



September 22, 2016

Ref. ATULAUTO/SEs/AnnualReport2015-16/28<sup>th</sup>AGM

To,  
The Department of Corporate Services,  
BSE Limited, Mumbai

To,  
The Listing Compliance Dept.  
National Stock Exchange of India Ltd, Mumbai

BSE Script Code: 531795

NSE Script Symbol: ATULAUTO

**Sub: Annual Report FY 2015-16 as per regulation 34(1) of the SEBI (LODR) Regulations, 2015**

This is to inform the stock exchanges that 28<sup>th</sup> Annual General Meeting ("AGM") of the Company was held on Friday, September 16, 2016 at 11:00 AM at the registered office of the Company.

As required under regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are sending herewith approved and adopted Annual Report containing the Notice of AGM, Directors' Report, Report on Corporate Governance, Auditors' Report and Financial Statements for the year ended on 31<sup>st</sup> March, 2016 etc.

Please take the same on your records.

Thanking you.

Yours faithfully,

For, ATUL AUTO LIMITED,

(Paras J Viramgama)

Company Secretary & Compliance Officer

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**ATUL AUTO LIMITED**

(Corporate Identification Number: L54100GJ1986PLC016999)

Regd. Office & Factory: National Highway 8-B, Near Microwave Tower, Shapar (Veraval), Rajkot – 360024 (Gujarat)

Phone: 02827 666000 Fax: 02827 666029 Website: [www.atulauto.co.in](http://www.atulauto.co.in) E-Mail: [info@atulauto.co.in](mailto:info@atulauto.co.in)



# OWNING OUR FUTURE

ANNUAL REPORT 2016



# OWNING OUR FUTURE

FY2016 grew very modestly due to two weak back-to-back monsoons. Since our products are primarily addressed to semi urban and rural markets where the economy was very weak, FY2016 was indeed challenging. In fact, the whole Industry has faced growth pains this year and despite this, we grew our topline by 5.5%. This was because we focused on protecting our market share and reinforcing our leadership position as India's third-largest domestic three-wheeler manufacturer serving a diverse customer base in the cargo and passenger segments. In particular, we continued to do well in the cargo segment where we enjoy good market share and saw healthy growth. We consolidated our presence in the domestic market, reinforced our core products and tried to make the best of a weak market within India's rural pockets. The good news is that the prospects for a normal monsoon this year look bright and this should further help the economy pick up and thus improve the demand for our products during FY2017.

**A key highlight of FY2016 was the rolling out of 0.35-tonne petrol-based three-wheeler.** This will help us to finally plug a long-standing gap in our product portfolio, thereby becoming our key driver for future growth. The petrol based 3 wheeler passenger vehicles, which is dominated by the likes of Bajaj and TVS, represents an addressable market size of 6 lakh units, a market we were not participating in at all before. We have now made a soft and steady entry through selected dealers and small

volumes, and expect this to be long-term growth driver for our business. We aim to make gradual inroads into the domestic and export markets for this variant over the years.

**During the year FY2016, we pushed our R&D to focus on developing low-cost and last-mile futuristic transportation solutions.** While still only representing a 1laks units addressable market size, we have come a long way towards finalising our concept and prototypes towards the launch phase for Battery / Electric 3 wheelers. As these have the potential to replace tricycles without polluting the air, we see big scope for these in the future. This is testimony to our forward thinking approach in using our research capabilities for producing disruptive new solutions.

**Moving ahead, we are graduating to the next level and charting our next course of growth.** We are investing in tomorrow to further strengthen our innovative core and lead change. We navigating confidently to capture future growth through increased volumes and enhanced market share in domestic and global markets. With higher operating leverage, lower raw material costs, good working capital management, we strive to generate a strong ROE. Being a value-accretive and solutions driven company, we are constantly fine-tuning our growth strategies and leveraging our intrinsic strengths to create and deliver value to our stakeholders.



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# At a Glance

The story of Atul Auto began with a simple vision – that of an empowered India. Today, we are one of India’s fastest growing, pure-play 3-wheeled Commercial vehicle manufacturing company. We are the Makers of “Atul Shakti”, “Atul Gem”, “Atul Smart” and “Atul Gemini” brands of 3-wheelers.

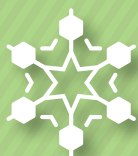
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We are committed to provide world-class mobility solutions to rural and semi-urban areas, with a renewed focus on expanding our footprint.

We manufacture 3-wheelers in the “sub 1-tonne” category, targeting the passenger and cargo segment. In the passenger segment, we manufacture Alternate Fuel & Diesel powered vehicles for carrying 3-6 passengers. Under the cargo segment, we manufacture vehicles with a rated carrying capacity of 0.5 tonne.

We have an integrated manufacturing facility at Shapar in the Rajkot district of Gujarat, with an installed production capacity of 60,000 vehicles per annum on a single-shift basis. The setting up of a new manufacturing facility at the land purchased near Ahmedabad (Gujarat) is currently in process. Once this becomes operational, our total installed capacity will increase to 120,000 units per annum. We export our vehicles to the key markets of Bangladesh, Nigeria, Kenya, Egypt, Tanzania and other African nations.

## Our Key Differentiators



**DIVERSIFIED  
PRODUCT MIX**



**RISING PENETRATION IN SEMI-  
URBAN AND RURAL AREAS**



**IMPROVEMENT IN  
CAPACITY UTILISATION**



**EXPANDING  
GEOGRAPHICAL  
REACH**



# FUTURE

**60,000** UNITS PER ANNUM  
Existing Manufacturing Capacity at Shapar, Rajkot

**60,000** UNITS PER ANNUM  
Capacity of New Plant at Ahmedabad

**200**  
Exclusive Dealers

**120**  
Sub-Dealers

**17**  
Regional Offices

**02**  
Training Centres

**18**  
States we are present in

**200** CITIES  
Presence across India

**Rs 11,395** MILLION  
Market Capitalisation  
On BSE as on 31<sup>st</sup> March, 2016

# Our Vision and Mission

## Our Vision

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

We strive to contribute in the eradication of poverty by making the common people self-dependent with our state-of-the-art technology, products and services.

## Our Mission

Our mission is to fulfil our customers' needs and aspirations for mobility and solidity and to set benchmarks in technology, style and quality.

We devote ourselves to cater to the common man's transportation needs by introducing environment-friendly vehicles, empowered by technological advances.



## Our Key Focus Areas

- Creating and sustaining powerful brands
- Delivering excellence through resource optimised manufacturing
- Ensuring customer and shareholder delight
- Creating and delivering value through seamless and efficient supply chain
- Creating enduring relationships with dealers, partners and suppliers
- Providing an engaging environment for employees



## Our Diversified Portfolio of Products



FRONT ENGINE | PASSENGER 6+1  
500 KG PAYLOAD CAPACITY



FRONT ENGINE | PASSENGER 3+1  
500 KG PAYLOAD CAPACITY



FRONT ENGINE | HIGH DECK  
500 KG PAYLOAD CAPACITY



FRONT ENGINE | HIGH DECK  
500 KG PAYLOAD CAPACITY



FRONT ENGINE | DELIVERY VAN  
500 KG PAYLOAD CAPACITY



FRONT ENGINE | DELIVERY VAN  
500 KG PAYLOAD CAPACITY

**ATUL //**  
**GEM**



REAR ENGINE | PASSENGER 3+1  
500 KG PAYLOAD CAPACITY

**ATUL //**  
**Gemini-Dz**

**ATUL //**  
**Gemini**  
PETROL

**ATUL //**  
**Gemini-LPG**

**ATUL //**  
**Gemini-CNG**



REAR ENGINE | DELIVERY VAN  
500 KG PAYLOAD CAPACITY



REAR ENGINE | CARGO  
500 KG PAYLOAD CAPACITY



REAR ENGINE | PASSENGER 3+1  
350 KG PAYLOAD CAPACITY

# Our Presence

## India Presence



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We aim to expand our footprint in the eastern and southern markets of India as our production capacity increases with the commissioning of the new manufacturing plant in Ahmedabad.

## Overseas Presence



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Our petrol/CNG variant not only widens our product basket and plugs a long-standing gap in our product portfolio, it also enables us gain access to major export markets across the globe.

# Corporate Information

## Board of Directors

Jayantibhai J. Chandra  
*Chairman and Managing Director*

Mahendrakumar J. Patel  
*Whole-time Director & CFO*

Niraj J. Chandra  
*Whole-time Director*

Vijay K. Kedia  
*Non-Executive Director*

Hakubhai J. Lalakiya  
*Independent Director*

Hasmukh H. Adhvaryoo  
*Independent Director*

CA Hemantkumar J. Bhatt  
*Independent Director*

Dr. Margie S. Parikh  
*Independent Director*

## Audit Committee

CA Hemantkumar J. Bhatt, *Chairman*  
Hakubhai J. Lalakiya, *Member*  
Dr. Margie S. Parikh, *Member*

## Nomination and Remuneration Committee


Hasmukh H. Adhvaryoo, *Chairman*  
Hakubhai J. Lalakiya, *Member*  
Dr. Margie S. Parikh, *Member*

## Stakeholders Relationship Committee

Dr. Margie S. Parikh, *Chairperson*  
CA Hemantkumar J. Bhatt, *Member*  
Hasmukh H. Adhvaryoo, *Member*

## CSR Committee

Jayantibhai J. Chandra, *Chairman*  
Hakubhai J. Lalakiya, *Member*  
Hasmukh H. Adhvaryoo, *Member*



### Statutory Auditors

Maharishi & Co.  
Chartered Accountants

### Company Secretary and Compliance Officer

Paras J. Viramgama

### Registered Office & Manufacturing Facility

Survey No. 86, Plot No. 1-4  
National Highway 8-B  
Near Microwave Tower  
Shapar (Veraval)  
Dist. Rajkot, Gujarat, India 360024  
Phone: 02827-666 000  
E-Mail: investorrelations@atulauto.co.in  
info@atulauto.co.in  
Website: www.atulauto.co.in

### Registrars & Share Transfer Agent

Sharex Dynamic (India) Private Limited  
Unit No. 1, Luthra Ind. Premises  
1st floor, 44-E, M. Vasanti Marg  
Safed Pool, Andheri Kurla Road  
Andheri (East), Mumbai – 400 072  
Phone: 022-2851 5606, 2851 5644  
E-Mail: info@sharexindia.com/sharexindia@vsnl.com  
Website: www.sharexindia.com

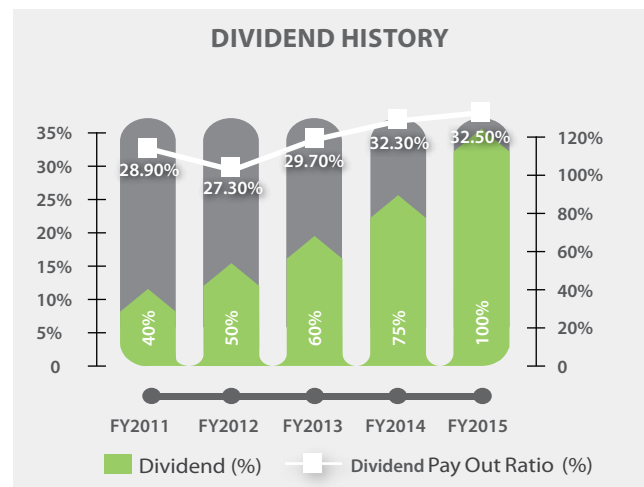
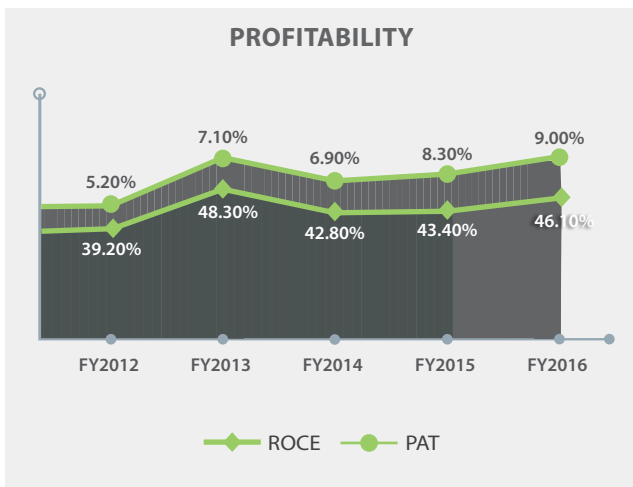
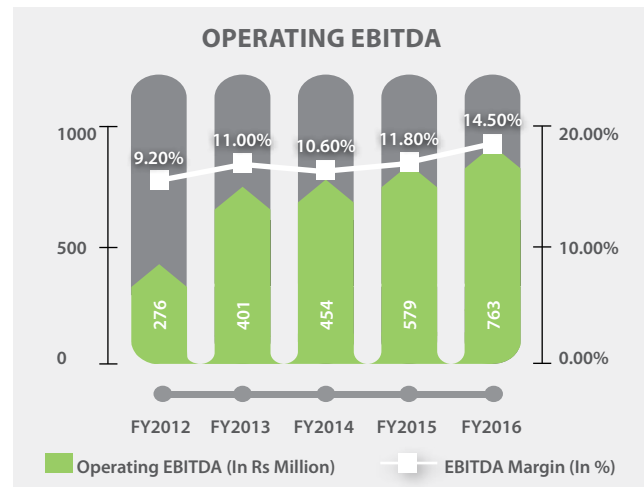
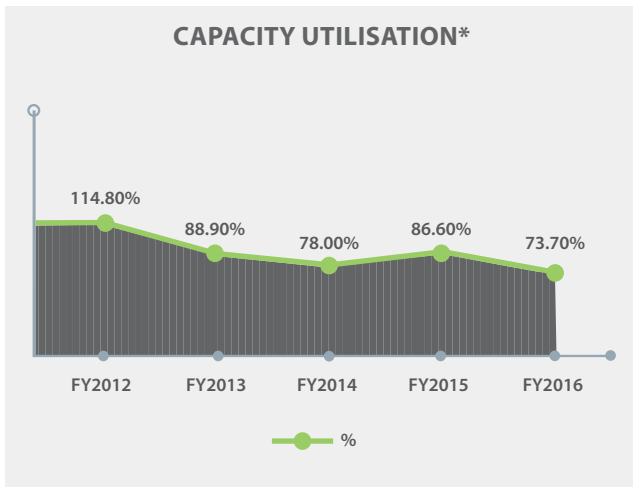
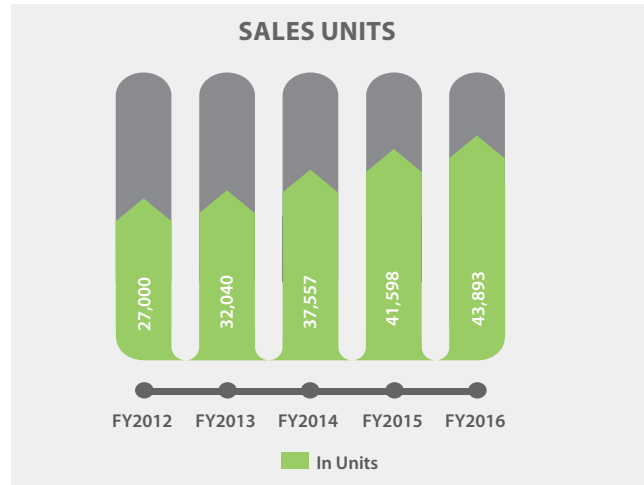
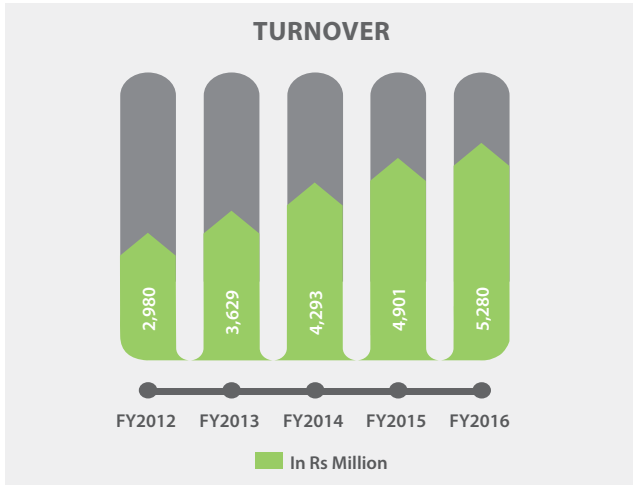
### Bankers

IDBI Bank Limited

### Stock Exchanges

BSE Limited  
Script Code – 531795  
National Stock Exchange of India Limited  
Script Symbol – ATULAUTO

# Our Financial Scorecard



Note:  
 \*Based on installed capacity of 24,000 units upto FY2011-12  
 \*Installed capacity of 48,000 units from FY2012-13 and 60,000 from FY2015-16

## Operational Highlights

### Sales:

**43,893** units – up

**5.52%**

Total sales rose during the year from 41,598 units to 43,893 units – up 5.52%

**No. 1** position

Continued to maintain No. 1 position in 3-Wheeler segment in Gujarat

**4,599** vehicles

Registered sale of 4,599 vehicles in October 2015, higher ever in a single month

**No. 2** player

Emerged as No. 2 player in the domestic cargo segment

**Market Share**

Sustained our market share in the domestic passenger segment

**320** Touch-points

Total 320 Touch-points Pan-India (200 Primary Dealers and 120 Sub-Dealers)

### Product Launch:

**Petrol/CNG/LPG**

Launched Atul Gemini Alternate Fuel (Petrol, CNG & LPG) in the domestic and export markets

### Capacity:

**73.70%**

Touched capacity utilisation of 73.70%





## Our Management Team



**J J CHANDRA**  
Chairman & Managing Director



**M J PATEL**  
Whole time Director & CFO



**N J CHANDRA**  
Whole time Director



**ADV. H J LALAKIYA**  
Independent Director



**H H ADHVARYOO**  
Independent Director



**A PADMANABHAN**  
Mentor



**V K KEDIA**  
Non-Executive Director



**CA H J BHATT**  
Independent Director



**Dr. MARGIE S. PARIKH**  
Independent Director



**JV ADHIA**  
President Accounts & Finance



**P ZACHARIAH**  
President Sales & Marketing

## Chairman's Letter



Dear Shareholders,

FY2016 added yet another milestone in our journey of capturing outstanding growth and consolidating business parameters on all fronts. We elevated our place in the market and optimised our resources. The year was indeed challenging. The automobile industry grew modestly amid sluggish demand and back-to-back weak monsoon for two years. Since our products are primarily addressed to semi urban and rural markets where the economy was very weak, the impact was further felt. Going forward, the likely softening of interest rates will aid the automobile industry maintain its growth momentum.

Talking about Atul Auto in particular, we are a company driven by passion. Our perpetual aim is to face industry challenges, innovate and provide cost-effective solutions to customers, thus reinforcing our industry presence. We are making investments in product design and development to deliver high-quality products and be the preferred partner for our customers.

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Our performance has been a combination of operational efficiency, our continuous effort for negotiating with vendors and the falling commodity prices, which improved our margins growth.

**Year in Brief**

We spent the year with a strong focus on protecting our market share and reinforcing our market position as India's third-largest domestic 3-Wheeler manufacturer, serving a diverse customer base in the cargo and passenger segments. In particular, we performed well in the cargo segment and increased our market share, even as we largely focussed on sustaining our market share in the passenger segment. All in all, we consolidated our presence in the domestic market, reinforced our core products and tried to make the best of a weak market within India's rural pockets. The good news is that the prospects for a normal monsoon this year look bright. This is expected to help the economy pick up further and lead to improved demand in the automobile sector.

**Financial Performance**

Despite a difficult market environment, we grew our top line by 5.5%. We reported volume growth of 5.5% during the year at 43,893 units, outperforming the 3-Wheeler market which reported flattish growth. Our turnover jumped 7.74% to Rs 528 crore, compared to Rs 490 crore in FY2015. We recorded 6.76% growth in revenues at Rs 532.36 crore vis-à-vis Rs 498.66 crore, whereas our Profit After Tax jumped 16.83% at Rs 47.40 crore, in comparison with Rs 40.57 crore in the previous year.

Our performance has been a combination of operational efficiency, our continuous effort for negotiating with vendors and the falling commodity prices, which improved our margins growth. We realise there is room for further margin improvement in the years ahead. With India's economic growth looking up and sentiments in the automobile sector in general, and the 3-Wheeler segment in particular, looking up we foresee noteworthy growth in margins over the next couple of years. With higher operating leverage, lower raw material costs, good working capital management, we strive to generate a strong ROE.

**Key Achievements**

A prime highlight of the year under review was the rolling out of our 0.35 tonne petrol based three-wheeler available in alternative fuels i.e. Petrol, CNG and LPG variants. Widening of our product basket will finally plug a long-standing gap in our product portfolio, thereby becoming our key driver for future growth. The petrol-based 3-Wheeler passenger vehicles market represents an addressable market size of 6 lakh units, a market we were so far not able to penetrate. We made a soft and steady entry through selected dealers and small volumes in this segment. We are seeding the product in the right market with the right strategy. And over the years, we shall make gradual inroads into the domestic and export markets with this variant.

**Owning Our Future**

At Atul Auto, we remain confident of owning our future. We are not only delivering results today, but also preparing ourselves for the future. We are scaling higher and also making the right investments to further strengthen our innovative core and lead change. Not only this, we are also leveraging the addressable market optimally by serving something new to our customers constantly. We are getting our act right to perform in the short term, while making bold and transformative moves to realise future growth opportunities and create long-term shareholder value.

Our growth agenda includes an aggressive push into the export market. We are working on our new export strategy and targeting strong growth in exports by entering new markets and securing new contracts. Our motive is to enhance our presence on the domestic front, besides gaining an aggressive push in the export market too. Our focus is also to improve our productivity, increase operational efficiency and improve operating leverage to maintain double-digit growth momentum.

### **Moving Ahead**

Being a value-accretive and solutions driven company, we are constantly fine-tuning our growth strategies and leveraging our intrinsic strengths to create and deliver value to our stakeholders. We are navigating confidently to capture future growth through increased volumes and enhanced market share in the domestic and global markets. Although we still have a lot to achieve in the coming years, Atul Auto has established itself as a Brand to reckon with and generates a strong preference among its various customers across segments.

As we continue to enhance and implement our plans, we are simultaneously advancing our strategic framework for long-term shareholder value creation. When I pause to reflect on how far we've come over the past few years, and how much further we'll go in the next one, I couldn't be more excited and optimistic.

My colleagues and I are excited and confident about the cognitive future, and we are working hard with our esteemed customers, partners and employees to build it. I am proud of the team for bringing us here, and I am grateful to you, our shareholders, for your steadfast support.



Warm Regards,  
**Jayantibhai J. Chandra**  
Chairman and Managing Director

## OUR KEY VALUE SYSTEMS

### AIMING AT VALUE ENHANCEMENT THROUGH CONSISTENT GROWTH IN CARGO & PASSENGER SEGMENTS

Passenger and Cargo are our key focus areas. We have built a strong platform to foster our market position in passenger and cargo segments and make an indelible mark in the marketplace through our significantly differentiated and relevant products. Moving ahead, our aim is to deliver continued, sustainable success by leveraging our domain expertise in these segments in a bid to sharpen our competitive edge.

We are a pure-play 3-wheeler manufacturer with a diversified product portfolio and a wide range of diesel and Alternate Fuel 3-Wheeler products in front and rear engine platform for passenger and cargo transportation. We serve a diverse customer base in the cargo and passenger segments, with a payload capacity of 350 kgs and 500 kgs. We are the fastest-growing player in India's domestic 3-Wheeler industry, growing at a CAGR of 12.2% in the last five years, outperforming the industry which grew 1.19% CAGR during this period.

#### CONTINUED GROWTH IN KEY SEGMENTS

The segment recorded 14.27% CAGR during a 5-year period, compared to 2.38% CAGR recorded by the industry. In the cargo segment, we clocked highest-ever monthly sale of 2,052 units in October 2015, which led our month-on-month sale to cross the 4,599 mark first time in the Company's history. We rank 2nd in the domestic market and continue to perform consistently well by expanding dealer network, penetrating further into rural and semi-urban areas and expanding presence in urban markets too. During the year, we emerged as the No. 2 player in the cargo segment, outperforming our competitor in terms of month-on-month sales. We demonstrated our strength through 11.42% CAGR growth vis-à-vis negative 2.18% CAGR registered by the industry.

#### INCREASING MARKET SHARE

Moving ahead, our aim is to further improve our position in passenger and cargo applications. We wish to leverage the high manoeuvrability and low operating cost offered by 3-Wheelers. Our motive is to leverage our brand and distribution network in these segments and be well positioned to capture the domestic auto industry growth. Going forward, we shall keep competing in the last-mile transport segment through delivery of better mileage and superior performance.





## OUR KEY VALUE SYSTEMS

### UPGRADING OUR PORTFOLIO BY FORAYING INTO PETROL-BASED CNG/ LPG 3-WHEELERS

We have always delivered value to our customers and stakeholders by focusing on development of various low-cost and last mile transportation solutions through our uniquely designed product range. Our new petrol-based variant added to the product basket further expands our diverse product portfolio. The new product in our kitty will aid growth and enable us to capture substantial market share in India and overseas.

We are constantly introducing new products across 3-Wheeler segment, aggressively entering into new markets and consolidating our presence in the existing markets. Our well-equipped R&D centre supported by a talented team of engineers is engaged continuously for upgradation and improvement of existing products, in addition to development of new products.

#### WIDENING THE BASKET

During the year, we added extra sheen to our wide range of products with the introduction of our CNG/LPG commercial passenger product – a new 0.35 tonne petrol 3-Wheeler Atul Gemini. The petrol engine, which was commissioned and designed in-house, not only reduces pollution, but also provides value to the owner.

With this, we now have an entire range of products of all fuels and have an end-to-end integrated product portfolio. The launch also provides us the competitive advantage of being available across all the four fuels – Diesel, petrol, CNG and LPG. The product enables us to fill the market gap, it also gives us access to the export markets. The petrol variant helps us widen our addressable market in the domestic and overseas markets and aid growth in the long term.

#### Offering Ride Comfort

The petrol variant has a distinct USP in terms of technical and commercial specifications. The vehicle is aimed at providing better comfort for the driver as well as the passenger. Besides being competitively priced, the product comes with a 24-month warranty.



## OUR KEY VALUE SYSTEMS

### LEVERAGING R&D CAPABILITIES TO IMPROVE PRODUCTIVITY AND INCREASE OPERATIONAL EFFICIENCY

Our vision is to be a manufacturing company respected by customers for our benchmarked performance in product engineering, quality, cost, delivery and speed of response. We leverage our experience to design and manufacture state-of-the-art and indigenous products. We create the widest bouquet of high-quality product offerings at our unmatched facilities. We achieve this by pursuing better cost management, more optimised processes and higher standards of excellence in product engineering and quality.

At Atul Auto Limited, our aim is to deliver superior ride and luxury comfort through our products, both on Indian and foreign roads. Good comfort and safety for the rider is our ultimate aim. We remain focussed on improving productivity and increasing operational efficiency at our manufacturing plant through local level innovations and process re-engineering. Delivering best-in-class mileage, robust warranty and efficient after-sales service is our constant goal.

We are committed to provide state-of-the-art technologies to ensure vehicle safety. We are setting benchmarks in product engineering, quality, delivery and speed of response. We have the capability for end-to-end product development. We have a continued focus on customer-centric R&D, yielding substantial



benefits through our state-of-the-art R&D centre, aiming to improve productivity and introduce the latest technologies. Our investment in futuristic technology and R&D activities is targeted at enabling robust design and faster launch of new products.

We leverage our domain expertise and capabilities in R&D to enhance our value proposition to customers and stakeholders. Our products are backed by low-cost and last mile transport solutions through innovations and process re-engineering at our well-equipped R&D centre.

#### Our R&D Support to Customers:



**Improving product quality**



**Cost reduction**



**Value engineering**

## OUR KEY VALUE SYSTEMS

### IMPROVING FINANCIAL ENGINEERING TO BETTER MARGINS AND GAINING OPERATING LEVERAGE

Our revenue growth has been led by higher volumes in passenger and cargo segments. Improved product mix and falling commodity prices also led to reduction in our raw material costs. We have a continuous focus on improving our EBITDA, led by our strategies on improving our operational efficiency, bettering profitability and delivering predictable growth, aiming to deliver even greater value to stakeholders.



Our bottom line grew 17% at Rs 47 crore in FY2016, while our top line was up 7.7% at Rs 528 crore. Our efficiency improvement measures are having a positive effect. During FY2016, we improved our Operating EBITDA by 263 basis points at 14.45% through better control on costs and taking full advantage of our operating leverage. Besides lower raw material cost, the improvement has been the result of our focus on improving plant efficiencies; bettering product quality; moderating costs and scaling up production. This is also the result of our profitable presence in the value-added products portfolio, which enjoy better margins.

Moving ahead, our focus continues to be to build revenue, bring down costs further and increase our portfolio quality. We will continue to explore ways to further improve the EBITDA, profitability and top line growth.

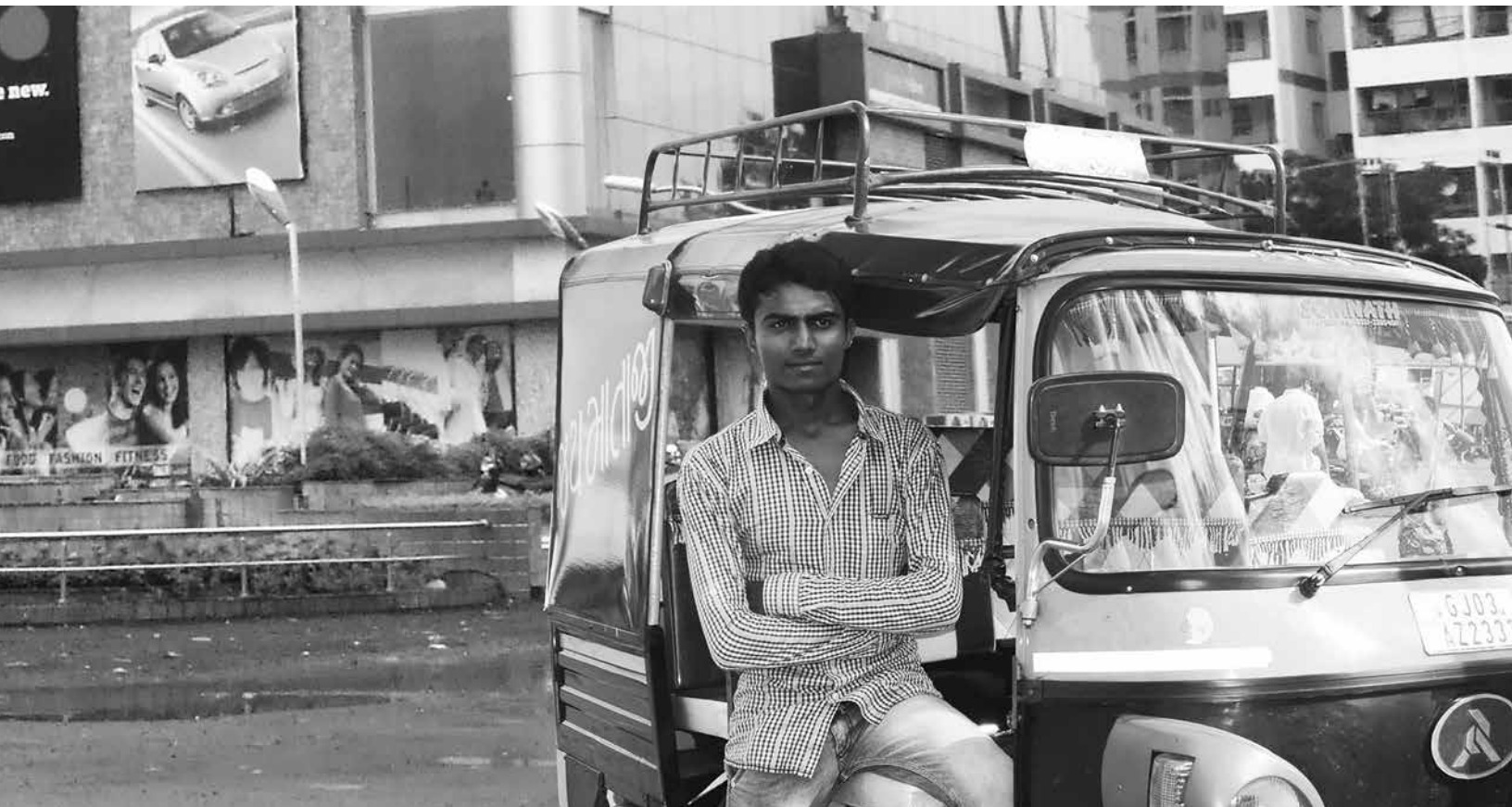
This will be led by revenue enhancing and efficiency improvement measures as well as working capital and operating leverage benefits. We are constantly optimising our plant efficiencies by bettering engineering quality and improving overall productivity, aimed at capitalising on our favourable position in a growing market.

## 263 Basis Points

Improvement in Operating EBITDA in FY2016

## 17%

Growth in Bottom Line in FY2016



# Management Discussion & Analysis

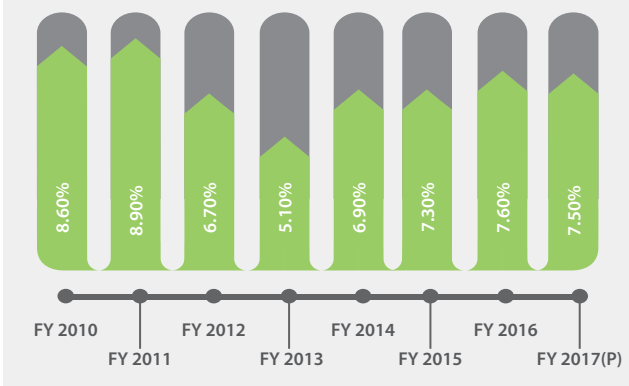
## Economic Overview

The Indian economy remained resilient as it grew by 7.6% in FY2016, making it the world's fastest growing economy among the large economies. This was higher than 7.2% economic growth recorded in FY2015, buoyed by improved agricultural performance and growth in consumption. The economy outgrew most major economies on the back of strong domestic demand, coupled with a drop in crude and commodity prices. The Central Statistics Office (CSO) had estimated the Indian economy to record a five-year high growth rate of 7.6% on the back of improved performance in manufacturing and farm sectors.

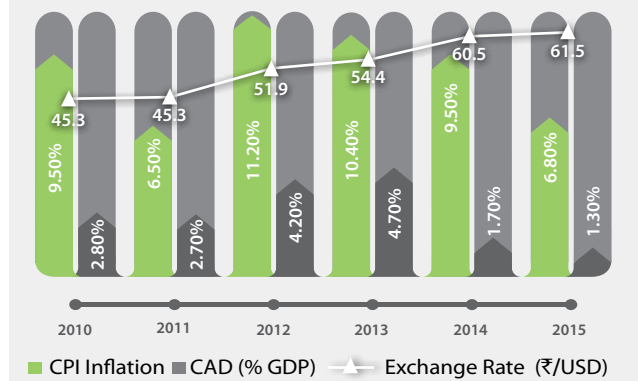
The International Monetary Fund (IMF) retained its growth forecast for India in FY2017 at 7.5%, largely driven by private consumption even as weak exports and sluggish credit growth continue to weigh on the economy. India's growth momentum is expected to be underpinned by private consumption, which has benefited from lower energy prices and higher real incomes. Robust reforms, push for Make in India and a better external environment indicate a double-digit growth trajectory.

India climbed 12 notches on the World Bank's Ease of Doing Business indicator and is a "haven of stability amid a turbulent global economy". The Government has taken several steps to improve the country's economic environment – including simplifying approval procedures, repealing obsolete laws, putting in place a non-adversarial tax regime and addressing the issue of subsidy leakage. Foreign investment inflow into the country has increased by 39% in 2015.

### INDIA'S GDP GROWTH RATE – ACTUAL AND PROJECTED (YOY)



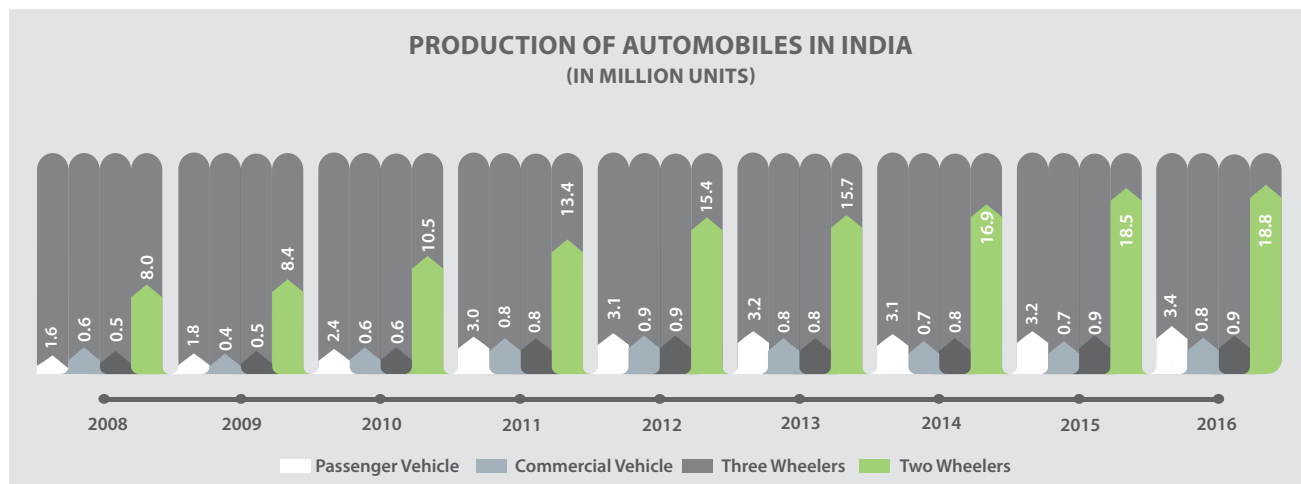
### RECEDING INFLATION AND STRENGTHENING INDIAN RUPEE



### Growth Drivers for India's GDP

Strong macro-economic fundamentals, favourable business sentiments and a downward trend in interest rates are significant positives for the economy. According to the estimates of the Confederation of Indian Industry (CII), government infrastructure investments and increased investments from the private sector will boost GDP growth. India has benefited from lower oil prices and remains on a strong recovery path, being the fastest-growing large economy in the world. An incipient recovery of private investment is expected to help broaden the recovery. Moreover, higher levels of public infrastructure investment and government measures to re-ignite investment projects should help crowd-in private investment.

An integrated set of initiatives – including Make In India, Start-Up India, Mudra Yojana and Skill India – will help create a large number of jobs. A series of reforms is being initiated to help convert job seekers into job creators. The Government has launched the Start-Up India campaign, which will deepen, expand and support the innovation eco-system in the country. However, economists unanimously feel there is an urgent need to strengthen India's domestic capex cycle, and it is also imperative to give a thrust to investments in the infrastructure sector. Expanding the revenue base, lowering the tax burden on the middle class and adding more disposable income in the hands of the middle class remains vital and will push domestic demand. The task of striking a balance between growth, fiscal consolidation and inflation is challenging, but is imperative to give a thrust to growth



Source: SIAM, TechSci Research

## Industry Overview – Automobile Industry

India's automobile industry has emerged as one of the largest in the world, as it grew by 2.58% in FY2016 over the previous year, according to the Confederation of the Indian industry (CII). The industry ranks among the key drivers of economic growth, contributing 7.1% to India's Gross Domestic Product (GDP). Since de-licensing of the sector in 1991 and subsequent opening up of 100% Foreign Direct Investment (FDI) through the automatic route, the sector has come a long way. Today, almost every global auto major has set up facilities in India to cater to a growing middle class and a young population.

### World Standing of Indian Automobile Sector

- Largest 3-Wheeler market
- Second largest 2-Wheeler market
- Tenth largest passenger car market
- Fourth largest tractor market
- Fifth largest commercial vehicle market
- Fifth largest bus and truck segment

The industry has a promising future in India. Apart from meeting growing domestic demand, it is also gradually penetrating the international markets. Favoured with various advantages such as access to a globally competitive auto-ancillary industry; availability of locally produced steel at low costs; supply of inexpensive and

highly skilled manpower; and a mature ecosystem of testing and R&D centres, the industry provides immense investment and employment opportunities.

### Production, Sales and Exports

As per the industry data published by the Society of Indian Automobile Manufacturers Association (SIAM) for FY2016, overall domestic sales stood at 20.46 million, an increase of 3.78% as against 19.72 million sold in FY2015. Export for the year showed a marginal rise of 1.91% at 3.64 million. The growing interest of companies in exploring rural demand further aided growth of the sector.

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## Automobile Sector: Key Growth Drivers

### EMERGING MIDDLE CLASS

As economic prosperity spreads across demographics, mobility is no longer considered to be a luxury, but a necessity by Indians. By 2021, India's emerging and middle-class segments will comprise of nearly 900 million people and the Auto industry in India is expected to greatly benefit from this growth. A middle class consumption lead growth is also likely to impact the overall economy positively, driving up the demand for 3-Wheelers and commercial vehicles.

### BURGEONING INFRASTRUCTURE DEVELOPMENT

India has made remarkable progress in building new roads, highways, expressways and support infrastructure such as airports, ports, railways and power plants. The expansion and modernisation of our core infrastructure is also a major driver of growth for the auto industry. This has played a role as a major driver of growth for auto industry. While India's remarkable automotive growth has so far been fuelled by urban consumers, the government's vision for economic growth and development in across all strata's of the country will pave the way for launch of new products in this segment. The initiatives are expected to help the automotive industry to develop new mobility solutions such Intelligent transportation systems, congestion and road charging systems, alternative fuel vehicles, car sharing, smart and connected vehicles targeted at "smart cities" of the future.

### RURAL MARKET

The automobile industry is yet to fully tap into the demand from rural areas. A gradual but steady growth in demand for passenger vehicles is being witnessed in rural areas. The Indian automobile industry seeks to double its total sales on the back of this steady rural lead growth over the next decade. It is also expected to grow off relatively untapped segments including demand from youth, women and also aspiration for luxury cars.

### THE EXPORT ADVANTAGE

India is also a prominent auto exporter and has strong export growth expectations for the near future. Automobile exports have grown by CAGR of 14.65% during the five year period 2010-15. Passenger Vehicles, Commercial Vehicles, 3-Wheelers and 2-Wheelers individually grew by 6.9%, 13.7%, 18.7% and 16.6%


CAGR respectively during the same period. 2-Wheelers accounted for the largest share of exports at 69.4%. Passenger vehicles comprised a sizeable 16.7% of the overall exports. 2-Wheeler vehicles registered around 11.1% share in exports.

### OFFERING VEHICLES WITH FUEL ECONOMY

Along with the automobile, considering the budget and the pocket size of the Indian consumers, fuel efficiency also plays a major role in the determining the turnover of the automobile. The 2-Wheeler and 4-Wheeler companies in India have been able to offer products with the globally acknowledged best-in-class fuel economy rates, as well as affordable total cost of ownership. With alternative fuels coming into the limelight, this performance expectation will only increase in the future

## Government Initiatives

The Government has taken several initiatives, including introducing 100% FDI in the automobile sector to propel our position in 2-Wheeler and 4-Wheeler market in the world by 2020. A stable government framework, increased purchasing power, large domestic market, and an ever increasing development in infrastructure have made India a favourable destination for investment. In order to keep up with the growing demand, several auto makers have started investing heavily in various segments of the industry during the last few months. The industry has attracted Foreign Direct Investment (FDI) worth US\$ 14.32 billion during the period April 2000 to December 2015, according to data released by Department of Industrial Policy and Promotion (DIPP).



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India has made remarkable progress in building new roads, highways, expressways and support infrastructure such as airports, ports, railways and power plants. Expansion and modernisation of our core infrastructure is a major driver of growth for the auto industry.



### Key Initiatives of the Government

- The Ministry of Road Transport, Highways & Shipping has announced plans to set up a separate independent Department for Transport, comprising of experts from the automobile sector to resolve issues such as those related to fuel technology, motor body specifications and fuel emissions, apart from exports.
- The Government aims to make automobiles manufacturing the main driver of 'Make in India' initiative, as it expects passenger vehicles market to triple to 9.4 million units by 2026, as highlighted in the Auto Mission Plan (AMP) 2016-26.
- The Government plans to promote eco-friendly cars in the country i.e. CNG based vehicle, hybrid vehicle, and electric vehicle and also made mandatory of 5% ethanol blending in petrol.
- The Government has formulated a Scheme for Faster Adoption and Manufacturing of Electric and Hybrid Vehicles in India, under the National Electric Mobility Mission 2020 to encourage the progressive induction of reliable, affordable and efficient electric and hybrid vehicles in the country.
- The Automobile Mission Plan (AMP) for the period 2006–2016, designed by the government is aimed at accelerating and sustaining growth in this sector. Also, the well-established Regulatory Framework under the Ministry of Shipping, Road Transport and Highways, plays a part in providing a boost to this sector.

3-Wheelers are an integral part of India's automobile sector, as they are one of the most preferred means of transportation in rural and urban India.

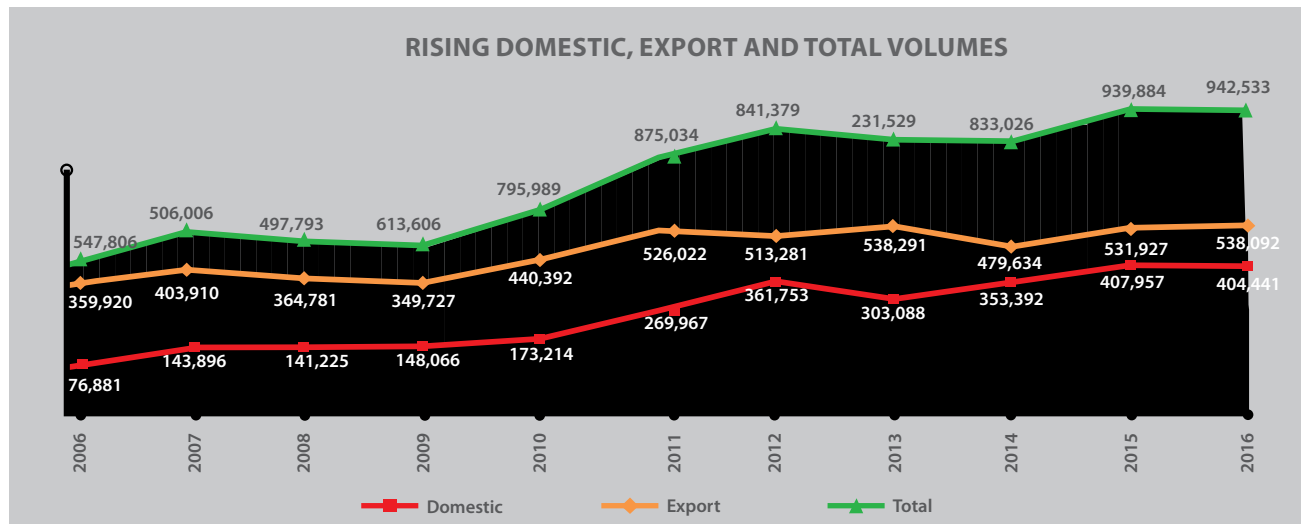
## 3-Wheeler Industry: An Overview

3-Wheelers are an integral part of India's automobile sector, as they are one of the most preferred means of transportation in rural and urban India. The market for 3-Wheelers in India witnessed a sharp increase during early 1950s. The market has been performing quite well as a result of rising population, growing commercialisation and increasing commercial activities, which are contributing to increased demand for intra-city transportation. The passenger 3-Wheeler segment dominates the market, as the need for passenger commutation is higher than the need for goods carriage within a city.

### Industry Performance

During FY2016, a total of 933,950 3-Wheelers were produced in the domestic market, as compared to 949,019 3-Wheelers during the previous year of FY2015. Domestic sale was slightly higher at 538,092, up by 1.03% compared to 532,626 3-Wheelers in the previous year. Exports were slightly lower at 404,441 units in FY2016 vis-à-vis 407,600 units in FY2015. The Passenger Carrier segment performed better as it recorded domestic net sales of 441,091, compared to 431,984 units in FY2015. Exports stood at 401,497 units against 405,013 units in FY2015. On the other hand, the Goods Carrier segment recorded lower sales of 97,001 units vis-à-vis 100,642 units in the earlier year. However, exports grew marginally at 2,944 units vis-à-vis 2,587 units in the previous year.

India has emerged as the largest 3-Wheeler industry with a large domestic market and export base on the back of strong demand from local as well as international markets. With industry volumes of 933,000 units in FY2016, India is positioned as the largest manufacturer as well as market for 3-Wheelers, globally, an ICRA research report on the Indian commercial vehicle industry stated. The 3-Wheeler market includes both passenger and cargo segments. Over the past decade, during FY2006-16, the Indian 3-Wheeler industry grew by a compounded annual growth rate (CAGR) of 8.9% in unit sales, driven by steadily rising exports as well as rising domestic demand.



## Industry Growth

The industry is expected to grow at a relatively healthy CAGR of single digit figure over the next five years, driven by rapid domestic growth and robust exports growth. The domestic 3-Wheeler passenger segment will be benefited from product upgradation and the opening of fresh permits by the State Governments. 3-Wheeler exports are expected to remain robust. Long-term sales growth will be highest in the export segments, followed by that in the passenger carrier segment.

### KEY DRIVERS FOR INDUSTRY GROWTH:

- Rapid economic growth
- Rising disposable incomes
- Evolving travel and consumption patterns
- Improving road infrastructure
- Increasing demand for motorised transportation
- Inadequate public transport systems in target emerging markets of Africa, Latin America and South Asian countries



## Increasing Exports

Apart from domestic demand, India has emerged as a major export hub in 3-Wheelers, with presence in some of the South Asian and Latin American markets that are replicating the Indian 3-Wheeler story, with rising disposable incomes, but inadequate public transport systems. In contrast to domestic demand, exports of 3-Wheelers from India have grown at much higher pace (i.e. 20.4%) during the same period. As a result, the share of exports in the 3-Wheeler industry volumes rose from 18% in FY2006 to almost 43% to 10 million units in FY2016. The trend has been supported primarily by two factors. Firstly, there is strong demand from international markets on the back of rising demand for last-mile connectivity, owing to the lack of well-developed public transport system in emerging markets in Africa and South-East Asia. And secondly, there is a declining trend in demand for 3-Wheeler goods carriers in the domestic market, owing to competition from small commercial vehicles.

## Passenger Carrier Segment

With annual sales volumes of 441,091 units in FY2016 vis-à-vis 431,984 units in FY2015, the passenger carrier segment accounted for almost 80% of the domestic 3-Wheeler industry sales. Accordingly, the growth drivers of the domestic 3-Wheeler industry are majorly influenced by factors that drive demand for passenger 3-Wheelers. During FY2006-15, the passenger carrier

segment witnessed a CAGR of 8.2%. In the urban markets, replacement demand has also been an important growth driver. Improving network of CNG fuel stations is driving the replacement of older petrol or diesel-powered 3-Wheelers with ones based on CNG. Despite the fact that usage of CNG is only mandatory in Delhi, the acceptance for CNG-based 3-Wheelers has caught up in other cities as well, primarily on the back of favourable operating economics.

## Goods Carrier Segment

With annual sales volumes of 97,001 units in FY2016 vis-à-vis 100,642 units in FY2015, the goods carrier segment accounted for almost 1/5th of the domestic 3-Wheeler industry sales. Unlike the passenger segment which grew during the year, demand for goods carriers declined by 4.2% over the same period. The goods segment continues to benefit from its favourable operating economics, despite stiff competition from 4-Wheeler small commercial vehicles.

With annual sales volumes of 97,001 units in FY2016 vis-à-vis 100,642 units in FY2015, the goods carrier segment accounted for almost 1/5th of the domestic 3-Wheeler industry sales.

## Key Enablers for Growth in 3-Wheeler Segment

CARGO SEGMENT	PASSENGER SEGMENT
Availability of Financing Banks and big NBFCs	Availability of Financing Banks and big NBFCs
Government focus on improvement in rural road infrastructure	Government focus on improvement in rural road infrastructure
Growth in key user industries like FMCG, Pharma, Retail and Construction	3-Wheelers continue to be a popular mode of passenger transportation
Major retail push by FMCG & Consumer product players in Tier II cities and smaller towns where 3-Wheelers serve as the ideal mode of goods transportation	New permits for fuels like CNG/LPG driven vehicles is available more easily
Restriction imposed on large Commercial Vehicles entry at metros and major cities	Passenger application in the rural & semi urban areas continues to grow

## The 3-Wheeler Opportunity in India

India has the largest 3-Wheeler industry with both a large domestic market as well as an export base, according to rating agency ICRA in its report. India is positioned as the largest manufacturer as well as market for 3-Wheelers globally. According to the report, over the past decade (FY2006-2015), the Indian 3-Wheeler industry witnessed a CAGR of 8.9% in unit sales, driven by steadily rising exports and domestic demand. Within the overall industry, the domestic 3-Wheeler market registered a CAGR of 4.4% over the past decade. In contrast to domestic demand, exports of 3-Wheelers from India have grown at much higher pace (i.e. 20.4%) during the same period. As a result, the share of exports in 3-Wheeler volumes has risen from 18% (in FY 2006) to almost 43% (in 10-month FY 2016). This trend has been supported primarily by two factors – strong demand from international markets on the back of rising demand for last-mile connectivity (owing to lack of a well-developed public transport system) in the emerging markets in Africa and South-East Asia, and the declining trend in demand for 3W goods carriers in the domestic market due to competition from Small Commercial Vehicles (SCVs).

## Company Overview

Atul Auto Limited (AAL) is a leading manufacturer of 3-Wheeled Commercial Vehicles in the state of Gujarat. It is a pure-play 3-Wheeler manufacturer of Auto Rickshaws, Pick-Up Vans and Chassis of Passenger Vehicles. The Company offers a wide range of diesel and CNG 3-Wheeler products in both front and rear engine platform for passenger and cargo transportation. We serve a diverse customer base in the cargo and passenger segments, with a payload capacity of 0.35 tonne and 0.50 tonne.

We are a strong player with a product portfolio comprising 45 models catering to passenger and goods carrier segments and making steady inroads in the segment. All our products are backed with low cost transport solutions for common people with a customer centric approach. We are the fastest-growing player in India's domestic 3-Wheeler industry, growing at a CAGR of 12.2% in the last five years. With this, we outperformed the industry which grew at 1.19% CAGR during this period.

### OUR KEY BRANDS:

#### ATUL SHAKTI



#### ATUL SMART



#### ATUL GEM



#### ATUL GEMINI



200

Primary Dealers

320

Touch Points

120

Secondary Dealers

73.72%

Capacity Utilisation in FY2016

### Our Diversified Product Portfolio

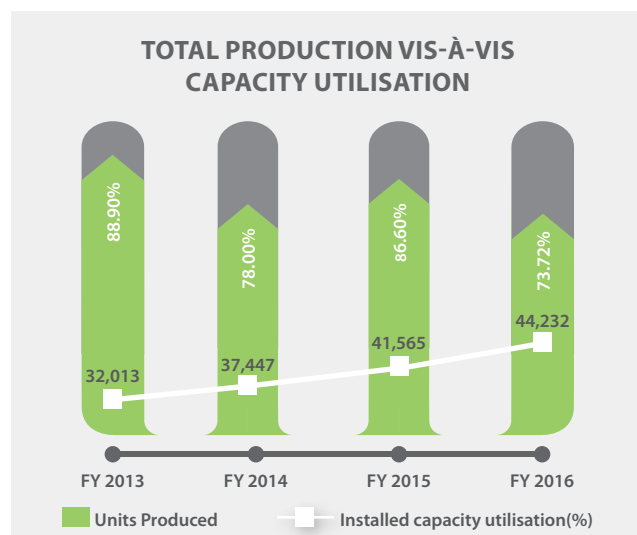


## Our Manufacturing Strengths

We have a state-of-the-art manufacturing facility at Shapar, Rajkot at Gujarat. The installed production capacity of 48,000 units per annum has been extended to 60,000 units during the year by incurring minimum capex. We are focussed on improving our productivity and increasing operational efficiency at the plant through local level innovations and process re-engineering.

## Our Integrated Manufacturing Processes

- Manufacturing of components
- Fabrication of chassis
- Pre-paint facility
- Paint shop
- Assembly line
- End-of-line testing



Note:

\*Based on installed capacity of 24,000 units upto FY 2011-12

\*Installed capacity of 48,000 units from FY 2012-13 and 60,000 from FY 2015-16

## Capacity Expansion

In line with its long term vision to acquire the decent market share in the 3-Wheeler segment and to capture future growth, we are setting up new manufacturing unit near Ahmedabad with an annual production capacity of about 60,000 units per annum. Once the new plant gets

operational in FY2019, our production capacity will get nearly doubled to 120,000 units per annum. With the plant getting commissioned, we aim to expand our footprint in the eastern and southern markets of India.

## Our Operational Performance

Despite industry challenges, our operational performance was on an uptrend. In our full year of operations, sale of 3-Wheelers at Atul Auto Limited was recorded at 43,893 units, a 5.52% rise over of 41,598 3-Wheelers sold a year earlier. We outperformed the industry yet again. In comparison to flat growth recorded by the industry, we registered satisfactory growth in the range of 5.52%, given the overall market environment. We improved our market share from 7.54% to 7.87% on an overall basis.

### A. PASSENGER:

Passenger segment recorded sale of 23,731 vehicles during FY2016, compared with 23,747 vehicles sold a year earlier. Although growth was flattish, we sustained our market share in this segment. In October 2015, we recorded the highest-ever monthly sale of 4,599 units, crossing the 4,500 mark. We recorded 14% CAGR in the passenger segment, outperforming the industry which grew by 2% CAGR during the same period.

### B. CARGO:

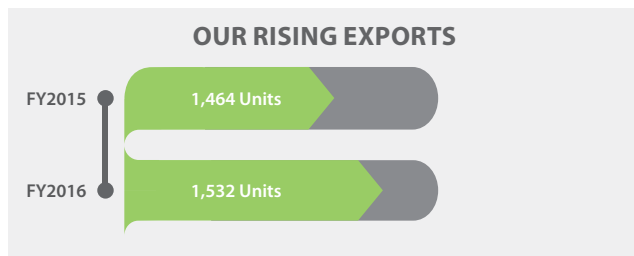
We emerged as the No. 2 player in the cargo segment, outperforming our competitor in month-on-month sales since July, 2015. The Cargo segment grew the highest at 12.95%, as it sold 20,162 3-Wheelers during the year, compared to 17,851 units sold in the previous year. We also demonstrated our strength in the cargo segment as we recorded 11% growth vis-à-vis negative 2% CAGR posted by the industry over a 5-year period.

### C. KEY BRANDS:

We received overwhelming response for our products "Atul Shakti" and "Atul Gem", from the rural as well as semi-urban market, collectively selling an astounding figure of 39,703 units. Our key brand Atul Gem, which is now in its 8th year of operations, recorded sale of 27,316 vehicles – reporting a volume growth of 5.84% year-on-year vis-à-vis 25,808 units sold a year earlier. Atul Shakti recorded total sale of 12,387 units, compared with 11,959 units sold in the year before.

**D. EXPORTS:**

Our export volume during the year under review grew 4.64% at 1,532 vehicles, compared to 1,464 vehicles exported in FY2015. We continued our exports to Bangladesh, Nigeria, Kenya, Egypt, Tanzania and other African countries. We appointed few more distributors in some of these countries to further spruce up our sales network. During the year, we also identified a few unexplored geographies in Latin America and will commence exports as and when the conditions are conducive. We, thus, foresee our share of exports rising tremendously in the coming years.

**Enhanced Penetration**

We continue to consistently be the No. 1 player in Gujarat in the 0.5 tonne segment. The State now contributes about 34.90% to our total sales. Among the other States, Kerala and Assam together contribute 5.97% to total sales. We also penetrated into Punjab, Haryana and Rajasthan. During the year, we emerged as the No. 1 player in Punjab too. We are making satisfactory inroads into West Bengal and Tamil Nadu. To spread our network further, we strategically initiated sale of 3-Wheelers in the prime metro cities of Mumbai, Delhi and Bangalore during the year, which contributed to rising sales. Going forward, we aim to continue our strategy of large-scale penetration in India's key markets. We aim to tap the opportunities in the urban markets, with several new permits likely to be issued. Once the Ahmedabad manufacturing unit gets into the operational mode, we will explore further opportunities to increase our share in exports to earn higher realisations.

**Building our Dealer Network**

Our network has increased to 320 touch points, which includes 200 primary dealers and 120 sub-dealers. We are further strengthening our dealer network and have covered almost entire India in last two years. We provide

sales & marketing, behaviour and technical training to our dealers to enhance sales and enable customer satisfaction. We also organise road shows, ground activities and participate in Auto Expos across India.

**Our Alternative Fuel Variant**

We constantly aim to introduce products across the 3-Wheeler segment, aggressively entering into new markets, besides consolidating our presence in the existing markets. During the year, we introduced a 0.35 tonne 3-Wheeler which comes in 3 fuel options i.e. Petrol, CNG & LPG variants. With a global size of 11.5 lakh units, of which 4.5 lakh units is exported from India, the opportunity is vast in this segment. Our new product enables us address the market gap and also provides access to major export markets. The vehicle has a distinct USP in terms of technical and commercial specifications. It is aimed to provide better comfort for the driver as well as the passenger. Besides being competitively priced, the vehicle comes with a 24-month warranty.

**Better Operational Efficiency**

We continue the trend of optimising our operating efficiency year on year. During FY2016, our efficiency improved to 27.11%, as compared to 24.08% in the previous year. We are pleased to report that our raw material consumption improved by 3.06% on a yearly basis.

**Research & Development**

Research and Development represents the heart of Atul Auto's ability to innovate consistently. Over the years, the Company has invested nearly Rs 313.62 lakhs in its research and development programme. The Company's R&D centre focuses on product and process excellence to offer enhanced performance and futuristic technologies to its customers. The Company plans to offer superior services and technology solutions, thereby enhancing its revenues.

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## Our R&D Strengths

**ONE-STOP SHOP:**

The Company's facilities are equipped to develop and produce all kinds of 3-Wheelers, reinforcing the brand as a complete 3-Wheeler solutions provider.

**STATE-OF-THE-ART:**

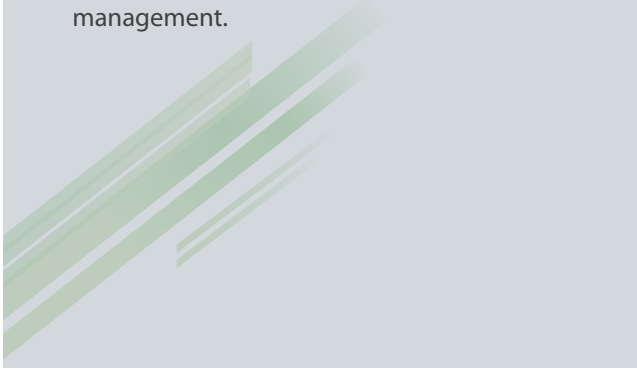
The Company's R&D centres are invested with robust testing infrastructure, which ensures world-class performance.

**COST EFFICIENT:**

The Company's localised product manufacturing capabilities strengthened the indigenisation of its downstream customers.

**TECHNOLOGY ABSORPTION:**

The Company demonstrated sound technology absorption capabilities, translating into a shortened learning curve and stronger proprietary knowledge management.



## Management Outlook

The prospects of the Company appear reasonably optimistic for a number of reasons. The forecast for 2016-17 is expected to be marginally better. With the Government's 'Make in India' initiative likely to strengthen the case for manufacturing and with moderate rise in GDP expected, the Indian automobile sector appears poised for a better future. The Company's performance is expected to do better with improved thrust and focus, with good working capital management and an asset light model.

We are well established for our research and development (R&D), product development, process engineering and low-cost manufacturing skills. In the current environment of massive competition, stiffening norms and policies and diversion of customers towards 3-Wheelers, we are proactively involved in attracting prospective customers and improving customer satisfaction. We are aiming to retain and enhance our market share with support, cooperation and effective backing of our dealers and sub-dealers. Our domain knowledge, market expertise, customer focus and R&D investment will see us into a bright future and enable us to keep the momentum going.

## Human Resources

Human Resources played a seminal role in our journey. At Atul Auto Limited, employee motivation, development and engagement are the key aspects of good human resource management. We consider our professionals as our key assets. Their support, commitment, hardwork, smart ideas and passion enhances our magic. The quality and level of service they deliver is among the best in auto sector.

Our goal is to employ highly talented people who deliver high levels of personal performance at work. Our HR practices are guided by the best global standards and benchmarks. We employ several key employee initiatives which are designed to ensure that we motivate and engage them. These include career development, management and leadership, organisational effectiveness, workplace processes and policies. We believe to create the right impression outside, we need to create the right impression

inside. Our objective is to build a strong brand. Brand is the key component of our leadership DNA. We aim to build our brand not just externally, but internally too. During the year, we took several initiatives to enhance the value of our human capital. The Company had 919 employees, as on 31<sup>ST</sup> March, 2016.

## Financial Overview

Figures in Rs Crore

PARTICULARS	FY 2015-16	FY 2014-15	GROWTH (%)
<b>FINANCIAL PERFORMANCE</b>			
Operating Revenue	528.01	490.07	7.74%
Total Revenue	532.36	498.66	6.76%
Operating Profit	76.28	57.92	31.70%
Profit Before Tax	71.53	59.25	20.73%
Profit After Tax	47.4	40.57	16.84%
EPS (Per share of F.V. of Rs. 5 each)	21.6	18.49	16.82%
Dividend Per Share	5.25	5	5.00%
<b>FINANCIAL POSITION</b>			
Net Fixed Assets (Including Capital WIP)	84.6	79.44	6.50%
Total Assets	221.5	177.42	24.85%
Debt	0	0	0
Shareholders' Fund	154.07	120.53	27.83%
Market Capitalisation	1,133.59	1,221.25	-7.18%

**TURNOVER**

During the year, the turnover of the Company has grown to Rs. 528.1 crore, compared to Rs. 490.07 crore for FY2015, resulting in a growth of 7.74%.

**MATERIAL COST**

During the year, our Raw material Consumption increased to Rs. 384.87 crore from Rs. 372.21 crore for FY2015, but the ratio of Raw Material consumption to Sales positively decreased to 72.89%, from 75.95% in the previous year.

**EMPLOYEE BENEFIT EXPENSES**

Employee benefit expense (other than managerial remuneration) increased to Rs. 34.91 crore during the year, as against Rs. 30.28 crore in the previous year. The increase is mainly due to the salary hike given to employees.

**DEPRECIATION AND AMORTISATION**

Depreciation and amortisation charges for the current year amounted to Rs. 5.29 crore, as against Rs. 5.58 crore during the previous year. Addition to fixed assets during the year was Rs 10.79 crore, as against Rs 33.59 crore during the previous year.

**PROVISION FOR TAX**

An amount of Rs 24.35 crore was provided during the year towards current tax, as against Rs 19.20 crore provided during the previous year. The Company also reversed Rs 0.22 crore towards deferred tax during the year, which was provided at Rs 0.52 crore for the previous year.

**CASH & CASH EQUIVALENTS**

The Cash & Cash Equivalent of the company as on 31<sup>st</sup> March, 2016, was Rs. 12.82 crore, as compared to Rs 25.80 crore as on 31<sup>st</sup> March, 2015.

**INFORMATION TECHNOLOGY**

The Company has a continued focus on customer-centric R&D which yields substantial benefits. It continues to invest in futuristic technology and R&D activities to enable robust design, customer satisfaction and faster launch of new products. Our state-of-the-art R&D has strengthened our ability to co-develop products which are cost-effective and suitable for Indian road conditions. Our world-class centre encompasses product and process design as well as prototyping and evaluation. With this, the Company is now a complete solutions provider to its customers. Our Centre helps us improve our speed, agility and quality of product development, thus increasing customer satisfaction.

## Risks & Concerns

Risks lie at the core of every business. Their efficient mitigation translates into success. At Atul Auto Limited, we have instituted relevant processes and controls to manage our risks effectively.

**A. INDUSTRY RISK**

Industry slowdown could affect the company's revenues.

**RISK MITIGATION**

The Company proactively prepared for the sectoral slowdown by widening its product basket, cushioning it from a downturn in any specific segment. The Company bolstered its customer derisking by widening its exports and overseas presence.

**B. COMPETITION RISK**

Increased competition and inability to remain competitive can affect market position

**RISK MITIGATION**

The Company worked closer with customers to develop products collaboratively. The Company empowered employees to seek and eliminate operating inefficiencies, strengthening margins in the process and moderating costs across the long term.

**C. PROCUREMENT RISK**

Any error in raw material and sub-component procurement can affect viability.

**RISK MITIGATION**

The Company engaged in vendor rationalisation with the objective to enhance purchasing efficiencies. The Company grew volumes to procure material and sub-components more efficiently.

**D. EXPORT RISK**

Any product under performance can affect the Company's brand.

**RISK MITIGATION**

The Company entered technology collaborations to enhance product and process competence. It invested in extensive training to enhance product quality and process discipline.

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We engage in tie-ups (MOUs) with Banks and NBFCs and give them the status of preferred financiers. These financiers then work closely with our dealers and provide finance to our customers to purchase our 3-Wheelers at reasonable rates of interest and at minimum charges.

**E. INCREASE IN FUEL PRICES**

Any rise in fuel price can have an adverse impact on the Company's sales.

**RISK MITIGATION**

The Company aims to increase its transport system efficiency and also improve its vehicle fuel economy so as to absorb any increase in fuel prices.

**F. INCREASE IN INTEREST RATES**

Any increase in interest rates can affect consumer spending decisions.

**RISK MITIGATION**

We engage in tie-ups (MOUs) with Banks and NBFCs and give them the status of preferred financiers. These financiers then work closely with our dealers and provide finance to our customers to purchase our 3-Wheelers at reasonable rates of interest and at minimum charges.

**G. BAN ON DIESEL VEHICLES**

Any kind of decision to ban 3-Wheelers processing on diesel can affect sales.

**RISK MITIGATION**

We are diversifying into the production of alternative fuel variants, other than diesel. During the year, we launched a 0.35 tonne 3-Wheeler in 3 fuel options, i.e. Petrol, CNG and LPG variants.

## Internal Controls

The Company has satisfactory internal control systems, which are continuously evaluated by professional internal and statutory auditors of repute. The company continues to improve the present internal control systems by implementation of appropriate policy and processes. The Company is focused on incorporating the controls and checks in ERP system of SAP. An increased emphasis has been laid on Internal Control Systems and Vigilance Systems to ensure efficacy and monitoring of the Company's operations.

The Company has in place an adequate system of internal controls to ensure effectiveness of operations, compliance with applicable legislation, safeguarding of assets, adherence to management policies and promotion of ethical conduct. A dedicated Legal Compliance cell ensures the Company conducts its business with high standards of legal, statutory and regulatory compliances, conforming to the best standards. The Audit Committee reviews the internal control systems and procedures periodically. The Company maintains a system of internal controls designed to provide a high degree of assurance regarding the effectiveness and efficiency of operations, reliability of financial controls and compliance with laws and regulations.

## Cautionary Statement

This document contains statements about expected future events, financial and operating results of Atul Auto Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of Atul Auto Limited's Annual Report FY2016.

# Notice of AGM

Notice is hereby given that the Twenty Eighth Annual General Meeting (AGM) of the Members of Atul Auto Limited will be held on Friday, 16<sup>th</sup> September, 2016 at 11.00am at the registered office of the Company at 8-B National Highway, Near Microwave Tower, Shapar (Veraval), District Rajkot, Gujarat, INDIA 360024 to transact the following business:

## ORDINARY BUSINESS:

1. To receive, consider and adopt the Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2016 including audited Balance Sheet as at 31<sup>st</sup> March, 2016 and the Statement of Profit and Loss for the year ended on that date and the Directors Report thereon and Auditors' Report thereto.
2. To declare a final dividend of Rs.2.50 per equity share for the year ended 31<sup>st</sup> March, 2016.
3. To appoint a Director in place of Mr. Niraj J Chandra (DIN 00065159), who retires by rotation and, being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 139, 142 of the Companies Act, 2013 and the Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), and pursuant to the recommendations of the Audit Committee of the Board of Directors, M/s. Maharishi & Co., Chartered Accountants (ICAI registration No. 124872W), be and are hereby re-appointed as statutory auditors of the Company, to hold office from the conclusion of this Annual General Meeting to the conclusion of next Annual General Meeting on such remuneration as may be decided by the Board of Directors of the Company."

## SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152, 160, 161 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 19 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, the term of office of Mr. Hakubhai Lalakiya (DIN 00357726) as an Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act, be and is hereby extended upto 11<sup>th</sup> August, 2019."

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152, 160, 161 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 19 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, the term of office of Mr. Hasmukhbhai Adhvaryoo (DIN 06456067) as an Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act, be and is hereby extended upto 11<sup>th</sup> August, 2019."

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152, 160, 161 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 19 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, the term of office of Mr. Hemantkumar Bhatt (DIN 02657432) as an Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act, be and is hereby extended upto 11<sup>th</sup> August, 2019."

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special resolution:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 188, Schedule V, other applicable provisions, if any, of the Companies Act, 2013, rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) as well as provisions contained in the Memorandum of Association and Articles of Association of the Company and in pursuance of recommendation of the Nomination & Remuneration Committee of the Board of Directors of the Company, the approval of members of the Company be and is hereby given for re-appointment of Mr. Jayantibhai J Chandra as Chairman and Managing Director of the Company on such terms and conditions mentioned hereunder:

- A. The term of the employment shall be from 1<sup>st</sup> April, 2016 to 31<sup>st</sup> March, 2019.

## Notice of AGM contd.

- B. Mr. J J Chandra will be paid remuneration of Rs.10,60,000/- (Rupees Ten Lacs Sixty Thousands Only) per month w.e.f. 1<sup>st</sup> June, 2016 with authority to the Board of Directors to increase the same from time to time in accordance with limits specified in Schedule V to the Companies Act, 2013 subject to the approval of shareholders at the General Meeting.
- C. He shall be entitled to provident fund, superannuation fund, gratuity, retirement benefits, leave encashment and any other benefit & facilities as per the Rules of the Company.
- D. Other Perquisites:
- Mr. J J Chandra shall also be provided with Company maintained car with driver, Medical Insurance and Club Membership.
  - The Company shall reimburse reasonable medical cost incurred by him, his wife and children either directly or through appropriate insurance.
  - The Company shall make available to him telephone facility at his residence including cell phone to be used for the purposes of the business.
9. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special resolution:
- “RESOLVED THAT pursuant to the provisions of Sections 196, 197, 188, Schedule V, other applicable provisions, if any, of the Companies Act, 2013, rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) as well as provisions contained in the Memorandum of Association and Articles of Association of the Company and in pursuance of recommendation of the Nomination & Remuneration Committee of the Board of Directors of the Company, the approval of members of the Company be and is hereby given for re-appointment of Mr. Mahendrakumar J Patel as Whole-time Director & CFO of the Company on such terms and conditions mentioned hereunder:
- The term of the employment shall be from 1<sup>st</sup> April, 2016 to 31<sup>st</sup> March, 2019.
  - Mr. M J Patel will be paid remuneration of ₹ 9,20,000/- (Rupees Nine Lacs Twenty Thousands Only) per month w.e.f. 1<sup>st</sup> June, 2016 with authority to the Board of Directors to increase the same from time to time in accordance with limits specified in Schedule V to the Companies Act, 2013 subject to the approval of shareholders at the General Meeting.

“RESOLVED FURTHER THAT the draft agreement to be entered into by the Company with Mr. J J Chandra, setting out the aforesaid terms and conditions of the employment, be and is hereby initialed by Whole-time Director & CFO of the Company for the purpose of identification and which is hereby specifically approved.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to vary and/or modify the terms and conditions of the Agreement that may be entered as set out in the said draft agreement including remuneration payable to Mr. J J Chandra in such manner as may be agreed between the Board and Mr. J J Chandra and within the limits as prescribed in Schedule V to the Companies Act, 2013 including any amendment, modification, variation or re-enactment there of which will be subject to the approval of shareholders at the General Meeting.”

“RESOLVED FURTHER THAT in the event of any loss, absence or inadequacy of the profits of the Company in any financial year, during the term of office of Mr. J J Chandra, the above referred remuneration shall be paid to Mr. J J Chandra as minimum remuneration and the same shall be subject to the limits as set out in Section II of Part II of Schedule V to the Companies Act, 2013”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all things, deeds, acts as may be necessary in this regard.”

- He shall be entitled to provident fund, superannuation fund, gratuity, retirement benefits, leave encashment and any other benefit & facilities as per the Rules of the Company.
- Other Perquisites:
  - Mr. M J Patel shall also be provided with Company maintained car with driver, Medical Insurance and Club Membership.
  - The Company shall reimburse reasonable medical cost incurred by him, his wife and children either directly or through appropriate insurance.
  - The Company shall make available to him telephone facility at his residence including cell phone to be used for the purposes of the business.

“RESOLVED FURTHER THAT the draft agreement to be entered into by the Company with Mr. M J Patel, setting out the aforesaid terms and conditions of the employment, be and is hereby initialed by the Chairman for the purpose of identification and which is hereby specifically approved.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to vary and/or modify the terms and conditions of the Agreement that may be entered as set out in the said draft agreement including remuneration payable to Mr. M J Patel in

# Notice of AGM contd.

such manner as may be agreed between the Board and Mr. M J Patel and within the limits as prescribed in Schedule V to the Companies Act, 2013 including any amendment, modification, variation or re-enactment there of which will be subject to the approval of shareholders at the General Meeting.”

“RESOLVED FURTHER THAT in the event of any loss, absence or inadequacy of the profits of the Company in any financial year, during the term of office of Mr. M J Patel, the above referred remuneration shall be paid to Mr. M J Patel as minimum remuneration and the same shall be subject to the limits as set out in Section II of Part II of Schedule V to the Companies Act, 2013”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all things, deeds, acts as may be necessary in this regard.”

10. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 197, 188, Schedule V, other applicable provisions, if any, of the Companies Act, 2013, rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) as well as provisions contained in the Memorandum of Association and Articles of Association of the Company and in pursuance of recommendation of the Nomination & Remuneration Committee of the Board of Directors of the Company, the approval of members of the Company be and is hereby accorded to increase remuneration payable to Mr. Niraj J Chandra, Whole-time Director of the Company, as per details given below, with effect from 1<sup>st</sup> June, 2016:

#### Remuneration:

- A. Salary per month: Rs.4,30,000/- (Rupees Four Lacs Thirty Thousands Only)
- B. He shall be entitled to provident fund, superannuation fund, gratuity, retirement benefits, leave encashment and any other benefit & facilities as per the Rules of the Company.
- C. Other Perquisites:
  - a. Mr. N J Chandra shall also be provided with Company maintained car with driver, Medical Insurance and Club Membership.
  - b. The Company shall reimburse reasonable medical cost incurred by him, his wife and children either directly or through appropriate insurance.
  - c. The Company shall make available to him telephone facility at his residence including

cell phone to be used for the purposes of the business.

“RESOLVED FURTHER THAT the draft agreement to be entered into by the Company with Mr. N J Chandra, setting out the said increase in remuneration, be and is hereby initialed by Whole-time Director & CFO for the purpose of identification and which is hereby specifically approved.”

“RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as ‘board’) be and are hereby authorized to vary and/or modify the terms and conditions of the Agreement that may be entered as set out in the said draft agreement including remuneration payable to Mr. N J Chandra in such manner as may be agreed between the Board and Mr. N J Chandra and within the limits as prescribed in Schedule V to the Companies Act, 2013 including any amendment, modification, variation or re-enactment there of which will be subject to the approval of shareholders at the General Meeting.”

“RESOLVED FURTHER THAT in the event of any loss, absence or inadequacy of the profits of the Company in any financial year, during the term of office of Mr. N J Chandra, the above referred remuneration shall be paid to Mr. N J Chandra as minimum remuneration and the same shall be subject to the limits as set out in Section II of Part II of Schedule V to the Companies Act, 2013”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all things, deeds, acts as may be necessary in this regard.”

#### Notes:

- A. The explanatory statement pursuant to Section 102 of the Companies Act, 2013, with respect to the special businesses set out in Item Nos. 5 to 10 above, is annexed hereto.
- B. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other member.

Corporate Members intending to send their authorized representatives to attend the Annual General Meeting, pursuant to Section 113 of the Companies Act, 2013, are requested to send to the Company, a certified copy of relevant Board Resolution together with the respective specimen signatures of those representative(s) authorized under the said resolution to attend and vote on their behalf at the meeting.

## Notice of AGM contd.

- The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed, signed and stamped, not less than 48 hours before the commencement of the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/ authority, as applicable.
- C. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 10<sup>th</sup> September, 2016 to Friday, 16<sup>th</sup> September, 2016 (both days inclusive) for the purpose of Annual General Meeting and determining the shareholders who are entitled to receive dividend.
- D. The dividend as recommended by the Board of Directors if declared at the Annual General Meeting will be paid on or after 16<sup>th</sup> September, 2016 but before 15<sup>th</sup> October, 2016.
- E. Members holding shares in electronic form are hereby informed that the bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the Members holding shares in electronic form for any change in address, change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members.
- F. Members holding shares in physical form are requested to advise any change of address, bank details etc. immediately to the Company's Registrar and Share Transfer Agent (RTA), M/s Sharex Dynamic (India) Private Limited.
- G. Members wishing to claim dividends, which remain unclaimed, are requested to correspond with Company Secretary & Compliance Officer, at the Company's registered office address. Members are requested to note that dividends not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 205A of the Companies Act, 1956 (Section 124 of the Companies Act, 2013), be transferred to the Investor Education and Protection Fund. Further, the Company shall not be in a position to entertain the claims of Shareholders for the unclaimed dividends thereafter.
- H. Electronic copy of the Annual report is being sent to all the members whose email addresses are registered with the Company/ Depository Participant(s) unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual report is being sent through the permitted mode.
- I. To promote green initiative, members are requested to register their e-mail addresses through their Depository Participants for sending the future communications by e-mail. Members holding the shares in physical form may register their e-mail addresses through the RTA, giving reference of their Folio Number. Members may also note that the Annual Report for FY 2015-16 will also be available on the Company's website [www.atulauto.co.in](http://www.atulauto.co.in) for download.
- J. In compliance with the provisions of Section 108 of the Companies Act, 2013 and the Rules issued thereunder and the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, the business may be transacted through electronic voting system and the Company is providing facility for voting by electronic means ("e-voting") to its members through the remote e-voting platform provided by CDSL.
- K. The person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on Friday, 9<sup>th</sup> September, 2016 i.e. cut-off date only shall be entitled to avail the facility of remote e-voting as well as the voting in the Annual General Meeting. The members may cast their votes on electronic voting system from place other than the venue of the meeting (remote e-voting). The remote e-voting period will commence at 9.00 AM on Tuesday, 13<sup>th</sup> September, 2016 and will end at 5.00 PM on Thursday, 15<sup>th</sup> September, 2016. In addition, the facility for voting through electronic voting system shall also be made available at the AGM and the Members attending the AGM who have not cast their vote by remote e-voting shall be eligible to vote at the AGM. The Company has appointed CS Purvi Dave, Partner, M/s. MJP Associates, Practising Company Secretary to act as the Scrutinizer, to scrutinize the entire e-voting process as well as voting in Annual General Meeting in a fair and transparent manner. The Members desiring to vote through remote e-voting are requested to refer to the detailed procedure given hereunder:
- (i) The voting period begins on 09:00 AM Tuesday, 13<sup>th</sup> September, 2016 and ends on 05.00 PM on Thursday, 15<sup>th</sup> September, 2016. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Friday, 9<sup>th</sup> September, 2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
  - (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
  - (iii) Click on Shareholders.
  - (iv) Now Enter your User ID
    - a. For CDSL: 16 digits beneficiary ID
    - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID
    - c. Members holding shares in Physical Form should enter Folio Number registered with the Company
  - (v) Next enter the Image Verification as displayed and Click on Login.



# Notice of AGM contd.

- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:
- (v) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the votes cast by clicking on "Click here to print" option on the Voting page

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)  Members who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number in the PAN Field. The Sequence Number is being sent together with this Annual Report or in Separate Cover.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to log in.  If both the details are not recorded with the depository or company please enter the member id/folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant Company Name on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK"; else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) Note for Non-Individual Shareholders and Custodians:
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

## Notice of AGM contd.

L. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours 09:00 AM to 05:00 PM on any working days except Saturdays and Sundays, up to and including the date of the Annual General Meeting of the Company.

**By order of Board of Directors,  
For ATUL AUTO LIMITED**

**(Paras J Viramgama)  
Company Secretary & Compliance Officer**

Shapar (Dist. Rajkot)  
May 30, 2016

Registered Office:  
**ATUL AUTO LIMITED**  
8-B National Highway, Near Microwave Tower,  
Shapar (Veraval), District Rajkot,  
Gujarat, INDIA 360024  
Phone: 02827-666000  
CIN: L54100GJ1986PLC016999  
E-Mail: investorrelations@atulauto.co.in  
Web: www.atulauto.co.in

### STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

#### Item No: 5, 6 & 7:

Mr. Hakubhai Lalakiya, Mr. Hasmukhbhai Adhvaryoo and Mr. Hemantkumar Bhatt have been appointed as Independent Director of the Company at Twenty Sixth Annual General Meeting held on 12<sup>th</sup> August, 2014. The term of the office of these Directors were initially fixed for the two years which expires on 11<sup>th</sup> August, 2016.

Looking into the requirement of the Company regarding balance of Independent and Non-Independent Directors on the Board of the Company and the ability of the Directors, the Nomination and Remuneration Committee has recommended the Board of Directors to extend their term upto the maximum permissible period under the Companies Act, 2013 i.e. for three more years i.e. upto 11<sup>th</sup> August, 2019. The Board of Directors at their meeting held on 30<sup>th</sup> May, 2016 agreed to extend the term of office of these three Directors for three more years i.e. upto 11<sup>th</sup> August, 2019 subject to approval of shareholders in this Annual general Meeting.

All three Directors have submitted their declarations that they meet the criteria of Independence under Section 149(6) of the Act read with Regulation 16(1)(b) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

It is proposed to extend term of office of Mr. Hakubhai Lalakiya, Mr. Hasmukhbhai Adhvaryoo and Mr. Hemantkumar Bhatt as Independent Directors of the Company for three more years i.e. upto 11<sup>th</sup> August, 2019.

They are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to this extension of term of office as Director.

In the opinion of the Board, they fulfil the conditions for appointment as an Independent Director as specified in the Act and the Listing Regulation.

Detailed information about these Directors is annexed to the notice.

Accordingly, the Board of Directors recommend passing of the Ordinary Resolution as set out in this Notice.

None of the Directors and any of the Key Managerial Personnel including their relatives except he himself is concerned or interested in this resolution.

#### Item No: 8

Evaluating performance of Mr. J J Chandra and as per recommendations of Nomination and Remuneration Committee, the Board of Directors of the Company reappointed Mr. J J Chandra as Chairman and Managing Director of the Company with effect from 1st April, 2016 to 31<sup>st</sup> March, 2019 subject to approval of Members in this Annual General Meeting. Further, the Board also revised the terms and conditions (including increase in remuneration) of reappointment of Mr. J J Chandra subject to approval of Members.

Mr. J J Chandra is one of the founding promoters of the Company and is associated with the Company since its inception. Mr. J J Chandra has, through his foresight and visionary approach, coupled with sound understanding of the automobile industry, has led the Company to the path of growth.

Considering his experience and expertise, the Nomination and Remuneration Committee, and the Board of Directors of the Company felt that the remuneration package offered to him need to be revised to make it fair, reasonable and also in line with the remuneration package prevailing 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.

The draft contract of employment with Mr. J J Chandra is available at the registered office of the Company for inspection by any member of the company without payment of any fee as required under section 190 of the Companies Act, 2013.

The Nomination and Remuneration Committee and the Board of Directors of the Company at its meeting held on Monday, 30<sup>th</sup> May, 2016 have approved the increase in remuneration payable to Mr. J J Chandra with effect from 1<sup>st</sup> June, 2016.

# Notice of AGM contd.

Accordingly, the Board of Directors recommend passing of the Special Resolution as set out in this Notice.

Except Mr. J J Chandra, being the proposed beneficiary and Mr. Niraj J Chandra, being son of Mr. J J Chandra, no other director or Key Managerial Personnel including their relative is concerned and/or interested in this Resolution.

## Item No: 9

Evaluating performance of Mr. M J Patel and as per recommendations of Nomination and Remuneration Committee, the Board of Directors of the Company reappointed Mr. M J Patel as Whole-time Director & CFO of the Company with effect from 1<sup>st</sup> April, 2016 to 31<sup>st</sup> March, 2019 subject to approval of Members in this Annual General Meeting. Further, the Board also revised the terms and conditions (including increase in remuneration) of reappointment of Mr. M J Patel subject to approval of Members.

Mr. M J Patel has been associated with the Company since long. Mr. M J Patel is the key person in managing financial matters of the Company. He is also supervising the production facility of the Company and has great management skill. The Company has benefited a lot from the expertise and vision of Mr. M J Patel.

The remuneration is in consonance with the remuneration being paid by Companies of Considering his experience and expertise, the Audit Committee, the Nomination and Remuneration Committee, and the Board of Directors of the Company felt that the remuneration package offered to him need to be revised to make it fair, reasonable and also in line with the remuneration package prevailing 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.

The Nomination and Remuneration Committee and the Board of Directors of the Company at its meeting held on Monday, 30<sup>th</sup> May, 2016 have approved the increase in remuneration payable to Mr. M J Patel with effect from 1<sup>st</sup> June, 2016.

Accordingly, the Board of Directors recommend passing of the Special Resolution as set out in this Notice.

Except Mr. M J Patel, being the proposed beneficiary, no other director or Key Managerial Personnel including their relative is concerned and/or interested in this Resolution.

## Item No: 10

Mr. Niraj J Chandra, Whole-time Director of the Company takes care of Human Resource and Industrial Relations of the Company. He is also leading the market expansion strategy of the Company specifically in international market.

The remuneration is in consonance with the remuneration being paid by Companies of similar size in the Industry with respect to experience of the appointee. Further, details such

as financial performance, export performance of the Company, components of the remuneration package of Directors, are given in Directors' Report as well as Report on Corporate Governance.

The Nomination and Remuneration Committee and the Board of Directors of the Company at its meeting held on Monday, 30<sup>th</sup> May, 2016 have approved the increase in remuneration payable to Mr. N J Chandra with effect from 1<sup>st</sup> June, 2016.

Accordingly, the Board of Directors recommend passing of the Special Resolution as set out in this Notice.

Except Mr. N J Chandra, being the proposed beneficiary and Mr. J J Chandra, being father of Mr. N J Chandra, no other director or Key Managerial Personnel including their relative is concerned and / or interested in this Resolution.

**By order of Board of Directors,  
For ATUL AUTO LIMITED**

**(Paras J Viramgama)  
Company Secretary & Compliance Officer**

Shapar (Dist. Rajkot)  
May 30, 2016

**Registered Office:**  
**ATUL AUTO LIMITED**  
8-B National Highway,  
Near Microwave Tower, Shapar (Veraval),  
District Rajkot  
Gujarat, INDIA 360024  
CIN: L54100GJ1986PLC016999  
Phone: 02827-666000 Fax: 02827-666029  
E-Mail: investorrelations@atulauto.co.in  
Web: www.atulauto.co.in

## Profiles of the Directors being Appointed / Re-Appointed

Name of Director	Mr. J J Chandra	Mr. M J Patel	Mr. N J Chandra	Mr. Hakubhai Lalakiya	Mr. Hasmukhbhai Adhvaryoo	Mr. Hemantkumar Bhatt
DIN	00057722	00057735	00065159	00357726	06456067	02657432
Date of Birth	20/10/1956	14/10/1963	27/09/1979	05/06/1954	30/08/1940	14/09/1955
Date of Appointment	18/06/1986	30/11/1994	01/03/2012	31/05/2006	27/12/2012	27/12/2012
Expertise in specific field	Mr. J J Chandra has wide experience in Automobile Industry of more than 39 years. He has a far reaching vision with a keen insight to help Company to emerge as one of the leading manufacturers of small commercial vehicles.	Mr. M J Patel has rich experience of more than 22 years in assembling and production of the three wheeler automobiles. He is also having an experience in production of sunrise soaps chemicals for three years. He is expert in managing the financial matters of the Company.	Mr. N J Chandra is expert in managing Human Resource and Industrial Relations of the Company. He has experience of leading the market expansion strategy of the Company specifically in international market.	Mr. Lalakiya is having expert knowledge in legal field. He has experience of more than 22 years in resolving legal matters of civil, criminal, commercial, consumers forms related.	Mr. Adhvaryoo possess the rich experience of managing human resources, administration of the corporates, liasoning with government authorities and resolving legal matters related to labor law.	Mr. Bhatt being Chartered Accountant by profession has expert knowledge in the field of statutory audit, internal audit, project consulting, risk fund syndication, risk management etc.
Qualification	Under Graduate	Under Graduate	Under Graduate	LLM	B.A. (Economics, Political Science, Psychology), B.Com. (Banking)	C.A.
Name of other Companies in which he/she holds Directorship*	Nil	Nil	Nil	Nil	Nil	Transpek Industry Limited
Name of other companies in which he/she holds Chairmanship/ Membership of Committees of Board	Nil	Nil	Nil	Nil	Nil	Member, Audit Committee, Transpek Industry Limited
No. of Shares held in Atul Auto Limited	13,51,742	2,77,848	105,118	Nil	Nil	Nil
Relationship with other directors	Father of Mr. Niraj J Chandra	None	Son of Mr. J J Chandra	None	None	None

\* Details in this regard exclude directorships held in private limited companies which are not subsidiaries or holding companies of public limited companies, unlimited companies, foreign companies, Companies under Section 8 of Companies Act, 2013.

# Directors' Report

## To the members of Atul Auto Limited

Your Directors have pleasure in presenting the 28<sup>th</sup> Annual Report along with the audited financial statements for the year ended 31<sup>st</sup> March, 2016.

## FINANCIAL RESULTS

The financial performance of the Company for the year ended 31<sup>st</sup> March, 2016 is summarized below:

(₹ In Lacs except EPS)

	2015-16	2014-15
<b>Revenue from Operations</b>	<b>53,104</b>	<b>49,280</b>
<b>Profit before Tax (PBT)</b>	<b>7,152</b>	<b>5,761</b>
<b>Exceptional Item</b>	-	(165)
<b>Profit before Tax after Exceptional Item</b>	<b>7,152</b>	<b>5,926</b>
Less: Current Tax	2,434	1,920
Deferred Tax	(22)	(52)
<b>Profit after Tax (PAT)</b>	<b>4,740</b>	<b>4,058</b>
Add: Balance in Profit and Loss Account	9,231	6,977
<b>Amount available for appropriations</b>	<b>13,971</b>	<b>11,035</b>
<b>Appropriations</b>		
Transfer of WDV of assets completing its useful life	-	120
Deferred Tax on assets completing its useful life	-	(41)
Interim Dividend Declared	603	549
Tax on Interim Dividend	123	110
Proposed Dividend	548	548
Tax on Proposed Dividend	112	112
Transfer to General Reserve	474	406
<b>Balance Carried to Balance Sheet</b>	<b>12,111</b>	<b>9,231</b>
<b>Earnings Per Share (₹)</b>	<b>21.60</b>	<b>18.49</b>

## OPERATING RESULTS AND BUSINESS OPERATIONS

During the year under review, your Company's operating and financial performance scaled new heights which can be demonstrated by following highlights:

- Number of vehicles sold increased by 5.52% to 43,893 (Previous year 41,598)
- Revenue from operation increased by 7.76% to ₹ 53,104 Lacs (Previous year ₹ 49,280 Lacs)
- Export revenue increased by 8.74% to ₹ 1,827 Lacs (Previous year ₹ 1,681 Lacs)
- Profit before depreciation, finance cost, other income, exceptional items and tax (PBDIT) increased by 31.70% to ₹ 7,628 Lacs (Previous year ₹ 5,792 Lacs)
- Profit before tax (PBT) increased by 21% to ₹ 7,152 Lacs (Previous year ₹ 5,926 Lacs)
- Tax expense increased by 29% to ₹ 2,412 Lacs (Previous year ₹ 1,868 Lacs)
- Profit after tax (PAT) increased by 17% to ₹ 4,740 Lacs (Previous year ₹ 4,058 Lacs)

## TRANSFER TO RESERVE

Your Directors propose to transfer ₹ 474 Lacs to the General Reserve out of amount available for appropriation, and an amount of ₹ 1,211 Lacs is proposed to be retained in surplus in the Statement of Profit and Loss.

## DIVIDEND

During the financial year 2015-16, your Company declared and paid an interim dividend of ₹ 2.75 (Rupees two and paise Seventy Five only) per equity share of the face value of ₹ 5 (Rupees Five) each in the month of November 2015. In addition, your Directors recommend payment of ₹ 2.50 (Rupees Two and paise Fifty only) per equity share of the face value of ₹ 5 (Rupee Five) each as final dividend for the financial year 2015-16, subject to the approval of the shareholders at the ensuing AGM. If approved, the total dividend (excluding dividend distribution tax) (interim and final dividend) for the financial year 2015-16 will be ₹ 5.25 (Rupees Five and paise Twenty Five only) per equity share of the face value of ₹ 5 (Rupees Five) each as against the total dividend of ₹ 5 (Rupees Five only) per equity share of the face value of ₹ 5 (Rupees Five) paid for the previous financial year 2014-15.

# Directors' Report contd.

The dividend payout ratio for the year inclusive of dividend distribution tax will be 29.25% as against 32.50% in the previous year. The total dividend (interim & final dividend) pay-out (including dividend distribution tax) for the financial year 2015-16 will be ₹ 1,386 Lacs.

The Register of Members and Share Transfer Books will remain closed from 10<sup>th</sup> September, 2016 to 16<sup>th</sup> September, 2016 (Both days inclusive) for the purpose of payment of final dividend for the financial year ended on 31<sup>st</sup> March, 2016 and Annual General Meeting. The Annual General Meeting is scheduled to be held on Friday, 16<sup>th</sup> September, 2016.

## PUBLIC DEPOSITS

During the year under review, your Company has not accepted any deposit within the meaning of Sections 73 and 74 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 (including any statutory modification(s) or re-enactment(s) for the time being in force).

## LOANS, GUARANTEES AND INVESTMENTS

During the year under Report, the Company has not given any loans or provided guarantee or security to any person or body corporate, in terms of Section 186 of the Companies Act, 2013.

## LIQUIDITY

We continue to be debt-free and maintain sufficient cash to meet our strategic objectives. We understand that liquidity in the Balance Sheet has to balance between earning adequate returns and the need to cover financial and business risks. Liquidity enables us to make a rapid shift in direction, if there is a market demand. We believe that our working capital is sufficient to meet our current requirements. As on 31<sup>st</sup> March, 2016 we had liquid assets of ₹ 1,282.50 lacs as against ₹ 2,580.45 lacs at the previous year end. These funds comprise cash, bank balance and investment in liquid mutual funds.

## CAPITAL EXPENDITURE

The Company has made the expenditure for the initial development of the land purchased at Bhayla, Bavla near Ahmedabad for future expansion. The Company incurred a capital expenditure of ₹ 1,079 Lacs (₹ 3,359 Lacs in the previous year). The entire capital expenditure was funded out of internal accruals.

## SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company does not have any Subsidiary or Joint Venture.

The Company is having an Associate Company namely, Khushbu Auto Finance Limited, a Non-Banking Finance Company. Since the operations of this associate company is not significant and hence immaterial for consolidation. Accordingly, the accounts have not been consolidated.

## CREDIT RATING

The credit rating for the cash credit facility of ₹ 15 Crores approved to the Company by IDBI Bank Limited has been upgraded to **CRISIL "A"** with stable outlook from CRISIL "A-" with stable outlook. The rating continues to reflect the Company's above-average financial risk profile, marked by low gearing, above average debt protection metrics, improving market share, established distribution network and efficient working capital management

## AWARD AND RECOGNITION

Gujarat Innovation Society recognized and honored the jewels of Gujarat who are continuously engaged in Innovation activities and its promotion for more than two decades in any field touching the human lives with Gujarat Ratna Award. Mr. Jayantibhai J Chandra, Chairman and Managing Director of the Company has been awarded as "Gujarat Ratna" for the best performance of the Company in Auto Sector by Mrs. Anandiben Patel, the Chief Minister of Gujarat State in the award ceremony held at Ahmedabad on evening of 12<sup>th</sup> March, 2016.

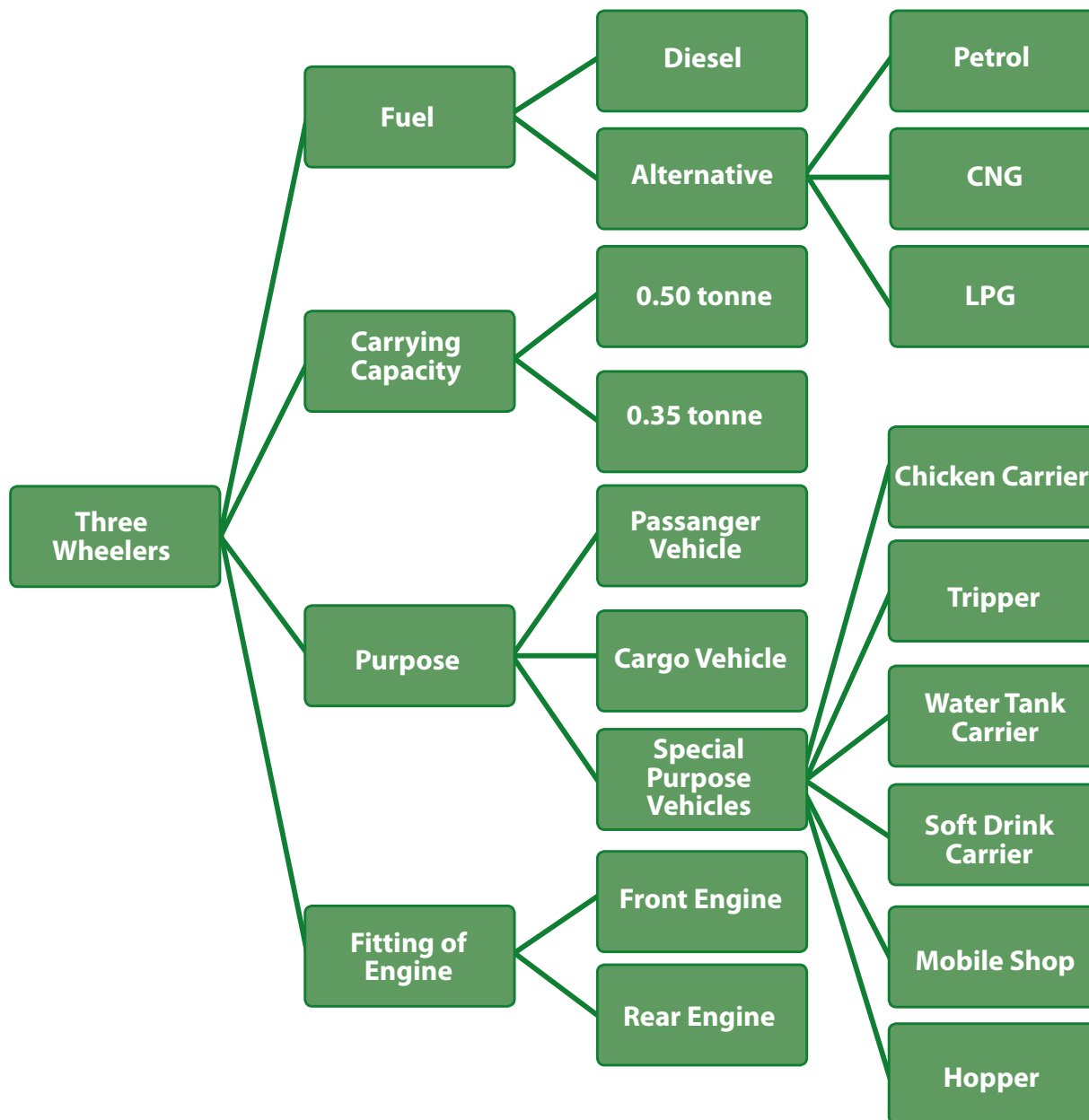
## PARTICIPATION AT AUTO EXPO

Your Directors are pleased to inform you that the Company had participated in the motor show – the Auto Expo 2016 held between 5<sup>th</sup> February, 2016 to 9<sup>th</sup> February, 2016 at Noida, Delhi NCR. The Company has put up prototype of the three wheeler automobile. This Expo spread over 58 acres of land with around 60,000 sqm exhibition area & convention facilities, business lounges, VIP lounges, business centre, restaurants, food courts, parking area, storage and warehouse facilities which is organized by ACMA, CII and SIAM. Almost all giants of the Auto Sectors world over took part in the expo.

# Directors' Report contd.

## PRODUCTS

The three wheeler automobiles can be categorized in following segments:



Atul Auto Limited is the only Company in India who is having presence in all the above segments of three wheeler automobiles. All the vehicles of the Company have been approved by the Automotive Research Association of India. The Company sells its vehicles under the brand name "Atul Shakti", "Atul Gem", "Atul Smart", "Atul Gemini" etc.

## QUALITY INITIATIVE

We continue our journey of delivering value to our customers through significant investments in quality programs. The

Company has designed its operational cycle with a strong insistence of maintaining and further improving the quality of the product. The Company takes reviews directly from the customers on the regular basis and the product related requirements of the customers are duly intimated to Research and Development department for the improvements and innovations. The Company also obtains the reviews of the dealers who are in constant touch of the Customers of the vehicles. Your Directors understands that the quality of the product is the base of business.

# Directors' Report contd.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis forms an integral part of this report and gives details of the overall industry structure, economic developments, performance and state of affairs of your Company's various businesses viz., the decorative business, international operations, industrial and home improvement business, internal controls and their adequacy, risk management systems and other material developments during the financial year 2015-16.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Independent Directors of your Company are not liable to retire by rotation. Mr. Niraj J Chandra, Whole-time Director is liable to retire by rotation at the ensuing AGM pursuant to the provisions of Section 152 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the Articles of Association of your Company and being eligible have offered himself for reappointment.

The term of Mr. Hakubhai Lalakiya, Mr. Hasmukhbhai Adhvaryoo and Mr. Hemantkumar Bhatt, Independent Directors of the Company expires on 11<sup>th</sup> August, 2016. Your Directors proposes to extend term of office of all three Directors for three more years.

The term of Mr. Jayantibhai J Chandra, Chairman & Managing Director and Mr. Mahendrakumar J Patel, Whole-time Director & CFO expired on 31<sup>st</sup> March, 2016. The Board has reappointed Mr. J J Chandra as the Chairman & Managing Director, and Mr. M J Patel as Whole-time Director & CFO, subject to approval of Members of the Company. Further, the Board has also approved increase in remuneration of Mr. J J Chandra, Mr. M J Patel and Mr. Niraj Chandra w.e.f. 1<sup>st</sup> June 2016 subject to approval of Members of the Company.

Necessary resolutions for the re-appointment of the aforesaid directors have been included in the notice convening the ensuing AGM and details of the proposal for re-appointment are mentioned in the explanatory statement of the notice. Your directors commend their re-appointment.

Further, the Board has appointed Ms. Margie S Parikh as Additional Independent Director of the Company pursuant to section 149, 161 and Schedule IV of the Companies Act, 2013 with effect from 19<sup>th</sup> January, 2015. The said appointment has been approved by the shareholders in the Twenty Seventh Annual General Meeting with effect from 31<sup>st</sup> August, 2015 for three years.

All the directors of the Company have confirmed that they are not disqualified from being appointed as directors in terms of Section 164 of the Companies Act, 2013.

There was no change in the Key Managerial Personnel during the year.

## COMMITTEES OF THE BOARD

The Board of Directors has the following Committees:

- I. Audit Committee
- II. Remuneration and Nomination Committee
- III. Stakeholders' Relationship Committee
- IV. Corporate Social Responsibility Committee

The details of the Committees along with their composition, number of meetings and attendance at the meetings are provided in the Corporate Governance Report.

## DECLARATION OF INDEPENDENCE

Your Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under 149(6) of the Companies Act, 2013 and Rules issued there under as well as Regulation 16(1)(b) of Listing Regulations (including any statutory modification(s) or re-enactment(s) for the time being in force).

## PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a structured questionnaire was prepared after taking into consideration the various aspects of the Board's functioning, composition of the Board and its Committees, culture, execution and performance of specific duties, obligations and governance.

The performance evaluation of the Independent Directors was completed. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. The Board of Directors expressed their satisfaction with the evaluation process.

## POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The Board of Directors has framed a policy which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. This policy also lays down criteria for selection and appointment of Board Members. The Policy is available on the website of the Company.

## DISCLOSURE RELATING TO REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND PARTICULARS OF EMPLOYEES

The remuneration paid to the Directors is in accordance with the Nomination and Remuneration Policy formulated in accordance with Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations (including any statutory modification(s) or re-enactment(s) for the time being in force).

Except Managing Director and Whole-time Directors, there is no employee in the Company who have been paid the remuneration in excess of the limit specified in rule 5(2)(i)



# Directors' Report contd.

and (ii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

None of the employees of the Company was in receipt of remuneration in financial year 2015-16 which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act, read with Rule 5(1) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed to this report as Annexure [A].

## NUMBER OF MEETINGS OF BOARD

The Board met four times during FY 2015-16. The details of which are provided in the Corporate Governance Report. The gap between any two meetings was within the period prescribed by the Companies Act, 2013 and the SEBI Listing Regulation.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134 (5) of the Companies Act, 2013, the Directors based on the information and representations received from the operating management confirm that:

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed and there are no material departures from the same;
- b) the directors 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 financial year and of the profit and loss of the company for that period;
- c) the directors have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) the directors have prepared the annual accounts on a going concern basis; and
- e) the directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and are operating effectively.
- f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

## EXTRACT OF THE ANNUAL RETURN

The details forming part of the extract of the Annual Return as on 31<sup>st</sup> March, 2016 in Form MGT - 9 in accordance with Section 92(3) of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, are set out herewith as Annexure [B] to this report.

## HUMAN RESOURCE AND INDUSTRIAL RELATIONS

The Company takes pride in the commitment, competence and dedication shown by its employees in all areas of business. The Company has a structured induction process at allocations and management development programs to upgrade skills of managers. Objective appraisal systems based on Key Result Areas (KRAs) are in place for senior management staff.

The Company is committed to nurturing, enhancing and retaining top talent through superior Learning & Organizational Development. This is a part of Corporate HR function and is a critical pillar to support the organization's growth and its sustainability in the long run.

## HEALTH, SAFETY AND ENVIRONMENT

The Company is taking continuous steps and also developing environment friendly processes for effective resource management with specific focus to energy, water and basic raw materials. Monitoring and periodic review of system regarding health, safety and environment is done on a continuous basis with emphasis and focus given to safety at workplace.

## CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars of conservation of energy, research and development, technology absorption and foreign exchange earnings and outgo in terms of Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 for the year ended 31<sup>st</sup> March, 2016 are annexed to this report as Annexure [C].

## CORPORATE SOCIAL RESPONSIBILITY

Your Company has always laid emphasis on progress with social commitment. We believe strongly in our core values of empowerment and betterment of not only the employees but also our communities. Following this principle the Company had laid the foundation of a comprehensive approach towards promoting and facilitating various aspects of our surrounding communities.

The Company has undertaken projects in the area of promoting education, promoting health care, sanitation etc. These projects are in accordance with Schedule VII of the Companies Act, 2013 and the Company's CSR policy. The Report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed as Annexure [D] and forms an integral part of this Report.

# Directors' Report contd.

The Board has approved a policy for Corporate Social Responsibility and same has been uploaded on the website i.e. [www.atulauto.co.in](http://www.atulauto.co.in)

## CORPORATE GOVERNANCE

In compliance with Regulation 34 of the Listing Regulations, a separate report on Corporate Governance along with certificate from the Auditors on its compliance, forms an integral part of this report.

## AUDITORS' AND AUDITORS' REPORT

### Statutory Auditors

M/s. Maharishi & Co, Chartered Accountants, (Registration Number: 124872W) who are Statutory Auditors of the Company hold office up to the ensuing Annual General Meeting and are recommended for re-appointment for the financial year 2016-17. As required under the provisions of Section 139 of the Companies Act, 2013, the Company has obtained written confirmation from M/s. Maharishi & Co that their appointment, if made, would be in conformity with the limits specified in the said Section.

There is no Audit qualification for the year under review. The statutory auditors have not put any adverse remark, reservation or disclaimer that the Board need to reply.

### Secretarial Auditors

In terms of provisions of Section 204 of the Companies Act, 2013, read with Rules made thereunder, the Company has appointed M/s. Bunty Hudda & Associates, Practising Company Secretaries (CP No. 11560) to undertake the Secretarial Audit of the Company for the financial year 2015-16. The Secretarial Audit Report is attached to this Report as Annexure [E].

There is no secretarial audit qualification for the year under review.

The Company is not required to get its cost records audited for the financial year 2015-16.

## INTERNAL FINANCIAL CONTROLS

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures.

## RELATED PARTY TRANSACTIONS

All transactions entered with Related Parties for the year under review were on arm's length basis and in the ordinary course of business and that the provisions of Section 188 of the Companies Act, 2013 and the Rules made thereunder are not attracted. Thus, disclosure in Form AOC-2 in terms of Section 134 of the Companies Act, 2013 is not required. Further, there

is no material transaction with any related party during the year under review. The Company has developed a framework through Standard Operating Procedures for the purpose of identification and monitoring of such Related Party Transactions.

All Related Party Transactions are placed before the Audit Committee as also to the Board for approval. Omnibus approval of the Audit Committee was obtained for transactions which are of repetitive nature. Transactions entered into pursuant to omnibus approval are audited by the Internal Auditor and a statement giving details of all Related Party Transactions are placed before the Audit Committee and the Board for review and approval on a quarterly basis.

The policy on Related Party Transactions as approved by the Board of Directors has been uploaded on the website of the Company. Your Directors draw attention of the members to Note no. 42 to the financial statement which sets out related party disclosures for the year under review.

## VIGIL MECHANISM

The Company has adopted a Whistle Blower Policy, as part of vigil mechanism to provide appropriate avenues to the Directors and employees to bring to the attention of the management any issue which is perceived to be in violation of or in conflict with the Code of Business Principles of the Company. The details of the same have been described in more depth in Corporate Governance Report.

Any incidents that are reported are investigated and suitable action taken in line with the whistle blower policy. The Policy is also available on your Company's website.

## RISK MANAGEMENT

Risk management is embedded in your Company's operating framework. Your Company believes that managing risks helps in maximizing returns. The Company's approach to addressing business risks is comprehensive and includes periodic review of such risks and a framework for mitigating controls and reporting mechanism of such risks. The risk management framework is reviewed periodically by the Board and the Audit Committee.

Some of the risks that the Company is exposed to are: Financial Risk, Commodity Price Risk, Regulatory Risk, Human Resource Risk, Strategic Risk etc.

## ADOPTION OF NEW ARTICLE OF ASSOCIATION OF THE COMPANY

The new Articles of Association of your Company were adopted in accordance with the provisions of the Companies Act, 2013 read with the Rules issued there under at Twenty Seventh Annual General Meeting of the Company held on 31<sup>st</sup> August, 2015.

# Directors' Report contd.

## OTHER DISCLOSURES:

Few statutory disclosures the Company are required to be disclosed are as under:

- The paid up Equity Share Capital as at 31<sup>st</sup> March, 2016 stood at ₹ 10.97 crore. During the year under review, the Company has not issued shares with differential voting rights nor has granted any stock options or sweat equity. As on 31<sup>st</sup> March, 2016, none of the Directors of the Company hold instruments convertible into equity shares of the Company.
- The Company has not paid any commission to any of its Directors and hence, provision of disclosure of commission paid to any Director as mentioned in Section 197(14) is not applicable.
- There has been no instances of any revision in the Board's Report or the financial statement, hence disclosure under Section 131(1) of the Act.
- During the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

- There have been no material changes /commitments, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report.

## APPRECIATION

Your Directors wish to convey their gratitude and place on record their appreciation for all the employees at all levels for their hard work, solidarity, cooperation and dedication during the year.

Your Directors sincerely convey their appreciation to customers, shareholders, vendors, bankers, business associates, regulatory and government authorities for their continued support.

**For and on behalf of the Board  
of ATUL AUTO LIMITED**

**(J J Chandra)**  
**Chairman and Managing Director**  
**[DIN: 00057722]**

Place : Shapar (Dist. Rajkot)  
Date : 30<sup>th</sup> May, 2016

## Annexure [A]

### Statement of Disclosures under Section 197 of the Companies Act, 2013 and rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- (i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2015-16, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2015-16 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

Sr No	Name of Director/ KMP	Remuneration of Director/ KMP for Financial Year 2015-16 (₹)	Remuneration of Director/ KMP for Financial Year 2014-15 (₹)	% increase in Remuneration in the Financial Year 2015-16	Ratio of Remuneration of each Director to median remuneration of employees	Percentage of Remuneration to Revenue		Percentage of Remuneration to Net Profit		Comparison of the Remuneration of the KMP against the performance of the Company
						2015-16	2014-15	2015-16	2014-15	
1	JJ Chandra Chairman and Managing Director	1,08,50,000	93,00,000	16%	75.96	0.21%	0.19%	2.29%	2.29%	In FY 2015-16, Operating revenue increased by 7.76%, Profit Before Tax (PBT) increased by 21%, Profit After Tax (PAT) increased by 17%
2	M J Patel Whole-time Director & CFO	94,00,000	81,50,000	14%	65.81	0.18%	0.17%	1.98%	2.01%	
3	Niraj J Chandra Whole-time Director	44,00,000	37,50,000	15%	30.80	0.08%	0.08%	0.93%	0.92%	
4	Paras J Viramgama Company Secretary and Compliance Officer	3,74,000	3,16,992	18%	NA	0.01%	0.01%	0.08%	0.08%	

- (ii) The Median remuneration of employees during financial year 2015-16 was ₹ 1,42,836/-
- (iii) In financial year 2015-16, there was an increase of 22.28% in Median remuneration of employees.
- (iv) The Company has 919 permanent employees on the rolls of the Company as on 31<sup>st</sup> March, 2016.
- (v) Relationship between average increase in remuneration and company performance: In FY 2015-16, Operating revenue increased by 7.76%, Profit Before Tax (PBT) increased by 21%, Profit After Tax (PAT) increased by 17% whereas the increase in median remuneration of employees was 22.28%
- (vi) Comparison of remuneration of KMPs against performance of the Company: The remunerations of KMPs are revised every year as per the recommendations of the Nomination and Remuneration Committee and with approval of the Board of Directors and Shareholders. The remuneration of KMPs increased by average 15% whereas the Profit Before Tax and Profit After Tax of the Company in FY 2015-16 increased by 21% and 17% respectively.
- (vii) The Company has not paid any remuneration by way of salary or commission to any non-executive Director.
- (viii) The Market Capitalization of the Company decreased by 7% to ₹ 1,133.59 Crores on 31<sup>st</sup> March, 2016 from ₹ 1,221.25 Crores on 31<sup>st</sup> March, 2015.
- (ix) The Price Earnings ratio decreased by 20.53% to 23.92 on 31<sup>st</sup> March, 2016 from 30.10 on 31<sup>st</sup> March, 2015.
- (x) The Company came out with an IPO in the year of 1996 with an issue price of ₹ 22.00 per equity share of ₹ 10/- each. As on 31<sup>st</sup> March, 2016, the market price of the equity share of having face value of ₹ 5/- was ₹ 516.60. An amount of ₹ 2,200.00 (100 shares at issue price of ₹ 22.00) invested in the said IPO would be worth ₹ 1.85 Lacs as on 31<sup>st</sup> March, 2016. (This is excluding the dividend accrued and allotment of shares in Right/ Preferential issue.)
- (xi) Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2015-16 was 17.66% whereas the increase in the managerial remuneration for the same financial year was 15%.
- (xii) The key parameters for any variable component of remuneration: As per the policy designed by the Nomination and Remuneration Committee of the Company, the Company doesn't pay any variable commission to the employees including Directors/ KMPs. The Company revises the remuneration of all the employees on the basis of their performance every year.
- (xiii) The ratio of the remuneration of the highest paid Director to that of the Employees who are not Directors but receive remuneration in excess of the highest paid Director during the year : Not Applicable
- (xiv) The remuneration policy can be checked by shareholders on Website of the Company.



**A. Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year 01/04/2015				No. of Shares held at the end of the year 31/03/2016				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(f) Any Other	0	0	0	0	0	0	0	0	0
Sub-total (A) (1):-	11563810	0	11563810	52.699	11563810	0	11563810	52.699	0
<b>(2) FOREIGN</b>									
(a) Individual NRI / For Ind	0	0	0	0	0	0	0	0	0
(b) Other Individual	0	0	0	0	0	0	0	0	0
(c) Bodies Corporates	0	0	0	0	0	0	0	0	0
(d) Banks / FI	0	0	0	0	0	0	0	0	0
(e) Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
(f) Any Other Specify	0	0	0	0	0	0	0	0	0
Sub-total (A) (2):-	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A) = (A) (1)+(A)(2)	11563810	0	11563810	52.699	11563810	0	11563810	52.699	0

**B. PUBLIC SHAREHOLDING**

**(1) INSTITUTIONS**

(a) Mutual Funds	1806823	0	1806823	8.234	2201228	0	2201228	10.031	1.797
(b) Banks / FI	0	0	0	0	2041	0	2041	0.009	0.009
(c) Central Govt.	0	0	0	0	0	0	0	0	0
(d) State Govt.	42166	0	42166	0.192	10954	0	10954	0.05	-0.142
(e) Venture Capital Funds	8000	0	8000	0.036	500	0	500	0.002	-0.034
(f) Insurance Companies	0	0	0	0	0	0	0	0	0
(g) FIs	1329269	0	1329269	6.058	1374136	0	1374136	6.262	0.204
(h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
(i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):-	3186258	0	3186258	14.5 20	3588859	0	3588859	16.354	1.834

**(2) NON-INSTITUTIONS**

<b>(a) Bodies Corporate</b>									
(i) Indian	1163963	180	1164143	5.305	1074249	180	1074429	4.896	-0.409
(ii) Overseas	0	0	0	0	0	0	0	0	0
<b>(b) Individuals</b>									
(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	3101427	226036	3327463	15.164	3452548	165052	3617600	16.486	1.322
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	1325031	0	1325031	6.038	907069	0	907069	4.134	-1.904
<b>(c) Other (specify)</b>									
Non Resident Indians	467744	713528	1181272	5.383	481818	637028	1118846	5.099	-0.284
Overseas Corporate Bodies	0	1200	1200	0.005	0	1200	1200	0.005	0

## Annexure [B]

## A. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year 01/04/2015				No. of Shares held at the end of the year 31/03/2016				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Foreign Nationals	0	0	0	0	0	0	0	0	0
Clearing Members	194023	0	194023	0.884	71387	0	71387	0.325	-0.559
Trusts	0	0	0	0	0	0	0	0	0
Foreign Boodies - D R	0	0	0	0	0	0	0	0	0
Sub-total (B)(2):-	6252188	940944	7193132	32.779	5987071	803460	6790531	30.945	-1.834
Total Public Shareholding (B)=(B)(1)+ (B)(2)	9438446	940944	10379390	47.299	9575930	803460	10379390	47.299	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	21002256	940944	21943200	100.00	21139740	803460	21943200	100.00	0

## B. Shareholding of Promoters

SR No.	Shareholder's Name	Shareholding at the beginning of the year 01/04/2015			Share holding at the end of the Year 31/03/2016			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	JAYANTIBHAI JAGJIVANDAS CHANDRA	1351742	6.160	0.000	1351742	6.160	0.000	0.000
2	MAHENDRAKUMAR JAMNADAS PATEL	277848	1.266	0.000	277848	1.266	0.000	0.000
3	ALPESH BHARATBHAI CHANDRA	146160	0.666	0.000	146160	0.666	0.000	0.000
4	ASHOKKUMAR JAMNADAS PATEL	136944	0.624	0.000	136944	0.624	0.000	0.000
5	BHARAT JAGJIVANDAS CHANDRA	975906	4.447	0.000	975906	4.447	0.000	0.000
6	CHETANKUMAR VASANTRAI PATEL	220536	1.005	0.000	220536	1.005	0.000	0.000
7	DHARMENDRABHAI JAGJIVANDAS CHANDRA	1267326	5.775	0.000	1267326	5.775	0.000	0.000
8	HARISHBHAI JAGJIVANDAS CHANDRA	1164786	5.308	0.000	1164786	5.308	0.000	0.000
9	HARSHABEN HARISHBHAI CHANDRA	211800	0.965	0.000	211800	0.965	0.000	0.000
10	HETAL ALPESH CHANDRA	153720	0.701	0.000	153720	0.701	0.000	0.000
11	HIREN VASANTRAI PATEL	138960	0.633	0.000	138960	0.633	0.000	0.000
12	KAPILABEN BHARATBHAI CHANDRA	141504	0.645	0.000	141504	0.645	0.000	0.000
13	KASHIBEN JAGJIVANDAS CHANDRA	679176	3.095	0.000	679176	3.095	0.000	0.000
14	KRISHNABEN CHETANKUMAR PATEL	127368	0.580	0.000	127368	0.580	0.000	0.000
15	KRUNAL J. CHANDRA	202650	0.924	0.000	202650	0.924	0.000	0.000
16	MAHESHBHAI JAGJIVANDAS CHANDRA	1290066	5.879	0.000	1290066	5.879	0.000	0.000
17	MANISHABEN ATULKUMAR CHANDRA	932220	4.248	0.000	932220	4.248	0.000	0.000
18	MANISHABEN MAHENDRAKUMAR PATEL	121712	0.555	0.000	121712	0.555	0.000	0.000
19	MANJULABEN VASANTRAI PATEL	191304	0.872	0.000	191304	0.872	0.000	0.000
20	MINABEN ASHOKKUMAR PATEL	121712	0.555	0.000	121712	0.555	0.000	0.000
21	MRS. ANITA N. CHANDRA	131000	0.597	0.000	131000	0.597	0.000	0.000
22	NIRAJ JAYANTIBHAI CHANDRA	105118	0.479	0.000	105118	0.479	0.000	0.000
23	PRAFULABEN JAYANTILAL CHANDRA	269686	1.229	0.000	269686	1.229	0.000	0.000
24	RAMABEN DAYALAL PATEL	161504	0.736	0.000	161504	0.736	0.000	0.000
25	RAMABEN JAMNADAS PATEL	315488	1.438	0.000	315488	1.438	0.000	0.000

**B. Shareholding of Promoters**

SR No.	Shareholder's Name	Shareholding at the beginning of the year 01/04/2015			Share holding at the end of the Year 31/03/2016			% change in share holding during theyear
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
26	REKHABEN MAHESHBHAI CHANDRA	255300	1.163	0.000	255300	1.163	0.000	0.000
27	USHABEN DHARMENDRABHAI CHANDRA	244274	1.113	0.000	244274	1.113	0.000	0.000
28	VASANTRAI KURJIBHAI PATEL	228000	1.039	0.000	228000	1.039	0.000	0.000
	Total	11563810	52.697	0	11563810	52.697	0	0

**C. Change in Promoters' Shareholding (please specify, if there is no change)**

SR No.	Shareholder's Name	Shareholding at the beginning of the year 01/04/2015	Share holding at the end of the Year 31/03/2016	% of total Shares of the company
<b>There is no change in the shareholding of promoters during the financial year 2015-16</b>				

**D. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

sr. no	Shareholder's Name	No. of Shares at the beginning (01-04-2015)	% of total Shares of the company	Date	Increasing / Decreasing in shareholding	No. of Shares	% of total Shares of the company
1	GOLDMAN SACHS TRUST - GOLDMAN SACHS EMERGING MARKETS EQUITY FUND	267661	1.22	01-04-2015			
				01-05-2015	-69421	198240	0.903
				08-05-2015	-43265	154975	0.706
				15-05-2015	-15024	139951	0.638
				14-08-2015	-9621	130330	0.594
				31-03-2016		130330	0.594
2	KEDIA SECURITIES PRIVATE LIMITED	253451	1.155	01-04-2015			
				13-11-2015	-150000	103451	0.471
				31-12-2015	150000	253451	1.155
				08-01-2016	-63000	190451	0.868
				12-02-2016	-190451		
3	BIRLA SUN LIFE TRUSTEE COMPANY PRIVATE LIMITED A/C BIRLA SUN LIFE DIVIDEND YIELD PLUS	280546	1.279	01-04-2015			
				31-03-2016		280546	1.279
4	BIRLA SUN LIFE TRUSTEE COMPANY PRIVATE LIMITED A/C INDIA EXCEL (OFFSHORE) FUND	251000	1.144	01-04-2015			
				26-06-2015	-3900	247100	1.126
				31-03-2016		247100	1.126
5	BIRLA SUN LIFE TRUSTEE COMPANY PRIVATE LIMITED A/C INDIA ADVANTAGE (OFFSHORE) FUND	196800	0.897	01-04-2015			
				26-06-2015	-5700	191100	0.871



## Annexure [B]

## D. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

sr. no	Shareholder's Name	No. of Shares at the beginning (01-04-2015)	% of total Shares of the company	Date	Increasing / Decreasing in shareholding	No. of Shares	% of total Shares of the company
				31-03-2016		191100	0.871
6	HDFC Small & Midcap Fund	260000	1.185	01-04-2015			
				31-03-2016		260000	1.185
7	HDFC TRUSTEE COMPANY LIMITED A/C HDFC BALANCED FUND	581386	2.65	01-04-2015			
				31-03-2016		581386	2.65
8	JPMORGAN INDIA MID AND SMALL CAP FUND	102270	0.466	29-05-2015			
				05-06-2015	31069	133339	0.608
				18-09-2015	15219	148558	0.677
				25-09-2015	26950	175508	0.800
				30-09-2015	17389	192897	0.879
				04-03-2016	-16572	176325	0.804
				31-03-2016		176325	0.804
9	RAAMDEO RAMGOPAL AGRAWAL	180000	0.82	01-04-2015			
				29-05-2015	-133000	47000	0.214
				05-06-2015	-47000		
10	EM RESURGENT FUND	30000	0.137	17-04-2015			
				01-05-2015	21000	51000	0.232
				15-05-2015	175500	226500	1.032
				26-06-2015	19000	245500	1.119
				31-03-2016		245500	1.119
11	GOLDMAN SACHS INDIA FUND LIMITED	661102	3.013	01-04-2015			
				10-04-2015	5059	666161	3.036
				05-06-2015	29460	695621	3.17
				26-06-2015	17078	712699	3.248
				31-03-2016		712699	3.248
12	PROGRESSIVE GLOBAL FINANCE PRIVATE LIMITED	150000	0.684	13-11-2015			
				08-01-2016	-87000	63000	0.287
				12-02-2016	190451	253451	1.155
				31-03-2016		253451	1.155
13	DAYALAL GORDHANDAS PATEL	180969	0.825	01-04-2015			
				31-03-2016		180969	0.825

Note: (i) The increase/ decrease in the no. of shares are due to purchase/ sale of shares.  
(ii) Change in the top 10 shareholders at the beginning of the year and at the end of the year.

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/ accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i. Principal Amount				
ii. Interest due but not paid				
iii. Interest accrued but not due				
Total (i+ii+iii)				
Change in Indebtedness during the financial year				
● Addition				
● Reduction		NIL		
Net Change				
Indebtedness at the end of the financial year				
i. Principal Amount				
ii. Interest due but not paid				
iii. Interest accrued but not due				
Total (i+ii+iii)				

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager			Total Amount
		J J Chandra (Chairman and Managing Director)	M J Patel (Whole-time Director and CFO)	N J Chandra (Whole-time Director)	
	Gross Salary				
1	a. Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,08,50,000	94,00,000	44,00,000	2,46,50,000
	b. Value of perquisites u/s 17(2) of the Income-tax, 1961	0	0	0	0
	c. Profits in lieu of salary under section 17(3) of the Income tax Act, 1961	0	0	0	0
2	Stock Option	NIL	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL	NIL
4	Commission as % of profit others, specify...	0	0	0	0
5	Others, please specify	NIL	NIL	NIL	NIL
	Total (A)	1,08,50,000	94,00,000	44,00,000	2,46,50,000
	Ceiling as per the Act				7,39,63,569

## Annexure [B]

## B. Remuneration to other directors

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Hakubhai Lalakiya	Hasmukh Adhvaryoo	Hemant Bhatt	Margie Parikh	
	Independent Directors					
	• Fees for attending board committee meetings	1,05,000	1,05,000	85,000	90,000	3,85,000
	• Commission	0	0	0	0	0
	• Others, please specify	0	0	0	0	0
	Total (1)	1,05,000	1,05,000	85,000	90,000	3,85,000
	Other Non-Executive Directors	Vijay K Kedia				
	• Fees for attending board committee meetings	30,000				30,000
	• Commission	0				0
	• Others, please specify	0				0
	Total (2)	30,000				30,000
	Total (B) = (1+2)					4,15,000
	Total Managerial Remuneration					2,50,65,000
	Overall ceiling as per the Act					8,13,59,926

## C. Remuneration to Key Managerial Personnel other than MD/ Manager/ WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	
		Company Secretary	
1	Gross Salary		3,74,040
	a. Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		
	b. Value of perquisites u/s 17(2) of the Income-tax, 1961		0
	c. Profits in lieu of salary under section 17(3) of the Income tax Act, 1961		0
2	Stock Option		NIL
3	Sweat Equity		NIL
4	Commission as % of profit others, specify...		0
5	Others, please specify		NIL
	Total		3,74,040

Note:

- No one has been designated as CEO in the Company.
- Mr. M J Patel, Whole-time Director has been designated as CFO of the Company whose remuneration has been provided in VI (A) above.

## VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment				NIL	
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

# Annexure [C]

## Details of Conservation of energy, research and development, technology absorption, foreign exchange earnings and outgo

[Pursuant to Section 134 of the Companies Act, 2013 and Rule 8(3) of the Companies (Accounts) Rules, 2014]

### A. CONSERVATION OF ENERGY

The Company has always been conscious of need for conservation of energy. Energy conservation measures have been implemented at plant and more efforts are continuously made by the Company to minimize wastages and reduce the consumption rate of power per unit. Actions of the company have resulted in consumption of units of power per vehicle from 108.03 units to 106.18 units. This year we have reduced energy consumption per vehicle by 1.85 Units.

The Company makes expenses of revenue nature for conservation of energy on regular basis. No separate capital investment has been made for energy conservation during the year. The Company is having a wind turbine (KW 600) at village Gandhiv (Lamba), Ta. Kalyanpur in Jamnagar District for utilizing alternative source of energy.

Particulars	2015-16	2014-15
Electricity purchased		
Units	46,96,610	44,90,470
Amount (₹)	3,90,73,259	3,53,80,991
Rate per unit (₹)	8.33	7.88
Production in no.	44,232	41,565
Unit consumed per unit of production	106.18	108.03

### B. TECHNOLOGY ABSORPTION

Research and Development (R&D)

The company has R&D Centre at Pune. The Centre is aiming at regular up-gradation of vehicles produced by the company through absorption of latest technology coupled with strategic engineering skill. Company has incurred following expenditure on R&D.

Particulars	2015-16	2014-15
Revenue expenditure	313.62	147.28
Capital expenditure	Nil	Nil
Total	313.62	147.28

The Company gets benefits in the form of upgradation of the existing products due to these technology absorption attempts of the Company.

In 2014, the Company has imported portable CMM machine for the purpose of quality assurance/ inspection for betterment of the quality of the final products. The same has been put to use instantly.

Future Plan of Action

In the future, we will continue following more innovative, environment-friendly and practical automobile vehicles considering changes in market trends.

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

As part of its core strategy, the Company is tapping on export markets where our product is suitable to the needs of the customers. During the year, 3.44% of our revenues were derived from exports. Company is in process of establishing direct marketing network around the prospective geographies.

Foreign exchange earnings and outgoes are as under:-

Particulars	(₹ in lacs)	
	2015-16	2014-15
Earning	1897	1832
Expenditure	688	348
Net Foreign Exchange Earning (NFE)	1209	1484
NFE/Earning (%)	63.73	81.00

## Annexure [D]

**ANNUAL REPORT ON CSR ACTIVITIES  
for the financial year ended on 31<sup>st</sup> March, 2016**[Pursuant to section 135 of the Companies Act, 2013 and rule 8(1) of the Companies  
(Corporate Social Responsibility Policy) Rules, 2014]

1. A brief outline of the Company's CSR Policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs and the composition of CSR Committee : Refer Section CSR on Board's Report
2. The Composition of the CSR Committee : Refer Section CSR on Board's Report
3. Average net profit of the Company for last three financial years : ₹ 45,85,41,718/-
4. Prescribed CSR expenditure (two percent of the amount mentioned in item 3 above) : ₹ 91,70,834/-
5. Details of CSR spent during the financial year
  - a. Total amount to be spent for the financial year 2015-16 : ₹ 51,52,117/-
  - b. Amount unspent, if any : ₹ 40,18,717/-
  - c. Manner in which the amount spent during the financial year : As detailed below

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR Project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
1	Promoting education by providing educational materials, setting up of libraries, toy libraries, scholarships, coaching classes, computer hardware and software for smart classes, building infrastructure at schools, organizing workshops for enhancing skills etc	Promoting Education	Saurashtra Region, Gujarat	40,00,000	17,37,800	37,800  17,00,000	Direct  Through implementing agency

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
2	Prevention of diseases – Health Check-up, Health Awareness Camp, Distribution of Vaccine etc.	Promoting Preventive Healthcare	Saurashtra Region, Gujarat	25,00,000	12,50,000	12,50,000	Through implementing agency
3	Ensuring Environmental sustainability through conservation of renewable energy, natural resources etc	Ensuring environment sustainability	Saurashtra Region, Gujarat	15,00,000	9,13,217	9,13,217	Direct
4	Providing kidney dialysis Machine, medical equipment, ambulance, other infrastructure support	Promoting health care	Saurashtra Region, Gujarat	10,00,000	5,17,000	4,17,000	Direct
						1,00,000	Through implementing agency
5	Relief – Rehabilitation after Disaster (Uttarakhand)	Donation to the fund set up by Government for socio-economic development	Uttarakhand	5,00,000	5,00,000	5,00,000	Through implementing agency
6	Building toilets in villages and at other areas	Promoting Sanitation	Saurashtra Region, Gujarat	1,00,000	1,60,000	1,60,000	Through implementing agency
7	Animal Welfare – Diagnosis and treatment of diseases, disorder, injury to animals	Animal Welfare	Saurashtra Region, Gujarat	1,00,000	63,100	63,100	Through implementing agency
8	Armed Forces Flag Day Fund	Measures for the benefit of armed forces	PAN India	10,000	11,000	11,000	Through implementing agency
Total				97,00,000	51,52,117	51,52,117	

\* Details of implementing agency: Atul Chandra Charitable Trust, Red Cross Society, Shree Vidhyamandal, Karnavati Club Foundation, Shree Saurashtra Medical Charitable Trust, Tulsi Vallabh Nidhi, Shri Gau Vansh Panjrapol Gaushalal, Gau Seva Sadan Trust, Shree Sadguru Seva Sangh Trust, Shree Sadguru Parivar Trust.

6. These CSR projects and programmes are of continuous nature and have lifecycle of more than three to five years. Your Company has taken steps in the right direction and it is committed to get actively engaged with the partners/ NGOs to execute the said projects and programmes and incur expenditure in accordance with Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

7. A responsibility statement of the CSR Committee:

“The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company”

(J J Chandra)  
Chairman and Managing Director  
Chairman, CSR Committee

# Annexure [E]

## SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
ATUL AUTO LIMITED  
8B National Highway,  
Near Microwave Tower,  
Shapar (Veraval), Dist. Rajkot,  
Gujarat, INDIA 360024

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Atul Auto Limited (CIN: L54100GJ1986PLC016999) (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has during the audit period covering the financial year ended March 31, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (Not Applicable to the Company during the Audit period)
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not Applicable to the Company during the Audit period)
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993; regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not Applicable to the Company during the Audit period) and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not Applicable to the Company during the Audit period);
  - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (With effect from 1<sup>st</sup> December, 2015)
  - (vi) Employees Provident Fund and Miscellaneous Provisions Act, 1952; Employees State Insurance Act, 1948; Employees Liability Act, 1938; Equal Remuneration Act, 1976; Maternity Benefits Act, 1961; Minimum Wages Act, 1948 ; Payment of Bonus Act, 1965; Payment of Gratuity Act, 1972; Payment of Wages Act, 1936 and other applicable labour laws.
  - (vii) Environment Protection Act, 1986 and other environmental laws;
  - (viii) Factories Act, 1948;
  - (ix) Hazardous Wastes (Management and Handling) Rules, 1989 and Amendment Rule, 2003
  - (x) Indian Contract Act, 1872;
  - (xi) Income Tax Act, 1961 and Indirect Tax laws;
  - (xii) Indian Stamp Act, 1999;

- (xiii) Industrial Dispute Act, 1947;
- (xiv) Negotiable Instruments Act, 1881;
- (xv) Motor Vehicles Act, 1988;
- (xvi) The Motor Transport Workers Act, 1961
- (xvii) The Explosive Act, 1884
- (xviii) The Petroleum Act, 1934
- (xix) The Environment (Protection) Act, 1986
- (xx) The Water (Prevention and Control of Pollution) Act, 1974
- (xxi) The Air (Prevention and Control of Pollution) Act, 1981

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India.
- (ii) The Listing Agreement entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The Changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for

seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report** that during the audit period the company has not undertaken any event/action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

**For Bunty Hudda & Associates  
Practicing Company Secretaries**

**(CS Bunty Hudda)  
ACS: 31507 COP: 11560**

Date : May 30, 2016  
Place : Shapar (Dist. Rajkot)



# Report on Corporate Governance

Atul Auto Limited believes that good corporate governance is essential to achieve long term corporate goals and enhance stakeholders' value. The Company firmly takes Corporate Governance as a culture under which an organization is nurtured and flourishes by using its core values and the means by which it fulfills the public trust and confidence. It is not just a compliance with laws, instead it is important business investment which is not only necessary to preserve your Company's reputation but also crucial for obtaining and retaining the business. We believe that Corporate Governance rests upon the four pillars of transparency, disclosure, monitoring and fairness to all.

Corporate Governance is the application of best management practices, continued compliances of law and adherence to highest ethical standards to achieve the Company's objective of enhancing shareholder value and its image. Adopting high standards with transparency gives comfort to all existing and potential stakeholders including government & regulatory authorities, customers, suppliers, bankers, employees and shareholders.

The Company remains resolute in its commitment to conduct business in accordance with the highest ethical standards and sound Corporate Governance practices. The Company strongly believes that sound and unambiguous system of Corporate Governance practices go a long way in retaining investor trust and preserving the interest of all stakeholders. Its Business Ethics & Code of Conduct provides the overarching philosophy of its Corporate Governance practices.

## RIGHTS OF SHAREHOLDERS

Your Company protects and facilitates shareholders' rights, provides adequate and timely information, opportunity to participate effectively in general meeting and ensure equitable treatment to all shareholders. The Company also makes aware the shareholders regarding their rights by uploading the relevant information on website of the Company.

## ROLE OF STAKEHOLDERS IN CORPORATE GOVERNANCE

Your Company recognizes the rights of stakeholders and encourages co-operation between the Company and stakeholders to enable participation in Corporate Governance process.

## DISCLOSURE AND TRANSPERANCY

Your Company ensures timely and accurate disclosure on all material matters including the financial situation, performance, ownership and governance of the Company.

## GOVERNANCE STRUCTURE

The Corporate Governance structure at Atul Auto Limited is as follows:

1. Board of Directors: The Board is entrusted with an ultimate responsibility of the management, directions and performance of the Company. As its primary role is fiduciary in nature, the Board provides leadership,

strategic guidance, objective and independent view to the Company's management while discharging its responsibilities, thus ensuring that the management adheres to ethics, transparency and disclosures.

2. Committees of the Board: The Board has constituted the following Committees viz. Audit Committee, Remuneration and Nomination Committee, Stakeholders' Relationship Committee and Corporate Social Responsibility (CSR) Committee. Each of the said Committee has been mandated to operate within a given framework.

## BOARD OF DIRECTORS

The Company believes that an active, well-informed and independent Board is necessary to ensure highest standards of Corporate Governance. A quality Board, being at the core of its Corporate Governance Practice, plays the most pivotal role in overseeing how the management serves and protects the long-term interests of all our stakeholders.

## COMPOSITION OF BOARD

The Board is broad-based and consists of eminent individuals from industry, management, technical, financial and marketing background. The Company is managed by the Board of Directors in coordination with the Senior Management team. The composition and strength of the Board is reviewed from time to time for ensuring that it remains aligned with statutory as well as business requirements.

The Company has a judicious mix of Executive and Non-Executive Director. As on 31<sup>st</sup> March, 2016, the Board comprised of eight Directors out of which four are Independent Directors which includes one Woman Independent Director, one is Non-Executive Non-Independent Director and the remaining three are Executive Directors which are Promoter/ Part of promoter group. The Chairman of the Company is Executive Director. There is no Nominee or Shareholders' Director on the Board of the Company.

## INDEPENDENT DIRECTORS

There were five Independent Directors on the Board of the Company as on 31<sup>st</sup> March, 2015. Mr. S T Shah has resigned w.e.f. 9<sup>th</sup> May, 2015 due to his ailing health. Further, the Board has appointed Dr. Margie S Parikh as Additional Independent Director of the Company pursuant to section 149, 161 and Schedule IV of the Companies Act, 2013 with effect from 19<sup>th</sup> January, 2015. The said appointment has been approved by the shareholders in the Twenty Seventh Annual General Meeting with effect from 31<sup>st</sup> August, 2015 for three years.

The Independent Directors have submitted declarations that they meet the criteria of Independence as per section 149 of the Companies Act, 2013 and the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. The Independent Directors have confirmed that they do not hold directorship in more than seven listed companies. A formal letter of appointment to Independent Directors as provided in the Companies Act, 2013 have been issued.

# Report on Corporate Governance contd.

## BOARD MEETINGS

The Board meets at regular intervals to discuss and decide on business strategies/policies and review the financial performance of the Company. In case of business exigencies, the Board's approval is taken through circular resolutions. The circular resolutions are noted at the subsequent Board Meeting.

During the financial year ended on 31<sup>st</sup> March, 2016, four (4) meetings of Board of Directors held on following dates: 9<sup>th</sup> May, 2015, 3<sup>rd</sup> August, 2015, 31<sup>st</sup> October, 2015, 8<sup>th</sup> February, 2016

The Interval between two meetings was well within the maximum period mentioned under Section 173 of the Companies Act, 2013 and the Listing Regulation.

## ATTENDANCE AT BOARD MEETINGS AND LAST ANNUAL GENERAL MEETING (AGM) AND DETAILS OF MEMBERSHIPS OF DIRECTORS' IN BOARDS AND BOARD COMMITTEES

The details of Directors' attendance for Board meetings and Annual General Meeting held during the financial year 2015-16 and their Chairmanship/ Membership of Board Committees of other companies are given in table below:

Name of Director	Nature of Directorship	No. of meetings attended	Last AGM attended	No. of outside Directorship@ of Public Companies as on 31 <sup>st</sup> March, 2016	No. of Committee Membership# as on 31 <sup>st</sup> March, 2016	No. of Committee Chairpersonship# as on 31 <sup>st</sup> March, 2016	No. of shares held as on 31 <sup>st</sup> March, 2016
J J Chandra	Chairman and Managing Director	4	Yes	--	--	--	13,51,742
M J Patel	Whole-time Director & CFO	4	Yes	--	--	--	2,77,848
Niraj J Chandra	Whole-time Director	2	Yes	--	--	--	1,05,118
Vijay K Kedia	Non-Executive Director	3	Yes	1	1	--	--
Hakubhai Lalakiya	Independent Director	4	Yes	--	--	--	--
Hasmukhbhai Adhvaryoo	Independent Director	4	Yes	--	--	--	--
Hemantkumar Bhatt	Independent Director	4	No	1	1	--	--
Margie S Parikh	Independent Director	4	No	--	--	--	--

Note:

@ Directorships exclude Private Limited Companies, Foreign Companies and Section 8 Companies.

# Chairmanship/ Membership of Committee only includes Audit Committee and Stakeholders Relationship Committee other than Atul Auto Limited.

- Mr. J J Chandra and Mr. Niraj J Chandra are related to each other.
- Mr. Subodhchandra T Shah has resigned from the Board of Directors with effect from 9<sup>th</sup> May, 2015 and hence his details have not been included here.

None of the Directors are members of more than ten board-level committees nor they are chairman of more than five committees in which they are members. Further, all the Directors have confirmed that they do not serve as an independent director in more than seven listed companies or where they are whole-time director in any listed company, then they do not serve as independent director in more than three listed companies.

## BOARD PROCEDURES

The Board has complete access to all information of the Company and is regularly provided advanced detailed information as a part of the agenda papers or is tabled therein. In addition, detailed quarterly performance report by CFO is presented in the quarterly Board meeting, encompassing all facets of the Company's operations during the quarter, including update of key projects, outlook and matters relating to environment, health & safety, corporate social responsibility etc. The Company provides the information as set out in Regulation 17 read with Part-A of Schedule II of Listing Regulation to the Board and the Board Committees to the extent it is applicable and relevant.

The Company Secretary attends the Board and Committee meetings and advises the Board on Compliances with applicable laws and governance. The important decisions taken at the Board/ Committee meetings are communicated to the concerned departments/ divisions. The draft minutes of the Board and its Committees are sent to the members for their comments and then the minutes are entered in the minutes book within 30 days of the conclusion of the meeting.

## BOARD EVALUATION

In terms of applicable provisions of the Companies Act, 2013 read with Rules framed thereunder and Part D of Schedule II of the Listing Regulations and on the recommendation of the Nomination and Remuneration Committee, the Board of Directors has put in place performance evaluation policy to formally evaluate the effectiveness of the Board, its Committees along with performance evaluation of each Director to be carried out on an annual basis.

# Report on Corporate Governance contd.

Accordingly, the annual performance evaluation of the Board, its Committees and each Director was carried out for the financial year 2015-16. A structured questionnaire was prepared after circulating the draft forms, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance. The performance evaluations of all the independent directors have been done by the entire Board of Directors, excluding the director being evaluated. Independent Directors have evaluated the performance of non-independent directors and Board as a whole at the separate meeting of Independent Directors. Independent directors have also reviewed the performance of the Chairperson of the company, taking into account the views of executive directors, non-executive directors, President – Finance and President – Marketing.

The Board of Directors at its meeting held on 30<sup>th</sup> May, 2016, has noted the overall feedback on the performance of the Directors and the Board as a whole and its Committees. Based on the outcome of the Evaluation, the Board and Committees have agreed on the action plan to improve on the identified parameters.

The overall outcome of this exercise to evaluate effectiveness of the Board and its Committees was positive and members expressed their satisfaction.

## FAMILIARISATION PROGRAMME

At the time of appointing a Director, a formal letter of appointment is given to him, which inter alia explains the role, function, duties and responsibilities expected of him/ her as a Director of the Company. The Director is also explained in detail the Compliance required from him/ her under the Companies Act, 2013, Listing Regulation and other various statutes and an affirmation is obtained. The Chairman and Managing Director also has a one to one discussion with the newly appointed Director to familiarize him/ her with the Company's operations.

On an ongoing basis, the familiarization activities are done in the separate session on the day of meeting of board of directors, preferably after the completion of the meetings. Four such sessions around two hours each have been held during the year. The sessions have been conducted by Mr. Paras Viramgama, Company Secretary, Mr. J V Adhia, President – Finance and Mr. Paul Zachariah, President – Marketing of the Company. All Independent Directors have attended the same without fail.

The details of familiarization programme have been posted in the website of the Company.

## AUDIT COMMITTEE

### Composition

The Audit Committee is constituted in accordance with the provisions of Regulation 18 of the SEBI (LODR) Regulations, 2015 and Section 177 of the Companies Act, 2013. The Audit Committee comprise of Mr. Hemantkumar Bhatt, Independent Director as Chairman, Mr. Hakubhai Lalakiya, and Dr. Margie S Parikh, Independent Directors as Members. Mr. Hemantkumar

Bhatt has been designated as Chairman of the Audit Committee and Dr. Margie Parikh has been inducted as Member of the Committee on resignation of Mr. S T Shah with effect from 9<sup>th</sup> May, 2015. All the members of the committee are financially literate and have accounting and financial management expertise.

### Meetings and Attendance

The Audit Committee met four times during the Financial Year 2015-16. The maximum gap between two meetings was not more than 120 days. The necessary quorum was present for all Meetings. The Committee met on 09<sup>th</sup> May, 2015, 03<sup>rd</sup> August, 2015, 31<sup>st</sup> October, 2015 and 08<sup>th</sup> February, 2016. The Whole-time Director and CFO, President – Finance, Head – Internal Auditor and the representative of Statutory Auditors are permanent invitees to the Audit Committee Meetings. They have attended all the Audit Committee meetings held during the year. Mr. Hemantkumar Bhatt, Chairman of the Audit Committee could not remain present at the Annual General Meeting held on 31<sup>st</sup> August, 2015. Mr. Hakubhai Lalakiya, Member of the Committee remained present in AGM in his place. The Table below provides the Attendance of the Audit Committee members:

Name of Director	Position	No. of Members Present
Mr. Hemantkumar Bhatt	Chairman	4 out of 4
Mr. Hakubhai Lalakiya	Member	4 out of 4
Dr. Margie S Parikh	Member	3 out of 4

Mr. Paras J. Viramgama acted as Secretary to the Committee except for the meeting held on 8<sup>th</sup> February, 2016 due to his unavailability where Mr. J V Adhia has acted as Secretary to the Committee.

### Term of Reference

The Audit Committee inter alia performs the functions of approving Annual Internal Audit Plan, review of financial reporting system, internal controls system, discussion on financial results, interaction with Statutory and Internal Auditors, one-on-one meeting with Statutory and Internal Auditors, recommendation for the appointment of Statutory Auditors and their remuneration, recommendation for the appointment and remuneration of Internal Auditors, Review of Business Risk Management Plan, Management Discussions and Analysis, Review of Internal Audit Reports, significant related party transactions. The Audit Committee also oversees and reviews the functioning of a vigil mechanism (implemented in the Company as a Fraud Risk Management Policy and Whistle Blower Policy) and reviews the finding of investigation into cases of material nature and the actions taken in respect thereof. The Company has framed the Audit Committee Charter for the purpose of effective compliance of provisions of section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulation. The Audit Committee also looks into the matters as are specifically referred to it by the Board of Directors besides the mandatory requirements. In fulfilling the above role, the Audit Committee has powers to investigate any activity within its terms of reference, to seek information from employees and to obtain outside legal and professional advice.

# Report on Corporate Governance contd.

## NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee comprise of Mr. Hasmukhbhai Adhvaryoo, Independent Director as Chairman, Mr. Hakubhai Lalakiya and Dr. Margie Parikh, Independent Director as Members. Dr. Margie Parikh has been inducted to the Committee on resignation of Mr. S T Shah, Member of the Committee with effect from 9<sup>th</sup> May, 2015.

The composition, powers, role and terms of reference of the Nomination and Remuneration Committee are as per the SEBI (LODR) Regulations, 2015 and Section 178 of the Companies Act, 2013.

The compensation package of the Managing Director and the Executive Directors is recommended by the committee, approved by the board and is within the limits set by the members at the annual general meetings. The role of the Nomination and Remuneration Committee inter alia, includes formulation of criteria for determining qualifications, positive attributes and independence of a director and recommendation to the Board of the remuneration policy; formulation of criteria for evaluation of Independent Directors and the Board; devising a policy on Board diversity; and identification of persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

The Remuneration Policy is available on company's website. The details of remuneration paid to all Directors are provided in extract of Annual Return in this report.

During the year, the Nomination and Remuneration Committee met for times on 09<sup>th</sup> May, 2015, 03<sup>rd</sup> August, 2015, 31<sup>st</sup> October, 2015 and 08<sup>th</sup> February, 2016. The details of attendance at the Nomination and Remuneration Committee meeting are as under:

Name of Director	Position	No. of Members Present
Mr. Hasmukhbhai Adhvaryoo	Chairman	4 out of 4
Mr. Hakubhai Lalakiya	Member	4 out of 4
Dr. Margie S Parikh	Member	3 out of 4

Mr. Paras J. Virangama acted as Secretary to the Committee except for the meeting held on 8<sup>th</sup> February, 2016 due to his unavailability where Mr. J V Adhia has acted as Secretary to the Committee.

## STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee comprise of Dr. Margie Parikh, Independent Director as the Chairperson and Mr. Hasmukhbhai Adhvaryoo and Mr. Hemantkumar Bhatt, as members of the Committee. Dr. Margie Parikh has been inducted to the Stakeholders' Relationship Committee on resignation of Mr. S T Shah with effect from 9<sup>th</sup> May, 2015. On becoming Chairman of the Audit Committee, Mr. Hemantkumar Bhatt has been designated as member of the Stakeholders' Relationship

Committee and Dr. Margie Parikh has been designated as Chairperson in place of Mr. Hemantkumar Bhatt.

The role of Stakeholders' Relationship Committee is as follows:

- consider and resolve the grievances of shareholders of the Company with respect to transfer of shares, non-receipt of annual report, non-receipt of declared dividend, etc;
- ensure expeditious share transfer process in line with the proceedings of the Share Transfer Committee;
- evaluate performance and service standards of the Registrar and Share Transfer Agent of the Company;
- provide guidance and make recommendations to improve investor service levels for the investors.

The Stakeholders' Relationship Committee met for times on 09<sup>th</sup> May, 2015, 03<sup>rd</sup> August, 2015, 31<sup>st</sup> October, 2015 and 08<sup>th</sup> February, 2016. The details of attendance at the committee meetings are as under:

Name of Director	Position	No. of Members Present
Dr. Margie S Parikh	Chairman	3 out of 4
Mr. Hasmukhbhai Adhvaryoo	Member	4 out of 4
Mr. Hemantkumar Bhatt	Member	4 out of 4

Mr. Paras J. Virangama, Company Secretary, is the Compliance Officer for resolution of Shareholder's/ Investor's complaints. During the Financial Year ended 31<sup>st</sup> March, 2016, 3 complaints were received from the shareholders. All complaints have been resolved to the satisfaction of the shareholders and none of them were pending as on 31<sup>st</sup> March, 2016:

Nature of Complaint	Received During the year	Redressed During the year	Pending at the end of the year
Non-Receipt of Dividend	2	2	NIL
Non-Receipt of Split share certificate	1	1	NIL

Mr. Paras J. Virangama acted as Secretary to the Committee except for the meeting held on 8<sup>th</sup> February, 2016 due to his unavailability where Mr. J V Adhia has acted as Secretary to the Committee.

## CSR (CORPORATE SOCIAL RESPONSIBILITY) COMMITTEE

The Corporate Social Responsibility (CSR) Committee comprise of Mr. J J Chandra, Chairman and Managing Director as the Chairman of the Committee and Mr. Hakubhai Lalakiya and Mr. Hasmukhbhai Adhvaryoo as members of the Committee. The Composition of CSR Committee is pursuant to the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The Committee is primarily responsible for formulating and recommending to the Board of Directors, a Corporate Social

# Report on Corporate Governance contd.

Responsibility (CSR) Policy and monitoring the same from time to time, amount of expenditure to be incurred on the activities pertaining to CSR and monitoring CSR Projects.

The CSR Committee met four times during the year on 09<sup>th</sup> May, 2015, 03<sup>rd</sup> August, 2015, 31<sup>st</sup> October, 2015 and 08<sup>th</sup> February, 2016. The details of attendance at the committee meetings are as under:

Name of Director	Position	No. of Members Present
Mr. J J Chandra	Chairman	4 out of 4
Mr. Hakubhai Lalakiya	Member	4 out of 4
Mr. Hasmukhbhai Adhvaryoo	Member	4 out of 4

Mr. Paras J. Viramgama acted as Secretary to the Committee except for the meeting held on 8<sup>th</sup> February, 2016 due to his unavailability where Mr. J V Adhia has acted as Secretary to the Committee.

The report on CSR activities done during the year has been included as an annexure to the Directors report.

## SEPARATE MEETING OF THE INDEPENDENT DIRECTORS

During the year, meeting of Independent Directors was held on Saturday, 26<sup>th</sup> March, 2016 at the Marketing office of the Company situated in Ahmedabad without presence of non-independent directors and members of the management as per regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. All four Independent Directors were present in the meeting.

They have reviewed the performance of non-Independent Directors and the Board as a whole and the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non- Executive Directors. They have also assessed the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

In addition to this formal meeting, interactions outside the Board meetings also take place between the Chairman and Independent Directors.

## AFFIRMATIONS AND OTHER DISCLOSURES

### Subsidiary Company

The Company does not have any subsidiary Company.

### Risk Management

The Company has laid down procedures to inform the Board of Directors about the Risk Management and its minimization. The Audit Committee with Board of Directors has framed the Risk Management Policy. The implementation and monitoring of the same is being reviewed periodically by the Board.

### Related Party Transactions (RPTs)

All transaction entered into by your Company with related parties, during FY 2015-16, were in ordinary course of business and on arm's length basis. The details of the related party transactions are set out in the Notes to Financial Statements forming part of this Annual Report.

Also, the Related Party Transactions undertaken by your Company were in compliance with the provisions set out in the Companies Act, 2013 and Regulation 23 of the Listing Regulations.

There are no materially significant related party transactions of your Company which have potential conflict with the interests of the Company at large.

The policy on related party transactions has been placed on the Company's website.

### Insider Trading Code

The Securities and Exchange Board of India (SEBI) has promulgated the SEBI (Prohibition of Insider Trading) Regulations, 2015 ("The PIT Regulations"). The PIT Regulations has come into effect from May 15, 2015 and replaced the earlier old Regulations.

The object of the PIT Regulations is to curb the practice of insider trading in the securities of a listed company. The Company has adopted an 'Internal Code of Conduct for Regulating, Monitoring and Reporting of Trades by Insiders' ("the Code") in accordance with the requirements of the PIT Regulations.

The Code is applicable to Promoters and Promoter's Group, all Directors and such Designated Employees who are expected to have access to unpublished price sensitive information relating to the Company. Mr. M J Patel, Whole-time Director & CFO is the Compliance Officer for monitoring adherence to the said Regulations.

The Company has also formulated 'The Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)' in compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015. This Code is displayed on the Company's website.

### Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

The Company has complied with all requirements specified under Listing Regulations as well as other regulations and guidelines of SEBI. Consequently, there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets during the last three years.

# Report on Corporate Governance contd.

## **Vigil Mechanism/ Whistle Blower Policy**

Pursuant to Section 177(9) and (10) of the Companies Act, 2013, and Regulation 22 of the Listing Regulation, the Company has formulated Whistle Blower Policy for vigil mechanism of Directors and employees to report to the management about the unethical behavior, fraud or violation of Company's Code of Conduct. The Policy provides adequate safeguards against victimisation of Director(s)/ employee(s) and direct access to the Chairman of the Audit Committee in exceptional cases. The Protected Disclosures, if any reported under this Policy will be appropriately and expeditiously investigated by the Chairman. Your Company hereby affirms that no Director/ employee has been denied access to the Chairman of the Audit Committee and that no complaints were received during the year.

The Whistle Blower Policy has been disclosed on the Company's website.

## **Disclosure of Accounting Treatment**

In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Companies Act, 2013. The significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements. Your Company has not adopted any alternative accounting treatment prescribed differently from the Accounting Standards.

## **Commodity price risks and Commodity hedging activities**

The Company is exposed to the risk of price fluctuation of raw materials as well as finished goods. The Company proactively manages these risks through efficient Inventory management and proactive vendor development practices. The Company's reputation for quality, products differentiation and after sale service, coupled with existence of powerful brand image with robust marketing network mitigates the impact of price risk on finished goods.

## **Remuneration to Directors**

Non-Executive Directors including Independent Directors are paid fixed sitting fees for attending Board and Committee meetings, as approved by the Board of Directors within statutory limits. No remuneration by way of salary or perquisites or commission or stock option paid to any of the Non-Executive Directors during the financial year 2015-16.

The Executive Directors are paid remuneration as approved by the Board and Shareholders of the Company.

The complete details of the remuneration paid to the Directors have been included in the extract of the Annual Return in this Annual Report.

## **Code of Conduct**

Your Company has adopted a Code of Conduct for members of the Board and the Senior Management and Code of Conduct for Independent Directors. The same have been posted on the website. The Codes aim at ensuring consistent standards of conduct and ethical business practices across the Company. All the Board Members and the Senior Management Personnel

have affirmed their compliance with the said Code of Conduct for the financial year ended 31<sup>st</sup> March, 2016. The declaration to this effect signed by Mr. J J Chandra, Chairman and Managing Director of the Company forms part of the report.

## **Web-link of the statutory policies/ Codes/ Charter/ Programmes**

All the statutory policies, codes, charters, programmes etc. referred in this report are available on website of the company on web-link: [http://atulauto.co.in/corporate\\_governance\\_reports.php](http://atulauto.co.in/corporate_governance_reports.php)

Compliance with discretionary requirements of regulation 27(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

In addition to mandatory requirements of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, your Company has also complied with following discretionary requirements of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015:

## **Unmodified opinion in audit report:**

During the year under review, there was no audit modification/ qualification on the Company's financial statements.

## **Reporting of Internal Auditor:**

The Head – Internal Audit reports to CFO and Chairman and Managing Director and he has direct access to the Audit Committee and he participates in the meetings of the Audit Committee of the Board of Directors of the Company and presents his internal audit observations to the Audit Committee.

# Report on Corporate Governance contd.

## GENERAL SHAREHOLDER INFORMATION:

### GENERAL BODY MEETINGS OF LAST THREE YEARS:

Financial Year	Date and Time	Venue	Details of special resolutions passed
2012-13	11:00 AM 16 <sup>th</sup> July, 2013	Registered Office: 8B National Highway, Near Microwave Tower, Shapar (Veraval), Dist. Rajkot, Gujarat INDIA 360024	Reappointment of Mr. J J Chandra, Chairman and Managing Director with increase in remuneration Reappointment of Mr. M J Patel, Whole-time Director with increase in remuneration Increase in remuneration of Mr. Niraj J Chandra, Whole-time Director
2013-14	11:00 AM 12 <sup>th</sup> August, 2014	Registered Office	Increase in remuneration of Mr. J J Chandra, Chairman and Managing Director Redesignate Mr. M J Patel as Whole-time Director & CFO and increase in remuneration Increase in remuneration of Mr. Niraj J Chandra, Whole-time Director Sub-division of face value of equity share of ₹10/- each into two equity shares of face value of ₹5/- each Alteration in Capital Clause (Clause V) of Memorandum of Association
2014-15	11:00 AM 31 <sup>st</sup> August, 2015	Registered Office	Increase in remuneration of Mr. J J Chandra, Chairman and Managing Director Increase in remuneration of Mr. M J Patel, Whole-time Director & CFO Reappointment of Mr. Niraj J Chandra, Whole-time Director with increase in remuneration Adoption of new Article of Association in substitution of existing Article of Association

## POSTAL BALLOT

During the year, no resolutions have been passed through postal ballot.

### ANNUAL GENERAL MEETING FOR FY 2015-16:

Date : Friday, 16<sup>th</sup> September, 2016  
Time : 11:00 AM  
Venue : Registered Office of the Company  
8B National Highway, Near Microwave Tower,  
Shapar (Veraval), Dist. Rajkot  
Gujarat, INDIA 360024

### DATE OF BOOK CLOSURE:

From : Saturday, 10<sup>th</sup> September, 2016  
To : Friday, 16<sup>th</sup> September, 2016

### DIVIDEND PAYMENT DATE:

Interim Dividend for FY 2015-16  
Declared by the Board of Directors : Saturday, 31<sup>st</sup> October, 2015  
Paid on : Friday, 20<sup>th</sup> November, 2015

### Final Dividend for FY 2015-16

Recommended by the Board of Directors : Monday, 30<sup>th</sup> May, 2016  
Subject to declaration in AGM on : Friday, 16<sup>th</sup> September, 2016  
Paid by : Saturday, 15<sup>th</sup> October, 2016

### FINANCIAL YEAR:

From 1<sup>st</sup> April to 31<sup>st</sup> March

# Report on Corporate Governance contd.

## LISTING DETAILS:

(i) BSE Limited, Mumbai BSE Scrip Code : 531795  
(ii) National Stock Exchange of India Limited, Mumbai NSE Scrip Symbol : ATULAUTO

The Company has paid listing fees of both the stock exchanges for FY 2016-17.

ISIN

ISIN for equity share of ₹ 5/- each : INE951D01028

## UNCLAIMED DIVIDEND/ SHARE CERTIFICATE

The unclaimed dividend for a period of seven years is compulsorily deposited in Investor Education and Protection Fund (IEPF) Account in accordance with Section 205C of the Companies Act, 1956 administered by the Central Government which cannot be claimed by the Shareholders/ Investors. The details of unclaimed dividend are posted on the website of the Company.

Details of Unclaimed Dividend and due dates for transfer are as follows as on March 31, 2016:

Sr No	Financial Year	Type of Dividend	Unclaimed amount (₹)	Due Date for transfer of unclaimed dividend to IEPF
1	2008-09	Final	79,297	October 30, 2016
2	2009-10	Final	71,808	August 29, 2017
3	2010-11	Final	1,65,400	August 31, 2018
4	2011-12	Final	6,70,210	July 26, 2019
5	2012-13	Final	4,27,524	August 17, 2020
6	2013-14	Interim	3,22,408	November 30, 2020
7	2013-14	Final	2,87,259	September 12, 2021
8	2014-15	Interim	3,49,149	December 4, 2021
9	2014-15	Final	4,48,898	October 3, 2022
10	2015-16	Interim	4,00,802	December 3, 2022

During the year under review, the Company transferred ₹ 47,138/- to IEPF towards unclaimed dividend.

The Company is in the process of sending reminders to the shareholders whose share certificates have been received as undelivered from postal authority by RTA of the Company when it has been sent on sub division of face value of shares. Once the procedural formalities relating to sending of reminders will be done, the demat suspense account will be opened and the unclaimed shares will be transferred to it.

## MARKET PRICE DATA:

The monthly high and low prices and volumes of the Company's shares at BSE and NSE for the financial year ended 31<sup>st</sup> March, 2016 are as under:

Month	BSE			NSE		
	High (₹)	Low (₹)	Volume (No. of Shares)	High (₹)	Low (₹)	Volume (No. of Shares)
Apr-15	635.00	478.00	521997	634.80	476.00	2250931
May-15	502.60	418.00	685167	503.00	416.25	2350881
Jun-15	526.40	330.00	882435	526.15	366.10	3435777
Jul-15	503.00	430.00	509146	503.60	445.05	1947729
Aug-15	484.80	370.50	567493	484.00	370.50	1903151
Sep-15	472.50	386.00	327405	473.95	385.10	1475612
Oct-15	500.00	435.50	281603	500.35	433.50	1180670
Nov-15	542.00	436.10	374582	543.30	433.65	1247055
Dec-15	565.00	496.00	235959	563.85	496.50	1121597
Jan-16	581.00	455.00	144052	584.60	459.05	676496



# Report on Corporate Governance contd.

Month	BSE			NSE		
	High (₹)	Low (₹)	Volume (No. of Shares)	High (₹)	Low (₹)	Volume (No. of Shares)
Feb-16	524.50	423.50	123271	524.00	420.10	693808
Mar-16	532.60	421.00	152104	534.40	422.05	782033

## PERFORMANCE IN COMPARISON TO BROAD-BASED INDICES

The Chart below shows the comparison of your Company's share price movement on BSE vis-à-vis the movement of the BSE Sensex for the financial year ended 31<sup>st</sup> March, 2016 (based on month end closing):

Month	BSE ATUL AUTO	BSE SENSEX
Apr-15	485.75	27011.31
May-15	458.90	27828.44
Jun-15	485.50	27780.83
Jul-15	463.00	28114.56
Aug-15	413.80	26283.09
Sep-15	460.50	26154.83
Oct-15	488.30	26656.83
Nov-15	520.80	26145.67
Dec-15	548.25	26117.54
Jan-16	500.50	24870.69
Feb-16	429.50	23002.00
Mar-16	519.30	25341.86

## SHARE TRANSFER SYSTEM

The share transfer activities in respect of the shares in physical mode are carried out by the Company's Registrar and Transfer Agent (RTA). The shares lodged for transfer are processed and share certificates duly endorsed are returned within the stipulated time, subject to documents being valid and complete in all respects.

The Board of Directors of the Company have delegated the authority to approve the transfer of shares, transmission of shares or requests for deletion of name of the shareholder etc., as mentioned in regulation 9 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 to the designated officials of the Company. The transactions in respect of issue of duplicate share certificates, split, rematerialization, consolidation and renewal of share certificates are approved by the designated officials of the Company and reviewed by the Stakeholders' Relationship Committee. The same is placed before the Board of Directors from time to time for their review.

The Company obtains a half-yearly compliance certificate from a Company Secretary in Practice as required under regulation 49 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and files a copy of the said certificate with Stock Exchanges.

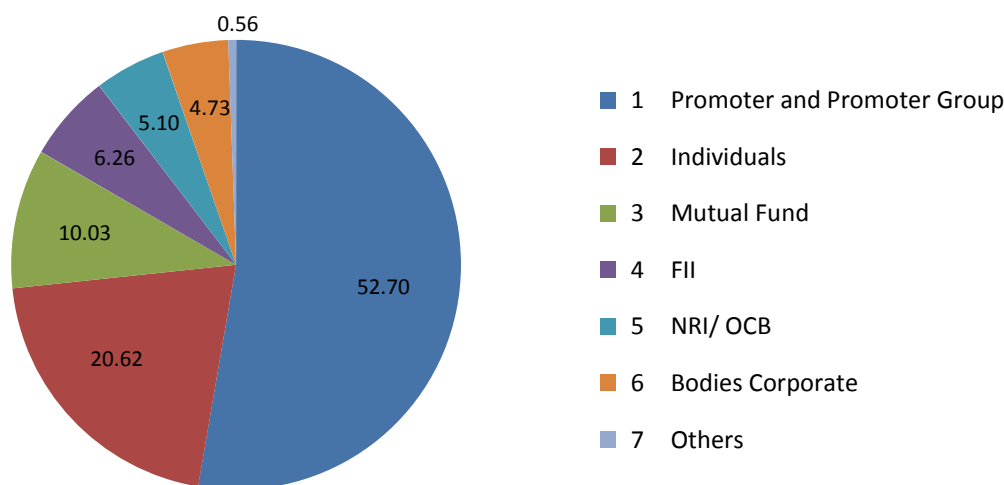
## DISTRIBUTION OF SHAREHOLDING

Distribution of shareholding of shares of the Company as on 31<sup>st</sup> March, 2016 is as follows:

Shares of Nominal Value		Shareholders		Shareholding	
From	To	No. of holders	% of holders	Total Amount	% of Amount
-	5000	18,169	95.59%	10,069,015	9.18%
5001	10000	387	2.04%	2,845,780	2.59%
10001	20000	199	1.05%	2,878,935	2.62%
20001	30000	73	0.38%	1,784,480	1.63%
30001	40000	31	0.16%	1,104,850	1.01%
40001	50000	21	0.11%	963,350	0.88%
50001	100000	43	0.23%	2,936,105	2.68%
100001	ABOVE	84	0.44%	87,133,485	79.42%
		19,007	100.00%	109,716,000	100.00%

# Report on Corporate Governance contd.

## CATEGORY-WISE SHAREHOLDING PATTERN AS ON 31<sup>ST</sup> MARCH, 2016



## DEMATERIALIZATION AND LIQUIDITY

The break-up of shares in physical and dematerialized form as on 31<sup>st</sup> March, 2016 are as under:

	No. of shares	% of shares
Physical Mode	803,460	3.66%
NSDL Holding	17,483,543	79.68%
CDSL Holding	3,656,197	16.66%
Total	21,943,200	100.00%

The shares of the Company can be held and traded in electronic form. As stipulated by SEBI, the shares of the Company are accepted in the Stock Exchanges for delivery only in dematerialization form.

The shareholders holding shares in physical form are requested to dematerialize their shares at the earliest and avail various benefits of dealing in securities in electronic/ dematerialized form. For any clarification, assistance or information, please contact the Registrar and Transfer Agent of the Company.

## MEANS OF COMMUNICATIONS

### Publication of quarterly financial results:

Quarterly, half-yearly, nine-monthly and annual financial results of the Company were published in leading English and vernacular newspaper like Economic Times, Financial Express, Business Standard etc.

### Website and News Releases:

A separate section under 'Investors' on the Company's website gives information on various announcements made by the Company, status of unclaimed dividend, stock quotes, Annual Report, Quarterly, Half-yearly and Annual financial results along with the applicable policies of the Company. The Company's official news releases and presentations made to the institutional investors and analysts are also available on the Company's website.

### Stock Exchange:

Your Company makes timely disclosures of necessary information to BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) in terms of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and other Rules and Regulations issued by SEBI.

### NEAPS (NSE Electronic Application Processing System):

NEAPS is a web-based application designed by NSE for corporates. All periodical compliance filings, inter alia, shareholding pattern, Corporate Governance Report, corporate announcements, amongst others are also filed electronically through NEAPS.

# Report on Corporate Governance contd.

**BSE Corporate Compliance & Listing Centre:**

BSE Listing is a web-based application designed by BSE for corporates. All periodical compliance filings, inter alia, Shareholding pattern, Corporate Governance Report, Corporate announcements are also filed electronically on the Listing Centre.

**Designated Email Address for Investor Services:**

The designated email address for investor complaints is [investorrelations@atulauto.co.in](mailto:investorrelations@atulauto.co.in)

**Physical Communication:**

For any queries related to the shares of the Company, correspondence may please be addressed to the Company's Registrars & Share Transfer Agent:

**Sharex Dynamic (India) Private Limited**

Unit No. 1, Luthra Ind. Premises,  
1<sup>st</sup> Floor, 44-E, M Vasanti Marg,  
Safed Pool, Andheri-Kurla Road,  
Andheri (East), Mumbai-400072  
Phone : 022-2851 5606/5644  
E-Mail : [info@sharexindia.com](mailto:info@sharexindia.com), [sharexindia@vsnl.com](mailto:sharexindia@vsnl.com)  
Web : [www.sharexindia.com](http://www.sharexindia.com)

For the benefit of shareholders, documents will continue to be accepted at the following Registered Office of the Company:

**Atul Auto Limited**

8B National Highway, Near Microwave Tower,  
Shapar (Veraval), Dist. Rajkot  
Gujarat, INDIA 360024  
Phone : 02827 666000  
E-Mail : [investorrelations@atulauto.co.in](mailto:investorrelations@atulauto.co.in)  
Web : [www.atulauto.co.in](http://www.atulauto.co.in)

**PLANT LOCATION:**

Plant: I : Shapar Plant  
8B National Highway,  
Near Microwave Tower,  
Shapar (Veraval), Dist. Rajkot  
Gujarat, INDIA 360024

Upcoming Plant : II : Ahmedabad Plant  
Rajkot-Ahmedabad Highway,  
Near Super Gas Plant,  
Village Bhayla, Taluko Bavla, Dist. Ahmedabad  
Gujarat, INDIA 382220

# Report on Corporate Governance contd.

## **ANNEXURE TO REPORT ON CORPORATE GOVERNANCE FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016**

### **DECLARATION OF COMPLIANCE WITH THE CODE OF CONDUCT**

I hereby confirm that the Company has obtained from all the members of the Board and Senior Management Personnel, affirmation(s) that they have complied with the Code of Conduct for Board Members and Senior Management Personnel in respect of the financial year ended 31<sup>st</sup> March, 2016.

Place: Shapar (Dist. Rajkot)  
Date: 30<sup>th</sup> May, 2016

(J J Chandra)  
Chairman and Managing Director

### **CEO/CFO CERTIFICATE UNDER REGULATION 17(8) OF THE SEBI (LISTING OBLIGATION AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

To,  
The Board of Directors,  
Atul Auto Limited,  
Shapar (Veraval), Dist. Rajkot

We, Mr. J J Chandra, Chairman and Managing Director and Mr. M J Patel, Whole-time Director and CFO of the Company hereby certify that –

- A. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  2. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the step we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee that:
1. there are no significant changes in internal control over financial reporting during the year;
  2. there are no significant changes in accounting policies during the year and
  3. there are no instances of significant fraud of which we have become aware.

Place: Shapar (Dist. Rajkot)  
Date: 30<sup>th</sup> May, 2016

(J J Chandra)  
Chairman and Managing Director

(M J Patel)  
Whole-time Director & CFO

# Report on Corporate Governance contd.

## **AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

We have examined the compliance of conditions of Corporate Governance by Atul Auto Limited ('the Company'), for the year ended on 31<sup>st</sup> March, 2016, as stipulated in Clause 49 of the Listing Agreement of the Company entered into with the Stock Exchanges in India for the period 1<sup>st</sup> April, 2015 to 30<sup>th</sup> November, 2015 and as per the relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as referred to in Regulation 15(2) of the Listing Regulation for the period 1<sup>st</sup> December, 2015 to 31<sup>st</sup> March, 2016.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. 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 the representations made by the directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Maharishi & Co.  
Chartered Accountants  
Firm's Registration No: 124872W

Kapil Sanghvi  
Partner  
M. No: 141168

Place : Shapar (Dist. Rajkot)  
Date : 30<sup>th</sup> May, 2016

# Independent Auditors' Report

To the Members of  
ATUL AUTO LIMITED

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of ATUL AUTO LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

## MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The company's board of directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting principles generally accepted in India, including the Accounting Standards specified u/s 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an

opinion on whether the company has in place an adequate internal financial controls system over financial reporting and operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by company's directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## OPINION

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
- b. in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure-A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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 those books
  - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e. On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
  - f. With respect to the adequacy of the internal financial

# Independent Auditors' Report

controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure B", and

- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanation given to us;
  - i. The company has disclosed the impact of pending litigations on its financial position in its financial statements refer note 30 to the financial statements.
  - ii. The company does not have any long-term contracts including derivative contracts, hence the question of any material foreseeable losses does not arise;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company.

**For Maharishi & Co.**

Chartered Accountants  
Firm Registration No.124872W

**Kapil Sanghvi**

Partner  
Membership No.141168

Signed at Shapar (Dist. Rajkot) on 30<sup>th</sup> May, 2016

# Annexure A to the Auditors' Report

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the members of ATUL AUTO LIMITED on the financial statements for the year ended 31<sup>st</sup> March, 2016]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All the fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of immovable properties are in the name of the company.
- (ii) The inventory (excluding stocks with third parties and work in progress) has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable. Discrepancies noticed during physical verification were not material and the same has been dealt with in the books of account.
- (iii) As informed, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act, accordingly, the provisions stated in paragraph 3(iii)(a) and 3(iii)(b) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the company has not granted any loans or guarantees and hence provisions of Section 185 shall not apply to the company and company has complied with the provisions of section 186 of the act, with respect to the investments made.
- (v) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public within the provisions of section 73 to 76 of the Act and rules framed there under.
- (vi) The Central Government of India has not prescribed the maintenance of cost records for any of the products of the company under sub-section (1) of section 148 of the Act and rules framed there under.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount ₹	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Income Tax	20,03,740	2007-08	Income Tax Appellate Tribunal
		41,82,480	2008-09	
		21,57,820	2009-10	
		63,76,550	2012-13	Commissioner Appeals
		57,15,640	2013-14	
The Finance Act, 1994	Service Tax	4,74,336	2008-09	Commissioner Appeals
		8,65,123	2014-15	
		32,97,342	2015-16	
The Central Excise Act, 1944	Excise Duty	16,81,585	2006-07 & 2007-08	CESTAT
		1,03,025	2008-09 & 2009-10	Commissioner Appeals
		18,03,871	2011-12 to 2015-16	
The Gujarat VAT Act, 2006	VAT	13,54,543	2006-07	VAT Tribunal

(viii) The Company has not obtained any loan from financial institutions or banks during the year.

(ix) The Company has not raised money by way of public issue during the year.



## Annexure A to the Auditors' Report

- (x) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.
- (xi) According to the information and explanations given to us and based on our examination of the records of the company, the company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197.
- (xii) In our opinion, the Company is not a nidhi company. Accordingly, the provisions of clause (xii) of paragraph 4 of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- (xiii) According to information and explanation given to us and on the basis of books of accounts and other relevant records of the company, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Note 42 of the Financial Statements as required by the applicable accounting standards.
- (xiv) Company has not made any private placement or preferential allotment during the year.
- (xv) According to information and explanation given to us and on the basis of books of accounts of the company no non cash transaction is entered into by the company during the year.
- (xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For Maharishi & Co.**  
Chartered Accountants  
Firm Registration No.124872W

**Kapil Sanghvi**  
Partner  
Membership No.141168

Signed at Shapar (Dist. Rajkot) on 30th May, 2016

# Annexure B to the Auditors' Report

## Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the act')

We have audited the internal financial control over financial reporting of ATUL AUTO LIMITED ('the company') as of 31<sup>st</sup> March, 2016 in conjunction with our audit of the financial statement of the company for the year ended on that date.

### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, and accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Control over Financial Reporting**  
A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with generally accepted accounting principles.

A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorization of the management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatement due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### OPINION

In our opinion, the company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2016, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Maharishi & Co.**  
Chartered Accountants  
Firm Registration No.124872W

**Kapil Sanghvi**  
Partner  
Membership No.141168

Signed at Shapar (Dist. Rajkot) on 30th May, 2016

# Balance Sheet

as at March 31, 2016

(in ₹)

Particulars	Notes	31-Mar-16	31-Mar-15
<b>I EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Fund</b>			
(a) Share Capital	3	112,044,850	112,044,850
(b) Reserves & Surplus	4	1,43,39,64,867	1,098,623,563
Sub-Total Shareholders' Fund		1,54,60,09,717	1,210,668,413
<b>2 Non - Current Liabilities</b>			
(a) Deferred Tax Liabilities (Net)	5	49,723,800	51,943,500
(b) Long-Term Provisions	6	5,061,798	5,086,767
Sub-Total Non - Current Liabilities		54,785,598	57,030,267
<b>3 Current Liabilities</b>			
(a) Trade Payables	7	359,974,949	267,495,863
(b) Other Current Liabilities	8	139,164,437	104,623,342
(c) Short-Term Provisions	9	115,092,608	134,430,275
Sub-Total Current Liabilities		614,231,994	506,549,480
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>2,21,50,27,309</b>	<b>1,774,248,160</b>
<b>II ASSETS</b>			
<b>1 Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	10	84,23,14,936	788,156,440
(ii) Intangible Assets	10	3,697,567	6,208,411
(iii) Capital Work-In-Progress		28,619,918	4,795,590
(b) Non-Current Investments	11	9,876,241	9,876,241
(c) Long-Term Loans And Advances	12	38,093,447	74,091,389
(d) Other Non Current Asset	13	8,967,613	16,040,927
Sub-Total - Non Current Assets		93,15,69,722	899,168,998
<b>2 Current Assets</b>			
(a) Inventories	14	347,230,755	260,016,400
(b) Trade Receivables	15	763,457,799	321,754,274
(c) Cash and Cash Equivalents	16	12,82,49,663	258,045,458
(d) Short-Term Loans and Advances	17	39,178,135	32,762,868
(e) Other Current Assets	18	5,341,234	2,500,163
Sub-Total - Current Assets		1,28,34,57,587	875,079,163
<b>TOTAL ASSETS</b>		<b>2,21,50,27,309</b>	<b>1,774,248,160</b>
Summary of Significant Accounting Policies	2.1		

The notes referred to above forms an integral part of the Balance Sheet.

As per our report of even date

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

For and on behalf of Board  
**J J Chandra**  
Chairman and Managing Director

**M J Patel**  
Whole time Director & CFO

**Kapil Sanghvi**  
Partner  
M. No.: 141168

Place: Shapar (Dist. Rajkot)  
Date: 30.05.2016

**Paras Viramgama**  
Company Secretary

# Statement of Profit & Loss

for the year ended March 31, 2016

(in ₹)

Particulars	Note No.	31-Mar-16	31-Mar-15
<b>I INCOME</b>			
Sales	19	5,925,510,796	5,350,927,837
<b>Less: Excise</b>		(645,401,041)	(450,205,120)
Revenue from Operations		<b>5,280,109,755</b>	<b>4,900,722,717</b>
Other Operating Revenue		30,333,250	27,306,264
Other Income	20	13,130,462	58,582,115
<b>TOTAL REVENUE</b>		<b>5,323,573,467</b>	<b>4,986,611,096</b>
<b>II EXPENSES</b>			
Cost of Raw Material and Components Consumed	21	3,880,824,869	3,735,851,262
Changes in Inventories of Finished Goods Work-In-Progress	22	(32,133,755)	(13,776,592)
Employee Benefits Expense	23	373,443,480	323,632,975
Finance Costs	24	7,811,027	5,919,561
Depreciation and Amortization Expense	25	52,902,882	55,810,284
Other Expenses	26	325,466,270	303,087,171
<b>TOTAL EXPENSES</b>		<b>4,608,314,773</b>	<b>4,410,524,661</b>
<b>III PROFIT BEFORE TAX &amp; EXCEPTIONAL ITEMS (I-II)</b>		715,258,694	576,086,435
<b>IV EXCEPTIONAL ITEMS</b>	27	-	-16,452,664
<b>V PROFIT BEFORE TAX (III-IV)</b>		715,258,694	592,539,099
<b>VI TAX EXPENSE:</b>	28		
(1) Current Tax		243,475,677	192,049,151
(2) Deferred Tax		(2,219,700)	(5,220,600)
<b>Sub-Total Tax Expenses</b>		241,255,977	186,828,551
<b>VII PROFIT/(LOSS) FOR THE YEAR (V-VI)</b>		<b>474,002,717</b>	<b>405,710,548</b>
<b>VIII EARNINGS PER EQUITY SHARE</b>	29	<b>21.60</b>	<b>18.49</b>
Basic & Diluted			
Summary of Significant Accounting Policies	2.1		

The notes referred to above forms an integral part of the Profit & Loss Account

As per our report of even date

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

For and on behalf of Board  
**J J Chandra**  
Chairman and Managing Director

**M J Patel**  
Whole time Director & CFO

**Kapil Sanghvi**  
Partner  
M. No.: 141168

Place: Shapar (Dist. Rajkot)  
Date: 30.05.2016

**Paras Viramgama**  
Company Secretary

# Cash Flow Statement

for the year ended March 31, 2016

(in ₹)

	31-Mar-16	31-Mar-15
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net profit before taxation</b>	715,258,694	592,539,099
Adjustment for:		
Depreciation & Impairment	52,902,882	55,810,284
Loss/(Profit) on Sale of Fixed Assets	891,510	66,496
Unrealised Foreign Exchange Gain/(Loss)	(523,752)	(170,654)
Provision for Diminution In Value of Investment	-	2,387,840
<b>Operating Profit Before Working Capital Changes</b>	768,529,334	650,633,065
Movements In Working Capital:		
Decrease/-Increase In Trade Receivable	(441,441,214)	(190,976,077)
Decrease/-Increase In Inventories	(87,214,355)	(26,363,818)
Decrease/-Increase In Current And Non Current Assets (Loans & Advances And Other Assets)	(2,474,629)	(11,179,173)
Increase/-Decrease In Trade Payables	89,172,267	(1,561,646)
Increase/-Decrease In Non Current Liabilities	(24,969)	(191,827)
Increase/-Decrease In Current Liabilities & Provisions	35,750,111	25,330,500
<b>Total Movement In Working Capital</b>	(406,232,789)	(204,942,041)
Cash Generated From Operations	362,296,545	445,691,024
Direct Taxes Paid (Net of Refunds)	(253,648,506)	(164,712,828)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>108,648,039</b>	<b>280,978,196</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(102,527,874)	(364,437,766)
Proceeds From Sale of Fixed Assets	2,484,206	691,290
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(100,043,668)</b>	<b>(363,746,476)</b>
<b>C. CASH FLOW FORM FINANCING ACTIVITIES</b>		
Dividend Paid	(115,207,634)	(93,260,146)
Tax on Dividend Paid	(23,453,971)	(17,494,774)
<b>NET CASH CLOW FROM FINANCING ACTIVITIES</b>	<b>(138,661,605)</b>	<b>(110,754,920)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(130,057,234)</b>	<b>(193,523,200)</b>

	(in ₹)	
	31-Mar-16	31-Mar-15
<b>Effect of change in cash or cash equivalent held in foreign currency due to exchange rate fluctuation</b>	261,440	73,748
<b>Cash and cash equivalents at the beginning of the year</b>	258,045,458	451,494,902
<b>Cash and cash equivalents at the end of the year</b>	128,249,664	258,045,450
<b>Components of cash and cash equivalents as at the end of the year</b>		
Cash and Cheques on Hand	181,524	157,719
Investment In Liquid Securities	-	213,783,414
Cheques on Hand	22,575,000	
With Bank		
- In Current Account	102,270,286	40,614,795
- In Unpaid Dividend Account*	3,222,851	3,489,530
<b>TOTAL</b>	<b>128,249,660</b>	<b>258,045,457</b>

**Notes:**

- 1 Previous years figures have been regrouped wherever necessary.
- 2 The cash flow statement has been prepared under the indirect method as set out in the Accounting Standard - 3 on Cash Flow Statement.
- 3 \*Cash and Bank Balance as per Note 15 includes ₹ 32,22,851/- (previous year ₹ 34,89,530/-) which are not available for use by the company as they represent corresponding unpaid dividend liabilities.

As per our report of even date

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

For and on behalf of Board  
**J J Chandra**  
Chairman and Managing Director

**M J Patel**  
Whole time Director & CFO

**Kapil Sanghvi**  
Partner  
M. No.: 141168

Place: Shapar (Dist. Rajkot)  
Date: 30.05.2016

**Paras Viramgama**  
Company Secretary

# Significant Accounting Policies

## 1 NATURE OF OPERATIONS

ATUL AUTO LIMITED (the company) is a public company domiciled in India, incorporated on 18-06-1986. Its shares are listed on two stock exchanges in India - Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The Company manufactures and sales Auto Rickshaws in domestic and overseas market.

## 2 BASIS OF PREPARATION

The financial statements have been prepared to comply in all material respects with the standards specified under Section 133 of the Companies Act, 2013 ("Act"), read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Act. The financial statements have been prepared under historical cost convention on an accrual basis except in case of assets for which provision for impairment is made. The accounting policies have been consistently applied by the Company and except for the changes in accounting policy discussed below, are consistent with those used in the previous year.

### 2.1 Summary of Significant Accounting Policies

#### (a) 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.

#### (b) Inventories

##### **Inventories are valued as follows:**

Raw materials, components, stores and spares are valued at 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 of raw materials, components and stores and spares is determined on a moving average basis.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis.

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.

#### (c) 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

#### (d) Depreciation

Depreciation is provided using the Straight Line Method according to useful lives of assets as provided in schedule II of the Companies Act, 2013. Depreciation for assets purchases/sold during period is proportionately charged.

Useful lives of assets estimated by management (years)

Factory Buildings 30

Other Buildings 60

Plant and equipments 15

Furniture and fixtures 10

Office Equipment 5

Vehicles 8

Computer end user device 3

Computer server 6

Windmill 22

#### (e) Intangible assets

##### **Product Development Cost**

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

##### **SAP Implementation Charges**

Expenses incurred for implementation of SAP are recognized as intangible assets and are included under fixed assets. The amounts are amortized over sixty months from the implementation of SAP i.e. from January 1, 2012.

##### **Research and development costs**

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the company can demonstrate all the following:

- i. The technical feasibility of completing the intangible asset so that it will be available for use or sale
- ii. Its intention to complete the asset
- iii. Its ability to use or sell the asset
- iv. How the asset will generate future economic benefits
- v. The availability of adequate resources to complete the development and to use or sell the asset
- vi. The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated

amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized on a straight line basis over the period of expected future benefit from the related project, i.e., the estimated useful life of ten years. Amortization is recognized in the statement of profit and loss. During the period of development, the asset is tested for impairment annually.

**(f) Revenue Recognition**

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

**Sale of Goods**

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods or acceptance of title of the goods. Excise Duty included in the amount of turnover (gross) are deducted from turnover (gross) for disclosure of net turnover in the statement of Profit & Loss

**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 company's right to receive payment is established by the balance sheet date.

**Generation of Electricity**

Revenue from power generation is recognised on accrual basis as per the terms of power sale agreement.

**Others**

Other income is accounted for on accrual basis except where the receipt of income is uncertain.

**(g) Fixed Assets**

Fixed assets are stated at cost, less accumulated depreciation and impairment losses. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use, net of CENVAT recoverable.

**(h) Foreign currency transactions**

**(i) Initial Recognition**

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

**(ii) Conversion**

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured 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 measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was 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.

**(i) Investments**

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

**(j) Employee Benefits**

**Gratuity**

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

**Provident Fund**

Retirement benefit in the form of provident fund is a defined contribution scheme. The company has no obligation, other than the contribution payable to the provident fund. The company recognizes contribution payable to the provident fund scheme as an expenditure, when an



# Significant Accounting Policies

employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

## **Leave Salary**

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

## **(k) Borrowing Cost**

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

## **(l) Segment Reporting**

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

## **(m) Leases**

Leases, where the lessor effectively retain substantially all the risks and benefits of ownership of the leased item, are classified as operating lease. Operating lease payments are recognised as an expense in the statement of Profit and loss on a straight-line basis over the lease term.

## **(n) Earning Per Share**

Basic earnings 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 are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of

shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

## **(o) Income Taxes**

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences 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 forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

In the situations where the company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the company's gross total income is subject to the deduction during the tax holiday period.

Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the company restricts recognition of 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. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting date, the company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case maybe, 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 reporting date. The company writes-down the carrying amount of 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 maybe, that sufficient future taxable income will be available

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

**(p) Impairment of tangible and intangible assets**

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken

into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve up to the amount of any previous revaluation.

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

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

**(q) Government grants and subsidies**

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Where the company receives non-monetary grants, the asset is accounted for on the basis of its acquisition cost. In case a non-monetary asset is given free of cost, it is recognized at a nominal value.

# Significant Accounting Policies

Government grants of the nature of promoters' contribution are credited to capital reserve and treated as a part of the shareholders' funds.

**(r) 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.

Where the company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

**Product Warranty Provisions**

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

**After Sales Service Provisions**

The estimated liability for after sales service is recorded when products are sold. The estimate of such after sales service related costs is revised annually.

**(s) Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

**(t) Cash and cash equivalents**

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

# Notes

## 3 SHARE CAPITAL

		2015-16	2014-15
a	Authorised Shares		
	Equity Shares of ₹ 5 each		
	No of Share	30,000,000	30,000,000
	Amount	150,000,000	150,000,000
	Issued & Subscribed Shares		
	Equity Shares of ₹ 5 each		
	No of Share	23,224,600	23,224,600
	Amount	116,123,000	116,123,000
	Paid up Shares		
	Equity Shares of ₹ 5 each		
	No of Share	21,943,200	21,943,200
	Amount	109,716,000	109,716,000
	Share Forfeiture	2,328,850	2,328,850
	<b>TOTAL SHARE CAPITAL</b>	<b>112,044,850</b>	<b>112,044,850</b>

### b Reconciliation of the shares outstanding at the beginning and at the end of the reporting period - Equity Shares

	2015-16		2014-15	
	No.	Amount ₹	No.	Amount ₹
At the beginning of the period	21,943,200	109,716,000	10,971,600	109,716,000
Sub division of 1 equity share of ₹10 each to 2 equity share of ₹5 each	-	-	10,971,600	-
Outstanding at the end of the period	21,943,200	109,716,000	21,943,200	109,716,000

### c Terms/Rights attached to Equity Shares

The company has only one class of equity shares having a per share value of ₹ 5/- per share. Each holder of equity shares is entitled to one vote per share.

The company declares and pays dividend in Indian Rupees. Interim Dividend declared by the Board of Directors and paid by the company during the year is ₹ 2.75/- per equity share of ₹ 5 each. Final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing General Meeting of ₹ 2.5/- Per Share. During the year ended 31 March, 2016 the amount of per share dividend recognized as distributed to equity shareholders was ₹ 5.25/- per equity share of ₹ 5/- each. (31 March 2015 : ₹ 5 per equity share of ₹ 5 each).

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### d Details of shareholders holding more than 5% shares in the company

	2015-16		2014-15	
	No.	% of total holding	No.	% of total holding
	Equity Share of ₹ 5 each		Equity Share of ₹ 5 each	
J J Chandra	1,351,742	6.16%	1,351,742	6.16%
M J Chandra	1,290,666	5.88%	1,290,666	5.88%
D J Chandra	1,267,326	5.78%	1,267,326	5.78%
H J Chandra	1,164,786	5.31%	1,164,786	5.31%
Birla Sunlife Trustee Company Private Limited	1,114,159	5.08%	950,869	4.33%

As per records of the company, including its register of shareholders/members and other declaration received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

# Notes

- e Disclosure of Aggregate number and class of shares allotted as fully paid up by way of bonus shares during the period of five years immediately preceding the reporting date

Year of Allotment	2012-13
No of Shares Allotted	3,657,200
Class of Shares	Equity Shares

## 4 RESERVES & SURPLUS

	2015-16	2014-15
a Capital Reserve	3,000,000	3,000,000
b Securities Premium Account	47,791,850	47,791,850
c General Reserve		
Opening Balance	124,705,949	84,134,894
Add: Transfer from Surplus	47,400,272	40,571,055
Closing Balance	172,106,221	124,705,949
d Surplus/(Deficit) in the Statement of Profit & Loss		
Opening Balance	923,125,758	697,738,769
Add: Profit During The Year	474,002,717	405,710,548
Less: Transfer of WDV of Assets Completing Its Useful Life		(11,965,374)
ADD: Deferred Tax on Assets Completing Its Useful Life		4,067,000
Less: Interim Dividend	(60,349,634)	(54,859,546)
Less: Tax on Interim Dividend	(12,285,979)	(10,968,592)
Less: Proposed Dividend	(54,858,000)	(54,858,000)
Less: Tax on Proposed Dividend	(11,167,798)	(11,167,992)
Less: Transfer to General Reserve	(47,400,272)	(40,571,055)
Net Surplus in the Statement of Profit & Loss	1,211,066,792	923,125,758
<b>TOTAL RESERVES &amp; SURPLUS</b>	<b>1,433,964,863</b>	<b>1,098,623,557</b>

## 5 DEFERRED TAX LIABILITY

	2015-16	2014-15
a Deferred Tax Liability		
Depreciation	56,576,900	56,323,500
Product Development Cost & SAP Fees	1,280,800	2,110,200
TOTAL	57,857,700	58,433,700
b Deferred Tax Assets		
Impairment of Fixed Assets	623,800	612,600
Leave Salary	5,515,300	4,958,700
Gratuity	1,994,800	918,900
TOTAL	8,133,900	6,490,200
<b>NET DEFERRED TAX LIABILITY (a-b)</b>	<b>49,723,800</b>	<b>51,943,500</b>

## 6 LONG TERM PROVISIONS

	2015-16	2014-15
a.) Provision for Employee Benefits		
Leave Salary	3,269,591	3,047,261
Other Provisions		
b.) Provision for Warranty Claims	1,792,207	2,039,506
<b>TOTAL LONG TERM PROVISIONS</b>	<b>5,061,798</b>	<b>5,086,767</b>

**7 TRADE PAYABLES**

	2015-16	2014-15
For Materials	308,031,261	220,778,064
For Capital Goods	3,762,694	455,876
For Transportation Expenses	28,944,633	20,918,282
For Services & Payables	19,236,361	25,343,641
<b>TOTAL TRADE PAYABLES</b>	<b>359,974,949</b>	<b>267,495,862</b>

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

The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company. The amount of principal and interest outstanding as at 31<sup>st</sup> March, 2016 is given below:

		2015-16	2014-15
(i) Amounts unpaid as at year end	Principal	129,010,796	92,167,208
	Interest	261,276	122,499
(ii) Amounts paid after appointed date during the year		81,399,812	4,525,252
(iii) Amount of interest accrued and unpaid as at year end		261,276	122,499
(iv) Amount of interest paid during the year as per section 16		-	-

**8 OTHER CURRENT LIABILITIES**

	2015-16	2014-15
Investor Education and Protection Fund will be Credited by Following Amount (As and When Due)*		
Unpaid Dividends	3,222,851	3,489,530
Advances from Customers	7,494,105	10,062,632
Statutory Dues	35,796,736	30,679,063
Dealer's Deposit	39,042,186	40,689,194
Expenses Payable	53,608,559	19,702,923
<b>TOTAL OTHER CURRENT LIABILITIES</b>	<b>139,164,437</b>	<b>104,623,341</b>

**9 SHORT TERM PROVISIONS**

	2015-16	2014-15
(a) Provision for Employee Benefits		
Gratuity	5,763,766	5,122,955
Leave Salary	12,666,038	11,541,527
<b>Sub-Total</b>	<b>18,429,804</b>	<b>16,664,482</b>
Other Provisions		
Provision for After Sales Service	12,478,525	11,114,375
Provision for PDI/WRC Coupon	1,679,775	1,327,700
Provision for Warranty Claims	7,588,110	9,642,140
Provision for Income Tax (Net of Advance Tax)	8,890,597	29,437,086
Provision for Wealth Tax	-	218,500
Proposed Dividend	54,858,000	54,858,000
Provision for Tax on Proposed Dividend	11,167,798	11,167,992
<b>Sub-Total</b>	<b>96,662,805</b>	<b>117,765,793</b>
<b>TOTAL SHORT TERM PROVISION</b>	<b>115,092,608</b>	<b>134,430,275</b>

## (b) Provision for Gratuity

The company has a defined benefit gratuity plan. Every employee who has completed five years or more service gets a

## Notes

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 statement of profit and loss and the funded status and amounts recognized in the balance sheet for the respective plans.

	2015-16	2014-15
<b>Net Employee Benefit Expense recognized in the employee cost</b>		
Current Service Cost	4,201,141	3,851,827
Interest Cost on Benefit Obligation	2,089,792	1,831,860
Expected Return on Plan Assets	(2,138,872)	(1,638,300)
Net Actuarial (Gain)/Loss Recognized In The Year	488,750	(1,341,929)
Net Benefit Expenses	4,640,811	2,703,458
<b>Benefit Asset/Liability</b>		
Present Value of Defined Benefit Obligation	32,432,242	26,122,399
Fair Value of Plan Assets	(26,668,476)	(20,999,444)
Plan (Asset)/Liability	5,763,766	5,122,955
<b>Changes In The Present Value Of The Defined Benefit Obligation Are As Follows:</b>		
Opening Defined Benefit Obligation	26,122,399	22,898,246
Interest Cost	2,089,792	1,831,860
Current Service Cost	4,201,141	3,851,827
Benefit Paid	(780,650)	(948,014)
Actuarial (Gains)/Losses On Obligation	799,560	(1,511,520)
Closing Defined Benefit Obligation	32,432,242	26,122,399
<b>Changes In The Fair Value Of Plan Assets Are As Follows:</b>		
Opening Fair Value of Plan Assets	20,999,444	20,478,749
Expected Return	2,138,872	1,638,300
Contribution by Employer	4,000,000	-
Benefits Paid	(780,650)	(948,014)
Actuarial Gains/(Losses)	310,810	(169,591)
Closing Fair Value of Plan Assets	26,668,476	20,999,444

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

Investments with Insurer	100%	100%
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The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

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

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

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.

<b>Amounts For The Current And Previous To Periods Are As Follows</b>	2015-16	2014-15	2013-14	2012-13	2011-12
Defined Benefit Obligation	32,432,242	26,122,399	22,898,246	20,366,966	12,837,957
Plan Assets	26,668,476	20,999,444	20,478,749	11,408,364	7,369,925
<b>Experience Adjustment</b>					
Plan Liabilities	799,560	(1,511,520)	(867,900)	3,855,220	(378,551)
Plan Assets	310,810	(169,591)	1,104,415	860,430	(399,725)

## (c) Provision for Warranties

A provision is recognized for expected warranty claims for last 24 months based on past experience of the level of repairs and returns. It is expected that significant portion of these costs will be incurred in the next financial year. Assumption used to calculate the provision for warranties were based on current sales levels and current information available about returns based on the warranty period for all products sold. The table given below gives information about movements in warranty provisions.

	2015-16	2014-15
At the beginning of the year	11,681,646	12,836,763
Arising during the year	12,257,232	15,288,934
Utilised during the year	(14,558,561)	(16,444,051)
At the end of the year	9,380,317	11,681,646

## (d) Provision for After Sales Services

	2015-16	2014-15
At the beginning of the year	11,114,375	8,082,700
Arising during the year	19,147,253	20,029,454
Utilised during the year	(17,783,103)	(16,997,779)
At the end of the year	12,478,525	11,114,375

## (e) Provision for WRC

	2015-16	2014-15
At the beginning of the year	1,327,700	743,800
Arising during the year	4,279,820	4,048,143
Utilised during the year	(3,927,745)	(3,464,243)
At the end of the year	1,679,775	1,327,700

Provision for After Sales Service is made on the basis of estimation of balance of unutilised service coupon proportionate to the balance of free service period.



## Notes

## 10 FIXED ASSETS

Particulars	Land	Buildings	Plant & Machinery	Furniture & Fittings	Computer	Office Equipment	Vehicles	Total Tangible Assets	Product Development	ERP System	Intangible
<b>GROSS BLOCK</b>											
<b>As at 01/04/2014</b>	<b>4,659,820</b>	<b>182,010,156</b>	<b>494,756,555</b>	<b>58,218,283</b>	<b>19,614,634</b>	<b>11,178,250</b>	<b>31,845,274</b>	<b>802,282,972</b>	<b>19,509,921</b>	<b>12,691,718</b>	<b>32,201,639</b>
Addition	313,535,813	1,222,456	19,825,827	-	1,093,470	229,968	-	335,907,534	-	-	-
Deletion	-	-	-	-	46,550	-	786,316	832,866	-	-	-
<b>As at 31/03/2015</b>	<b>318,195,633</b>	<b>183,232,612</b>	<b>514,582,382</b>	<b>58,218,283</b>	<b>20,661,554</b>	<b>11,408,218</b>	<b>31,058,958</b>	<b>1,137,357,640</b>	<b>19,509,921</b>	<b>12,691,718</b>	<b>32,201,639</b>
Addition	67,411,121	-	28,677,502	1,036,681	2,039,329	728,024	8,033,595	107,926,253	-	-	-
Deletion	11,307	-	-	-	-	-	5,821,771	5,833,078	-	-	-
<b>As at 31/03/2016</b>	<b>385,595,447</b>	<b>183,232,612</b>	<b>543,259,884</b>	<b>59,254,964</b>	<b>22,700,883</b>	<b>12,136,242</b>	<b>33,270,782</b>	<b>1,239,450,815</b>	<b>19,509,921</b>	<b>12,691,718</b>	<b>32,201,639</b>
<b>ACCUMULATED DEREPRECIATION</b>											
<b>As at 01/04/2014</b>	-	<b>36,599,733</b>	<b>198,277,800</b>	<b>21,563,835</b>	<b>12,206,615</b>	<b>3,346,311</b>	<b>11,430,405</b>	<b>283,424,699</b>	<b>18,860,130</b>	<b>3,972,463</b>	<b>22,832,593</b>
Addition	-	7,865,419	41,730,286	1,271,949	4,380,505	4,429,595	4,371,495	64,049,249	649,791	2,510,844	3,160,635
Deletion	-	-	-	-	11,485	-	63,595	75,080	-	-	-
<b>As at 31/03/2015</b>	-	<b>44,465,152</b>	<b>240,008,086</b>	<b>22,835,784</b>	<b>16,575,635</b>	<b>7,775,906</b>	<b>15,738,305</b>	<b>347,398,868</b>	<b>19,509,921</b>	<b>6,483,307</b>	<b>25,993,228</b>
Addition	-	6,548,028	29,064,516	6,477,619	2,597,486	1,518,696	4,185,692	50,392,038	-	2,510,844	2,510,844
Deletion	-	-	-	-	-	-	2,457,362	2,457,362	-	-	-
<b>As at 31/03/2016</b>	-	<b>51,013,180</b>	<b>269,072,602</b>	<b>29,313,403</b>	<b>19,173,121</b>	<b>9,294,602</b>	<b>17,466,635</b>	<b>395,333,544</b>	<b>19,509,921</b>	<b>8,994,151</b>	<b>28,504,072</b>
<b>IMPAIRMENT</b>											
<b>As at 01/04/2014</b>	-	-	<b>933,519</b>	<b>303,040</b>	-	-	-	<b>1,236,559</b>	-	-	-
Addition	-	-	441,696	55,395	-	68,682	-	565,773	-	-	-
Deletion	-	-	-	-	-	-	-	-	-	-	-
<b>As at 31/03/2015</b>	-	-	<b>1,375,215</b>	<b>358,435</b>	-	<b>68,682</b>	-	<b>1,802,332</b>	-	-	-
Addition	-	-	-	-	-	-	-	-	-	-	-
Deletion	-	-	-	-	-	-	-	-	-	-	-
<b>As at 31/03/2016</b>	-	-	<b>1,375,215</b>	<b>358,435</b>	-	<b>68,682</b>	-	<b>1,802,332</b>	-	-	-
<b>NET BLOCK</b>											
<b>As at 31/03/2015</b>	<b>318,195,633</b>	<b>138,767,460</b>	<b>273,199,081</b>	<b>35,024,064</b>	<b>4,085,919</b>	<b>3,563,630</b>	<b>15,320,653</b>	<b>788,156,440</b>	<b>0</b>	<b>6,208,411</b>	<b>6,208,411</b>
<b>As at 31/03/2016</b>	<b>385,595,447</b>	<b>132,219,432</b>	<b>272,812,067</b>	<b>29,583,125</b>	<b>3,527,762</b>	<b>2,772,959</b>	<b>15,804,147</b>	<b>842,314,939</b>	<b>0</b>	<b>3,697,567</b>	<b>3,697,567</b>

**11 NON-CURRENT INVESTMENT**

	2015-16	2014-15
Trade Investments (Valued At Cost Unless Stated Otherwise)		
Investment In Equity Instrument (Quoted)	3,441	3,441
310 Shares In Suzlon Energy Limited of ₹ 2 Each (Market Value As At 31/03/2016 Is ₹ 4,386/- (Py ₹ 8,494/-))		
(At Cost Less Provision For Other Than Temporary Diminution Of ₹ 28,179/- (Py 28,179/-))		
Extent Of Holding	less than 1%	less than 1%
Non- Trade Investments (Valued At Cost Unless Stated Otherwise)		
Investment In Associates (Unquoted)	9,872,800	9,872,800
22,96,000 (Previous Year 22,96,000) Equity Shares of ₹ 10 Each In Khushbu Auto Finance Limited		
(At Cost Less Provision for Other Than Temporary Diminution Made on 31/03/2015 - ₹ 23,87,840/-, 31/03/2012 - ₹ 1,06,99,360/- Total ₹ 1,30,87,200/-)		
Extent Of Holding	49.91%	49.91%
Aggregate Amount of Quoted Investment	3,441	3,441
Aggregate Amount of Unquoted Investment	9,872,800	9,872,800
<b>TOTAL NON CURRENT INVESTMENT</b>	<b>9,876,241</b>	<b>9,876,241</b>

**12 LONG TERM LOANS & ADVANCES (UNSECURED CONSIDERED GOOD)**

	2015-16	2014-15
Advances for Capital Goods	25,805,575	51,721,462
Security Deposit	1,587,403	1,764,857
Balance With Govt Authority	10,700,469	20,605,070
<b>TOTAL LONG TERM LOANS &amp; ADVANCES</b>	<b>38,093,447</b>	<b>74,091,389</b>

**13 OTHER NON CURRENT ASSETS**

	2015-16	2014-15
Non-Current Bank Balances	8,967,613	15,545,332
Receivables Against Sale of Assets (Unsecured Considered Good)	-	495,595
<b>TOTAL OTHER NON CURRENT ASSETS</b>	<b>8,967,613</b>	<b>16,040,927</b>

**14 INVENTORIES (VALUED AT COST OR NET REALISABLE VALUE WHICHEVER IS LOWER)**

	2015-16	2014-15
Raw Material	238,389,472	182,270,064
Work In Progress	18,299,996	21,878,993
Finished Goods	79,300,711	43,587,962
Stores & Spares	11,240,577	12,279,381
<b>TOTAL INVENTORIES</b>	<b>347,230,755</b>	<b>260,016,400</b>

# Notes

## 15 TRADE RECEIVABLES

	2015-16	2014-15
Unsecured Considered Good		
Outstanding for more than 6 months from the date they become due for payment	3,542,460	1,044,814
Others	759,915,339	320,709,460
<b>TOTAL TRADE RECEIVABLES</b>	<b>763,457,799</b>	<b>321,754,274</b>
Trade Receivables includes:		
Dues from partnership firm in which the company's directors' relative are partners	7,814,137	1,210,971
Dues from company in which the company's directors' relative are directors/ shareholders	55,086,817	23,395,487

## 16 CASH & CASH EQUIVALENT

	2015-16	2014-15
Cash on Hand	181,524	157,719
Balances With Bank		
In Current Accounts	102,270,286	40,614,795
In Unpaid Dividend Account	3,222,851	3,489,530
Cheques on Hand	22,575,000	-
Investment In Securities for Maturities Less Than 90 Days	-	213,783,414
<b>TOTAL CASH &amp; CASH EQUIVALENT</b>	<b>128,249,660</b>	<b>258,045,457</b>
Other Bank Balances (Disclosed Under Note 13)		
In Fixed Deposit Account With Original Maturity of More Than Three Months Deposit of ₹ 89,67,613/- Held as Security Against Guarantee Given By Bank.	8,967,613	15,545,332

## 17 SHORT TERM LOANS & ADVANCES

	2015-16	2014-15
Advances to be Received In Cash or In Kind (Unsecured and Considered Good)		
Advances to Suppliers		
For Import of Raw Material	323,781	7,484,577
For Import of Traded Goods	3,233,851	-
For Others	19,771,340	12,802,580
Advance to Employees	2,385,727	1,598,835
Other Advances	-	45,000
Pre Paid Expenses	5,862,743	5,252,510
Balances With Govt Authority	7,600,693	5,579,366
<b>TOTAL SHORT TERM LOANS &amp; ADVANCES</b>	<b>39,178,135</b>	<b>32,762,868</b>
Short Term Loans & Advances Includes		
Dues From Key Managerial Personnel		
Dues From Relatives of Key Managerial Personnel		

## 18 OTHER CURRENT ASSETS

	2015-16	2014-15
Income Receivable	1,301,791	2,500,163
Other Assets - Import Licence	1,652,981	-
Receivable from AMC	2,386,462	
<b>TOTAL OTHER CURRENT ASSETS</b>	<b>5,341,234</b>	<b>2,500,163</b>

## 19 REVENUE FROM OPERATIONS

	2015-16	2014-15
Sales of Vehicles	5,124,305,892	4,769,223,426
Domestic	5,579,479,782	5,032,971,227
Export (Including Merchant Export)	170,877,527	168,604,255
Less: Excise Duty	(626,051,417)	(432,352,056)
Sales of Spares	155,803,863	131,499,291
Domestic	158,568,919	144,947,149
Export (Including Merchant Export)	16,584,568	4,405,205
Less: Excise Duty	(19,349,624)	(17,853,064)
	5,280,109,755	4,900,722,717
Other Operating Revenue	30,333,250	27,306,264
<b>TOTAL REVENUE FROM OPERATIONS</b>	<b>5,310,443,005</b>	<b>4,928,028,981</b>

Excise duty on sales amounting to ₹ 64,54,01,041/- (31 March 2015: ₹ 45,02,05,120/-) has been reduced from sales in statement of profit and loss and excise duty on increase/decrease in stock amounting to (49,04,750/-) (31 March 2015: (21,50,543/-) has been considered as (income)/expense in note 25 of financial statements.

### Details of Product Sold under broad category - Domestic

Product	Amount	2015-16	2014-15
Atul Gem	Amount	3,241,418,676	2,929,231,437
	Nos.	7,962	6,695
Atul Gemini	Amount	237,855,478	242,786,292
	Nos.	888	899
Atul Shakti	Amount	1,395,521,099	1,330,437,376
	Nos	4,936	5,342
Atul Smart	Amount	78,633,112	98,164,066
	Nos.	429	515
Spares	Amount	139,219,295	127,094,085
<b>TOTAL</b>		<b>5,092,647,660</b>	<b>4,727,713,256</b>

### Details of Product Sold Under Broad Category - Export

Product	Amount	2015-16	2014-15
Atul Gem	Amount	66,030,262	127,282,956
	Nos.	60	88
Atul Gemini	Amount	92,650,532	41,321,301
	Nos.	53	13
Atul Smart	Amount	12,196,732	
	Nos.	9	
Spares		16,584,568	4,405,205
<b>TOTAL</b>		<b>187,462,094</b>	<b>173,009,462</b>

## 20 OTHER INCOME

	2015-16	2014-15
(a) Dividend	5,490,216	19,171,424
(b) Gain on Sale of Mutual Fund	6,411,995	4,834,328
(c) Interest on		
Bank Fixed Deposit	1,138,240	4,944,051
Other Deposits	89,833	466,275
(d) Profit on Sale of Fixed Assets	178	6,541
(e) Recovery of Bad Debts Written Off	-	29,159,496
<b>TOTAL OTHER INCOME</b>	<b>13,130,462</b>	<b>58,582,115</b>
Dividend Includes Dividend From Investment In Securities for Less Than 90 Days.		

# Notes

## 21 COST OF RAW MATERIAL AND COMPONENTS CONSUMED

	2015-16	2014-15
Consumption of Material	3,799,140,929	3,645,871,394
Purchase Expenses	54,483,615	64,317,000
Processing Charges	27,200,325	25,662,868
<b>TOTAL COST OF RAW MATERIAL AND COMPONENTS CONSUMED</b>	<b>3,880,824,869</b>	<b>3,735,851,262</b>
Major Components of Raw Material Consumption		
Engine	1,219,803,737	1,005,847,288
Tyre	198,527,954	185,595,143
Battery	95,453,414	81,650,462
Other Material, Process Charge and Purchase Expenses	2,367,039,764	2,462,758,369
	3,880,824,869	3,735,851,262

## 22 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

	2015-16	2014-15
<b>Work in progress</b>		
Opening Stock	21,878,993	8,230,012
Closing Stock	18,299,999	21,878,993
	3,578,994	(13,648,981)
<b>Finished Goods</b>		
Opening Stock	43,587,962	43,460,351
Closing Stock	79,300,711	43,587,962
	(35,712,749)	(127,611)
<b>TOTAL CHANGES IN INVENTORIES</b>	<b>(32,133,755)</b>	<b>(13,776,592)</b>

## 23 EMPLOYEE BENEFIT EXPENSES

	2015-16	2014-15
Salary, Wages & Bonus	305,180,028	263,785,791
Directors Remuneration	24,308,000	20,868,200
Contribution to PF, Gratuity And Superannuation	20,196,110	16,524,154
Staff Welfare Expenses	23,759,342	22,454,830
<b>TOTAL EMPLOYEE BENEFIT EXPENSES</b>	<b>373,443,480</b>	<b>323,632,975</b>

## 24 FINANCE COST

	2015-16	2014-15
Interest Expenses	1,480,882	2,842,687
Interest on Income Tax	4,633,203	1,347,087
Interest on MSMED Supplier	143,214	122,499
Bank Charges	943,424	1,260,255
Other Borrowing Cost	610,304	347,033
<b>TOTAL FINANCE COST</b>	<b>7,811,027</b>	<b>5,919,561</b>

## 25 DEPRECIATION & AMORTISATION

	2015-16	2014-15
Depreciation	50,392,038	52,083,876
Amortisation	2,510,844	3,160,635
Impairment	-	565,773
<b>TOTAL DEPRECIATION &amp; AMORTISATION</b>	<b>52,902,882</b>	<b>55,810,284</b>

**26 OTHER EXPENSES**

	2015-16	2014-15
(Increase)/Decrease of Excise Duty on Finished Goods	4,904,750	2,150,543
Repairs to Buildings	5,108,699	4,116,150
Repairs to Machinery	15,325,567	14,797,487
Research & Development Expenses	5,016,933	1,146,232
Windmill Operation Charges	896,213	900,993
Power & Fuel	31,434,031	29,017,311
Vehicle Expenses	5,478,832	4,339,949
Advertising & Sales Promotion	87,738,831	76,084,691
Freight & Forwarding Expenses	31,932,360	29,729,546
Travelling & Conveyance	42,584,039	47,416,201
Warranty & After Sales Services	33,498,960	36,708,867
Auditor's Remuneration	1,505,323	1,700,380
Communication Cost	4,285,309	4,462,909
Director's Sitting Fees	415,000	448,000
Donation	5,217,234	6,647,980
Exchange Rate Difference	(1,977,147)	(1,810,375)
Insurance	2,624,848	1,050,874
Legal & Consultancy Charges	2,954,501	5,335,377
Office Admin Expenses	6,780,429	5,275,932
Other Miscellaneous Expenses	8,245,807	3,863,523
Printing & Stationary	5,669,509	1,156,877
Rates and Taxes	1,875,267	1,737,006
Rent	4,689,107	4,519,714
Repairs to Others	19,261,867	22,291,004
<b>TOTAL OTHER EXPENSES</b>	<b>325,466,269</b>	<b>303,087,171</b>
Auditor's Remuneration Includes		
For Audit Fee	850,000	900,000
For Limited Review	135,000	70,000
For Taxation Matters	490,000	700,000
Other Matters	-	5,000
Reimbursement Expense	30,323	25,380
<b>TOTAL</b>	<b>1,505,323</b>	<b>1,700,380</b>

**27 EXCEPTIONAL ITEMS**

	2015-16	2014-15
Compensation of Loss on Account of Goodwill	-	(14,631,375)
Compensation of Loss on Account of Settlement of Supplier Claim	-	(4,209,129)
Provision for Diminution In Value of Investment of Associate	-	2,387,840
<b>TOTAL EXCEPTIONAL ITEMS</b>	<b>-</b>	<b>(16,452,664)</b>

# Notes

## 28 TAX EXPENSES

	2015-16	2014-15
Current Tax	245,133,000	195,315,000
Tax of Earlier years	(1,657,323)	(3,265,849)
	243,475,677	192,049,151
Deferred Tax	(2,219,700)	(5,220,600)
<b>TOTAL TAX EXPENSES</b>	<b>241,255,977</b>	<b>186,828,551</b>

## 29 EARNING PER SHARE

	2015-16	2014-15
Net Profit as Per Statement of Profit & Loss	474,002,717	405,710,548
No. of Shares (Face value of ₹ 5/- each)	21,943,200	21,943,200
<b>EARNING PER SHARE</b>	<b>21.60</b>	<b>18.49</b>

## 30 CONTINGENT LIABILITIES NOT ACKNOWLEDGED AS DEBT

	2015-16	2014-15
CST	-	202,531
Sales Tax	1,354,543	2,538,334
Excise Duty	3,588,481	3,588,481
Service Tax	4,636,801	6,435,246
Income Tax	14,059,680	14,720,590
Case Pending Before Consumer Forum	3,145,750	3,454,375
Case Filed by Investor for Non Allotment of Right Issue Shares	1,346,259	1,346,259
Pending C form	135,822,931	82,044,041
<b>TOTAL CONTINGENT LIABILITIES</b>	<b>163,954,444</b>	<b>114,329,857</b>

## 31 ESTIMATED AMOUNT OF CONTRACTS REMAINING TO BE EXECUTED ON CAPITAL ACCOUNTS AND NOT PROVIDED FOR

	2015-16	2014-15
For Purchase of Assets	11,537,003	11,203,320

## 32 VALUE OF IMPORT ON CIF BASIS

	2015-16	2014-15
Purchase of Raw Material	65,638,654	28,671,463
Purchase of Capital Goods	894,265	3,630,303

## 33 EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)

	2015-16	2014-15
Travelling	660,924	2,481,823

## 34 NET DIVIDEND REMITTED IN FOREIGN EXCHANGE

	2015-16	2014-15
Period for Which It Relates	-	-
No. of Non Resident Shareholders	-	-
No. of Equity Shares Held on Which Dividend Was Due	-	-
<b>Amount Remitted</b>	<b>-</b>	<b>-</b>

**35 EARNINGS IN FOREIGN CURRENCIES**

	2015-16	2014-15
Export at F.O.B. Value of Vehicle and Spares	182,741,237	168,060,429
Technical Service Income	6,974,240	15,159,462

**36 CONSUMPTION**

	2015-16		2014-15	
	Amount	%	Amount	%
Imported	50,398,989	1.33%	13,650,746	0.37%
Indigenous	3,748,741,940	98.67%	3,632,220,648	99.63%
Total	3,799,140,929	100.00%	3,645,871,394	100.00%

**37 CSR EXPENDITURES DURING THE YEAR**

	2015-16	2014-15
Contribution to Trusts/Associations for Medical Relief Activities	3,127,000	4,687,000
Expenditure on Renewable Energy Projects	913,217	920,508
Contribution to Trusts/Associations for Education	537,800	
Contribution to Trusts/Associations for Environmental Sustainability and Animal Welfare Projects	63,100	
Contribution to Trusts/Associations for Benefits of Armed Forces Veterans	11,000	
Contribution to Trusts/Associations for Disaster Relief	500,000	
<b>TOTAL CSR EXPENDITURE</b>	<b>5,152,117</b>	<b>5,607,508</b>

**38 OPERATING LEASE - COMPANY AS A LEASEE**

The company has entered into commercial leases on office building. These leases have an average life of between one and three years with no renewal option included in the contracts. There are no restrictions placed upon the company by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2015-16	2014-15
Within one year	1,975,851	3,745,958
After one year but not more than five years	1,337,614	366,630
More than five years		

**39 PARTICULARS OF UNHEDGED FOREIGN CURRENCY AT THE REPORTING DATE**

		2015-16	2014-15
Export Trade Receivable	USD	327,940	239,065
	INR	21,753,279	14,963,295
Import Trade Payable	USD	118,551	-
	INR	8,045,547	-

**40 PREVIOUS YEARS FIGURES**

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



# Notes

## 41 CONSOLIDATION OF ASSOCIATE COMPANY

The Company is having an Associate Company namely, Khushbu Auto Finance Limited, a Non-Banking Finance Company. Since the operations of this associate company is not significant and hence immaterial for consolidation. Accordingly, the accounts have not been consolidated.

## 42 RELATED PARTY DISCLOSURE

(a) Name of Related Parties	
Associate Company	
Khushbu Auto Finance Limited	
Key Management Personnel	
J J Chandra	Chairman & Managing Director
M J Patel	Whole-time Director & CFO
Niraj Chandra	Whole-time Director
Paras Viramgama	Company Secretary
Enterprises Owned Or Significantly Influenced By Key Personal Management Or Their Relatives	
Atul Auto Agency	
Atul Auto Industries	
Atul Automotives	
Atul Motors Pvt. Ltd.	
Atul Petroleum	
Khushbu Auto Private Limited	
New Chandra Motor Cycle Agency	
New Chandra Motor Cycle House	
Manas Bullion	

## (b) Transaction with Related Parties

	2015-16	2014-15
Enterprise Owned Or Significantly Influenced By Key Management Personnel Or Their Relatives		
Sales (Inclusive Of Tax)		
Khushbu Auto Private Limited	549,306,765	440,220,874
New Chandra Motor Cycle Agency	36,138,612	26,331,565
New Chandra Motor Cycle House	4,141,833	4,526,861
<b>TOTAL</b>	<b>589,587,210</b>	<b>471,079,300</b>
Purchase (Inclusive Of Tax)		
New Chandra Motor Cycle House	866,611	-
Atul Auto Industries	5,220,917	
<b>TOTAL</b>	<b>6,087,528</b>	<b>-</b>
Warranty Claims/After Sales Service/PDI/WRC Charges/ Sales Incentive & Promotion		
Khushbu Auto Private Limited	1,645,277	1,589,981
New Chandra Motor Cycle Agency	107,646	100,675
<b>TOTAL</b>	<b>1,752,923</b>	<b>1,690,656</b>
Purchase Of Fixed Asset		
Atul Motors Private Limited	858,144	-
<b>TOTAL</b>	<b>858,144</b>	<b>-</b>

	2015-16	2014-15
Other Expenses		
Atul Auto Industries		21,850
Atul Motors Pvt Ltd		3,311
N J Chandra	120,000	
Manas Bullion		278,600
<b>TOTAL</b>	<b>120,000</b>	<b>303,761</b>
Key Managerial Personnel		
Remuneration		
J J Chandra	10,850,000	9,302,400
M J Patel	9,400,000	8,150,000
N J Chandra	4,400,000	3,750,000
Paras Viramgama	383,089	282,531
Purvi Mehta	0	11,781
<b>TOTAL</b>	<b>25,033,089</b>	<b>21,496,712</b>
Relatives of Key Managerial Personnel		
Salary      K J Chandra	1,076,100	674,112
<b>TOTAL</b>	<b>1,076,100</b>	<b>674,112</b>

**(C) Balance outstanding as at the end of the Year**

Enterprise Owned Or Significantly Influenced By Key Management Personnel Or Their Relatives		
Receivable	62,900,953	24,606,458
Payable	3,337	464
Equity Capital Contribution    Associate Company	22,960,000	22,960,000

The notes referred to above forms an integral part of the Balance Sheet.

As per our report of even date

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

For and on behalf of Board  
**J J Chandra**  
Chairman and Managing Director

**M J Patel**  
Whole time Director & CFO

**Kapil Sanghvi**  
Partner  
M. No.: 141168

Place: Shapar (Dist. Rajkot)  
Date: 30.05.2016

**Paras Viramgama**  
Company Secretary





**ATUL AUTO LIMITED**

CIN: L54100GJ1986PLC016999

Regd. Off: 8-B National Highway, Near Microwave Tower, Shapar (Veraval), Dist. Rajkot -360024 (Guj)

28<sup>th</sup> Annual General Meeting – Friday, 16<sup>th</sup> September, 2016

Name of Member(s): \_\_\_\_\_

Registered Address: \_\_\_\_\_

Folio No/DP Id Client Id: \_\_\_\_\_

No. of Shares: \_\_\_\_\_

I hereby record my presence at the 28<sup>th</sup> Annual General Meeting of the Company held on Friday, 16<sup>th</sup> September, 2016 at 11:00 a.m. at the Registered Office of the Company at 8-B National Highway, Near Microwave Tower, Shapar (Veraval), District Rajkot, Gujarat-360024

.....  
Signature of Member/Proxy

Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall.



## PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 read with rule 19(3) of the Companies (Management and Administration) Rules, 2014]

### ATUL AUTO LIMITED

CIN: L54100GJ1986PLC016999

Regd. Off: 8-B National Highway, Near Microwave Tower, Shapar (Veraval), Dist. Rajkot -360024 (Guj)

28<sup>th</sup> Annual General Meeting – Friday, 16<sup>th</sup> September, 2016

Name of Member(s):  
Registered Address:  
Folio No/DP Id Client Id:  
E-Mail Address:

I/We, being the member (s) of ..... shares of the above named company, hereby appoint:

1	Name:	Address:
	E-Mail Id:	Signature:
Or falling him/her		
2	Name:	Address:
	E-Mail Id:	Signature:
Or falling him/her		
3	Name:	Address:
	E-Mail Id:	Signature:

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 28th Annual General Meeting of the Company to be held on Tuesday, Friday, 16<sup>th</sup> September, 2016 at 11:00 a.m. at the Registered Office of the Company at 8-B National Highway, Near Microwave Tower, Shapar (Veraval), District Rajkot, Gujarat-360024 and at any adjournment thereof in respect of such resolutions as are indicated below:

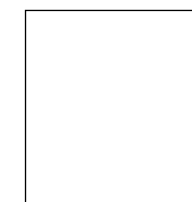
Resolution No	Resolution Particulars	Vote (Optional see note 4) (Please mention no of shares)		
		For	Against	Abstains
1	Adoption of the financial statements of the Company for the year ended on 31st March, 2016 and the reports of the Board of Directors thereon and Auditors thereto.			
2	Confirmation of Interim Dividend and Declaration of final dividend for FY 2015-16			
3	Reappointment of Mr. Niraj J Chandra, who retires by rotation			
4	Reappointment of M/s. Maharishi & Co. as statutory auditors of the Company			

<b>Special Business</b>				
5	Reappointment/ Extension of term of Mr. Hakubhai Lalakiya as Independent Director of the Company			
6	Reappointment/ Extension of term of Mr. Hasmukhbhai Adhvaryoo as Independent Director of the Company			
7	Reappointment/ Extension of term of Mr. Hemantkumar Bhatt as Independent Director of the Company			
8	Reappointment & Revision in remuneration of Mr. J J Chandra, Chairman and Managing Director			
9	Reappointment and Revision in remuneration of M J Patel, Whole-time Director & CFO			
10	Revision in remuneration of Mr. Niraj J Chandra, Whole-time Director			

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016

\_\_\_\_\_  
Signature of Shareholder

\_\_\_\_\_  
Signature of Proxy holder(s)

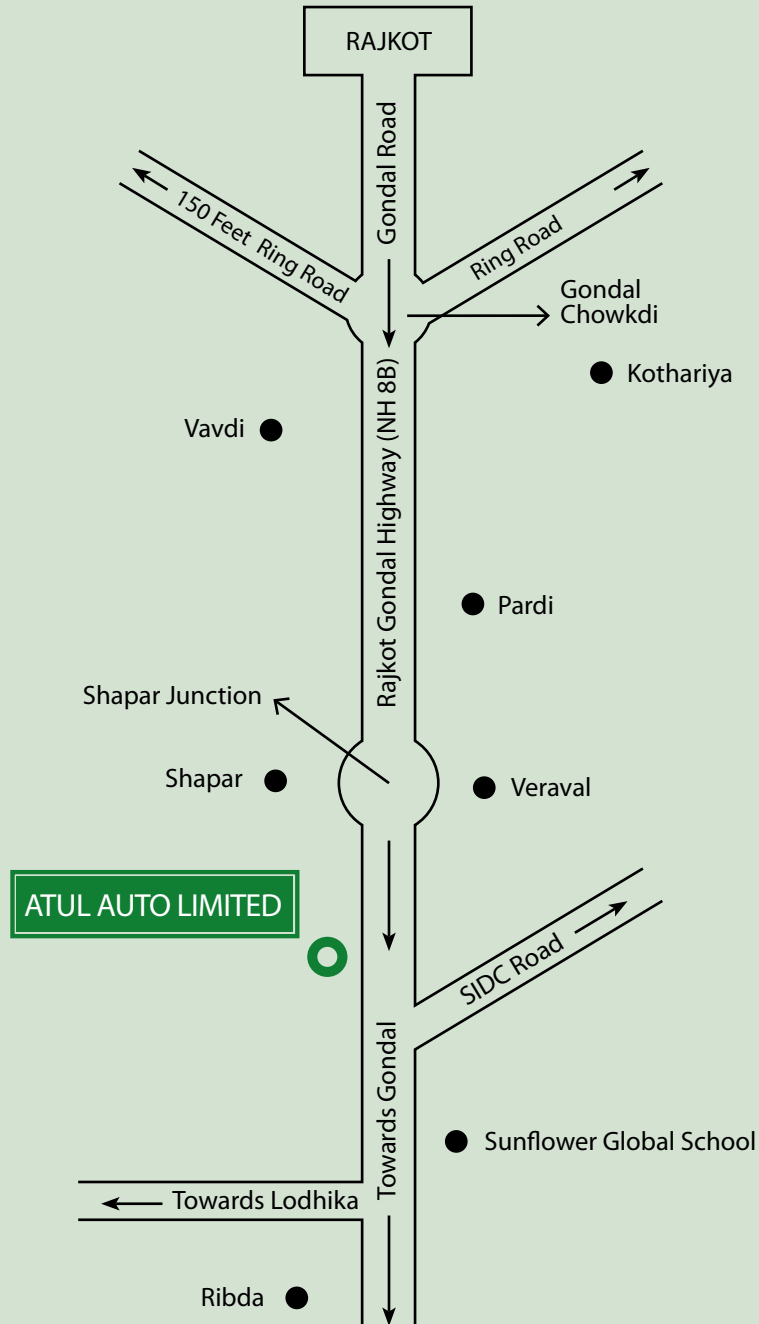


Affix Revenue Stamp

**NOTES:**

1. This Form, in order to be effective should be duly stamped, completed, signed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.
2. A Proxy need not be a member of the Company.
3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
4. It is optional to indicate your preference. If you leave the for, against or abstain column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.

## ROUTE MAP



### ATUL AUTO LIMITED

8-B National Highway, Near Microwave Tower,  
Shapar (Veraval), Dist. Rajkot -360024 (Guj)  
[www.atulauto.co.in](http://www.atulauto.co.in)

# OWNING OUR FUTURE







**ATUL**

**ATUL AUTO LIMITED**

CIN: L54100GJ1986PLC016999  
8-B National Highway, Near Microwave Tower,  
Shapar (Veraval), Dist. Rajkot -360024 (Guj)  
Phone: 02827 666000  
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