loans and Advances	(9,039,341)	(25,632,578)
Increase/(Decrease) in Current Liabilities	34,067,466	(20,940,146)
Increase/(Decrease) in Short term borrowing relating operation	(39,974,831)	10,211,589
Cash generated from operations	63,263,764	89,993,640
Direct taxes paid (net of refunds)	3,256,564	(7,222,968)
Cash flow before extraordinary Items	66,520,328	82,770,672
Net Cash from operating activities	66,520,328	82,770,672
B. Cash flow from investing activities		
Purchase of fixed assets	(138,601,936)	(97,971,522)
Proceeds from sale of fixed assets	65,910,287	-
Dividends received	310	-
Net cash form investing activities	(72,691,339)	(97,971,522)
C. Cash flow form financing activities		
Proceeds from issuance of share capital	33,500,000	-
Net Proceeds from long-term borrowings	67,500,000	50,007,082
Repayment of long-term borrowings	(48,471,381)	-
Interest paid	(28,058,497)	(28,090,558)
Dividend paid	(2,925,760)	(4,357,055)
Tax on dividend paid	(497,233)	(994,465)
Net cash used in financing activities	21,047,129	16,565,004
Net increase in cash and cash equivalents (A+B+C)	14,876,118	1,364,154
Cash & cash equivalents at the beginning of the year	3,752,117	2,387,963
Cash and cash equivalents at the end of the year	18,628,235	3,752,117

ATUL AUTO LIMITED

'CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2009 Components of cash and cash equivalents as at the end of the year

(Amount in Rs.)

<u>PARTICULARS</u>	<u>For the year ended as on 31st March</u>	
	<u>2009</u>	<u>2008</u>
Cash and cheques on hand	116,057	832,264
With bank		
- On current account	16,090,138	161,824
- On deposit account	1,970,287	2,407,806
- On Unpaid Dividend account	451,753	350,223
TOTAL	18,628,235	3,752,117

**For and on behalf of Board of
Directors of Atul Auto Limited**

For, Maharishi & Co.
Chartered Accountants

Prashant Maharishi
Proprietor (M. No. 41452)
Place : Rajkot
Date : 17-08-2009

Chandra J. J.
Chairman and
Managing Director

Patel M. J.
Joint Managing
Director

Katharani S. H.
Company Secretary

ATUL AUTO LIMITED
SCHEDULES TO THE BALANCE SHEET

(Amount in Rs.)

<u>PARTICULARS</u>	For the year ended as on 31st March	
	2009	2008
Schedule 1 : Share Capital		
Authorised		
80,00,000 (Previous year : 80,00,000) equity shares of Rs. 10/- each	80,000,000	80,000,000
Issued		
58,51,520 (Previous year : 53,51,520) equity shares of Rs. 10/- each fully paid	58,515,200	53,515,200
Subscribed		
58,51,520 (Previous year : 53,51,520) equity shares of Rs. 10/- each fully paid	58,515,200	53,515,200
Paid Up		
58,51,520 (Previous year : 53,51,520) equity shares of Rs. 10/- each fully paid	58,515,200	53,515,200
Add:- Share Forfeiture	2,328,850	2,328,850
Total	60,844,050	55,844,050
Out of above:		
1. 8,91,920 (Previous Year: 891920) Equity Shares of Rs. 10 each have been issued as fully paid up bonus shares by capitalising share premium	8,919,200	8,919,200
2. 40,000 Equity Shares of Rs. 10 each have been issued as fully paid up bonus shares by capitalising undistributed profits	400,000	400,000
3. 5,00,000 Equity Shares of Rs. 10 each have been issued as private placement.	5,000,000	5,000,000
Schedule 2 : Reserve and Surplus		
<u>Capital Reserve</u>		
Capital Investments Subsidy as per last balance sheet	3,000,000	3,000,000
<u>Securities Premium Account</u>		
Balance as per last account	26,606,250	26,606,250
Add: Addition during the year	28,500,000	-
	55,106,250	26,606,250
Profit and Loss Account	185,821,901	181,225,339
TOTAL	243,928,151	210,831,589
Schedule 3 : Secured Loans		
<u>Loans and advances form Banks</u>		
From State Bank of India	126,086,271	166,061,102
<u>Cash credit facilities</u>		
Loan 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		

ATUL AUTO LIMITED

SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH 2009

(Amount in Rs.)

<u>PARTICULARS</u>	<u>Sch.</u> <u>No.</u>	<u>For the year ended as on 31st March</u>	
		2009	2008
<u>Term Loans</u>			
For wind mill at Rajasthan 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.		14,133,389	22,010,000
For Wind Mill at Gujarat 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.		11,372,998	15,776,130
For Expansion at Shapar 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.		15,074,416	20,851,350
For New Project at Haridwar First Charge Over The Assets to be created over out to the Term Loan at Haridwar i.e. Factory, Land, Building and Plant & Machinery and Personal Guarantee Of Some Of The Directors Of The Company.		-	29,219,556
Term Loan from IDBI Charge over immovable properties, stock of the company by way of hypothecation and personal guarantee of some of the directors of the company		150,000,000	82,500,000
From HDFC Bank (Vehicle Loan for purchase of vehicle against hypothecation of vehicle)		186,171	745,901
From ICICI Bank (Vehicle Loan for purchase of vehicle against hypothecation of vehicle)		452,481	1,087,899
TOTAL		317,305,726	338,251,938
Schedule 4: Deferred Tax Liability (net)			
Deferred Tax Liabilities			
Differences due to accelerated deduction of Work- in- Progress Product Development Cost under Income Tax Act		3,554,357	3,487,478
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books		41,162,108	44,228,567
Disallowed expenses allowed in this P.Y.		743,392	-
Gross Deferred Tax Liabilities		45,459,857	47,716,045
Deferred Tax Assets			
Impairment Losses		241,421	-
Effect of expenditure debited to profit and loss account in the current year but allowed for tax purposes in following years		922,043	270,477
Gross Deferred Tax Assets		1,163,464	270,477
Net Deferred Tax Liabilities		44,296,393	47,445,568

Schedules to the Balance Sheet

Schedule 5: Fixed Assets

	Land Free hold	Land Leasehold	Building	Plant & Machinery	Furniture and Fixtures	Vehicles	Other	Computer	Windmill	Total	Previous Year
Gross Block											
At 01.04.2008	4,659,821	9,468,515	132,385,514	134,737,363	10,950,740	7,049,789	2,880,609	8,131,513	89,166,272	399,430,136	391,114,360
Addition	-	-	1,096,248	92,722,992	102,243	-	100,360	441,364	-	94,463,207	10,105,050
Deductions	-	9,368,515	46,718,060	10,084,833	1,056,263	163,636	-	110,000	-	67,501,307	1,789,274
At 31.03.2009	4,659,821	100,000	86,763,702	217,375,522	9,996,720	6,886,153	2,980,969	8,462,877	89,166,272	426,392,036	399,430,136
Previous Year	4,659,821	9,468,515	132,385,514	134,737,363	10,950,740	7,049,789	2,880,609	8,131,513	89,166,272	399,430,136	
Depreciation/Amortisation											
At 01.04.2008	-	15,000	18,123,863	47,261,482	4,620,910	2,577,037	560,219	4,757,647	26,333,302	104,249,461	81,885,127
For the year	-	5,000	3,451,654	9,169,227	654,618	580,110	134,286	1,556,512	9,219,793	24,771,200	22,946,600
Deletions/Adjustments	-	-	2,473,994	1,227,769	108,347	35,953	-	264,203	-	4,110,267	582,267
At 31.03.2009	-	20,000	19,101,524	55,202,940	5,167,182	3,121,194	694,505	6,049,956	35,553,095	124,910,395	104,249,460
For previous Year	-	15,000	18,123,863	47,261,482	4,620,910	2,577,037	560,219	4,757,647	26,333,302	104,249,460	
Impairment Losses											
at 01.04.2008	-	-	-	-	-	-	-	-	-	-	-
Additions	-	-	-	710,271	-	-	-	-	-	710,271	-
Reversals	-	-	-	-	-	-	-	-	-	-	-
At 31.03.2009	-	-	-	710,271	-	-	-	-	-	710,271	-
For previous Year											
Net Block											
At 31.03.2009	4,659,821	80,000	67,662,178	161,462,311	4,829,538	3,764,959	2,286,464	2,412,921	53,613,177	300,771,370	295,180,676
At 31.03.2008	4,659,821	9,453,515	114,261,651	87,475,881	6,329,830	4,472,752	2,320,390	3,373,866	62,832,970	295,180,676	-

ATUL AUTO LIMITED
SCHEDULES TO THE BALANCE SHEET

(Amount in Rs.)

<u>PARTICULARS</u>	<u>For the year ended as on 31st March</u>	
	2009	2008
Schedule 6 : Investments		
Long Term Investments (At Cost)		
A. Other than trade unquoted		
Government Securities - National Savings Certificates FV Rs. 3,000/-	3,000	3,000
Quoted		
<u>Equity Shares</u>		
62(previous year 62) shares of Rs. 10 each fully paid-up in Suzlon Energy Limited	31,620	31,620
B. In subsidiary 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	22,960,000	22,960,000
Aggregate amount of quoted investments (Market Value Rs.2,635 Previous year Rs.16,343/- as per BSE)	31,620	31,620
Aggregate amount of unquoted Investments	22,963,000	22,963,000
TOTAL	22,994,620	22,994,620
Schedule 7: Inventories (at lower of cost and net realisable value)		
Raw material and components	145,870,252	111,552,584
Work-in-progress	24,723,408	71,465,522
Finished Goods	6,165,644	10,586,166
TOTAL	176,759,304	193,604,272
Schedule 8: Sundry Debtors		
Debts outstanding for a period exceeding six months		
Unsecured, considered good	6,681,253	8,140,963
Other debts		
Unsecured, considered good	28,531,753	31,478,103
TOTAL	35,213,006	39,619,066
Schedule 9 : Cash and Bank Balances		
Cash on hand	116,057	832,264
Balance with scheduled banks		
On current accounts	16,090,138	161,824
On deposit accounts	1,970,287	2,407,806
On unpaid dividend accounts	451,753	350,223
TOTAL	18,628,235	3,752,117

ATUL AUTO LIMITED
SCHEDULES TO THE BALANCE SHEET

(Amount in Rs.)

<u>PARTICULARS</u>	For the year ended as on 31st March	
	2009	2008
Schedule 10: Loans and Advances		
<u>Unsecured, considered good</u>		
Advances and loans to subsidiary / Associates	554,679	202,466
Advances receivable in cash or kind or for value to be received	35,296,664	32,435,002
Inter-corporate deposits	27,425,000	27,425,000
Balance with Customs, excise, etc.	6,924,073	1,181,932
Deposits - others	3,613,052	3,245,384
VAT credit (Input) Receivable	477,371	442,722
Others	2,974,547	11,001,446
TOTAL	77,265,386	75,933,952
Included in Loans and Advances are		
1. Due from companies under the same management (Maximum outstanding during the year Rs.2,74,25,000 (previous year Rs.2,74,25,000))	27,425,000	27,425,000
2. Due from a director of the company (maximum amount outstanding during the year Rs.4,29,704 (previous year Rs.2,74,649))	3,360	-
Schedule 11 : Current Liabilities		
<u>Sundry creditors</u>	85,507,917	49,389,388
Out of above		
(a) total outstanding dues of Micro, Medium and Small Enterprise	3,609,421	1,926,164
(b) total outstanding dues of creditor other than Micro, Medium and Small Enterprise	81,898,496	47,463,224
Advances form customers	5,352,464	3,298,882
Security Deposits from dealers	5,921,000	9,598,778
Others	3,592,956	5,165,956
<u>Investor Education and Protection Fund shall be credited by following amounts(as and when due)</u>		
(a) Unpaid dividend	448,513	350,223
TOTAL	100,822,850	67,803,227
Schedule 12 : Provisions		
Provision for taxation	2,318,048	2,401,983
Provision for Fringe Benefit Tax	656,570	600,000
Provision for Wealth Tax	20,000	20,000
Provision for Insurance, pension and similar staff benefit schemes	-	577,003
Provision for gratuity	1,030,724	1,001,107
Proposed dividend	2,925,760	5,851,520
Tax on proposed dividend	497,233	994,465
Provision for warranties	3,467,418	640,160
Provision for After Sales Services	503,715	1,600,400
Others	-	135,343
TOTAL	11,419,468	13,821,981

ATUL AUTO LIMITED

SCHEDULES TO THE PROFIT & LOSS ACCOUNT

(Amount in Rs.)

<u>PARTICULARS</u>	<u>For the year ended as on 31st March</u>	
	2009	2008
Schedule 13 : Other Income		
Interest		
Bank deposits (TDS Rs.32,881 Previous year Rs.32,363)	100,305	158,540
Loan to Subsidiary	995,471	2,739,689
Dealers	639,989	1,466,545
I. T. Refund	376,990	-
Dividend Income		
Long term Investment - non- trade	310	310
Reversal of provision for doubtful debts		
Bad Debts written back	732,466	110,480
Sale of Scrap	646,025	463,385
DEPB Income	29,873,652	-
Miscellaneous Income	1,277,668	3,001,716
Power Generation Income	6,650,928	6,961,680
TOTAL	41,293,804	14,902,345
Schedule 14 : Raw Material Consumed		
Inventories as at 31 st March, 2008	111,517,859	125,346,150
Add: Purchases	918,555,725	597,945,593
	1,030,073,584	723,291,743
Less: Inventories as at 31 st March, 2009	145,870,252	111,517,859
TOTAL	884,203,332	611,773,884
Schedule 15 : Employee Compensation		
Salaries, wages and bonus	48,090,213	46,306,419
Contribution to provident fund	4,316,076	4,532,887
Contribution to ESI	68,678	173,329
Gratuity Expenses	844,832	1,820,459
Other post employment funds	-	-
Workmen and staff welfare expenses	3,372,984	4,079,687
TOTAL	56,692,783	56,912,782

ATUL AUTO LIMITED

SCHEDULES TO THE PROFIT & LOSS ACCOUNT

(Amount in Rs.)

<u>PARTICULARS</u>	<u>For the year ended as on 31st March</u>	
	2009	2008
Schedule 16: Operating and other expenses		
Processing charges	20,928,684	12,628,518
Power and fuel	3,582,604	2,813,163
Freight and forwarding charges	68,815,792	9,622,344
Rent	699,174	1,282,400
Rates and taxes		
Sales tax	17,099,199	7,633,610
Others	320,525	212,609
Insurance	1,157,859	722,801
Repairs and maintenance		
Plant and Machinery	998,086	983,890
Buildings	529,648	1,335,097
Others	3,160,189	3,156,404
Advertising and sales promotion	6,452,018	11,212,593
Travelling and conveyance	9,046,721	9,836,385
Communication cost	1,339,857	1,972,013
Printing and stationery	2,530,397	2,160,076
Loss on Sale of Fixed Assets		192,009
Legal and professional fees	370,991	270,900
Directors' sitting fees	3,000	-
Directors' Remuneration	2,234,000	3,099,916
Auditor's Remuneration		
Audit Fee	300,000	300,000
Tax Audit Fee	-	-
Taxation matters	203,451	37,080
Company Law matters	-	-
Other services	7,500	-
Out-of-pocket expenses	19,078	4,600
(Increase)/Decrease of Excise Duty on Inventory	129,810	(1,114,137)
Exchange difference (net)	2,391,453	412,382
Donation and contributions to charitable Institutions	35,000	64,120
Miscellaneous expenses	18,094,814	11,026,921
TOTAL	160,449,850	79,865,692
Schedule 17 : Decrease in Inventories		
Inventories as at 31 st March, 2009		
-Work-in-progress	24,723,408	71,465,522
-Finished Goods	6,165,644	10,586,166
	30,889,052	82,051,688
Inventories as at 31 st March, 2008		
-Work-in-progress	71,465,522	18,028,663
- Finished Goods	10,586,166	64,199,726
	82,051,688	82,228,389
TOTAL	51,162,636	176,702

ATUL AUTO LIMITED

SCHEDULES TO THE PROFIT & LOSS ACCOUNT

(Amount in Rs.)

<u>PARTICULARS</u>	<u>For the year ended as on 31st March</u>	
	2009	2008
Schedule 18 : Financial Expenses		
Interest		
-On term loans and debentures	9,190,421	12,833,504
-On banks	14,055,660	13,138,355
-Others	440,741	588,513
Bank Charges	4,371,675	1,530,187
TOTAL	28,058,497	28,090,558
Interest on term loan of Rs.11,410,364 is capitalised during the year (P.Y. Rs.18,59,075)		
Schedule 19 : Earning per share (EPS) AS 20		
Net profit for calculation of Basic & Diluted EPS	4,596,564	12,669,841
Weighted average number of equity share in calculating Basic & Diluted EPS	5,851,520	5,351,520

Schedule 20 : Significant Accounting Policies & Notes to Accounts

A. Significant Accounting Policies

Nature of Operations

Atul Auto Limited incorporated on 18-06-1986 is a Manufacturer of Three Wheelers Auto Rickshaw (Passenger/Loading) and its spare parts. It produces Auto Rickshaw under Atul Shakti Brand name. 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 in 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 and revaluation is carried out and derivative instruments. 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) 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 MODVAT 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.

(d) Depreciation

Depreciation is provided using the Straight Line Method as per the useful lives of the assets estimated by the management, or at the rates prescribed under schedule XIV of the Companies Act, 1956 whichever is higher.

(e) 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.

(f) 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 thirty-six months from the commencement of commercial production. Product development costs relating to minor enhancement, facelifts and upgrades are charged off to the profit and loss account as and when incurred.

(g) 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.

(h) 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.

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.

(i) 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.

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.

(j) 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. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items which are carried at fair value are reported using the exchange rates that existed when the values were determined.

(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.

Exchange difference arising on a monetary item that, in substance, form part of the company's net investment in a non integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investments, at which time they are recognised as income or as expenses.

(k) Employee Benefits

Retirement benefits in the form of Provident fund is a defined contribution scheme and the contribution are charged to the profit and loss account of the year when the contribution to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.

Short term compensated absences are provided for on based on best estimates. Long term compensated absences are provided for based on actuarial valuation, using the projected unit credit method.

Company has a gratuity fund maintained by Life Insurance Corporation of India to which contributions are made every year based on actuarial valuation.

Leave encashment is accounted for on accrual basis as per rules of company considering calendar year for benefit.

(l) Income Taxes

Tax expenses comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities across various countries of operation are not set off against each other as the

company does not have a legal right to do so. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forwarded tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each balance sheet date the Company re-assess unrecognized deferred tax assets. It recognises unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

(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) 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.

(o) Cash and Cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(p) 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

(q) Excise Duty

Excise Duty has been accounted for on the basis of goods manufactured and lying in factory though not cleared in accordance with the Guidance note on accounting for excise duty issued by ICAI.

Schedule 20 : Significant Accounting Policies & Notes to Accounts**B. Notes to Accounts**

Capital Commitments	2008-09	2007-08
Estimated amount of contracts remaining to be executed on capital account and not provided for For Vehicle Development Tooling	-	120,469,500
	-	120,469,500

Provisions and Contingencies Provisions

	Balance as at 01.04.08	Addition during the year	Amounts used/Reversed during the year	Balance as at 31.03.09
Provision for warranties	640,160	5,642,790	2,815,532	3,467,418
Provision for after sales services	1,600,400	4,356,600	5,453,285	503,715
Total	2,240,560	9,999,390	8,268,817	3,971,133
Previous Year	607,875	8,245,594	6,612,909	2,240,560

Provision for Warranty

A provision is recognized for expected warranty claims on products sold during the year, based on past experience of level of repairs and returns. It is expected that the most of this cost will be incurred in the next financial year. Assumption used to calculate the provision for warranties were based on current sales level and current information available about returns based on the warranty period for all products sold.

Provision for Litigation

Rs.3,52,96,664/- 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.

Contingent Liabilities not provided for

	2008-09	2007-08
Claims against the Company not acknowledged as debts		
Sales Tax	1,736,322	1,736,322
Excise Duty	102,500	102,500
Case Pending before consumer forum	4,791,000	5,871,500
Guarantees and counter guarantees given by the company	694,000,000	694,000,000
TOTAL	700,629,822	701,710,322

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.

	2008-09	2007-08
Current service cost	722,665	682,257
Interest cost on benefit obligation	291,837	209,395
Expected return on plan assets	(230,277)	(205,690)
Net actuarial (gain)/loss recognized in the year	(31,944)	645,939
	752,282	1,331,901

Balance Sheet

	2008-09	2007-08
Defined benefit obligation	4,111,665	3,647,968
Fair value of plan assets	3,080,941	209,396
	(1,030,724)	(1,001,107)
Less: Unrecognized past service cost	-	-
Plan asset/(liability)	(1,030,724)	(1,001,107)

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

	2008-09	2007-08
Opening defined benefit obligation	3,647,968	2,617,445
Interest Cost	291,837	209,396
Current service cost	722,665	682,257
Benefit paid	(535,020)	(509,276)
Actuarial (gains)/losses on obligation	(15,785)	648,146
Closing defined benefit obligation	4,111,665	3,647,968

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

	2008-09	2007-08
Opening fair value of plan assets	2,646,861	2,419,893
Expected return	230,277	205,690
Contribution by employer	722,665	528,347
Benefits paid	(535,020)	(509,276)
Actuarial gains/(losses)	16,158	2,207
Closing fair value of plan assets	3,080,941	2,646,861

The company expects to contribute Rs.8,15,215/- to gratuity in 2008-09

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

	2008-09	2007-08
Investments with Insurer	100%	100%

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.

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

	2008-09	2007-08
Discount rate	8.00%	8.00%
Expected rate of return on assets	8.50%	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

	2008-09	2007-08	2006-07
Defined Benefit Obligation	4,111,665	3,647,968	2,617,445
Plan Assets	3,080,941	2,646,861	2,419,893

Details of loans given to subsidiaries and associates and parties in which directors are interested.

Khushbu Auto Finance Limited

Balance as at 31st March, 2009 Rs.2,74,25,000

(PY : Rs. 2,74,25,000)

Maximum amount outstanding during the year Rs.2,74,25,000 (PY : Rs. 2,74,25,000)

Above company was subsidiary of the company upto 28th February, 2009 upto which 51.02% was held by the company. Now from 1st March 2009, holding of the company in above company has reduced to 49.91% and hence it has been considered as subsidiary upto 28th February, 2009 and associates from 1st March, 2009

Supplementary Statutory Information	2008-09	2007-08
Director's Remuneration		
Salaries	3,556,524	3,362,290

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.13,22,524 (PY : Rs. 2,62,374) 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.

Excise Duty

Excise duty on sales amounting to Rs. 8,09,29,178 (PY : Rs.10,98,23,494) has been reduced from sales in profit & loss account and excise duty on increase/decrease in stock amounting to Rs.1,29,810 (PY : Rs. (11,14,137)) has been considered as (income)/expense in Schedule 16 of financial statement

	2008-09	2007-08
Earnings in foreign currency (Cash/accrual basis)		
Export at F.O.B. value	441,817,881	1,551,033
Expenditure in foreign currency (Cash/accrual basis)		
Travelling	384,512	21,400
Value of Imports calculated on CIF basis		
Raw materials	25,967	15,978
Net dividend remitted in foreign exchange		
Period to which it relates	2007-08	2006-07
Number of non-resident shareholders	33	34
Number of equity shares held on which dividend was due	415,740	415,752
Amount remitted (state the foreign currency)	207,870	415,752

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

Paticulars	2008-09	2007-08
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year.	3,618,949	1,926,164
The amount of interest paid by the buyer in terms of section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
The amount of interest due and payable for the period of delay in making payment which have been paid but beyond the appointed day during the year but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
The amount of further interest remaining due and payment even in the succeeding years, until such date when the interest dues as above are actually paid to the Small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprise Development Act, 2006	-	-

Schedule 20 : Significant Accounting Policies & Notes to Accounts**B Notes to Accounts****Related Party disclosure as required under clause 32 of The Listing Agreement****A Names of Related Parties**

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

Schedule 20 : Significant Accounting Policies & Notes to Accounts

B Notes to Accounts

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

B Related Party Disclosure

	Subsidiary/ Associates		Key Management Personnel		Enterprise owned or significantly influenced by key management personnel or their relatives		Total	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Sales	39,473	-	-	-	213,447,977	244,945,682	213,487,450	244,945,682
Purchase	-	-	-	-	4,188,357	5,508,384	4,188,357	5,508,384
Current Account	82,421,750	165,426,632	-	-	-	-	82,421,750	165,426,632
Remuneration	-	-	3,556,524	3,362,290	-	-	3,556,524	3,362,290
(Sale)/purchase of fixed assets	-	-	-	-	(1,015,000)	(1,003,500)	(1,015,000)	(1,003,500)
After Sales Service/ Warranty Claims	-	-	-	-	1,577,387	3,844,923	1,577,387	3,844,923
Services Received	-	-	-	-	69,447	22,787	69,447	22,787
Sales Incentives	-	-	-	-	473,775	94,000	473,775	94,000
Interest Received	2,468,250	2,739,688	-	-	-	-	2,468,250	2,739,688
Interest Paid	1,472,779	-	-	-	8,000	-	1,480,779	-
Commission Received	-	2,377,000	-	-	20,000	-	20,000	2,377,000
Commission Paid	-	-	-	-	34,000	-	34,000	-
Guarantees given/(obtained)	694,000,000	694,000,000	-	-	-	-	694,000,000	694,000,000

Balance outstanding as at the year end

Receivable	554,679	-	-	-	5,177,417	4,674,932	5,732,096	4,674,932
Inter corporate Deposits	27,425,000	27,425,000	-	-	-	-	27,425,000	27,425,000

C Disclosure in respect of material transaction with related parties

Transaction	Name of the Party	2008-09	2007-08
Current Account	Khushbu Auto Finance Limited	82,421,750	165,426,632
Purchase of Goods	Khushbu Auto Private Limited	112,275	326,818
	New Chandra Motor Cycle House	3,970,246	-
Sale of Goods	Khushbu Auto Private Limited	174,540,830	212,459,754
	New Chandra Motor Cycle Agency	16,469,138	25,466,720
After Sales Services	New Chandra Motor Cycle Agency	1,362,597	3,738,914
Guarantee Given	Khushbu Auto Finance Limited	694,000,000	694,000,000

Schedule 20 : Significant Accounting Policies & Notes to Accounts

B Notes to Accounts

Additional information pursuant to the provisions of paragraph 2, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956

Licensed Capacity, Installed Capacity and Actual Production

Class of Goods	Units	Installed Capacity		Actual Production	
		2008-09	2007-08	2008-09	2007-08
3 Wheelers	Nos.	24000	36000	11469	8736
Less: Dismantled	Nos.			-32	-
Net Production				11437	8736

Note:

The company is not required to obtain any license under any for the time being in force. Therefore, the details of licensed Capacity is not applicable.

Installed capacity for manufacturing of three wheelers on single shift basis including manufacturing of components in numbers as certified by the management of the company and relied upon by the auditors. Decrease in Installed capacity for 2008-09 is due to disposal of Land and Building of Haridwar Unit during the year.

Sales Net of Returns	Units	Quantity		Value	
		2008-09	2007-08	2008-09	2007-08
3 Wheelers	Nos.	11488	8857	1,121,519,574	759,378,998
Consumption of raw materials and components	Units	Quantity		Value	
		2008-09	2007-08	2008-09	2007-08
Engine	Nos.	11469	8736	256,000,678	195,407,105
Others				628,202,655	416,366,779
TOTAL				884,203,332	611,773,884
Imported and Indigenous raw materials, components and spare parts consumed		Percentage of total consumption		Value	
Imported		0.00%	0.00%	25,967	15,978
Indigenously obtained		100.00%	100.00%	884,177,365	611,773,884
TOTAL		100.00%	100.00%	884,203,332	611,789,862
Details of Finished Goods	Units	Quantity		Value	
		2008-09	2007-08	2008-09	2007-08
Three Wheelers					
Opening Stock	Nos.	116	237	10,586,166	18,008,663
Closing Stock	Nos.	65	116	6,165,644	10,586,166
Two Wheelers					
Opening Stock	Nos.	1	1	-	-
Closing Stock	Nos.	1	1	-	-
Details of Power Generation	Units	Quantity		Value	
		2008-09	2007-08	2008-09	2007-08
Installed Capacity					
For Sales	Units	2900000	2900000		
For Own Use	Units	1600000	1600000		
Generation					
For Sales	Units	1470241	1824011	6,961,680	6,540,174
For Own Use	Units	1821174	1305227	6,927,181	5,308,381

OTHER NOTES**1 Business Segments**

Company is engaged mainly in the business of manufacturing of automobile products consisting of commercial and passenger vehicles in one single primary segment.

2 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. 6,38,651(Previous Year Rs. 18,33,800)

3 Previous Year Comparatives

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

4 Revision of Accounts

The Board of Directors in the meeting held on 17th August, 2009 recommended 5% dividend for the year 2008-09. Consequent to recommendation the board has revised the account of the company, in this accounts there is no change in other amounts except reserves and surplus, provisions of proposed dividend due to provision of proposed dividend as compared to results declared in board meeting held on 30th June 2009 and the same is audited by the Statutory Auditor of the company.

As per our report of even date

For and on behalf of the Board of Directors

For, Maharishi & Co.

Chartered Accountants

Prashant Maharishi

Proprietor

M. No. 41452

Place : Rajkot

Date : 17-08-2009

Chandra J. J.
Chairman and
Managing Director

Patel M. J.
Joint Managing
Director

Katharani S. H.
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	31/03/2009		

II Capital Raised During The Year (Amount in Thousand)

Public Issue	-	Right Issue	-
Bonus Issue	-	Private Placement	5000

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

Total Liabilities	778,617	Total Assets	778,617
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Sources of Funds

Paid Capital	60,844	Reserve & Surplus	243,928
Secured Loans	317,306	Unsecured Loans	-

Application of Funds

Net Fixed Assets	447,756	Investments	22,995
Net Current Assets	195,624	Miscellaneous Expenditure	-
Accumulated Losses	-		

IV Performance of Company (Amount in Thousands)

Turnover (Sales & Other Income)	1,168,175	Total Expenditure	1,203,529
Profit before Tax	5,939	Profit After Tax	4,597
Earning Per Share Basic Rs.	0.79	Dividend Rate %	5.00 %
Earning Per Share Diluted Rs.	0.79		

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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Auditors' Report on the consolidated Profit & Loss Account

To
The Board of Directors
Atul Auto Limited
Rajkot

We have audited the attached consolidated Profit and Loss Account of Atul Auto Limited and its subsidiary for the period ended on 31st March, 2009. This Profit & Loss Account is the responsibility of the company's management and has been prepared by the management on the basis of separate Profit & Loss Accounts and other financial information regarding components. Our responsibility is to express an opinion on this Profit & Loss Accounts based on our audit.

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

The consolidated profit & loss account pertain to Atul Auto Limited, the holding company and its one subsidiary. However it ceased to be subsidiary of Atul Auto Limited from 28th February, 2009 due to allotment of shares by the said subsidiary company and from 1st March, 2009 it is considered as associates company. Hence as per requirement of Para 22 of AS 21 consolidated financial statement of Companies Accounting Standard Rules, 2006 consolidated income statement is prepared and as on the date of the balance sheet relationship of holding and subsidiary company does not subsist, consolidated balance sheet is not prepared.

Subject to that We report that the consolidated Profit & Loss Account have been prepared by the company in accordance with the requirements of Accounting Standard 21 "Consolidated Profit & Loss Accounts" in consolidated Profit & Loss Accounts issued by the Institute of Chartered Accountants of India on the basis of the individual Profit & Loss Accounts of Atul Auto Limited and its subsidiary company included in the aforesaid consolidation.

In our opinion, based on our audits and to best of our information and according to explanation given to us, the consolidated Profit & Loss Account referred to above gives a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) In the Consolidated profit and loss account of the consolidated loss of the company and its subsidiary for the year ended on that date

For, Maharishi & Co.
Chartered Accountants

Prashant Maharishi

Partner

M. No. 41452

Date: 17th August, 2009

Place: Rajkot

ATUL AUTO LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2009

(Amount in Rs.)

<u>PARTICULARS</u>	<u>Sch. No.</u>	<u>For the year ended as on 31st March</u>	
		2009	2008
INCOME			
Turnover (Gross)			
Sale of Product		1,249,103,726	913,801,234
Less: Excise duty		80,929,178	109,823,494
Turnover (Net)		1,168,174,548	803,977,740
Interest	1	84,797,684	125,985,905
Other Income	2	61,006,874	36,584,866
TOTAL		1,313,979,106	966,548,511
EXPENDITURE			
Raw material consumed	3	884,203,333	611,773,884
Employee compensation	4	64,482,240	64,219,845
Operating and other expenses	5	179,798,504	100,097,169
Decrease in inventories	6	51,162,636	176,702
Depreciation/amortization		30,469,380	29,298,390.11
Impairment Losses		710,271	-
Financial expenses	7	78,325,265	97,947,512
Exceptional Items (Profit on sale of Fixed Assets)		(2,321,972)	-
Provisions & Write Off's	8	54,581,381	37,912,810
TOTAL		1,341,411,037	941,426,312
Profit before tax		(27,431,931)	25,122,198
Provision for Tax			
Current tax		3,394,011	12,832,121
Deferred tax charge		(13,380,362)	(137,900)
Fringe benefit tax		1,811,489	570,350
Wealth Tax		25,245	(735)
Total Tax Expenses/Income		(8,149,617)	13,263,836
Profit after tax		(19,282,314)	11,858,362
Less: Profit Transferred to Minority Interest		(11,228,134)	(397,462)
Add: Share of Profit of Associates		(1,578,507)	-
Net Profit		(9,632,686)	12,255,824
Balance brought forward from previous year		181,225,338	205,948,884
Profit available for appropriation		171,592,652	218,204,708
Appropriations:			
Proposed dividend		2,925,760	5,851,520
Proposed dividend written back		(3,422,992)	-
Tax on dividend		497,233	994,465
Dividend Distribution Tax Reversal of Subsidiary Company		-	(390,415)
Gratuity Provision		-	197,552
Surplus carried to Balance Sheet		171,592,651	211,551,586
Earning per share	9		
Basic & Diluted [Nominal value of share Rs. 10 (Previous year : Rs. 10)]			
- Computed on the bases of net profit after tax		(1.65)	2.29
Notes to Accounts	10		

The schedules referred to above and the notes to accounts form an integral part of the Profit and Loss Account.
As per our report of even date

For and on behalf of Board of Directors

For, Maharishi & Co.
Chartered Accountants

Chandra J. J.
Chairman and
Managing Director

Patel M. J.
Joint Managing
Director

Prashant Maharishi
Proprietor (M. No. 41452)
Place : Rajkot
Date : 17-08-2009

Katharani S. H.
Company Secretary

ATUL AUTO LIMITED

SCHEDULES TO THE CONSOLIDATED PROFIT & LOSS ACCOUNT

(Amount in Rs.)

<u>PARTICULARS</u>	For the year ended as on 31 st March	
	2009	2008
Schedule 1 : Interest Income		
Interest		
Income (Finance Charges)	76,516,846	116,384,281
Interest on seized vehilce	-	3,354,289
Income from Loan completion	110,654	147,321
Income from Loan revision	11,969	19,113
Penal Interest Income	8,158,215	6,080,901
TOTAL	84,797,684	125,985,905
Schedule 2 : Other Income		
Commercial Associates Income	1,143,655	2,956,418
Charges	7,560,275	6,600,490
Other Interest	3,620,215	4,258,032
Dividend Income		
Long term Investment - non- trade	310	310
Bad Debts written back	937,765	124,731
Sale of Scrap	646,025	463,385
DEPB Income	29,873,652	-
Miscellaneous Income	4,227,356	8,679,647
Power Generation Income	12,997,621	13,501,853
TOTAL	61,006,874	36,584,866
Schedule 3 : Raw Material Consumed		
Inventories as at 31st March, 2008	111,517,859	125,346,150
Add: Purchases	918,555,726	597,945,593
Cost of raw materials produced	1,030,073,585	723,291,743
Less: Inventories as at 31st March, 2009	145,870,252	111,517,859
TOTAL	884,203,333	611,773,884
Schedule 4 : Employee Compensation		
Salaries, wages and bonus	54,977,457	52,567,462
Contribution to		
Provident Fund	4,903,451	5,186,913
Contribution to ESI	68,678	173,329
Group Gratuity	910,069	2,005,765
Group Insurance	134,900	88,574
Workmen and staff welfare expenses	3,487,684	4,197,801
TOTAL	64,482,240	64,219,845

ATUL AUTO LIMITED

SCHEDULES TO THE CONSOLIDATED PROFIT & LOSS ACCOUNT

(Amount in Rs.)

<u>PARTICULARS</u>	<u>For the year ended as on 31st March</u>	
	2009	2008
Schedule 5 : Operating and other expenses		
Processing charges	20,928,684	12,628,518
Power and fuel	3,582,604	2,813,163
Freight and forwarding charges	69,134,177	10,203,962
Rent	1,079,215	1,604,750
Rates and taxes		
Sales tax	17,099,199	7,633,610
Others	354,590	214,601
Insurance	1,744,289	990,363
Repairs and maintenance		
Plant and Machinery	998,086	983,890
Buildings	542,481	1,390,097
Others	6,657,111	5,077,650
Advertising and sales promotion	6,538,491	11,724,332
Travelling and conveyance	16,105,524	17,231,457
Communication cost	2,076,132	2,839,640
Printing and stationery	2,768,476	2,520,310
Legal and professional fees	453,711	1,154,995
Directors' sitting fees	3,000	-
Directors' Remuneration	2,234,000	3,919,916
Auditor's Remuneration		
Audit Fee	615,570	638,394
Tax Audit Fee	-	-
Taxation matters	203,451	37,080
Company Law matters	-	-
Other services	7,500	-
Out-of-pocket expenses	26,036	17,619
(Increase)/Decrease of Excise Duty on Inventory	129,810	(1,114,137)
Exchange difference (net)	2,391,453	412,382
Donation and contributions to charitable Institutions	126,667	64,120
Loss on Sale of Fixed Assets	-	907,870
Miscellaneous expenses	23,998,248	16,202,587
TOTAL	179,798,504	100,097,169
Schedule 6 : Decrease in Inventories		
Inventories as at 31 st March, 2009		
-Work-in-progress	24,723,408	71,465,522
-Finished Goods	6,165,644	10,586,166
	30,889,052	82,051,688
Inventories as at 31 st March, 2008		
-Work-in-progress	71,465,522	18,028,663
-Finished Goods	10,586,166	64,199,726
	82,051,688	82,228,389
TOTAL	51,162,636	176,702

ATUL AUTO LIMITED

SCHEDULES TO THE CONSOLIDATED PROFIT & LOSS ACCOUNT

(Amount in Rs.)

<u>PARTICULARS</u>	<u>For the year ended as on 31st March</u>	
	<u>2009</u>	<u>2008</u>
Schedule 7 : Financial Expenses		
Interest		
-On term loans and debentures	11,256,813	15,556,403
-On banks	59,219,783	72,842,466
-Others	493,391	4,240,069
Bank Charges	7,355,278	5,308,574
TOTAL	78,325,265	97,947,512
Interest on term loan of Rs.11,410,364 is capitalised during the year (P.Y. Rs.18,59,075)		
Schedule 8 : Provisions and Write Offs		
Bad Debts & Write offs	43,606,107	19,064,741
Provision for Non Performing Assets(as per RBI norms)	14,165,795	14,157,491
General provision for Non Performing Assets	(3,190,521)	4,690,578
TOTAL	54,581,381	37,912,810
Schedule 9 : Earning per share (EPS) AS 20		
Net profit for calculation of Basic & Diluted EPS	(9,632,686)	12,255,824
Weighted average number of equity share in calculating basic & Diluted EPS	5,851,520	5,351,520

Schedule 10 : Significant Accounting Policies & Notes to Accounts

A. Significant Accounting Policies

(a) Basis of Preparation

The financial statements have been prepared to comply in all material respects in 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 and revaluation is carried out and derivative instruments. 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.

Principal of Consolidation

- (a) Atul Auto Limited and its subsidiary/associates, Khushbu Auto Finance Limited have used uniform accounting policies and followed the accounting standards in this regard.
- (b) The consolidated financial profit & loss account has been prepared upto the date Khushbu Auto Finance Limited ceased to be subsidiary i.e. upto 28th February, 2009 by combining individual profit & loss account on a line by line basis by adding together the balances income and expenditure, after netting off the inter se transactions within the group and from 1st March, 2009 it is prepared as per accounting standard 23 Accounting for Investment in Associates in Consolidated Financial statement of Companies Accounting Standard Rules, 2006.

The consolidated financial statement envisages combining of financial statements of Atul Auto Limited and its following subsidiary:

Name of the Company	Country of Incorporation	% of Voting Power
Khushbu Auto Finance Limited	India	51.02 % upto 28 th February, 2009 49.91% as at 31 st March, 2009

(c) 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.

(d) 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 MODVAT 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.

(e) Depreciation

Depreciation is provided using the Straight Line Method as per the useful lives of the assets estimated by the management, or at the rates prescribed under schedule XIV of the Companies Act, 1956 whichever is higher.

(f) 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.

(g) 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 thirty-six months from the commencement of commercial production. Product development costs relating to minor enhancement, facelifts and upgrades are charged off to the profit and loss account as and when incurred.

(h) 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.

(i) 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.

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.

(j) 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.

Interest Income on Finance

Repayments of vehicle financed are made by way of Equated Monthly Installments (EMIs) comprising principal and interest. Interest income is accounted for on the basis of bifurcated EMI into principal and interest portion. Interest is calculated on the outstanding balance of loan disbursed at the beginning.

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.

(k) Advances, Income Recognition and Provisioning

- (a) All credit exposure is classified as per the RBI guidelines into performing and non performing assets. Further, non-performing assets are classified into sub-standard, doubtful and loss assets for income recognition and provisioning.
- (b) Income is recognised in the Profit and Loss account as it accrues except in the case of non-performing assets where it is recognised as and when it realised.
- (c) Provisions for non-performing assets are made in conformity with RBI guidelines.

(l) 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. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items which are carried at fair value are reported using the exchange rates that existed when the values were determined.

(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.

Exchange difference arising on a monetary item that, in substance, form part of the company's net investment in a non integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investments, at which time they are recognised as income or as expenses.

(m) Employee Benefits

Retirement benefits in the form of Provident fund is a defined contribution scheme and the contribution are charged to the profit and loss account of the year when the contribution to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.

Short term compensated absences are provided based on best estimates. Long term compensated absences are provided based on actuarial valuation, using the projected unit credit method.

Company has a gratuity fund maintained by Life Insurance Corporation of India to which

contributions are made every year based on actuarial valuation.

Leave encashment is accounted for on accrual basis as per rules of company considering calendar year for benefit.

(n) Income Taxes

Tax expenses comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities across various countries of operation are not set off against each other as the company does not have a legal right to do so. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forwarded tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each balance sheet date the Company re-assess unrecognized deferred tax assets. It recognises unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

(o) 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.

(p) 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.

(q) Cash and Cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(r) 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.

(s) Excise Duty

Excise Duty has been accounted for on the basis of goods manufactured and lying in factory though not cleared in accordance with the Guidance note on accounting for excise duty issued by ICAI.

Schedule 10 : Significant Accounting Policies & Notes to Accounts**B Notes to Accounts****Related Party disclosure as required under clause 32 of The Listing Agreement****A Names of Related Parties**

Key Management	1. Chandra Jayantilal Jagjivan 2. Patel Mahendra Jamnadas 3. Mittal Sunilkumar	Chairman & Managing Director Joint Managing Director Whole Time Director
Relatives of key management personal	1. Chandra Dharmendra Jagjivan	Brother of Chairman & Managing Director Shri Chandra Jayantilal Jagjivan
	2. Chandra Harish Jagjivan	Brother of Chairman & Managing Director Shri Chandra Jayantilal Jagjivan
	3. Chandra Mahesh Jagjivan	Brother of Chairman & Managing Director Shri Chandra Jayantilal Jagjivan
	4. Chandra Niraj Jayantilal	Son of Chairman & Managing Director Shri Chandra Jayantilal Jagjivan
	5. Chandra Prafulla Jayantilal	Wife of Chairman & Managing Director Shri Chandra Jayantilal Jagjivan
	6. Patel Ashok Jamnadas	Brother of Joint Managing Director Shri Mahendra Jamnadas Patel
	7. Patel Manisha Mahendra	Wife of Joint Managing Director Shri Mahendra Jamnadas Patel
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	

Schedule 10 : Significant Accounting Policies & Notes to Accounts

B Notes to Accounts

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

B Related Party Disclosure

	Key Management Personnel & Their Relatives		Enterprise owned or significantly influenced by key management personnel		Total	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Sales	-	-	213,447,977	244,945,682	213,447,977	244,945,682
Purchase of Goods	-	-	4,188,357	5,508,384	4,188,357	5,508,384
Remuneration (Sale)/purchase of fixed assets	3,556,524	4,182,290	-	-	3,556,524	4,182,290
After Sales Service/Warranty Claims	-	-	(1,015,000)	(1,003,500)	(1,015,000)	(1,003,500)
Services Received	-	-	1,577,387	3,844,923	1,577,387	3,844,923
Sales Incentives	-	-	69,447	75,456	69,447	75,456
Interest Paid	-	3,913,000	473,775	94,000	473,775	94,000
Commission Received	-	-	8,000	-	8,000	3,913,000
Commission Paid	-	-	20,000	-	20,000	-
	-	-	34,000	-	34,000	-

C Disclosure in respect of material transaction with related parties

Transaction	Name of the Party	2008-09	2007-08
Purchase of Goods	Khushbu Auto Private Limited	112,275	326,818
	New Chandra Motor Cycle House	3,970,246	-
Sale of Goods	Khushbu Auto Private Limited	174,540,830	215,459,754
	New Chandra Motor Cycle Agency	16,469,138	25,466,720
After Sales Services	New Chandra Motor Cycle Agency	1,362,597	3,738,914

**TWENTY ONE ANNUAL REPORT 2008 - 2009
ATTENDANCE SLIP**

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

I hereby record my presence at the 20th 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 Saturday, Dt. 26-9-09.

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 of 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 "21th
Annual General Meeting of the Company" to be held on Saturday 26-09-09, at 4-00 P.M.
and at any adjournment thereof.

Signed this _____ day of _____ 2009

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 Registeed 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.



ATUL AUTO LIMITED

OFFICE : Jimmy Tower, Opp. Swaminarayan Gurukul, Gondal Road,
Rajkot - 360 002. Gujarat, INDIA

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