

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

Private & Confidential

ABRIDGED LETTER OF OFFER

Dated 19th August, 2011

For Equity Shareholders of the Company only

**ATUL AUTO LIMITED****(Company Registration No. 016999)**

(The Company was originally incorporated as a Private Limited Company in June 18, 1986 under the Companies Act, 1956 in the State of Maharashtra. It was promoted by Mr. Jayantibhai Jagjivandas Chandra and Mr. Atul J. Chandra. The name of the Company was changed from Atul Auto (Jamnagar) Pvt. Ltd. to Atul Auto Pvt. Ltd. on August 12, 1994. The Company was subsequently converted into a Public Limited Company and fresh certificate of incorporation was obtained on August 12, 1994 from the Registrar of the Companies, Gujarat. For details, please refer page no. 79 of the Letter of Offer)

Registered Office: Survey No. 86, Plot No. 1 to 4, National Highway 8-B, Near Microwave Tower, Rajkot Gondal Highway, Village Shapar (Veraval), Taluka Kotda Sangani, Rajkot-360002, Gujarat, India.

Tel No: +91-2827-666000, **Fax No:** +91 2827-666029, **E-Mail:** investorrelations@atulauto.co.in, **Website:** www.atulauto.co.in

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

Tel No: +91-281-6546999, **Fax No:** +91-281-2374994

Contact Person: Ms. Purvi Prashant Mehta (Company Secretary & Compliance Officer)

For private circulation to the Equity Shareholders of the Company only

ABRIDGED LETTER OF OFFER

ISSUE OF 14,62,880 EQUITY SHARES OF ₹ 10/- EACH FOR CASH AT A PRICE OF ₹ 30/- EACH INCLUDING A PREMIUM OF ₹ 20/- PER EQUITY SHARE AGGREGATING TO AN AMOUNT OF ₹ 4,38,86,400/- TO THE EQUITY SHAREHOLDERS ON RIGHTS BASIS IN THE RATIO OF 1 EQUITY SHARE FOR EVERY 4 EQUITY SHARES HELD ON RECORD DATE I.E. 5TH SEPTEMBER, 2011. THE ISSUE PRICE IS 3 TIMES OF THE FACE VALUE OF THE EQUITY SHARE.

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Offering. For taking an investment decision, investors must rely on their own examination of the Issuer and the offer including the risks involved. The securities offered in the issue have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or the adequacy of this document. **Investors are advised to refer to "Risk Factors" on Page No. 12 of this Letter of Offer before making an investment in this Offer.**

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer Company, having made all reasonable inquiries, accepts responsibility for and confirms that the Letter of Offer contains all information with regard to the Issuer and the Issue, which is material in the context of the Issue, that the information contained in the Letter of Offer is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions, expressed herein are honestly held and that there are no other facts, the omission of which make the Letter of Offer as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The existing Equity Shares of the Company are listed on the Bombay Stock Exchange Limited (BSE). The Equity Shares had been de-listed from Saurashtra Kutch Stock Exchange Limited (SKSE) in consequence to derecognition of SKSE by SEBI. The Company had de-listed its Equity Shares from Ahmedabad Stock Exchange Limited. The Equity Shares offered through the Letter of Offer are proposed to be listed on BSE. BSE is the Designated Stock Exchange. The Company has received in-principle approval from BSE for the listing of the Equity Shares to be allotted pursuant to the Issue, vide letter number DCS/PREF/JA/IP-RT/1390/10-11 dated 14th January, 2011.

LEAD MANAGER TO THE ISSUE**SUMEDHA FISCAL SERVICES LIMITED**

8B, Middleton Street,
Geetanjali, Room No.6A
Kolkata-700071

Ph: (033) 2229 8936/6758/3237

Fax: (033) 2226 4140/ 2265 5830

SEBI Regn. No. INM000008753

Web Site: www.sumedhafiscal.com

E-mail: compliance@sumedhafiscal.com

Contact Person: Mr. Jayabrata Mukherjee

REGISTRAR TO THIS ISSUE**SHAREX DYNAMIC (INDIA) PVT. LTD.**

Unit 1, Luthra Industrial Premises,
Andheri Kurla Road, Safed Pool,
Andheri (E), Mumbai-400 072.

Ph: (022) 28515606/5644/6338

Fax: (022) 28512885

SEBI Regn. No. INR000002102

Web Site: www.sharexindia.com

E-mail: sharexindia@vsnl.com

Contact Person: Mr. B. S. Baliga

ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR RECEIPT OF REQUESTS FOR SPLIT APPLICATION FORMS	ISSUE CLOSES ON
15th September, 2011	23rd September, 2011	29th September, 2011

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

THE ISSUE

Issue of 14,62,880 Equity Shares of ₹ 10/- each for cash at a price of ₹ 30/- each including a premium of ₹ 20/- per Equity Share aggregating to an amount of ₹ 4,38,86,400/- to the Equity Shareholders on Rights Basis in the ratio of 1 Equity Share for every 4 Equity Shares held on record date i.e. 5th September, 2011. The Issue Price is 3 times of the face value of the Equity Share.

No. of Equity Shares to be issued	14,62,880 (Fourteen Lacs Sixty two Thousand Eight hundred and Eighty only)
Issue Size	₹ 4,38,86,400/- (Rupees Four Crores Thirty Eight Lacs Eighty Six Thousand and Four Hundred only)
Entitlement Ratio	1:4
Record Date	5th September, 2011
Face Value per Equity Share(s)	₹ 10/-
Offer Price per Equity Share	₹ 30/-
Equity Share outstanding prior to issue	5,851,520
Equity Share outstanding after the issue*	7,314,400
Terms of the Issue	Please see the section entitled "Terms of the Issue" on Page 248 of the Letter of Offer

* Assuming full subscription of the Rights Issue.

NOTICE TO OVERSEAS SHAREHOLDERS

The distribution of the Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession the Letter of Offer may come are required to inform themselves about and observe such restrictions. The Company is making this Issue of Equity Shares on a rights basis to the Equity Shareholders of the Company and will dispatch the Abridged Letter of Offer and Composite Application Form ("CAF") to the shareholders who have an Indian address.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Draft Letter of Offer has been filed with SEBI for observations. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of the Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, the Letter of Offer must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of the Letter of Offer should not, in connection with the issue of the Equity Shares or the Rights Entitlements, distribute or send the Letter of Offer in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations.

If the Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the Rights Entitlements referred to in the Letter of Offer. Neither the delivery of the Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in the Company's affairs from the date hereof or that the information contained herein is correct as at any time subsequent to this date.

European Economic Area Restrictions

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), an offer of the Equity Shares to the public may not be made in that Relevant Member State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that an offer of Equity Shares to the public in that Relevant Member State at any time may be made:

- to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than Euro 4,30,00,000 and (3) an annual net turnover of more than Euro 5,00,00,000, as shown in its last annual or consolidated accounts; or
- in any other circumstances which do not require the publication by us of a prospectus pursuant to Article 3 of the Prospectus Directive.

Provided that no such offer of Equity Shares shall result in the requirement for the publication by the Company pursuant to Article 3 of the Prospectus Directive. For the purposes of this provision, the expression an "offer to the public" in relation to any Equity Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe the Equity Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State. This European Economic Area selling restriction is in addition to any other selling restriction set out below.

United Kingdom Restrictions

This document is only being distributed to and is only directed at (i) persons who are outside the United Kingdom, or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). The Equity Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Equity

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

Shares will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

NO OFFER IN THE UNITED STATES

The rights and the securities of the Company has not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or any U.S. state securities laws and may not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof (the "United States" or "U.S.") or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act ("Regulation S")), except in a transaction exempt from the registration requirements of the Securities Act. The rights referred to in the Letter of Offer are being offered in India, but not in the United States. The offering to which this Draft Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or rights for sale in the United States or as a solicitation therein of an offer to buy any of the said Equity Shares or rights. Accordingly, the Letter of Offer and the enclosed CAF should not be forwarded to or transmitted in or into the United States at any time.

Neither the Company nor any person acting on behalf of the Company will accept subscriptions or renunciation from any person, or the agent of any person, who appears to be, or who the Company or any person acting on behalf of the Company has reason to believe is, either a "U.S. person" (as defined in Regulation S) or otherwise in the United States when the buy order is made. Envelopes containing a CAF should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer under the Letter of Offer, and all persons subscribing for the Equity Shares and wishing to hold such Equity Shares in registered form must provide an address for registration of the Equity Shares in India. The Company is making this issue of Equity Shares on a rights basis to Equity Shareholders of the Company and the Letter of Offer and CAF will be dispatched to Equity Shareholders who have an Indian address. Any person who acquires rights and the Equity Shares will be deemed to have declared, represented, warranted and agreed, (i) that it is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States when the buy order is made, (ii) it is not a "U.S. person" (as defined in Regulation S), and does not have a registered address (and is not otherwise located) in the United States, and (iii) is authorised to acquire the rights and the Equity Shares in compliance with all applicable laws and regulations.

The Company reserves the right to treat as invalid any CAF which: (i) does not include the certification set out in the CAF to the effect that the subscriber is not a "U.S. person" (as defined in Regulation S), and does not have a registered address (and is not otherwise located) in the United States and is authorized to acquire the rights and the Equity Shares in compliance with all applicable laws and regulations; (ii) appears to the Company or its agents to have been executed in or dispatched from the United States; (iii) where a registered Indian address is not provided; or (iv) where the Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements; and the Company shall not be bound to allot or issue any Equity Shares or Rights Entitlement in respect of any such CAF.

GENERAL INFORMATION

Pursuant to the resolutions passed by the Board of Directors of the Company at its meeting held on June 25, 2010 and the resolution approved by the shareholders in the Extra Ordinary General Meeting held on August 31, 2010 it has been decided to make the following offer to the Equity Shareholders of the Company:

ISSUE OF 14,62,880 EQUITY SHARES OF ₹ 10/- EACH FOR CASH AT A PRICE OF ₹ 30/- EACH INCLUDING A PREMIUM OF ₹ 20/- PER EQUITY SHARE AGGREGATING TO AN AMOUNT OF ₹ 4,38,86,400/- TO THE EQUITY SHAREHOLDERS ON RIGHTS BASIS IN THE RATIO OF 1 EQUITY SHARE FOR EVERY 4 EQUITY SHARES HELD ON RECORD DATE I.E. 5TH SEPTEMBER, 2011. THE ISSUE PRICE IS 3 TIMES OF THE FACE VALUE OF THE EQUITY SHARE.

Issue Schedule	
Issue Opening Date	: 15th September, 2011
Last date for receiving requests for split forms	: 23rd September, 2011
Issue Closing Date	: 29th September, 2011

Registered Office: Survey No. 86, Plot No. 1 to 4, National Highway 8-B, Near Microwave Tower, Rajkot Gondal Highway, Village Shapar (Veraval), Taluka Kotda Sangani, Rajkot-360002, Gujarat, India.

Corporate Identification Number: L54100GJ1986PLC016999

Registrar of Companies: ROC Bhawan, Opp. Rural Park Society, Behind Ankur bus stop, Naranpura, Ahmedabad-380013 Tel No: 079-27437597 Fax No: 079-27438371 Email: roc.ahmedabad@mca.gov.in

Company Secretary & Compliance Officer: Ms. Purvi Prashant Mehta Survey No. 86, Plot No. 1 to 4, National Highway 8-B, Near Microwave Tower, Rajkot Gondal Highway, Village Shapar (Veraval), Taluka Kotda Sangani, Rajkot-360002, Gujarat. Tel No: +91 2827-666000, Fax No: +91 2827-666029 Email: investorrelations@atulauto.co.in

Note: Investors are advised to contact the Registrar to the Issue/ Compliance Officer in case of any pre issue / post issue related problems such as non-receipt of letters of allotment/ credit of allotted Equity Shares in the respective beneficiary accounts, refund orders etc.

LEAD MANAGER TO THE ISSUE:

Sumedha Fiscal Services Limited, 8B, Middleton Street, Geetanjali, Room No.6A, Kolkata-700071 Ph: (033) 2229 8936/6758/3237 Fax: (033) 2226 4140/2265 5830 **SEBI Regn. No.** INM000008753 **Web Site :** www.sumedhafiscal.com
E-mail : compliance@sumedhafiscal.com Contact Person:- Mr. Jayabrata Mukherjee

REGISTRAR TO THE ISSUE: Sharex Dynamic (India) Pvt. Ltd. Unit 1, Luthra Industrial Premises, Andheri Kurla Road, Safed Pool, Andheri (E), Mumbai-400 072. Ph: (022) 28515606/5644/6338 Fax: (022) 28512885 **SEBI Regn. No.** INR000002102 **Web Site:** www.sharexindia.com
E-mail : sharexindia@vsnl.com Contact Person: Mr. B. S. Baliga

LEGAL ADVISOR TO THE ISSUE: Mr. Indravadan Ravjibhai Patel, Advocate 1, 3rd Floor, "Chanakya" Near Dinesh Hall, Behind Income Tax Office, Off Ashram Road, Ahmedabad -380009. Ph: 079 - 2658 1214 Fax: 079 - 2658 0961 **E-mail:** irpatel51@hotmail.com

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

AUDITORS: Maharishi & Co., Chartered Accountants (Firm Reg. No. 124872W) "Aparna", Behind Jivandeep Hospital, Limda Lane, Jamnagar 361001, Gujarat. **Ph:** 0288-2665023/5024/2637 **Fax:** 0288-2661612 **E-mail:** prashant@jainandmaharishi.com **Web Site:** www.maharishiandco.com Contact Person: Prashant Maharishi (Partner) (Membership No.: 41452)

BANKER TO THE ISSUE: IDBI Bank Limited, Unit No.2 Corporate Park, Near Swastik Chambers, Sion-Trombay Road, Chembur, Mumbai-400 071. **Ph:** (022) 66908402 **Fax:** (022) 66908424 **SEBI Regn. No.** INBI00000076 **Web Site:** www.idbibank.com **E-mail:** - mn.kamat@idbi.co.in Contact Person:- Mr. M.N. Kamat.

Self Certified Syndicate Bankers: The list of banks that have been notified by SEBI to act as SCSBs for the ASBA Process are provided on <http://www.sebi.gov.in/pmd/scsb.pdf>. For details on designated branches of SCSBs collecting the ASBA Bid cum Application Form, please refer the above mentioned SEBI website.

STATEMENT OF INTERSE ALLOCATION OF RESPONSIBILITIES AMONGST LEAD MANAGER: Sumedha Fiscal Services Limited is the sole Lead Manager to the Issue and all the responsibilities relating to coordination and other activities in relation to the Issue shall be performed by them.

CREDIT RATING

This is being a Rights Issue of Equity Shares, no credit rating is required.

IPO GRADING

This being a Rights Issue of Equity Shares, IPO grading is not required.

DEBENTURE TRUSTEES

As the issue consists of the Equity Shares, the appointment of Debenture Trustees is not required.

PROJECT APPRAISAL/ APPRAISING AGENCY

The requirement of proposed utilisation of proceeds of the Issue has been estimated by the Company and the same has not been appraised by any bank, financial institution or other independent agency.

MONITORING AGENCY

As this being an Issue of Equity Shares for less than ₹ 50,000 lacs appointment of monitoring agency in terms of sub-regulation (1) of Regulation 16 of the SEBI (ICDR) Regulations 2009 is not required. The Board of Directors will monitor the use of the proceeds of this Issue as per clause 49 of the Listing Agreement.

BOOK BUILDING PROCESS DETAILS: Not Applicable

UNDERWRITING

The Present Rights Issue is not underwritten by any third party. However the Promoters/ Promoter Group have confirmed vide their letter dated 01.10.2010, that they intend to subscribe to the full extent of their Rights Entitlement in the Issue. The Promoters / Promoter Group also intend to subscribe to any unsubscribed portion of the Issue such that not less than 90% of the Issue is subscribed. As a result of this subscription and consequent allotment, the Promoters/ Promoter Group may acquire Equity Shares over and above their Rights Entitlement, which may result in an increase of Promoter's shareholding above its current shareholding and including their allotment pursuant to Rights Entitlement of Equity Shares under

the Issue. This subscription and acquisition of additional Equity Shares by the Promoters through this Issue, if any, and allotment of Equity Shares will not result in a change of control of the management of the Company and shall be exempt in terms of the proviso to Regulation 3(1)(b)(ii) and other applicable regulations of the Takeover Code.

As such, there is no intention other than meeting the requirements indicated in the section on "Objects of the Issue" on page 54 of the Letter of Offer, there is no other intention / purpose for this Issue, including no intention to delist the Company, even if, as a result of allotments to the Promoters in this Issue, their shareholding in the Company exceeds its current shareholding. The Promoters / Promoter Group shall subscribe to the above mentioned unsubscribed portion as per the relevant provisions of law. Pursuant to this allotment to the Promoters/ Promoter Group of any unsubscribed portion, over and above its Rights Entitlement, the Company and the Promoters undertake to comply with the Listing Agreement and other applicable laws.

Subscription for Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding above their current percentage shareholding. Such acquisition by them of additional Equity Shares shall (i) not result in a change of control of the management of the Company, and (ii) be exempt from the applicability of Regulations 11 and 12 of the Takeover Code in terms of the proviso to Regulation 3(1)(b)(ii) and other applicable regulations of the Takeover Code. The subscription by the Promoters and/or members of the Promoter Group for the Equity Shares in the Issue will be in continuous compliance with the minimum public shareholding requirement specified under Clause 40A of the Listing Agreements and the Company will take such steps as may be necessary to ensure compliance with Clause 40A of the Listing Agreements. As such, other than meeting the requirements indicated in the section titled "Objects of the Issue" of the Letter of Offer, there is no other intention or purpose for the Issue, including any intention to delist the Company, even if, as a result of any allotment in the Issue to the Promoters and/or members of the Promoter Group, the shareholding of the Promoters and/or Promoter Group in the Company exceeds their current shareholding. The Promoters and/or members of the Promoter Group intend to subscribe for any undersubscribed portion as per the provisions of applicable law.

For further details please refer to section titled "Terms of the Issue – Basis of Allotment" beginning on page 260 of the Letter of Offer.

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

RISK FACTORS

The investors should consider the following risk factors together with all the information included in the Letter of Offer carefully, in evaluating the Company and its business before making any investment decision. Any projections, forecasts and estimates contained herein are forward looking statements that involve risks and uncertainties. Such statements use forward looking terminology like "may", "believes", "will", "expect", "anticipate", "estimate", "plan" or other similar words. The Company's actual results could differ from the anticipated in these forward-looking statements as a result of certain factors including those, which are set forth in the "Risk Factor" below.

Materiality:

The Risk Factors have been determined on the basis of their materiality. The following factors have been considered for determining the materiality:

- a) Some events may not be material individually, but may be found material collectively.
- b) Some events may have material impact qualitatively instead of quantitatively.
- c) Some events may not be material at the time of making disclosure in the Letter of Offer but may be having material impacts in the future.

Note: Unless specified or quantified in the relevant risk factors below, Company is not in a position to quantify the financial and other implication of any risks mentioned herein under:

Internal Risk Factors

1. Risk arising out of outstanding litigation against the Company and its Group/ Associate Companies:

The Company and its Group/Associate Companies are involved in certain litigations, a summary of which is given hereunder:

Sl. No.	Particulars of litigations	No. of Cases	Amount ₹ in Lacs
1.	Litigations filed against the Issuer Company	67	1282.97
2.	Litigations filed against the Group/ Associate Companies	45	103.79
3.	Litigations filed by the Issuer Company	1	4308.49
4.	Litigations filed by the Group/ Associate Companies	5320	3787.90
5.	Litigations filed against Promoters/ Directors	1	12.31
TOTAL			9495.46

For further details, please refer to page no. 167 to 176 of the Letter of Offer.

2. Past non-compliances / delayed compliances with certain provisions of the Listing Agreement and SEBI (Substantial Acquisition of Shares And Takeovers) Regulations, 1997 and SEBI (Prohibition of Insider Trading) Regulations, 1992:

The Company, in the past, has not complied with certain provisions of the Listing Agreement with the Stock Exchanges and also delayed in filing the disclosure forms as required under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and SEBI (Prohibition of Insider Trading) Regulations, 1992. The Company had received notices from the Stock Exchange for the above violations. However, the Company has filed all the disclosure forms with the Stock Exchange in the year 2007.

Further the Company has delayed in complying with certain provisions of the Listing Agreement with the Stock Exchange viz. clause 31(a) and 49 and also delayed in filing the disclosure forms as required under regulation 8(3) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 in the year 2009 and 2010. The company has been complying with the requirements listing agreement regularly since the financial year 2010-11.

In future if any delay in filing of the disclosures/requisite forms/returns by the Company, it may face penalty or the Equity Shares of the Company may get suspended for trading/delisted from the Stock Exchange, which may have a material adverse effect on trading of the Equity Shares.

3. There have been suspensions in trading of Equity Shares of the Company on BSE in the past:

Trading of the Equity Shares had been suspended twice, in 1998 and 1999, on account of non-compliance with various provisions of the listing agreement, and non-filings of returns under the Takeover Code. If trading in the Equity Shares is suspended in the future for any reasons whatsoever, it would severely affect shareholders' ability to dispose off the Equity Shares, and may lead to a fall in the value of the Equity Shares, thus adversely affecting the value and tradability of the Equity Shares for the period of such suspension, which may lead to loss for shareholders.

4. On standalone basis the Company has reported negative cash flows from the Investing and Financing Activities for the year 2007, 2008, 2009, 2010 and 2011.

The Company has reported negative cash flows from investment activities for the year 2007, 2008, 2009, 2010 and 2011 due to addition of fixed assets for ongoing modernization and expansion plans, and from financing activities for the year 2007, 2010 and 2011 due to repayment of loans, payment of dividend and interest to the banks. For details, please refer page no. 120.

5. One of the Object of this issue is to repay the term loan availed from IDBI Bank and hence would not resulting creation of tangible assets.

The Company has availed Term Loan from IDBI Bank amounting to ₹ 1500.00 Lacs. The Company intends to repay Term Loan amounting to ₹ 323.86 Lacs out of the Net Proceeds of the Rights Issue, For further details, see "Objects of the Issue" on page 54 of the Letter of Offer. The issue proceeds, therefore, shall not result in creation of any tangible assets.

6. The following Group/ Associate Companies/ Firms have object/business line similar to that of the Company's business:

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

Name of the company	Nature of activity
Atul Motors Private Limited	Motor car dealership.
Khushbu Auto Private Limited	Dealership of three wheeler at Ahmadabad.
Atul Chandra Finlease Pvt. Limited	Finance company which provides finance through various modes.
Atul Buildcon Private Limited	Construction business.
Atul Rachana Private Limited	Construction business.
Atul Auto Agency	Dealership of two wheeler at Jamnagar.
Atul Auto Industries	Manufactures Chakda Rickshaws.
Atul Automobiles	Dealer of vehicle spare parts manufactured by another Motor Company.
Atul Automotives	Dealers of automobiles manufactured by another Company.
Atul Petroleum	Operating a petrol pump at Jamnagar.
New Chandra Motor Cycle House	Dealer of Auto parts.
New Chandra Motor Cycle Agency	Trade in Auto Vehicles & Auto Parts.
Atul Enterprises	Distribution of spares parts manufactured by another Company.
Chandra Auto Centers	Trades in Spares parts.

The above entities have some of the objects/business line similar to that of the Company's business. As on the date of filing the Letter of Offer, the aforesaid entity/ies are not directly competing with the Company and currently the Company does not have any non-compete agreement/arrangement with any of its Promoter Group/Associate Entity/ies.

The management is of the opinion that considering the wide range of area and products in which the Company operates generally there would be no conflict of interest. However, in future, if any competition comes up, then the Company will adopt necessary procedures and practices as permitted by law to address any conflict situations as and when they arise.

7. The Promoter & Promoter Group are holding an aggregate of 59.30% of the Equity Shares of the Company, which is a significant control over the management and affairs, as a result of which, the remaining shareholders may not be able to affect the outcome of shareholder voting.

As on March 31, 2011, the Promoters and Promoter Group holds an aggregate of 59.30% of the Equity Shares of the Company. As a result, the Promoters and Promoter Group, acting together, will influence the matters requiring shareholder approval, including the election of all or majority of Company's Directors and approval of significant corporate transactions, such as mergers, consolidations or the sale of substantially all of Company's assets. The Promoters and Promoter Group will therefore have the ability to exercise controlling influence over Company's business and management affairs and may cause to take actions that may conflict with the interests of some of its shareholders.

8. Certain Group/Associate Companies/ Firms have incurred losses in the past.

The details of Profit / (Loss) after Tax for certain Group Companies/ Firms that have incurred losses in the past is as under:

(₹ in Lacs)

Sl. No.	Group / Associate Company/ Firms	FY 2010	FY 2009	FY 2008	% of shareholding of AAL
1.	Atul Automobiles	(0.82)	(2.76)	8.77	Nil
2.	Atul Chandra Finlease Private Limited	(0.01)	(0.01)	(0.01)	Nil
3.	Atul Petroleum	(0.90)	0.94	3.10	Nil
4.	Atul Rachna Pvt. Limited	(0.01)	(0.09)	(0.18)	Nil
5.	Chandra Auto Centre	0.00	0.00	(0.19)	Nil
6.	Khushbu Auto Finance Limited	(475.04)	(260.05)	(8.58)	49.91
7.	Khushbu Auto Private Limited	(25.27)	(31.79)	13.60	Nil

Note: For further details please refer page no. 144 to 157.

9. The Company has entered into certain related party transactions.

Company has entered into related party transactions with the promoters, directors, key management personnel, relatives of key management personnel and its group entities. These transactions or any future transactions with the related parties could potentially involve conflicts of interest.

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

The Brief of some of the major transactions for the year ended 31st March, 2011 is mentioned below:

					(₹ in Lacs)
Sr.No.	Name of Entity/ Person	Relationship	Nature of Transaction	Cumulative Value of the Transactions for the year ended 31.03.2011	For the Year ended 31.03.2011
A) ASSOCIATED COMPANIES					
1.	CURRENT ACCOUNT Khushbu Auto Finance Ltd.	Associate Co.	Current	442.71	-
	TOTAL			442.71	-
2.	INTEREST RECEIVED Khushbu Auto Finance Ltd	Associate Co.	Interest Received	28.33	-
	TOTAL			28.33	-
B) KEY MANAGEMENT PERSONNEL					
1.	REMUNERATION				
	Shri Chandra Jayantilal Jagjivan	Chairman & Managing Director	Remuneration	36.00	-
	Shri Chandra Jayantilal Jagjivan	Chairman & Managing Director	Reimbursement of Expenses	2.38	-
	Shri Mahendrabhai J. Patel	Whole Time Director	Remuneration	33.00	-
	Shri Mahendrabhai J. Patel	Whole Time Director	Reimbursement of Expenses	2.28	-
	Shri Sunilkumar Mittal	Whole Time Director	Remuneration	20.40	-
	Shri Sunilkumar Mittal	Whole Time Director	Reimbursement of Expenses	11.51	-
	Total			105.57	-
C) ENTERPRISE OWNED OR SIGNIFICANTLY INFLUENCED BY KEY MANAGEMENT PERSONNEL OR THEIR RELATIVES:					
	Khushbu Auto Pvt Ltd	Group Company	Sale Of Goods	2879.24	450.84
	Khushbu Auto Pvt Ltd	Group Company	Purchase of goods	4.41	
	Khushbu Auto Pvt Ltd	Group Company	Warranty claim exp.	2.42	
	Khushbu Auto Pvt Ltd	Group Company	After sales service	3.95	
	Khushbu Auto Pvt Ltd	Group Company	Pre-delivery inspection	6.62	
	Khushbu Auto Pvt Ltd	Group Company	Labour charges	0.07	
	Khushbu Auto Pvt. Ltd.	Enterprise Owned or Significantly Influenced By KMP	Reimbursement of Expenses	1.28	
	Khushbu Auto Pvt. Ltd.	Enterprise Owned or Significantly Influenced By KMP	Vehicle Repairing Expense	0.61	
	Total			2898.60	
	New Chandra Motor Cycle Agency	Group Company	Sale of Goods	156.52	22.12
	New Chandra Motor Cycle Agency	Group Company	Warranty claim exp.	0.04	
	New Chandra Motor Cycle Agency	Group Company	After sales service	0.27	
	New Chandra Motor Cycle Agency	Group Company	Pre delivery Inspection	0.12	
	Total			156.95	
	New Chandra Motor Cycle House	Group Company	Sale of Goods	60.59	14.07
	New Chandra Motor Cycle House	Group Company	Purchase of Goods	8.76	
	Total			69.35	

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

Atul Auto Industries	Group Company	Sale of Goods	1.73	(0.02)
Atul Auto Industries	Group Company	Purchase of goods	5.87	
Atul auto industries	Group Company	After Sales Service Receivable	0.26	
Total			7.86	
Atul auto motives	Group Company	Fixed Assets	8.20	-
Atul automotives	Group Company	Services Received	0.12	
Total			8.32	
Atul automobiles	Group Company	Services Received	0.11	-
Total			0.11	
Atul motors pvt ltd	Group Company	Services Received	0.50	-
Atul motors pvt. Ltd.	Group Company	Interest Received	5.05	
Total			5.55	
Shri Nirajbhai Chandra	Relative of Key Managerial personnel	Reimbursement of Expenses	1.50	-
Shri Nirajbhai Chandra	Relative of Key Managerial personnel	Remuneration	7.56	-
Total			9.06	-
Shri Nishantbhai Lalakiya	Relative of Key Managerial Personal	Reimbursement of Expenses	0.15	-

For detailed information on related party transactions refer to the section "Financial Statements – Related Party Transactions" beginning on page 134 of the Letter of Offer.

10. Company outsource some of its components' manufacturing. Any delay to deliver in time or failure to maintain quality standards on their part may adversely affect its sales and financial performance.

Company need to outsource some of the activities and some components for its three-wheelers such as battery, tyres, engine, leafsprings etc. The said components are ready component, and can be fitted directly into the vehicle. To the extent the works are outsourced, the Company is dependent on contractors and any delay to deliver in time or failure to maintain quality standards on their part may adversely affect its turnaround time/delivery schedule and Company's business reputation, consequently adversely affecting its sales and financial performance.

Further, there are few major suppliers of three wheeler engines in India. Company has not entered into any supply agreement with the supplier for engines. The supplier does not have any obligation to sell engines to the Company. The Company's dependence on these suppliers makes it vulnerable to any delay in supply schedule, which may delay its production process, ability to deliver orders in time, which may have an adverse affect on its sales and financials.

11. Company is dependent upon the expertise of its Promoters, key management and technical personnel for its future performance. Company may be adversely affected if it, for any reason are unable to avail of their expertise.

The Company is dependent on the experience and the continued efforts of its Promoters who have been associated with the Company since inception. The future performance may be affected in the absence of the services of the Promoters who are involved in its day-to-day activities. Besides, the key managerial and technical personnel comprises of experienced people from varied backgrounds like engineering, design competence, process know-how, marketing, etc., who are well qualified in their respective fields and are

crucial to the successful functioning of its business. Company's ability to grow depends largely on its ability to attract, train, motivate and retain such highly skilled personnel. In the event of one or more members of its team being unable or unwilling to continue in their present positions, it may find it difficult to find suitable replacements and as a result its business could be adversely affected.

12. Deployment of issue proceeds is entirely at the discretion of the Issuer and is not subject to any monitoring by any independent agency.

The net proceeds from this Issue are expected to be used as set forth under "Objects of the Issue" on page 54 of the Letter of Offer. The use of the net proceeds is at the Company's sole discretion and is not subject to any monitoring by any independent agency. Accordingly, investors in this Issue have to rely upon the judgment of the management, who will have considerable discretion, with respect to the use of proceeds.

13. The Company is subject to restrictive covenants in certain debt facilities availed of from its lenders.

There are restrictive covenants in agreements that the Company has entered into with the bank for borrowings. These restrictive covenants require the Company to seek the prior permission of the said bank for various activities, including amongst others, such as effecting any change in the capital structure, declaration and payment of dividends for any year in case of default on payment of any amount due to the Bank, issuing new securities, changing the ownership, shareholding pattern, Management etc. Delay or failure to obtain such consents would impact the business operations of the Company.

14. The contingent liabilities could adversely affect the financial condition of the Company.

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

Following are contingent liabilities which are not acknowledged as debt as on 31st March, 2011 as per audited financial statement.

Particulars	₹ in Lacs	% of PAT
Claims against the Company not acknowledge as debts:		
Sales Tax	2.03	0.21%
CST	11.84	1.25%
Excise	23.12	2.45%
Income Tax	69.46	7.37%
Case Pending before consumer forum	41.14	4.36%
Case filed by the supplier in the Court	1117.30*	118.52%

*Case filed by the supplier in the court amounting to ₹ 1117.30 Lacs has already been included in litigation filed against Issuer Company.

15. The Company has made an application for registration of various trademarks under the Trade Marks Act, 1999. In case the registration is not received by the Company, the same could be used by other businesses or the competitors as such the business may suffer.

The Company has filed applications with the Trade Marks Registry for registration of certain trademarks under the relevant provisions of the Trade Marks Act, 1999, which are pending as on date of the Letter of Offer. These applications may not be allowed or third parties may challenge the validity or scope of this application or the trademark. For details, please refer page no. 73 of the Letter of Offer.

16. Company's inability to manage growth may lead to loss of opportunities and may hamper its future growth plans.

While the Company has been generally successful in execution of its business strategy in the past, the same may not hold true in future. Company may be subject to growth-related risks including capacity constraints and pressure on internal systems and controls. Company's inability to deal with such a growth could have a material adverse impact on its business, operations and prospects. In order to manage its current operations and any future growth effectively, it will need to continue to implement and improve its operational, financial and management information systems and to hire, train, motivate, manage and retain its employees. There can be no assurance that it will be able to manage such growth effectively, that its management, personnel or systems will be adequate to support its operations or that it will be able to achieve the increased levels of revenue commensurate with the increased levels of operating expenses associated with such growth. Any failure on its part to scale up infrastructure and management to meet the challenges of rapid growth could cause disruptions to its business and could be detrimental to its long-term business prospects.

17. Company's success significantly depends on its management and operational teams and other skilled professionals. If it fails to retain, motivate and/or attract such personnel, its business may be unable to grow and its revenues could decline, which may decrease the value of our Equity Shares.

Company is dependent on the senior members of its management and operational team for its continued success and growth. Its success depends on its ability to attract, train, motivate and retain highly skilled professionals. If it cannot hire and retain the qualified personnel, its ability to continue to expand may be impaired and its revenues could decline.

Further there was high employee turnover during the past years, which if continue to happen, may affect company's business operations. For details please refer page no. 76.

18. The limited geographical dispersion of fuel stations for CNG & LPG and short supply of fuel for CNG & LPG vehicles may affect the sales of the Company:

The limited geographical dispersion of fuel stations for CNG & LPG and short supply of fuel for CNG & LPG vehicles may act as a dampener to the growth of the Company. The CNG & LPG fuel stations are not available in large numbers as compared to diesel/petrol fuel stations. This may adversely affect the sales for CNG & LPG vehicles.

India has approx. 36000 petrol/ diesel stations 596 LPG/ CNG stations. Hence, ratio of LPG/ CNG to Petrol/ diesel is 2.38% (approx). CNG/ LPG vehicles are comparatively less as the concept is newly developed since last 2-3 years and presently under the stage of development. In case of Issuer company, the production of CNG/ LPG vehicles are negligible in compare to Petrol/ Diesel vehicles as per production chart of last 3 years as mentioned hereunder:

Financial Year	Petrol	Diesel	CNG	LPPG	Total	% CNG/ LPPG to total sales
2008-09	0	11086	402	0	11488	3.50%
2009-10	0	12192	137	0	12329	1.11%
2010-11	9	19349	40	0	19398	0.21%
Total	9	42627	579	0	43215	1.34%

Source: Ministry of Petroleum & Natural Gas Government of India New Delhi (Economic Division).

19. The automobile sector requires continuous up-gradation

The automobile sector is characterized by continuous up-gradation in terms of technology, manufacturing process and design capability. Consequently, the Company has to meet with the aforesaid demands and invest continuously to upgrade technology, manufacturing process and designs and keep abreast with the latest innovations in the automobile industry. In case the Company is unable to keep pace with the growth rate of technology advancements or process change or design changes, it may be unable to meet customer expectations which would adversely affect the revenue.

20. The loss, shutdown or slowdown of operations at any of the Company's facilities could have a material adverse effect on the Company's results of operations and financial condition. Company's Haridwar Plant was closed down its operations on 02.10.2008, due to low sales volume, shortage of man power and non-availability of technology and space for manufacturing of Rear Engine Three Wheeler.

The Company's facilities are subject to operating risks, such as the breakdown or failure of equipment, power supply interruptions, facility obsolescence or disrepair, labour disputes, natural disasters and industrial accidents. The occurrence of any of these risks could affect the Company's operations by causing production facilities to shut down or slow down. The Company's manufacturing facilities in Haridwar has been wound up which have had a material adverse impact on the Company's results of operations and financial condition in the last two years. Although the Company takes reasonable precautions to minimize the risk of any significant operational problems at its facilities, no assurance can be given that one or more of the factors mentioned above will not occur, which could have a material adverse effect on the Company's results of operations and financial condition.

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

21. New entry of big players in the market:

New entry of big players is a threat for the existing three-wheeler market as they are well equipped with latest technology and automated machines. The Company may face stiff competition with the new players in the market. If the Company is not able to face the competition from the new players, it will adversely affect the sales and consequently will reduce the market share, which may have an adverse affect on its financial performance.

22. Company is yet to establish marketing setup across the country:

At present major activity and market share of the Company is concentrated in the states of Gujarat, Andhra Pradesh, Assam, Jammu & Kashmir, Maharashtra, Chattisgarh, Kerala, Uttar Pradesh, Orissa, Rajasthan and Haryana. The marketing setup of the Company is gradually expanding to the southern part of the country. To establish the business in the new markets it has to incur expenditure on marketing its products. Company might not be able to establish its products in new states, which might adversely affect its expansion plans, and reduce its margins and profitability.

23. Increasing risks to the automobile industry due to rising fuel costs led by upward spiralling crude oil prices.

The recent surge in crude oil prices have increased fuel costs, which poses a significant challenge to automobile manufacturers countrywide, including the Company, especially in the commercial vehicle segments where fuel costs represent a significant portion of the operating costs of such vehicles.

24. The manufacturing facilities of the Company may be affected by natural calamities like Earthquakes, etc.

The economic activities in the Rajkot District came to standstill on account of devastating earth quake on January 26, 2001. Till date none of the manufacturing facilities have been affected by any such occurrence. However, in future, if or other natural calamity hits the Rajkot District, or any other manufacturing facilities of the Company or its sub-contractors, it may have an adverse effect on the operations and business.

25. Company is subject to risks of assuming product liability, warranty and recall costs which may adversely affect its results of operations and financial condition.

The Company is subject to risks and costs associated with product liability, warranty and recall should the Company supply defective products, components, parts, or related after-sales services, which could generate adverse publicity and adversely affect its business, results of operations and financial condition. Defects, if any, in its products could require it to undertake corrective actions or recall its products. Further, any defect in its products or after-sales services provided by authorized dealers or third parties could also result in customer claims for damages. Such actions and claims could require the Company to expend considerable resources in correcting these problems and could adversely affect demand for its products. Furthermore, defects in its products or spare parts may be covered under warranties provided by it.

26. An increase in the prices of raw materials will raise its manufacturing costs and could adversely affect its profitability.

Engines, tubular pipes for chassis and iron sheets for manufacturing the body of the vehicle, which are the basic materials needed, constitute almost 50 % of company's overall cost of total material used. Prices of the materials are subject to volatility for various reasons including international supply shortages. Any abrupt or large-scale escalation in the prices of the materials can adversely affect its profits, in case Company is unable to pass on to them to its customers. Besides, continued shortage of domestic/imported

materials may adversely affect company's growth prospects and adversely disrupt its business operations. This may have a material adverse effect on its sales and financial performance.

27. Any fresh issue of shares / convertible securities in future may not always be in the interest of the existing shareholders at the material time.

Company is growing and may require further equity issuance to satisfy its capital needs. Any future equity offerings by the Company may lead to dilution of its shareholding or may affect the market price of its Equity Shares. However, the actual amount and timing of future capital requirements may differ from the Company's estimates due to a variety of reasons. Company may need to raise additional capital from time to time, depending on business requirements. Any fresh issue of shares / convertible securities would dilute the stake of existing holders, and such issuance may not be done on terms and conditions, which are favourable to the existing investors or the Company itself. If the Company decide to raise additional funds through the incurrence of debt, the interest obligations would increase, and may be subject to additional covenants, which could limit its ability to access cash flows from the operations.

28. Company's operations could be seriously affected in case of industrial unrest at its plant.

Company has production facility located at only one location and the Company has approximately 673 full-time employees as of 31st May, 2011. In case of industrial unrest and / or disruption in the day-to-day functioning of its unit it may face disruption in its production and consequent financial losses. However, there have been no past instances of industrial unrest, in the Company. Further, an increase in labour costs may adversely affect its profitability.

29. Under-utilisation, if any, of capacity of its present manufacturing facility may adversely affect its business, results of operations and financial capacity:

The Company currently has only 1 manufacturing facility, which is in Rajkot (Shapar). The capacity utilization as on March 31, 2011 in its plant is 80.50%. Since the use of production capacity is subject to several variables like availability of raw material, power, water, proper working of machinery, orders on hand, etc., it cannot be assured that in future the Company shall be able to achieve the same or higher level of capacity utilization for its manufacturing facilities. Any under-utilisation of the production capacities may adversely affect its business, results of operations and financial condition.

30. The Company's plants can be affected by technical failures. Any such failures could adversely affect the operations of the Company.

The operations of the Company plants can be affected by technical failures including malfunctioning or breakdown of equipment, which could adversely affect the business, financial condition and the operations of the Company.

31. The insurance coverage taken by the Company may not be adequate to protect against certain business risks.

Operating and managing a business involves many risks that may adversely affect the Company's operations, and thus in order to mitigate these risks to a certain extent, the appropriate risk cover is therefore a need. The Company maintains general liability insurance coverage for its employees, assets, stocks, properties etc. Company believes that its insurance coverage is generally consistent with industry practice. However, to the extent that any uninsured risks materialize or if it fails to effectively cover it for any risks, it could be exposed to substantial costs and losses that would adversely affect results of operations. In addition, the Company cannot be certain that the coverage will be available in sufficient amounts to cover one

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

or more large claims, or that its insurers will not disclaim coverage as to any claims. A successful assertion of one or more large claims against the Company that exceeds its available insurance coverage or that leads to adverse changes in its insurance policies, including premium increases or the imposition of a large deductible or co-insurance requirement, could adversely affect Company's results of operations.

32. If the Company is not able to obtain, renew or maintain the permits and approvals required to operate its business, this may have a material adverse effect on its business.

The Company requires certain permits and approvals to operate its businesses and/ or manufacturing facilities, including permits required by the environmental regulatory authorities. There can be no assurance that the relevant authorities will issue any such permits or approvals in the time-frame anticipated by the Company or at all. If the Company fails to renew, maintain or obtain the required permits and approvals, and licenses in a timely manner or at all, it would interrupt its operations.

33. Company's ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures.

The amount of future dividend payments of the Company, if any, will depend upon its future earnings, financial condition, cash flows, working capital requirements and capital expenditures. There can be no assurance that it will be able to pay dividends.

34. Sale of Company's Equity Shares by the Promoters/ Promoter Group or other significant Shareholders may adversely affect the trading price of the Equity Shares :

Any instance of disinvestments of Equity Shares by the Promoters/ Promoter Group or by other significant shareholders, or any future issuance of convertible securities by the, may significantly affect the trading price of its Equity Shares. Such issuances of Equity Shares and convertible securities may dilute the positions of investors in the Equity Shares and could adversely affect the market price of the Equity Shares.

35. There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.

Company is subject to a daily circuit breaker imposed by all stock exchanges in India, which does not allow transactions beyond specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on the Company's circuit breakers is set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The stock exchanges do not inform the Company of the percentage limit of the circuit breaker in effect from time to time, and may change it without Company's knowledge. This circuit breaker limits the upward and downward movements in the price of the Equity Shares.

As a result of this circuit breaker, no assurance may be given regarding the ability of the investors to sell their Equity Shares or the price at which investor may be able to sell their Equity Shares at any particular time.

36. There is no guarantee that the Rights Equity Shares will be listed on the Stock Exchange in a timely manner or at all, and any trading closure at Stock Exchange may adversely affect the trading price of its Equity Shares.

In accordance with Indian law and practice, permission for listing of the Rights Equity Shares will not be granted until those Rights Equity Shares

have been issued and allotted. Approval will require all other relevant documents authorizing the issuing of Rights Equity Shares to be submitted. There could be a failure or delay in listing the Rights Equity Shares on Stock Exchange. Any failure or delay in obtaining the approval would restrict investor's ability to dispose of their Equity Shares.

37. Company's future success depends on its ability to satisfy changing customer demands by offering innovative and competitive products:

Company's competitors can gain significant advantage if they are able to offer products satisfying customer needs earlier or better than the Company is able to, which could adversely impact its sales and results of operations. There can be no assurance that customers will be receptive to Company's products in the future or that market acceptance of its future products will meet its expectations, in which case it may be unable to realize the intended economic benefits of its investments and its results of operations may be adversely affected.

38. Company has been cost competitive due to lower wage rates as compared to developed countries. However, increase in wage rates would put pressure on Company's operating margins.

Company's business is a low margin, volume driven business. It has been cost competitive due to lower wage rates as compared to developed countries. However, increase in wage rates would put pressure on its operating margins, which may have an adverse impact on its profit margins.

39. Compliance with safety or emissions standards relating to Company's products or its manufacturing facilities, or other environmental and governmental regulation, may adversely affect Company's business and results of operations.

As an automobile manufacturing Company, it is subjected to extensive governmental regulations regarding vehicle emission levels, noise, safety and levels of pollutants generated by its production facilities. Furthermore, the risk remains that legislation may impose requirements in excess of what the current planned design actions can achieve. Also, there is significant potential that consumer demands will take increasing account of fuel efficiency and emissions. While the Company is pursuing various technologies in order to meet the required standards, the costs of compliance with these required standards can be significant to its operations and may adversely impact its results of operations.

40. Certain Group Companies / Associates of AAL has unsecured loans that are payable on demand, which may adversely affect its operations and financial performance. The details of unsecured loan as on 31.03.2010 is as follows:

(₹ in Lacs)			
Sl. No.	Name	Amount of Unsecured Loan as at 31.03.10	% of shareholding of AAL
1.	Atul Automobiles	73.40	Nil
2.	Atul Automotives	115.94	Nil
3.	Atul Auto Agency	41.43	Nil
4.	Atul Auto Industries	21.03	Nil
5.	Atul Chandra Finlease Pvt. Ltd	25.83	Nil
6.	Atul Enterprises	27.46	Nil
7.	Atul Motors Pvt. Ltd.	223.08	Nil
8.	Khushbu Auto Finance Ltd.	848.82	49.91
9.	Khushbu Auto Pvt. Ltd.	144.38	Nil
10.	New Chandra Motor Cycle Agency	4.66	Nil
11.	New Chandra Motor Cycle House	70.04	Nil

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

41. The object of the issue i.e capital expenditure to be financed through Rights Issue; is not appraised by any Bank or Financial Institution.

The proposed object i.e. capital expenditure, for which the funds are being raised has not been appraised by any Bank or Financial Institution and the fund requirements are based primarily on Management's estimates. There is no guarantee that the estimates will prove to be accurate, the company do not foresee any significant deviation in the estimates which would adversely impact the operations and impact sustainability of the Company in spite of the absence of any independent monitoring agency. The proceeds of the issue are at the sole discretion of the management of the Company and no independent monitoring agency has been appointed to monitor the proceeds of the issue though Company would ensure the use of funds for its stated purpose. However, as per Clause 5A of Clause 49 (II)(D) of the Listing Agreement, the Audit Committee will review with the management, the statement of uses/ application of funds raised through the rights issue, the statement of funds utilized for purposes other than those stated in the letter of offer and make appropriate recommendations to the Board to take up appropriate steps in this matter.

External Risk Factors

42. General economic conditions could have a significant adverse impact on its sales and results of operations:

The Indian automotive industry is substantially affected by general economic conditions in India. The demand for automobiles in the Indian market is influenced by factors including the growth rate of the Indian economy, availability of credit, level of disposable income among Indian consumers, interest rates, freight rates and fuel prices. In the past, economic slowdowns have harmed manufacturing industries including the automobile and automobile components manufacturing industry. There can be no assurance that the Indian economy will not experience a downturn, and weakening of economic activity. Increases in interest rates, increases in inflation rates and/or increases in fuel prices are examples of developments that could impact general economic conditions in India and could lead to a decline in the demand for automobiles in the Indian market as well as impact Company's costs, which could significantly affect its sales and future results of operations in an adverse manner.

More recently, adverse changes in economic factors including slowdown in industrial production, increase in fuel prices, higher inflation, reduction in availability of vehicle financing and higher interest rates, have impacted the demand for passenger and commercial vehicles. Such factors have impacted and are likely to continue to have an impact on the sales, product mix, costs and results of operations of automotive manufacturers, including the Company.

Consumer decisions as to whether and when to make a vehicle purchase may be affected significantly by general economic conditions, including the cost of purchasing and operating a vehicle and the availability and cost of credit and fuel. Should industry demand soften beyond Company's expectations because of slowing or negative economic growth in key markets or other factors, the results of operations and financial condition could be substantially adversely affected.

Furthermore, any downgrade in the sovereign debt rating of India by rating agencies may adversely impact Company's ability to raise additional financing and the interest rates and commercial terms on which such additional financing is available. This could have an adverse effect on Company's ability to obtain financing to fund its growth on favorable terms or at all and, as a result, could have a material adverse effect on its results of operations and financial condition.

43. Intensifying competition could materially and adversely affect its sales and results of operations.

The Indian automobile industry is highly competitive. Company faces strong competition in the Indian market from domestic automobile manufacturers. Domestic competition is likely to further intensify in the future. There can be no assurance that the Company will be able to implement its future strategies in a way that will mitigate the effects of increased competition in the Indian automotive industry.

Factors affecting competition include product quality and features, innovation and product development time, ability to control costs, pricing, reliability, safety, fuel economy, emission requirements, customer service and financing terms. Increased competition may lead to lower vehicle unit sales and increased inventory, which may result in a further downward price pressure and adversely affect the financial condition and results of operations of the Company. Company's ability to maintain its competitiveness will be fundamental to its future success in existing and new markets. There can be no assurances that it will be able to compete successfully in the global automotive industry in the future.

44. A slowdown in economic growth in India or financial instability in Indian financial markets could materially and adversely affect the results of operations and financial condition.

The Company's performance and the growth of the business is dependant on the performance of the Indian economy. India's economy could be adversely affected by a general rise in interest rates, currency exchange rates. A slowdown in the Indian economy could adversely affect the business, including the Company's ability to implement the strategy and expand the operations. The Indian economy is currently in a state of transition and it is difficult to predict the impact of certain fundamental economic changes upon the business. Conditions outside India, such as slow down in the economic growth of other countries or increases in the price of oil, has an impact on the growth of the Indian economy, and government policy may change in response to such conditions. Any downturn in the macroeconomic environment in India could adversely affect the price of the shares, business and results of operations.

45. Political, economic and social changes in India could adversely affect the business.

The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. The business, and the market price and liquidity of the shares, may be affected by changes in the Government's policies, including taxation. Social, political, economic or other developments in or affecting India, acts of war and acts of terrorism could also adversely affect Company's business.

Since 1991, successive governments have pursued policies of economic liberalization and financial sector reforms. However, there can be no assurance that such policies will be continued and any significant change in the Government's policies in the future could affect business and economic conditions in India in general and could also affect Company's business and industry in particular. In addition, any political instability in India or geo political stability affecting India will adversely affect the Indian economy and the Indian securities markets in general, which also could affect the trading price of the Equity Shares.

India has also witnessed civil disturbances in recent years. While these civil disturbances have not directly affected the operations of the companies, it is possible that future civil unrest, as well as other adverse social, economic and political events in India, could also adversely affect the business of the Company.

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

PROMINENT NOTES:

(i) The Rights Issue comprises of 14,62,880 Equity Shares of ₹ 10/- each for cash at a price of ₹ 30/- per share (including a premium of ₹ 20/- per share) aggregating to ₹ 4,38,86,400/- in the ratio of 1 Equity Share for every 4 Equity Shares held as on 5th September, 2011 (i.e. record date)

(ii) The Net Worth of the Company as on March 31, 2011 is ₹ 4035.76 Lacs as per the Audited Restated Financial Statement. For further details please refer to the section titled "Financial Information" beginning on page 118.

(iii) The Book Value per Equity Share as on March 31, 2011 is ₹ 68.96/- as per Audited Restated Financial Statement, included in the Letter of Offer. For further information, see the section "Financial Information" beginning on page 118.

(iv) All information is being made available by the Lead Manager and the Company to the existing shareholders of the Company, public and investors at large and no selective or additional information would be available only to a section of the investors or to any research analyst in any manner whatsoever.

(v) For details on related party transactions, please refer to the section titled "Related Party Transaction" on page 134 of the Letter of Offer.

(vi) There has been no financing arrangements made whereby the promoter group, the directors of the company and their relatives have financed the purchase by any other persons of securities of the company other than in the normal course of business of the financing entity, during the period of six months immediately preceding the date of filing of the Letter of Offer with SEBI.

(vii) The Company, its promoters / Directors, Company's Associates or Group Companies have not been prohibited from accessing the Capital Market under any order or direction passed by SEBI. The promoters, their relatives, Issuer, Group Companies, Associate Companies are not declared as willful defaulters by RBI / Government authorities and there are no violations of securities laws committed in the past or pending against them except as mentioned in Section "Outstanding Litigations, Material Developments & Other Disclosures" on page no. 167.

(viii) There are no relationships with statutory auditors to the Company other than auditing and certification of financial statements.

(ix) Investors may contact the Lead Manager or the Compliance Officer for any complaint/ clarification/ information pertaining to the Issue. For details, please refer the cover page.

(x) Investors may note that in case of over subscription, the allotment shall be as per the procedure stated under the Para "Basis of Allotment" given on Page No. 260.

(xi) Before making an investment decision in respect of this Issue, investors are advised to refer to "Basis for Issue Price" on page no. 58 of the Letter of Offer.

(xii) For details of transactions in Equity Shares by the Promoters, Promoter Group and Directors of the Company in the last six months, please refer to "Notes to Share Capital Structure" on page no. 43 of the Letter of Offer.

(xiii) All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSB, along with complete details of the application in the Issue such as name, address of the applicant, Rights Entitlement, number of Equity Shares applied for, ASBA account number and the Designated Branch of the SCSB where the application was submitted by the ASBA Investor.

(xiv) The details of Group Companies having business or other interests in the Company are disclosed in the section titled "Financial and Other Information of Group Companies promoted/ controlled by the Promoters" on page no. 158 of the Letter of Offer.

(xv) For details of interests of the Directors and Key Managerial Personnel, see "Management and Corporate Governance" on page no. 96 of the Letter of Offer.

(xvi) The Lead Manager and the Company shall update the Letter of Offer and keep the shareholders/public informed of any material changes till the listing and trading commencement and the Company shall continue to make all material disclosures as per the terms of the listing agreement.

(xvii) For details of all the loans and advances made to any persons or companies in whom the Directors of the Company are interested, please refer to "Financial Information" on page no. 115 of the Letter of Offer.

(xviii) The average cost per equity share to the Promoters is as follows:

Sl. No.	Name of the Promoter	Average Cost per Equity Share
1.	Mr. J. J. Chandra	15.52
2.	Mr. M. J. Patel	13.51

(xix) The contact details of the Compliance Officer is hereunder:

Ms. Purvi Prashant Mehta (Company Secretary & Compliance Officer), Atul Auto Limited, Survey No. 86, Plot No. 1 to 4, National Highway 8-B, Near Microwave Tower, Rajkot Gondal Highway, Village Shapar (Veraval), Taluka Kotda Sangani, Rajkot-360002, Gujarat Tel No: +91 2827-666000, Fax No: +91 2827-666029 Email: investorrelations@atulauto.co.in Website: www.atulauto.co.in

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

CAPITAL STRUCTURE

The share capital structure of the Company and the related information is as under:

(₹ in Lacs)

Particulars	Nominal Value	Aggregate Value at Issue Price
A. AUTHORISED: 80,00,000 Equity Shares of ₹ 10/- each	800.00	
B. ISSUED, SUBSCRIBED & PAID UP CAPITAL: 58,51,520 Equity Shares of ₹ 10/- each	585.15	
C. PRESENT ISSUE: Issue of 14,62,880 Equity Shares of ₹ 10/- each for cash at a price of ₹ 30/- each including a premium of ₹ 20/- per Equity Share to the Equity Shareholders on Rights Basis in the ratio of 1 Equity Share for every 4 Equity Shares held on record date i.e. 5th September, 2011.	146.29	438.86
D. PAID UP SHARE CAPITAL AFTER THE ISSUE: 73,14,400 Equity Shares of ₹ 10/- each	731.44	
E. SHARE PREMIUM ACCOUNT		
Before the Issue		551.06
After the Issue		843.64

The share capital statement is prepared on the assumption that the Proposed Rights Issue of 14,62,880 Equity Shares @ ₹ 30 will be fully subscribed. The Company does not have any outstanding warrant, option, convertible loan, debenture or any other securities convertible at a later date into equity, which would entitle the holders to acquire further Equity Shares of the Company.

Notes to the Share Capital Structure

1. Changes in the Authorised Share Capital of the Company since incorporation:

Date of Meeting	Particulars of Increase/ Modifications	No. of Shares	Cumulative No of Shares	Cumulative Authorised Capital (₹)
18.06.1986	Incorporation	50,000	50,000	5,00,000
01.08.1991	Increased from ₹ 5 Lacs to ₹ 30 Lacs	2,50,000	3,00,000	30,00,000
24.01.1992	Increased from ₹ 30 Lacs to ₹ 50 Lacs	2,00,000	5,00,000	50,00,000
30.07.1994	Increased from ₹ 50 Lacs to ₹ 800 Lacs	75,00,000	80,00,000	8,00,00,000

2. The present capital structure of the Company has been built-up as under:

Date of Allotment	Number of Equity Shares	Face Value (₹)	Issue Price (₹)	Consider-ation	Allotment Nature of	Cumulative No. of Equity Shares	Cumulative paid up Share Capital (₹)
27.07.1986	6350	10	10	Cash	Private placement to promoters and relatives	6350	63500
07.12.1991	243650	10	10	Cash	Private placement to promoters and relatives	250000	2500000
15.06.1992	150000	10	10	Cash	Private placement to promoters and relatives	400000	4000000
31.03.1994	100000	10	10	Cash	Private placement to promoters and relatives	500000	5000000
06.12.1994	400000	10	10	Nil	Bonus Allotment (In the Ratio of 4:5)	900000	9000000
30.12.1994	900000	10	10	Cash	First Rights Issue	1800000	18000000
14.05.1996	3300300	10	22	Cash	Initial Public Issue	5100300	51003000
28.03.1999	(640700)	10	-	-	Forfeiture of shares	4459600	44596000
29.01.2001	891920	10	10	Nil	Bonus Allotment (In the Ratio of 1:5)	5351520	53515200
08.05.2008	500000	10	67	Cash	Preferential Allotment	5851520	58515200

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

3. The details of shareholding of the promoters and promoter group including details of lock-in, pledge of and encumbrance on such shares as on 31.03.2011 are as follows:

SI No	Particulars	Total Shares held		Shares pledged or otherwise encumbered					
		No. of Shares	As a % of Total No. of Shares	No. of Shares locked in	As a % of Total No. of Shares	As a % of Total No. of Shares	Shares pledged or otherwise encumbered	As a % of total no. of Shares	As a % of Total No. of Shares
A.	Promoters								
I.	Indian								
1.	Mr. Jayantibhai Jagjivandas Chandra	236,288	4.04	-	-	-	-	-	-
2.	Mr. Mahendrakumar Jamnadas Patel	92,616	1.58						
	Total Promoters' Holding	328,904	5.62						
B.	Promoter Group								
I.	Indian								
3.	Ms. Manishaben Atulkumar Chandra	228,592	3.91	-	-	-	-	-	-
4.	Ms. Prafulaben Jayantilal Chandra	98,600	1.68	-	-	-	-	-	-
5.	Mr. Nirajbhai Chandra	66,520	1.14	-	-	-	-	-	-
6.	Ms. Anitaben Nirajbhai Chandra	83,320	1.42	-	-	-	-	-	-
7.	Mr. Krunal Jayantibhai Chandra	46,040	0.79	-	-	-	-	-	-
8.	Mr. Dharmendrabhai Jagjivandas Chandra	422,442	7.22	-	-	-	-	-	-
9.	Mr. Ashokkumar Jamnadas Patel	45,648	0.78	-	-	-	-	-	-
10.	Ms. Ramaben Dayalal Patel	40,668	0.69	-	-	-	-	-	-
11.	Mr. Vasantrai Kurjibhai Patel	52,800	0.90	-	-	-	-	-	-
12.	Ms. Manjulaben Vasantrai Patel	63,768	1.09	-	-	-	-	-	-
13.	Ms. Ramaben Jamnadas Patel	75,504	1.29	-	-	-	-	-	-
14.	Ms. Minaben Ashokkumar Patel	1,000	0.02	-	-	-	-	-	-
15.	Ms. Krishnaben Chetankumar Patel	42,456	0.72	-	-	-	-	-	-
16.	Mr. Hiren Vasantrai Patel	46,320	0.79	-	-	-	-	-	-
17.	Ms. Rekhaben Maheshbhai Chandra	64,080	1.10	-	-	-	-	-	-
18.	Mr. Maheshbhai Jagjivandas Chandra	430,022	7.35	-	-	-	-	-	-
19.	Mr. Bharat Jagjivandas Chandra	325,302	5.56	-	-	-	-	-	-
20.	Ms. Ushaben Dharmendrabhai Chandra	57,140	0.98	-	-	-	-	-	-
21.	Mr. Alpesh Bharatbhai Chandra	48,720	0.83	-	-	-	-	-	-
22.	Ms. Kapilaben Bharatbhai Chandra	29,840	0.51	-	-	-	-	-	-
23.	Ms. Kashiben Jagjivandas Chandra	226,392	3.87	-	-	-	-	-	-
24.	Mr. Harishbhai Jagjivandas Chandra	388,262	6.63	-	-	-	-	-	-
25.	Ms. Harshaben Harishbhai Chandra	48,480	0.83	-	-	-	-	-	-
26.	Mr. Chetankumar Vasantrai Patel	73,512	1.26	-	-	-	-	-	-
27.	Ms. Manishaben Mahendrakumar Patel	27,700	0.47	-	-	-	-	-	-
28.	Mr. Jamnadas Kurjibhai Patel	57,216	0.98	-	-	-	-	-	-
29.	Ms. Hetal Alpesh Chandra	50,640	0.87	-	-	-	-	-	-
	Total Promoter Group holding	3,140,984	53.68	-	-	-	-	-	-
	Total Promoters Promoter Group Holding	3,469,888	59.30						

Note: - As on date of the Letter of Offer, there are no shares pledged by the promoters & promoter group of the Company.

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

4. Details of Shares purchased/sold by the Promoters/ Promoter Group, Directors of the Company and their immediate relatives in the last six months immediately prior to the date of filing of the Letter of Offer

The Promoters and Promoter Group, Directors of the Company and their immediate relatives have not purchased or sold, directly or indirectly, any Equity Shares during a period of six months immediately preceding the date of the Letter of Offer except the following:

Name	Sale Quantity	Purchase Quantity	Date of sale	Price (₹)
Ms. Manishaben Atulkumar Chandra	37,500	-	21.04.2010	47
Ms. Minaben Ashokkumar Patel	20,000	-	20.04.2010	46
Ms. Prafulaben Jayantilal Chandra	37,500	-	21.04.2010	47

5. None of the Promoters, Promoter Group Entities, Directors or the relatives thereof have financed the purchase of the Equity Shares of the Company by any other person or entity during the period of six months immediately preceding the date of filing the Letter of Offer.

6. As on the date of the Letter of Offer, there are no outstanding options or securities or warrants or debentures or any other instrument convertible into equity shares that have been issued by the Company.

7. The Company, its Promoters, Directors, and/or the Lead Manager have confirmed vide their letter dated 19th July, 2011 that they will not enter into any 'buy-back' and/or 'standby arrangement' for purchase of Equity Shares of the Company offered through the Letter of Offer.

8. Since the entire money of ₹ 30/- per share (₹ 10 face value plus ₹ 20/- premium) is being called on application, all the successful applicants will be issued fully paid-up Equity Shares only.

9. There are no partly paid-up equity shares as on the date of filing of the Letter of Offer.

10. Investors may note that in case of over-subscription, allotment will be on proportionate basis as detailed in para "Basis of Allotment" beginning on page no. 260 of the Letter of Offer.

11. The Company has not revalued its Fixed Assets in the last five years.

12. At any given point of time, there shall be only one denomination for the Equity Shares of the Company, unless otherwise permitted by law. The Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

13. The Company has a total of 1537 Equity Shareholders as on date of filing of the Letter of Offer with the SEBI.

14. Shares issued otherwise than for cash:

Company has not issued any equity shares for consideration other than cash except the following:

The Company has issue two Bonus Issues till date, as detailed below:

Date	No. of Shares	Face Value	Capitalisation Amount (₹)	Ratio
06.12.1994	400000	10	40,00,000/-	4:5
29.01.2001*	891920	10	89,19,200/-	1:5

* On 29.01.2001 the Company had issued 891920 Equity Shares as Bonus to 1300 shareholders in the ratio of 1:5.

Details of Allotment in 1st Bonus Issue of 400000 Equity Shares are as follows:

Sl. No.	Date	Name of Allottees	Number of Shares Allotted
1.	06.12.1994	Mr. Atul Jagjivandas Chandra	33,480
2.	06.12.1994	Mr. Jayantibhai Jagjivandas Chandra	25,640
3.	06.12.1994	Mr. Jagjivan Karsandas Chandra	37,480
4.	06.12. 1994	Ms. Prafulaben Jayantilal Chandra	12,000
5.	06.12. 1994	Ms. Kashiben Jagjivandas Chandra	37,480
6.	06.12. 1994	Mr. Bharat Jagjivandas Chandra	33,480
7.	06.12. 1994	Ms. Kapilaben Bharatbhai Chandra	4,000
8.	06.12. 1994	Mr. Maheshbhai Jagjivandas Chandra	33,480
9.	06.12. 1994	Ms. Rekhaben Maheshbhai Chandra	4,000
10.	06.12. 1994	Mr. Dharmendrabhai Jagjivandas Chandra	33,480
11.	06.12. 1994	Ms. Ushaben Dharmendrabhai Chandra	4,000

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

Sl. No.	Date	Name of Allottees	Number of Shares Allotted
12.	06.12. 1994	Ms. Manishaben Atulkumar Chandra	4,000
13.	06.12. 1994	Mr. Harishbhai Jagjivandas Chandra	33,480
14.	06.12. 1994	Ms. Hansha Harish Chandra	4,000
15.	06.12. 1994	Mr. Mahendrakumar Jamnadas Patel	9,040
16.	06.12. 1994	Mr. Ashokkumar Jamnadas Patel	9,120
17.	06.12. 1994	Mr. Chetankumar Vasantrai Patel	9,680
18.	06.12. 1994	Mr. Vasantrai Kurjibhai Patel	9,600
19.	06.12. 1994	Ms. Manjulaben Vasantrai Patel	9,520
20.	06.12. 1994	Ms. Krishnaben Chetankumar Patel	7,040
21.	06.12. 1994	Mr. Navinkumar Bhagwanjibhai Patel	3,520
22.	06.12. 1994	Mr. Umeshkumar Bhagwanjibhai Patel	3,520
23.	06.12. 1994	Ms. Ramaben Jamnadas Patel	8,960
24.	06.12. 1994	Mr. Jamnadas Kurjibhai Patel	9,040
25.	06.12. 1994	Mr. Bhagwanjibhai Karamshibhai Patel	6,960
26.	06.12. 1994	Mr. Gordhandas D Patel	7,040
27.	06.12. 1994	Mr. Dayalal Gordhandas Patel	6,960

Note: The Issuer Company has complied with the provision Clause 2(VI)(D)(2)(s) of Schedule VIII of SEBI (ICDR) Regulations, 2009 with respect to its Bonus Issue dated 29.01.2001 and Preferential Issue dated 08.05.2008.

15. Reduction of share capital:-

The Company has forfeited 6,40,700 Equity Shares on March 28, 1999, thus the Paid up Share Capital of the Company has been reduced to the extent of ₹ 64,07,000/- and forfeiture account under Share Capital has been credited by ₹ 23,28,850/-.

16. Promoter's contribution & Lock in requirements

The Issue being a Rights Issue, provisions of Promoters contribution and lock-in are not applicable as per Regulation 34 (C) of SEBI (ICDR) Regulations, 2009.

17. Disclosures Regarding Employees Stock Option Scheme / Employees Stock Purchase Scheme

Company has not issued any Employees Stock Option Scheme / Employees Stock Purchase Scheme, as required by the Regulations or Regulations of SEBI relating to Employee Stock Option Scheme and Employee Stock Purchase Scheme.

18. Company has not made any issue of Equity Shares at a price lower than the issue price during preceding one year from date of the Letter of Offer.

19. Presently, Company does not have any proposal or intention to alter its capital structure by way of split or consolidation of the denomination of Equity Shares or issue of specified securities on a preferential basis or issue of bonus or rights or further public issue of Equity Shares or Qualified Institutions Placement within a period of six months from the date of opening of this Issue.

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

20. The Lead Manager and/or its associates do not hold any Equity Shares in the Company.

Shareholding Pattern of the Company as on 31.03.2011.

	Category of Shareholder	No. of Share holders	Total No. of Shares	Total No. of Shares held in Dematerialized Form	Total Shareholding as a % of total No. of Shares		Shares pledge or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	Number of Shares	As a % of total No. of Shares
(A)	Shareholding of Promoter and Promoter Group							
(1)	Indian							
	Individuals / Hindu Undivided Family	29	3,469,888	3,469,888	59.30	59.30	-	-
	Sub Total	29	3,469,888	3,469,888	59.30	59.30		
(2)	Foreign	-	-	-	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A)	29	3,469,888	3,469,888	59.30	59.30	-	-
(B)	Public Shareholding							
(1)	Institutions							
	Foreign Institutional Investors	-	-	-	-	-	-	-
	Mutual Funds/ UTI	-	-	-	-	-	-	-
	Financial Institutions/ Banks	-	-	-	-	-	-	-
	Venture Capital Funds	-	-	-	-	-	-	-
	Sub Total	-	-	-	-	-		
(2)	Non-Institutions							
	Bodies Corporate	90	8,72,562	8,72,562	14.91	14.91	-	-
	Individuals							
	Individual shareholders holding nominal share capital up to ₹ 1 lac	1,336	4,60,298	3,23,542	7.87	7.87	-	-
	Individual shareholders holding nominal share capital in excess of ₹ 1 lac	17	7,42,407	7,42,407	12.69	12.69	-	-
	Any Other (Specify)	-	-	-	-	-	-	-
	Clearing Members	4	1,657	1,657	0.03	0.03	-	-
	Overseas Corporate Bodies	1	400	-	0.01	0.01	-	-
	Non Resident Indians	60	3,04,308	71,508	5.20	5.20	-	-
	Sub Total	1,508	23,81,632	20,11,616	40.70	40.70	-	-
	Total Public Shareholding (B)	1,508	23,81,632	20,11,616	40.70	40.70	-	-
	Total (A)+(B)	1,537	58,51,520	54,81,504	100.00	100.00	-	-
(C)	Shares held by Custodians and against with Depository Receipts have been issued	-	-	-	-	-	-	-
	Total (A)+(B)+(C)	1,537	58,51,520	54,81,504	100.00	-	-	-

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

21. Details of shareholders (other than Promoter/Promoter Group) holding more than one per cent of the share capital of the Company as on 31.03.2011 is as follows:

Sr. No.	Name of the shareholder	Number of shares	Shares as a percentage of total number of shares.
1	Dayabhai Gordhandas Patel	75,172	1.28
2	Jaikishan Rahi - HUF	63,000	1.08
3	Kamal Kumar Jalan Securities Private Limited	2,27,722	3.89
4	Kedia Securities Private Limited	5,00,000	8.54
5	Vijay Kishanlal Kedia	3,14,426	5.37
TOTAL		11,80,320	20.17

22. Top 10 Shareholders are as follows:

a) Details of Top 10 shareholders as on the date of filing the Letter of Offer are as follows:

Sl. No.	Name of the Shareholders	Relationship	Equity Shares (Face value of ₹ 10/- each)	% of pre-issue capital
1.	Kedia Securities Pvt. Ltd.	Director promoted co.	500000	8.55%
2.	Maheshbhai Jagjivandas Chandra	Promoter Group	430022	7.35%
3.	Dharmendrabhai Jagjivandas Chandra	Promoter Group	422442	7.22%
4.	Harishbhai Jagjivandas Chandra	Promoter Group	388262	6.64%
5.	Bharat Jagjivandas Chandra	Promoter Group	325302	5.56%
6.	Vijay Kishanlal Kedia	Director	314426	5.37%
7.	Manishaben Atulkumar Chandra	Promoter Group	228592	3.91%
8.	Jayantibhai Chandra	Promoter/ Chairman & Managing Director	236288	4.04%
9.	Kashiben Jagjivandas Chandra	Promoter Group	226392	3.87%
10.	Kamal Kumar Jalan Securities Pvt.Ltd.	Not related	167322	2.86%
TOTAL			3239048	55.37%

b) Top 10 shareholders as on ten days prior to the date of filing the Letter of Offer are as follows:

Sl. No.	Name of the Shareholders	Relationship	Equity Shares (Face value of ₹ 10/-each)	% of pre-issue capital
1.	Kedia Securities Pvt. Ltd.	Director promoted co.	500000	8.55%
2.	Maheshbhai Jagjivandas Chandra	Promoter Group	430022	7.35%
3.	Dharmendrabhai Jagjivandas Chandra	Promoter Group	422442	7.22%
4.	Harishbhai Jagjivandas Chandra	Promoter Group	388262	6.64%
5.	Bharat Jagjivandas Chandra	Promoter Group	325302	5.56%
6.	Vijay Kishanlal Kedia	Director	314426	5.37%
7.	Jayantibhai Chandra	Promoter/ Chairman & Managing Director	236288	4.04%
8.	Manishaben Atulkumar Chandra	Promoter Group	228592	3.91%
9.	Kashiben Jagjivandas Chandra	Promoter Group	226392	3.87%
10.	Kamal Kumar Jalan Securities Pvt. Ltd.	Not related	167322	2.86%
TOTAL			3239048	55.37%

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

c) Top 10 shareholders two years prior to the date of filing of the Letter of Offer are as follows:

Sl. No.	Name of the Shareholders	Relationship	Equity Shares (Face value of ₹ 10/-each)	% of pre- issue capital
1.	Kedia Securities Pvt. Ltd.	Director promoted co.	500000	8.55%
2.	Maheshbhai Jagjivandas Chandra	Promoter Group	430022	7.35%
3.	Dharmendrabhai Jagjivandas Chandra	Promoter Group	422442	7.22%
4.	Harishbhai Jagjivandas Chandra	Promoter Group	388262	6.64%
5.	Bharat Jagjivandas Chandra	Promoter Group	325302	5.56%
6.	Vijay Kishanlal Kedia	Director	314426	5.37%
7.	Manishaben Atulkumar Chandra	Promoter Group	266092	4.55%
8.	Jayantibhai Chandra	Promoter/ Chairman & Managing Director	236288	4.04%
9.	Kashiben Jagjivandas Chandra	Promoter Group	226392	3.87%
10.	Sureshbhai Dalpatram Pandya	Not related	209280	3.58%
TOTAL			3318506	56.73%

23. Shareholding of the Promoter Group Prior and Post this Issue:

Sl. No.	Particulars	Pre Issue		Post Issue	
		No. of Shares	% Holding	No. of Shares	% Holding
A.	Promoters				
I.	Indian				
1.	Mr. Jayantibhai Jagjivandas Chandra	236,288	4.04	2,95,502	4.04
2.	Mr. Mahendrakumar Jamnadas Patel	92,616	1.58	1,15,568	1.58
	Total Promoters Holding (A)	328,904	5.62	4,11,069	5.62
B.	Promoter Group				
I.	Indian				
3.	Ms. Manishaben Atulkumar Chandra	228,592	3.91	2,85,993	3.91
4.	Ms. Prafulaben Jayantilal Chandra	98,600	1.68	1,22,882	1.68
5.	Mr. Nirajbhai Chandra	66,520	1.14	83,384	1.14
6.	Ms. Anitaben Nirajbhai Chandra	83,320	1.42	1,03,864	1.42
7.	Mr. Krunal Jayantibhai Chandra	46,040	0.79	57,784	0.79
8.	Mr. Dharmendrabhai Jagjivandas Chandra	422,442	7.22	5,28,100	7.22
9.	Mr. Ashokkumar Jamnadas Patel	45,648	0.78	57,052	0.78
10.	Ms. Ramaben Dayalal Patel	40,668	0.69	50,469	0.69
11.	Mr. Vasantrai Kurjibhai Patel	52,800	0.90	65,830	0.90
12.	Ms. Manjulaben Vasantrai Patel	63,768	1.09	79,727	1.09
13.	Ms. Ramaben Jamnadas Patel	75,504	1.29	94,356	1.29
14.	Ms. Minaben Ashokkumar Patel	1,000	0.02	1,463	0.02
15.	Ms. Krishnaben Chetankumar Patel	42,456	0.72	52,664	0.72
16.	Mr. Hiren Vasantrai Patel	46,320	0.79	57,784	0.79
17.	Ms. Rekhaben Maheshbhai Chandra	64,080	1.10	80,458	1.10
18.	Mr. Maheshbhai Jagjivandas Chandra	430,022	7.35	5,37,608	7.35
19.	Mr. Bharat Jagjivandas Chandra	325,302	5.56	4,06,681	5.56
20.	Ms. Ushaben Dharmendrabhai Chandra	57,140	0.98	71,681	0.98
21.	Mr. Alpesh Bharatbhai Chandra	48,720	0.83	60,710	0.83

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

Sl. No.	Particulars	Pre Issue		Post Issue	
		No. of Shares	% Holding	No. of Shares	% Holding
22.	Ms. Kapilaben Bharatbhai Chandra	29,840	0.51	37,303	0.51
23.	Ms. Kashiben Jagjivandas Chandra	226,392	3.87	2,83,067	3.87
24.	Mr. Harishbhai Jagjivandas Chandra	388,262	6.63	4,84,945	6.63
25.	Ms. Harshaben Harishbhai Chandra	48,480	0.83	60,710	0.83
26.	Mr. Chetankumar Vasantrai Patel	73,512	1.26	92,161	1.26
27.	Ms. Manishaben Mahendrakumar Patel	27,700	0.47	34,378	0.47
28.	Mr. Jamnadas Kurjibhai Patel	57,216	0.98	71,681	0.98
29.	Ms. Hetal Alpesh Chandra	50,640	0.87	63,635	0.87
	Total Promoter Group holding (B)	3140984	53.68	39,26,370	53.68
	Total Promoters / Promoter Group Holding (A+B)	3,469,888	59.30	43,37,439	59.30

24. Shareholding of the Company Prior and Post this issue:

	Category of Shareholder	Pre Issue		Post Issue	
		No. of Shares	% Holding	No. of Shares	% Holding
(A)	Shareholding of Promoter and Promoter Group				
(1)	Indian				
	Individuals / Hindu Undivided Family	3,469,888	59.30	4,337,439	59.30
	Sub Total	3,469,888	59.30	4,337,439	59.30
(2)	Foreign	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A)	3,469,888	59.30	4,337,439	59.30
(B)	Public Shareholding				
(1)	Institutions				
	Foreign Institutional Investors	-	-	-	-
	Mutual Funds/ UTI	-	-	-	-
	Financial Institutions/ Banks	-	-	-	-
	Venture Capital Funds	-	-	-	-
	Sub Total	-	-	-	-
(2)	Non-Institutions				
	Bodies Corporate	8,72,562	14.91	10,90,577	14.91
	Individuals				
	Individual shareholders holding nominal share capital up to ₹ 1 lac	4,60,298	7.86	5,74,912	7.86
	Individual shareholders holding nominal share capital in excess of ₹ 1 lac	7,42,407	12.69	9,28,197	12.69
	Any Other (Specify)				
	Clearing Members	1,657	0.03	2,195	0.03
	Overseas Corporate Bodies	400	0.01	731	0.01
	Non Resident Indians	3,04,308	5.20	3,80,349	5.20
	Sub Total	23,81,632	40.70	29,76,961	40.70
	Total Public Shareholding (B)	2,381,632	40.70	29,76,961	40.70
	Total (A)+(B)	5,851,520	100.00	73,14,400	100.00
(C)	Shares held by Custodians and against with Depository Receipts have been issued				
		-	-	-	-
	Total (A)+(B)+(C)	5,851,520	100.00	73,14,400	100.00

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

OBJECTS OF THE ISSUE

The Rights Issue is being made to raise funds for the following purposes:

1. Repayment of Term Loan
2. Towards business expansion in few more states of the Country
3. Expenses towards Rights Issue

The Object Clause of the Memorandum of Association of the Company, enable it to undertake the existing activity and the activities for which the funds are being raised by the Company through the present Rights Issue.

TOTAL FUND REQUIREMENT

The summary of the requirement of funds for the Objects of the Issue is as follows:
(Amount ₹ in Lacs)

Particulars	Total
Repayment of Term Loan	323.86
Expenses towards business expansion in few more states of the Country	100.00
Rights Issue Expenses	15.00
TOTAL	438.86

No part of the Rights Issue proceeds will be paid by the Company, as consideration to Promoters, Directors, Company's Key Managerial Personnel or to Associate or Group Companies promoted by the Promoter in the normal course of business.

MEANS OF FINANCE

The aforesaid requirement of funds is proposed to be entirely financed by the Net Proceeds of the Issue. Thus, provisions of the SEBI Regulations in connection with firm arrangements of finance through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised through the proposed Issue, does not apply to the Company.

(Amount ₹ in Lacs)

Particulars	Total
Proceeds of the Rights Issue of 14,62,880 Equity Shares of ₹ 10/- each at a premium of ₹ 20/- per Equity Share (Issue Price ₹ 30/-)	438.86
TOTAL	438.86

PROPOSED DEPLOYMENT OF FUNDS

The following table summarises intended use and deployment of funds:

(Amount ₹ in Lacs)

Sl. No.	Activities	Total estimated amount	Already deployed up to 30.06.2011	Balance to be deployed*
1.	Repayment of Term Loan	323.86	-	323.86
2.	Business expansion in few more states of the Country	100.00	27.58	72.42
3.	Rights Issue Expenses	15.00	5.13	9.87
	Total	438.86	32.71	406.15

* Balance amount to be deployed in the calendar year 2011.

The fund requirement set out in the table above is based on the current business plan of the Company. In view of the dynamic and competitive environment of the industry in which the Company operate, needs to revise

the business plan from time to time and consequently the capital requirements may also change. The Company may have to revise the estimated costs, funding allocation and fund requirements owing to factors such as economic and business conditions, increased competition, and other external factors which may not be within the control of the management and may entail rescheduling and revising the planned expenditure and funding requirement and increasing or decreasing the expenditure for a particular purpose from the planned expenditure at the discretion of the management.

It is confirmed that the entire objects of the issue could be met through the issue proceeds alone. In case of any increase in the actual utilisation of funds earmarked for the above objects, such additional funds for a particular activity will be met by way of such means available to the Company, including from internal accruals. If the actual utilisation towards any of the aforesaid objects is lower than what is stated above, such balance will be used for future growth opportunities, including funding existing objects, if required, general corporate purposes and/or any other project, activity or initiative the Company may undertake.

Details of the Objects

1. Repayment of Term Loan: The Company has availed Term Loan from IDBI Bank amounting to ₹ 1500.00 Lacs. The Company intends to repay the Term Loan amounting to ₹ 323.86 Lacs out of the Net Proceeds of the Rights Issue, which will enable the Company to improve the debt equity ratio. For details refer page no. 55 of the Letter of Offer.

2. Business expansion in new states: The Company proposes to invest in few more states to expand overall business activity. The Company intend to utilise ₹ 100.00 Lacs for the opening of new offices in nine different states. The amount has been estimated based on the past experience of the company and information provided by the marketing department. The total funds required for the opening of new offices have not been appraised by any appraising agency. The Company has not obtained any quotation for the proposed capital expenditure for the opening of new office at eleven different locations. For details refer page no. 55 of the Letter of Offer.

3. Rights Issue Expenses

The total expenses of the Rights Issue are estimated to be approximately ₹ 15.00 Lacs. The Rights Issue related expenses include, among others, issue management fees, registrar fees, printing and distribution expenses, auditors fees, legal fees, advertisement expense, etc. The total expenses for the Rights Issue are 3.43 % of the Issue size. The following table gives break-up of estimated Issue expenses:

Sl. No.	Particulars`	Amount (₹ in Lacs)	% of Total Issue Expenses	% of Total Issue Size
1.	Fees of Lead Manager, Registrar, Legal Advisor, Auditors, etc.	9.20	61.33 %	2.10 %
2.	Printing & Stationery, Distribution, Postage, etc.	2.00	13.33%	0.45 %
3.	Advertisement & Marketing Expenses	1.00	6.67%	0.23 %
4.	Other Expenses (incl. Filing Fees, Listing Fees, Depository Charges, etc.)	1.50	10.00%	0.34 %
5.	Contingencies	1.30	8.67%	0.30 %
	TOTAL	15.00	100.00%	3.42 %

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

SOURCES AND DEPLOYMENT OF FUNDS

As per certificate dated 27.07.2011 received from M/s Maharishi & Company, Chartered Accountants, the Company has deployed a sum of ₹ 32.71 lacs up to 30.06.2011 towards the proposed Rights Issue of the Company. The breakup of the expenses incurred and sources of funds are as under:

Particulars	Amount (₹ in Lacs)
Deployments of Fund	
Infrastructure & Logistics	7.83
Advertisement Cost	16.76
Deposits	2.99
Rights Issue Expenses	5.13
Total	32.71

Particulars	Amount (₹ in Lacs)
Means of Finance	
Internal Accrual	32.71
Total	32.71

BASIC TERMS OF THE ISSUE

For the details, please refer to "Issue Information" beginning on page no. 248 of the Letter of Offer.

BRIDGE LOAN

The company has not raised any bridge loan which will be repaid from the issue proceeds.

INTERIM USE OF FUNDS

The management of the Company, in accordance with the policies formulated by it from time to time, will have flexibility in deploying the proceeds received from the Issue. Pending utilization of the Issue Proceeds for the purposes described above the Company intends to temporarily invest the funds, if available, in interest bearing liquid instruments including investments in mutual funds and other financial products, such as principal protected funds, derivative linked debt instruments, other fixed and variable return instruments, listed debt instruments, rated debentures or deposits with banks as may be approved by the Board. Such investments would be in accordance with the investment policies approved by the Board from time to time.

BASIS FOR ISSUE PRICE

The Issue Price has been determined by the Board of Directors in their meeting held on June 25, 2010.

Investors should also refer to "Risk Factors" and "Auditor's Report" beginning on pages no. 12 and 115 respectively, of the Letter of Offer to get a more informed view before making any investment decision.

The Face Value of the Equity Shares is ₹ 10/- each and the Issue Price of ₹ 30/- is 3 times the Face Value.

QUALITATIVE FACTORS

The Company believe that following are some of the qualitative factors, which need to be considered for determining the basis of Issue Price:

- The Company has been in this business for more than two decades.
- Company's promoters have hands on experience in the auto industry.
- Company has a dedicated Research & Development team constantly working to develop more efficient vehicles.

- The Company has launched diesel vehicles having substantial advantage in terms of fuel economy over petrol driven vehicle.

- The Company has also launched CNG & LPG vehicles which are having good demand, looking into cost effectiveness and environment friendly product.

- The Company has started expanding its reach to new markets.

- Company has completed range of three wheelers to cater any market segment. The Company has launched diesel vehicles having substantial advantage in terms of fuel economy over petrol driven vehicle. Diesel vehicles are more fuel economical over petrol vehicles as it gives more mileage, more carrying capacity and cost effectiveness. Comparison of petrol and diesel vehicle is under:

Parameters	Petrol Vehicles	Diesel Vehicles
Mileage	30km/ per ltr.	32km/ per ltr.
Carrying Capacity	350 Kg.	500 Kg.
Price per ltr.	67 approx.	42 approx.

Source: ARAI.

QUANTITATIVE FACTORS

The information presented in this section is derived from Company's restated standalone financial statements prepared in accordance with India GAAP.

1. Earnings per share (EPS) of Face Value ₹ 10/-

Particulars	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weights
Financial year ended 31st March, 2011	16.11	16.11	3
Financial year ended 31st March, 2010	7.76	7.76	2
Financial year ended 31st March, 2009	0.79	0.79	1
Weighted Average	10.77	10.77	

Note:

The earnings per share has been computed by dividing the adjusted profit / (loss) after tax but before Extraordinary Items by weighted average number of equity shares outstanding during the year. The Earnings per share has been calculated in accordance with Accounting Standard 20 on "Earnings per Share" issued by ICAI.

2. Price/Earning (P/E) ratio in relation to Issue Price of ₹ 30/-

a. P/E based on the basic EPS of financial year ended March 31, 2011, is 1.86 times at the Issue Price

b. P/E based on the diluted EPS of financial year ended March 31, 2011, is 1.86 times at the Issue Price.

c. Industry P/E (Auto):

Particulars	P/E (X)*	P/E ratio based on current available market price**
Lowest	8.85	7.90
Highest	20.81	21.20
Industry Composite	19.28	16.40

*(Source: Capital Market, Vol. 25/22, Dec.27, 2010, Jan.09, 2011, Category "Auto")

** (Source: Volume No 26 And Issue no 10 (July 11 - 24, 2011) , Category "Auto")

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

3. Average Return on Net worth (RONW)

Year ended	RONW (%)	Weights
March 31, 2011	23.36	3
March 31, 2010	13.49	2
March 31, 2009	1.51	1
Weighted Average RONW	16.43	

Note: The return on net worth has been computed by dividing the adjusted profit / (loss) after tax but before Extraordinary Items, by net worth excluding Revaluation Reserve as at the end of the year.

4. Minimum Return on Total Net Worth after Issue needed to maintain Pre-Issue EPS of ₹ 16.11 for the year ended March 31, 2010 is 26.33%

5. Net Asset Value (NAV) per Equity Share

Particulars	NAV per Equity Share (₹)
As on March 31, 2011	₹ 68.98
After the Issue	₹ 57.18
Issue Price per Equity Share	₹ 30.00

6. Comparison of Accounting Ratios

Company	Face Value (₹)	EPS	P/E	RONW %	NAV per (₹) Equity Share (₹)
Atul Auto Limited	10	16.11	1.86*	23.36	68.98
Bajaj Auto Limited	10	88.50	16.4	70.16	169.70
Maharashtra Scooters Limited	10	17.10	21.20	10.58	184.00
Scooters India Limited	10	-	-	-	(11.20)

(Source: Capital Market, Volume No 26 And Issue no 10 (July 11 - 24, 2011), Category "Auto")

*Calculated based on issue price of ₹ 30 per Equity Share.

STATEMENT OF TAX BENEFITS

SPECIAL TAX BENEFITS: There are no special benefits available to the Company.

GENERAL TAX BENEFITS: General benefits available to the Company under the Act.

Business Income: Depreciation: Under section 32 of the IT Act.

Expenditure incurred on Voluntary Retirement Scheme: Section 35DDA of the IT Act.

MAT credit: Section 115JAA(1A) , 115JB.

Research & Development expenses: Section 35 of the Income tax Act.

Incentive benefits: Under section 80 IA (4)(iv).

Other benefits: Under section 35D, 35DD, 35DDA of the IT Act

CAPITAL GAINS: Long Term Capital Gain (LTCG): Under section 10(23D) of the IT Act.

Short Term Capital Gain (STCG): Under section 10 (23D) of the IT Act.

Tax Treatment: Under section 10(23D), 10(38), 115JB, 48, 112, 111A, 10(23D)), 71, 74, 54EC of the IT Act.

OTHER INCOME: Dividend Income: Section 115-O of the IT Act.

Income from Mutual Funds: Under section 10(23D) of the IT Act.

Resident Members: Dividend income: Under section 10(34) , 115-O of the IT Act.

Capital gains: Under section 54F of the IT Act.

Dividend Income: Under section 10(34), 115-O, 90(2) of the IT Act.

INTEREST OF THE PROMOTERS AND DIRECTORS TO THE PROJECT OR OBJECTS OF THE ISSUE

No part of the Issue proceeds will be paid by the Company as consideration to Promoters, Directors, Key Managerial Personnel, Associates, Affiliates or members of the Promoter Group except otherwise in the ordinary course of business.

None of the Promoters and Directors of the Company has any interest in the project or objects of the issues except to the extent of their shareholding in the Company.

There is no strategic or financial partner to the project / objects of the issue.

INDUSTRY OVERVIEW

The information in this section is derived from various government publications and other industry sources. Neither the Company nor the Lead Manager has independently verified such data/ information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and accordingly, investment decisions should not be based on such information.

The data in this section has been sourced from the following industry/ government reports:

- (i) IBEF Industry sector report: Automobiles
- (ii) Society of Indian Automobile Manufacturers (SIAM)
- (iii) <http://www.nhai.org/roadnetwork.htm>(NHAI)

For Details please refer page no. 66 of the letter of offer.

History & Background of the Company

Atul Auto Limited was incorporated pursuant to a certificate of incorporation dated June 18, 1986 (bearing Registration No. 016999 and Corporate Identification Number L54100GJ1986PLC016999 issued by the Registrar of Companies, Gujarat) as a Private Limited Company and was converted into Public Limited Company with effect from 12th August, 1994.

The Company was originally promoted by Mr. Jayantibhai Jagjivandas Chandra and Mr. Atul J. Chandra.

The Company was originally incorporated as a Private Limited Company on 18th June, 1986 under the Companies Act, 1956, in the State of Maharashtra.

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

The Registered Office of the Company was transferred to Jamnagar in the State of Gujarat on 24th January, 1992. Subsequently on 20th April, 1994 the Registered Office was transferred to Dist. Rajkot, Gujarat. The name of the Company was changed from Atul Auto (Jamnagar) Private Limited to Atul Auto Private Limited on 12th August, 1994. The Company was subsequently converted into a Public Limited Company and fresh certificate of incorporation was obtained on 12th August, 1994 from the Registrar of the Companies, Gujarat. The Company set up its plant at Shapar (Rajkot district), Gujarat, with financial assistance from GSFC. Its commercial production commenced in July 1992. The Company manufactures diesel three wheelers like 6-seater auto rickshaws, pick-up vans for local transportation of goods and chassis of passenger vehicles. The Company has set-up its first Wind Mills, in the year 2004 Jaisalmer, Rajasthan and its second Wind Mill for captive use at Jamnagar, Gujarat in the year 2006.

The Company manufactures 3-wheelers in the Sub 1 tonne category targeting the passenger segment and cargo segment. In passenger segment, the Company manufacture the diesel powered carrier for carrying 3 to 6 passengers and also the CNG, LPG and Petrol driven vehicles. In the cargo segment, the Company manufacture vehicles with a rated carrying capacity of up to 0.50 tonne. Both these vehicles have been approved by the Automotive Research Association of India under the Bharat Stage II and Bharat Stage III.

Main Objects of the Company

To design, develop, manufacture, assemble, buy, sell, distribute, import, export, alter, remodel, hire exchange repair, service and otherwise deal in all classes of Automotives Including Two -Wheelers and Three-Wheelers of every kind and description, motor cars, jeeps, trucks, motor lorries, station wagons, tractors, commercial vehicles and carriages, whether propelled mechanically or by steam, oil, gas, petrol, diesel, spirit, electricity or any other power or energy or otherwise name called.

Major Events in the History of the Company

The Important Events / Milestones achieved by the Company are summarized hereunder:

Year	Events
1986	Incorporated as Atul Auto(Jamnagar) Private Limited incorporated in Maharashtra
1992	Set up plant at Rajkot for manufacturing of three wheelers
1992	Started Commercial Production
1994	Developed 750 kg steering vehicle
1996	Initial Public Offer of ₹ 536.25 Lacs at a premium of ₹ 12/- per share
2000	'Atul Shakti' 1 tonne 3 wheeler launched (stopped production of 750 kg steering vehicle)
2002	Khushbu Auto Finance Limited became a subsidiary of the Company
2004	Commissioning Certificate received for first wind mill project at Jaisalmer, Rajasthan

2005	Introduced CNG/LPG and Petrol vehicles and setup of modern paint shop
2006	Commissioning of Haridwar plant with capacity of 12,000 RE Three Wheeler vehicles per annum
2006	Commissioning Certificate received for second wind mill project at Jamnagar, Gujarat for captive use.
2007	Company has to undergo thru first ever bad phase on account of defective engines fitted in 3 wheelers supplied by Lombardini India Pvt. Ltd. Company has started conceiving project for RE Three Wheeler.
2008	On account of low sales volume and overall slowdown in economy management has decided to wind up the activities at Haridwar and sold out the plant, and transferred the machineries at Shapar Plant.
2009	Khushbu Auto Finance Ltd., ceased to be subsidiary of the Company w.e.f. February 28, 2009.
2009	Company rolled out commercial production of RE three wheeler and started expanding its marketing wings in other states. Company registered the PAT of ₹ 454 lacs as compared to ₹ 46 lacs in the previous year.
2011	Company has launched improvised version for its front engine three wheeler under brand name of "ATUL SMART" to develop the market.

For details please refer page no. 70 of the letter of offer.

Subsidiary

The Company has no subsidiary as on the date of the Letter of Offer.

Manufacturing Facility

Manufacturing Plant at Rajkot

The Company has manufacturing plant at Rajkot which has a capacity to manufacture 24,000 vehicles per annum. The capacity utilization of this plant as on 31st March 2011 is at 80.50%.

For details please refer page no. 72 of the Letter of Offer.

Members

As on the date of the Letter of Offer total number of members in the Company is 1537.

Employee & Labour Relations

As of 31st May, 2011, the Company has approximately 673 full-time employees for its operations. Currently, the employees are not represented by any labour unions.

For details please refer page no. 76 of the Letter of Offer.

Subsidiaries

As on the date of the Letter of Offer the Company has no Subsidiaries. Khushbu Auto Finance Limited has ceased to be the subsidiary of Atul Auto Limited from February 28, 2009.

Shareholders Agreement

The Company has not entered into any Shareholders Agreement

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

Summary of Key Agreements :

For details please refer page no. 77 of the Letter of Offer.

Strategic Partners

Company has no strategic partners as on the date of the Letter of Offer.

Financial Partners

Company has no financial partners as on the date of the Letter of Offer.

Business Overview

The Company is one of the manufacturer of 3-Wheelers in India. The Company manufactures 3-Wheelers in the 1 tonne category targeting the passenger segment and cargo segment. In passenger segment, the Company manufactures the diesel powered carrier for carrying 3 to 6 passengers and also the CNG, LPG and Petrol driven vehicles. In the cargo segment, the Company manufactures vehicles with a rated carrying capacity of up to 0.50 tonne. Both these vehicles have been approved by the Automotive Research Association of India under the Bharat Stage II and Bharat Stage III.

The manufacture customized vehicles like tippers, hydraulic hoppers, vegetable vending vans etc. The vehicles find wide application in courier services, industrial products, laundry construction, dairies, caterers, FMCG distribution, LPG distribution etc. The Company has a fully manufacturing facility at Shapar, (Veraval) in Rajkot with a capacity to manufacture 24,000 vehicles per annum. The Company produces auto rickshaw under Atul Shakti and Atul Gem brand names. During the fiscal year ended March 31, 2011, the Company sold 19,321 vehicles.

In addition to the above mentioned manufacturing facilities, the Company also has installed two windmills, one at Village: Soda Mada, Jaisalmer, Rajasthan and at Village: Gandhavi, Lamba, Kalyanpur, Jamnagar, Gujarat with the power generation capacity of 1.25 MW and 0.60MW respectively.

For details please refer page no. 79 of the Letter of Offer.

MANAGEMENT & CORPORATE GOVERNANCE

Name, Address, Occupation, Qualification & DIN	Approx. Age (Yrs.)	Designation	Date of Appointment / Re-appointment	Date of Expiration of current term of office	Experience (Years)	Directorship in other Companies
Mr. Jayantibhai Jagjivandas Chandra Occupation: Self Employed Qualification: Undergraduate DIN: 00057722	56	Chairman & Managing Director	01.04.2010	31.03.2013	35 years of experience in Automobile Industry	Atul Rachna Private Limited
Mr. Mahendrakumar Jamnadas Patel Occupation: Self Employed Qualification: Undergraduate DIN: 00057735	48	Wholetime Director	01.04.2010	31.03.2013	More than 18 years of experience in Automobile Industry	Nil
Mr. Sunil Kumar Mittal Occupation: Self Employed Qualification: B.E. Mechanical DIN: 01826756	52	Wholetime Director	01.04.2011	31.03.2012	More than 20 years of experience in three wheeler Industry	Nil
Mr. Vijay Kishanlal Kedia Occupation: Self Employed Qualification: B.COM DIN: 00230480	51	Non Independent & Non Executive Director	31.01.2009	Liable to be retire by rotation	More than 25 years of experience in the field of Finance & Securities Market	1. Kedia Securities Pvt. Ltd. 2. Sky Space Entertainment Pvt. Ltd.
Mr. Rajeshbhai Hasubhai Dhruva Occupation: Practicing Chartered Accountant Qualification: Commerce Graduate and Chartered Accountant DIN: 00525985	56	Independent & Non Executive Director	19.12.1994	Liable to be retire by rotation	More than 25 years of experience in the field of Finance	1. Keynote Consultancy Pvt. Ltd. 2. Integrated Proteins Ltd. 3. Keynote Corporate Counsels Pvt. Ltd. 4. Sunflower Apparels Pvt. Ltd.

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

Mr. Sureshbhai Tulsidas Kaneria Occupation: Self Employed Qualification: Commerce Graduate DIN: 00765620	51	Independent & Non Executive Director	08.03.2004	Liable to be retire by rotation	More than 10 years of experience in General Administrative sector	Nil
Mr. Ramniklal Gordhandas Kotecha Occupation: Self Employed Qualification: B.E. Mechanical DIN: 01930272	58	Independent & Non Executive Director	31.01.2009	Liable to be retire by rotation	More than 25 years of experience in the field of Administration and Management	1. Kotecha Steelforge Pvt. Ltd. 2. Rajkot Machine tools 3. Vision Next Diesel Pvt. Ltd. 4. Ganga R. K. Industries Pvt. Ltd. 5. Kusum Casting Pvt. Ltd.
Mr. Hakubhai Jadavbhai Lalakiya Occupation: Practicing Advocate Qualification: M.COM, LLM DIN: 00357726	57	Independent & Non Executive Director	31.05. 2006	Liable to be retire by rotation	More than 25 years of experience in the Legal field	Nil

Note: None of the Directors are related to each other.

Brief profile of Directors of the Company

Mr. J. J. Chandra

Mr. Jayantibhai J. Chandra aged 56 years is one of the founder promoter and Chairman & MD of the Company. He is an Undergraduate by with a wide experience in Automobile Industry of more than 35 years. Presently he is one of the Promoters of the Company. He began his career as a manufacturer of carrier Auto Rickshaw under the brand name 'KHUSHBU' under his family firm Atul Auto Industries, Jamnagar and acquired expertise in automobile manufacturing and marketing. He looks after substantial administrative part in the organization. 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. He was appointed as Director on 18.06.1986 since then he was reappointed as managing Director of the Company.

Mr. M. J. Patel

Mr. Mahendra Jamnadas Patel, aged 48 years is the Whole-time Director of the company. He is an Undergraduate and is one of the promoters of the Company with an experience of more than 18 years in production line of automobile sector. He has worked as a Director-Production in Sunrise Soaps and chemicals for 3 years. Presently he is looking after whole of the production department of the Company. He was appointed as Director on 30.11.1994 since then he was reappointed as a Whole Time Director of the Company. Mr. Mahendrakumar Jamnadas Patel has been associated as promoters of the issuer from w.e.f. 30th November, 1994.

Mr. S. K. Mittal

Mr. S. K. Mittal, aged 52 years is the Whole-time Director of the Company. He is B. E. Mechanical with an experience of more than 20 years in the three wheeler Industry. Mr. Mittal has been appointed as a Whole time Director of the Company since June 1, 2009. He was appointed as a Director on 31.10.2007 since then he was reappointed as a Whole Time Director of the Company.

Mr. Vijay Kedia

Mr. Vijay Kishanlal Kedia, aged 51 years is the Non Independent & Non Executive Director of the Company. He is a Commerce Graduate by qualification and has been working with the Company since 2009. He has an experience of more than 25 years in the field of Finance & Securities Market. He looks after the Finance, Investment & Fund Management of the Company.

Mr. R. H. Dhruva

Mr. Rajeshbhai Hasubhai Dhruva, aged 56 years is the Independent & Non Executive Director of the Company. He has been working with the Company since 1994 as a Director. He is a Chartered Accountant by Profession having a wide experience of more than 25 years in the field of Finance. He advises the Company in Finance & Foreign Exchange regulations.

Mr. S. T. Kaneria

Mr. Sureshbhai Tulsidas Kaneria aged 51 years is the Independent & Non Executive Director of the Company. He is a Commerce Graduate by qualification and has a wide experience of more than 10 years in General Administrative Sector. He is concerned with all the activities related to the administration of the Company and he is continuing Directorship since 2004.

Mr. R. G. Kotecha

Mr. Ramniklal Kotecha, aged 58 years is the Independent & Non Executive Director of the Company. He is B.E Mechanical by qualification and has experience of more than 25 years in the field of Administration and Management. He began his career as a site engineer in a swiss based company Rodiyo Foundation Engineering Ltd. at Metro Railway Project at Kolkata. Thereafter he ventured his own export – import business of engineered goods in 1983. He has an excellent acumen in management skill and presently runs an professionally managed company involved in export of agricultural, construction machinery, casting, forging, & automotive components. He is concerned about over all Administration & Management.

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

Mr. H. J. Lalakiya

Shri Hakubhai Jadavbhai Lalakiya, aged 57 years is the Independent & Non Executive Director of the Company. He is an advocate by profession, having wide experience of more than 25 years in the Legal field and has been continuing Directorship since 2006. He is advising and taking care of legal aspects of the Company. His versatile experience of civil and criminal matters helps the Company and legal department to deal with a consumer forum cases and misc. Frauds and Land revenue matters.

Borrowing Powers of the Directors in the Company

In terms of the Article 79 of the Articles of Association of the Company, the Board of Directors shall not, except with the consent of the Company in general meeting of the Company and subject to Article 172 of the Articles of Associations of the Company, borrow monies where the moneys to be borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.

In this regard the Company has authorised the Board of Directors, by a Ordinary Resolution passed through Postal Ballot process and the result of which was declared at the Extra Ordinary General Meeting held on August 18, 2008, to borrow from time to time, as they may consider fit, any sums of money, on such terms and conditions as the Board may deem fit notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purposes, so that the total amount of monies so borrowed at any time shall not exceed the sum of ₹ 150 Crores.

PROMOTERS OF THE COMPANY

Mr. Jayantilal Jagjivandas Chandra; Passport No.: Z1735516; **Driving License No.:** GJ03/109027/00; **Voter ID No.:** GNC1607779; **PAN No.:** ABJPC0022C; **Qualification:** Undergraduate; **Personal Address:** Kailash, 2, Jalkalyan Society, Tagore Road, Rajkot-360001.

Mr. Mahendrabhai Jamnadas Patel Passport No.: A6127735; **Driving License No.:** GJ03/106588/00; **Voter ID No.:** GNC1571496; **PAN No.:** ALHPP7960Q

Qualification: Undergraduate; **Personal Address:** B-32, Sanjay Apartment, Rajkot-360001.

Mr. J. J. Chandra, aged 56 years, is having 35 years of experience in Automobile Industry. Mr. J. J. Chandra is the Chairman & Managing Director of the Company. He began his career as a manufacturer of carrier Auto Rickshaw under the brand name 'KHUSHBU' under his family firm Atul Auto Industries, Jamnagar and acquired expertise in automobile manufacturing and marketing.

The profile of Mr. J. J. Chandra is detailed in the chapter titled "MANAGEMENT & CORPORATE GOVERNANCE" on page 96 of the Letter of Offer.

Mr. M. J. Patel, aged 48 years, is having an experience of more than 18 years in production line of Automobile Sector. He is the Whole-time Director of the Company. Presently he is looking after whole of the Production Department of the Company.

The profile of Mr. M. J. Patel is detailed in the chapter titled "MANAGEMENT & CORPORATE GOVERNANCE" on page 96 of the Letter of Offer.

Declaration:

We confirm that Permanent Account Number, Bank Account Number and Passport Number of the Promoters have been submitted to BSE at the time of filing the Letter of Offer with them.

There are no litigations, disputes towards tax liabilities or criminal / civil prosecution / complaint against the above-mentioned Promoters other than as mentioned in the chapter "Outstanding Litigation, Defaults and Material Developments" of the Letter of Offer.

DIVIDEND POLICY

The declaration and payment of dividends on Equity Shares is recommended by the Board of Directors and approved by the shareholders of the Company based on the recommendation by the Board of Directors. The Board of Directors may recommend dividend, at its discretion, to be paid to the members after considering several factors, including but not limited to, financial condition, results of operations, capital requirement and surplus, cost of raising funds from alternate sources, liquidity, money market conditions and other relevant factors.

For further details, please refer the page no. 114 of the Letter of Offer.

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

RESTATED STATEMENT OF ASSETS AND LIABILITIES (STANDALONE)

(₹ in Lacs)

PARTICULARS	AS AT				
	31.3.11	31.3.10	31.3.09	31.3.08	31.3.07
A Fixed Assets					
Gross Block	6,311.47	5,822.56	4,263.92	3,994.30	3,911.14
Less: Depreciation	2,056.17	1,636.32	1,249.11	1,042.49	818.85
Less: Impairment Provision	9.19	9.19	7.10	-	-
Net Block	4,246.11	4,177.05	3,007.71	2,951.81	3,092.29
Add: Capital WIP including Capital Advances	19.01	104.95	1,469.85	1,028.46	39.40
Less: Revaluation Reserve	-	-	-	-	-
<i>Net block after adjustment of Revaluation Reserve</i>	4,265.12	4,282.00	4,477.56	3,980.27	3,131.69
B Investments	229.95	229.95	229.95	229.95	229.95
C Current Assets, Loans & Advances					
Inventories	1,917.39	1,857.38	1,767.59	1,936.04	2,075.74
Sundry Debtors	540.70	451.60	352.13	396.19	816.60
Cash and Bank Balances	283.85	164.69	186.28	37.52	23.88
Loans and Advances	228.23	750.81	772.65	760.02	630.45
TOTAL ASSETS (A+B+C)	7,465.24	7,736.43	7,786.16	7,339.99	6,908.31
D Liabilities and Provisions					
Secured Loans	600.00	2,317.16	3,173.06	3,382.52	2,780.33
Unsecured Loans	-	-	-	-	-
Current Liabilities and Provisions	2,288.79	1,509.33	1,122.42	816.25	1,078.82
Deferred Tax Liability	540.69	545.28	442.96	474.46	438.67
TOTAL LIABILITIES & PROVISIONS	3,429.48	4,371.77	4,738.44	4,673.23	4,297.82
E Net Worth (A+B+C-D)	4,035.76	3,364.66	3,047.72	2,666.76	2,610.49
F Represented by					
I. Equity Share capital	608.44	608.44	608.44	558.44	558.44
Reserves	3,427.32	2,756.22	2,439.28	2,108.32	2,052.05
Less: Revaluation Reserve	-	-	-	-	-
II. Reserves (Net of Revaluation Reserves)	3,427.32	2,756.22	2,439.28	2,108.32	2,052.05
TOTAL (I+II)	4,035.76	3,364.66	3,047.72	2,666.76	2,610.49
G Net Worth	4,035.76	3,364.66	3,047.72	2,666.76	2,610.49

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

RESTATED STATEMENT OF PROFIT AND LOSS ACCOUNT (STANDALONE)

(₹ in Lacs)

PARTICULARS	FOR THE YEAR ENDED ON				
	31.3.11	31.3.10	31.3.09	31.3.08	31.3.07
INCOME					
Sales:					
of products manufactured	20,096.79	11,920.22	11,681.74	8,039.78	12,177.34
of products traded	10.06	-	-	-	-
Total	20,106.85	11,920.22	11,681.74	8,039.78	12,177.34
Other Operational Income	51.86	64.51	66.51	69.62	119.88
Other Income	107.61	122.91	346.43	94.47	155.74
(Increase)/Decrease in Inventories	98.49	(76.97)	511.63	1.77	(488.48)
TOTAL	20,167.83	12,184.61	11,583.05	8,202.10	12,941.44
Expenditure					
Raw Material Consumed	15,620.33	9,160.14	8,842.03	6,272.06	10,420.54
Staff Cost	1,054.15	703.41	566.93	569.50	556.87
Other Manufacturing Expenses	361.72	257.76	950.25	176.45	364.23
Administration Expenses	719.68	393.94	485.86	372.21	517.93
Selling and distribution expenses	409.73	286.95	168.39	123.75	203.85
TOTAL	18,165.61	10,802.20	11,013.46	7,513.97	12,063.42
Earning Before Depreciation, Interest and Tax	2,002.22	1,382.41	569.59	688.13	878.02
Impairment Loss	-	2.08	7.10	-	-
Depreciation	425.36	387.21	245.74	229.47	194.75
Interest	170.58	278.10	280.58	265.60	194.51
TOTAL	595.94	667.39	533.42	495.07	389.26
Net Profit before tax & Extraordinary Items	1,406.28	715.02	36.17	193.06	488.76
Taxation	-	-	-	-	-
Current Tax	466.69	158.16	30.66	25.78	70.71
Deferred Tax	(4.59)	102.32	(31.49)	35.78	88.12
Fringe Benefit Tax	-	0.68	14.26	3.04	11.78
Wealth Tax	1.50	-	-	(0.16)	0.50
Interest on Dividend Distribution Tax	-	-	-	-	0.22
TOTAL	463.60	261.16	13.43	64.44	171.33
Net Profit before Extraordinary Items	942.68	453.86	22.74	128.62	317.43
Extraordinary items (Net of tax)	-	-	(23.22)	1.92	3.04
Net Profit After Tax & Extraordinary items	942.68	453.86	45.96	126.70	314.39
Balance brought forward	2,141.12	1,858.21	1,812.25	1,755.99	1,504.21
Amount available for Appropriation	3,083.80	2,312.07	1,858.21	1,882.69	1,818.60
Earning Per Share	16.11	7.76	0.79	2.37	5.88

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

RESTATEMENT OF ASSETS AND LIABILITIES (CONSOLIDATED)

(₹ In Lacs)

PARTICULARS	AS AT 31ST MARCH		
	2008	2007	2006
A Fixed Assets			
Gross Block	4,609.84	4,546.55	3,662.58
Less: Depreciation	1,256.02	982.10	727.90
Less: Impairment Provision	-	-	-
Net Block	3,353.82	3,564.45	2,934.68
Add: Capital WIP including Capital Advances	1,028.45	39.40	221.76
Less: Revaluation Reserve	-	-	-
<i>Net block after adjustment of Revaluation Reserve</i>	4,382.27	3,603.85	3,156.44
B Investments	0.35	0.35	0.32
C Current Assets, Loans & Advances			
Inventories	1,936.04	2,075.74	1,004.16
Sundry Debtors	401.83	823.93	909.72
Cash and Bank Balances	347.37	310.71	193.15
Loans and Advances	7,657.36	7,959.04	6,134.21
TOTAL (A+B+C)	14,725.22	14,773.62	11,398.00
D Liabilities and Provisions			
Secured Loans	8,227.86	7,875.48	4,916.54
Unsecured Loans	425.83	413.09	457.07
Current Liabilities and Provisions	1,273.65	1,737.85	1,936.96
Deferred Tax Liability	586.11	587.48	503.38
TOTAL LIABILITIES & PROVISIONS	10,513.45	10,613.90	7,813.95
E Minority Interest	869.20	873.17	714.19
F Net Worth (A+B+C-D-E)	3,342.57	3,286.55	2,869.86
G Represented by			
I. Share capital	558.44	558.44	558.44
Reserves	2,784.13	2,728.11	2,311.42
Less: Revaluation Reserve	-	-	-
<i>II. Reserves (Net of Revaluation Reserves)</i>	2,784.13	2,728.11	2,311.42
TOTAL (I+II)	3,342.57	3,286.55	2,869.86
H Net Worth	3,342.57	3,286.55	2,869.86

**Khushbu Auto Finance Limited has ceased to be the subsidiary of Atul Auto Limited from 28th February, 2009 because the holding of Atul Auto Limited in Khushbu Auto Finance Limited falls below 51% and therefore, from 1st March, 2009, it has become an Associate company and ceased to be subsidiary company. Hence as per requirement of Para 22 of AS 21 consolidated financial statement of Companies Accounting Standard Rules, 2006 as on the date of the balance sheet i.e. 31.03.2009 relationship of holding and subsidiary company does not subsist, therefore consolidated balance sheet as at 31.03.2009 is not prepared.

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

RESTATEMENT OF PROFIT AND LOSS ACCOUNT (CONSOLIDATED)

(₹ In Lacs)

PARTICULARS	YEAR ENDED 31ST MARCH			
	2009	2008	2007	2006
INCOME				
Sales:				
of products manufactured	11,681.74	8,039.78	12,177.34	12,902.84
of products traded	-	-	-	-
Total	11,681.74	8,039.78	12,177.34	12,902.84
Other Operational Income	129.98	135.02	186.92	171.19
Interest Income	847.98	1,302.44	1,335.76	1,014.71
Other Income	480.09	204.05	184.34	30.07
(Increase)/Decrease in Inventories	511.63	1.77	(488.48)	(58.43)
TOTAL	12,628.16	9,679.52	14,372.84	14,177.24
Expenditure				
Raw Material Consumed	8,842.03	6,272.06	10,420.54	10,768.81
Staff Cost	644.82	653.68	596.54	385.62
Other Manufacturing Expenses	957.23	179.51	365.26	488.06
Administration Expenses	1,233.69	752.99	679.60	599.99
Selling and distribution expenses	226.44	186.25	309.57	270.01
TOTAL	11,904.21	8,044.49	12,371.51	12,512.49
Earning Before Depreciation, Interest and Tax	723.95	1,635.03	2001.33	1,664.75
Impairment Loss	7.10	-	-	-
Depreciation	304.69	292.98	257.92	202.30
Interest	709.70	939.44	625.04	318.63
TOTAL	1,021.49	1,232.42	882.96	520.93
Net Profit before tax & Extraordinary Items	(297.54)	402.61	1118.37	1,143.82
Taxation				
Current Tax	33.94	128.32	288.75	201.29
Deferred Tax	(133.80)	(1.38)	84.11	193.37
Fringe Benefit Tax	18.11	5.70	13.94	12.45
NPA Provision	-	141.57	42.08	5.92
Wealth Tax	0.25	0.00	0.59	0.53
General Provision on Standard Assets & Receivable	-	-	18.13	-
Interest on Dividend Distribution Tax	-	-	0.41	-
TOTAL	(81.50)	274.21	448.01	413.56
Net Profit after Tax & before Extraordinary Items	(216.04)	128.40	670.36	730.26
Extraordinary items (Net of tax)	23.22	9.82	3.04	-
Net Profit after Tax & Extraordinary items	(192.82)	118.58	667.32	730.26
Minority Interest	112.28	3.97	184.11	152.06
Share of Profit of Associates	15.79	-	-	-
Net Profit after Minority Interest	(96.33)	114.61	483.21	578.20
Balance brought forward	1,812.25	2,059.49	1,922.80	1,408.84
Amount Available for Appropriation	1,715.92	2,174.10	2,406.01	1,987.04
Earning Per Share	(1.65)	2.30	9.04	10.80

** The consolidated profit & loss account pertain to Atul Auto Limited, the holding company and its subsidiary, Khushbu Auto Finance Limited.

Khushbu Auto Finance Limited ceased to be the subsidiary of Atul Auto Limited from 28th February, 2009, because the holding of Atul Auto Limited in Khushbu Auto Finance Limited falls below 51% and therefore, from 1st March, 2009, it has become an Associate company and ceased to be the subsidiary company. Hence as per requirement of Para 22 of AS 21 consolidated financial statement of Companies Accounting Standard Rules, 2006, consolidated income statement is prepared only for the period 01.04.2008 to 28.02.2009.

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

FINANCIAL AND OTHER INFORMATION OF GROUP COMPANIES PROMOTED/ CONTROLLED BY THE PROMOTERS:

Companies and Firms forming part of Group Companies

The following companies, firms and ventures have been promoted by the Promoters/ Promoter Group of the Company and are referred to in the Letter of Offer as the "Group Companies" on page 144. The Group Companies are companies, firms and ventures in which the Promoters (i) exercise control; or (ii) have been named as promoters by such entity in any filing with the Stock Exchanges in India. Definition of 'Control' (as per the terms of the ICDR Regulations) as (a) ownership, directly or indirectly through subsidiaries, of 50% or more of the equity share capital or voting interest of the entity; or (b) power to appoint the majority of the directors or similar governing body of such entity; or (c) power to control the management or policy decisions of the entity, directly or indirectly, including through the exercise of shareholding or management or similar rights or voting arrangements or in any other manner. Joint ventures in which any Promoter is a joint venture partner have been disclosed as Group Companies, even where the Promoter holds less than 50% of the equity share capital or voting interest of the relevant joint venture. In addition, if a Promoter in practice controls an entity owing to the other shareholders or partners not actively participating in the business of the entity, such entity has been included as a Group Company.

Based on the above, the Group Companies / Firms are set forth below:

Companies

1. Atul Motors Private Limited
2. Khushbu Auto Private Limited
3. Khushbu Auto Finance Limited
4. Atul Chandra Finlease Private Limited
5. Atul Buildcon Private Limited
6. Atul Rachana Private Limited

Firms

7. Atul Auto Agency
8. Atul Auto Industries
9. Atul Automobiles
10. Atul Automotives
11. Atul Petroleum
12. New Chandra Motor Cycle House
13. New Chandra Motor Cycle Agency
14. Atul Enterprises
15. Chandra Auto Centre

GROUP COMPANIES

Unless otherwise specifically stated, none of the Group Companies described below (i) is listed on any stock exchange; (ii) has completed any public or rights issue since the date of its incorporation; (iii) has become a sick company; (iv) is under winding-up; or (v) had a negative net worth as of FY2010. Unless otherwise specifically stated, no application has been made in respect of any of the Group Companies to the relevant Registrar of

Companies in whose jurisdiction such Group Company is registered, for striking off its name. Further, except as stated below, there has been no change in the capital structure of any of the Group Companies in the last six months. The summary financial information of the Group Companies presented below is based on the audited financial statements of each such Group Company. For litigation regarding the Group Companies, refer to the Section "Outstanding Litigation and Material Developments" beginning on page 167 of the Letter of Offer.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Investor should read the following discussion and analysis of Company's financial condition and results of operations together with Company's financial statements included in the Letter of Offer. Investor should also read the section titled 'Risk Factors' beginning on page 12 of the Letter of Offer, which enumerates number of factors and contingencies that could impact Company's financial condition and results of operations. The following discussion relates to the Company on a standalone basis, and, unless otherwise stated, is based on Company's restated financial statements, which have been prepared in accordance with Indian GAAP, the accounting standards and other applicable provisions of the Companies Act, 1956, and the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. Company's financial year ends on March 31 of each year.

a. Industry Scenario and Development

Automotive industry is the key driver of any growing economy. It plays a pivotal role in country's rapid economic and industrial development. It caters to the requirement of equipment for basic industries like steel, non-ferrous metals, fertilizers, refineries, petrochemicals, shipping, textiles, plastics, glass, rubber, capital equipments, logistics, paper, cement, sugar, etc. It facilitates the improvement in various infrastructure facilities like power, rail and road transport. Due to its deep forward and backward linkages with almost every segment of the economy, the industry has a strong and positive multiplier effect and thus propels progress of a nation. The automotive industry comprises of the automobile and the auto component sectors. It includes passenger cars; light, medium and heavy commercial vehicles; multi-utility vehicles such as jeeps, scooters, motor-cycles, three wheelers, tractors, etc; and auto components like engine parts, drive and transmission parts, suspension and braking parts, electrical, body and chassis parts; etc.

In India, automotive is one of the largest industries showing impressive growth over the years and has been significantly making increasing contribution to overall industrial development in the country. Presently, India is the world's second largest manufacturer of two wheelers, fifth largest manufacturer of commercial vehicles as well as largest manufacturer of tractors. It is the fourth largest passenger car market in Asia as well as a home to the largest motor cycle manufacturer. The installed capacity of the automobile sector has been 9,540,000 vehicles, comprising 1,590,000 four wheelers (including passenger cars) and 7,950,000 two and three wheelers. The sector has shown great advances in terms of development, spread, absorption of newer technologies and flexibility in the wake of changing business scenario. The Indian automotive industry has made rapid strides since delicensing and opening up of the sector in 1991. It has witnessed the entry of several new manufacturers with the state-of-art technology, thus replacing the monopoly

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

of few manufacturers. At present, there are 15 manufacturers of passenger cars and multi-utility vehicles, 9 manufacturers of commercial vehicles, 16 of two/ three wheelers and 14 of tractor, besides 5 manufacturers of engines.

b. Overview of Company's Business:

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

The sale of the Company from year 2008 to 2011 has gone up because of introduction of new model named as Atul Gem. The downward trend in sales in the year ended on 31.03.2008 was due to global recession and domestic de-growth in automobile Industry. Subsequent increase in sales is also partially due to revival package and incentives announced by Government of India.

Other Operational Income of the Company is mainly towards generation of wind power which has remained consistent throughout the period 2006 to 2010 except from the year 2007-08 wherein a part of power generation was getting utilized for captive use and in 2011 it has witnessed quantum jump.

The new product line has already been started its production since 2009.

The Company has invested ₹ 2030.00 lacs in the Fixed Assets of the Company for setting up new product line.

For last few quarters, the automobile industry has seen tremendous growth based on overall industrial growth of the Economy. Due to increased industrial activity and improvement in rural and highway roads the product of the Company has also witnessed robust growth.

FY 2011 witnessed quantum up-ward growth of 27.45 % in production and 26.17 % growth in domestic sales of automobile; whereas export grown by 29.64 %. It is expected that the upward growth trend will be continue the journey in FY 2012 also.

The growth in three wheeler industry is above than the overall growth, i.e. it has grown by 29.13 % as compared to overall growth of 27.45 % in entire industry. The domestic sales grew by 19.44 % whereas export grown by 55.86 % compared to previous year.

Almost 66% of total automobile exports from India are two-wheelers, and as a result, performance of this segment has a major influence on overall auto export volumes. Nonetheless, a competitive and aggressive approach from the original equipment manufacturers vehicle categories (commercial vehicles, passenger vehicles and two & three wheelers) would help bring an increase in overall export of vehicles from the Indian market in FY 2012. Additionally, there are many companies that want to make India their export hub, thereby increasing the chances of increasing exports.

c. Significant development subsequent to last financial period

In the opinion of the Board of Directors there have been no events or circumstances since the date of the last Audited Financial Statements as disclosed in this Offer Document which materially or adversely affect or is likely to affect the manufacturing or profitability of the Company, or the value of its assets, or its ability to pay liabilities within next twelve months. There is no subsequent development after the date of the Auditor's Report, except

as stated in the "Risk Factors" in respect of its manufacturing facility, which the Board of Directors believe is expected to have a material impact on reserves, profits, earning per share and book value of its business.

For further details, please refer the Page no. 158 of the Letter of Offer.

MATERIAL DEVELOPMENTS

In the opinion of the Board of Directors of the Company, there have not arisen, since the date of the last audited financial statements included in the Letter of Offer, any circumstance that materially and adversely affect or is likely to affect its business or profitability or the value of the assets or the ability to pay Company's liabilities within the next 12 months. There is no subsequent development after the date of the Auditor's Report, except as stated in the "Risk Factors", which Board of Directors believe is expected to have a material impact on reserves, profits, earning per share and book value of the business.

OUTSTANDING LITIGATIONS, MATERIAL DEVELOPMENTS AND OTHER DISCLOSURES

Except as described below, there are no outstanding litigations, suits or civil proceedings, or criminal proceedings, or prosecutions or tax liabilities, irrespective of whether specified in Schedule XIII of the Act, against the Company or the subsidiaries, and there are no defaults, non-payment or overdues of statutory dues, overdues to banks/ financial institutions, defaults against banks/ financial institutions, defaults in dues payable to holders of any debentures, bonds and fixed deposits defaults in creation of full security as per terms of issue/ other liabilities, proceedings initiated for economic/ civil/ and other offences (including past cases where penalty may or may not have been awarded) that would result in a material adverse effect on the business. None of the aforesaid persons/ companies is on RBI's list of willful defaulters. No disciplinary action has been taken by the SEBI/ Stock Exchanges against the Company, Directors of the Company and Promoters.

i) LITIGATIONS INVOLVING ISSUER COMPANY

I. Litigations against the Company

a) Litigations involving Civil Laws:

Sr. No.	1
Department	Court of the Hon'ble Principal Senior Civil Judge, Aurangabad.
Case No.	Special Civil Suit No. 330 of 2009
Parties involved	M/s Atul Auto Limitedv/s1. M/s Kohler Co. USA2. M/s Lombardini International Italy 3. M/s Lombardini India Private Limited
Background	After filing of the plaint the Plaintiff herein kept the matter pending before the Hon'ble Principal Senior Civil Judge Aurangabad for a long time by not filing appropriate Court fees. The present suit is in form of a counter blast to the suit filed by the Defendant Company at Gondal District – Rajkot. The present suit pertains to the same transactions of selling defective engines. After the order of rejection from the Hon'ble High Court of Gujarat in Special Civil

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

Present Status	Application No. 9433 of 2009, the plaintiff persuaded the present suit. Summons was served upon the Defendant and thereafter a detailed written statement filed by the Defendant. The matter is pending for framing issues.
Amount Involved	₹ 11,17,29,796/-

- b) **Litigations involving Criminal Laws : NIL**
c) **Litigations involving Securities and Economic Laws : NIL**
d) **Litigations involving Statutory Laws:**
i) **Excise matters:**

Sr. No.	1
Department	Central Excise and Customs
Case No.	A/1231-1233/WZB/AHD/2009
Date instituted	24.06.2009
Background	Wrongly taking Service Tax on Transit insurance. Sales is factory gate sales and transit insurance is post sales expense and recovered the amount of transit insurance from buyer on invoice.
Present Status	Commissioner (Appeal) has allowed the appeal but department has made appeal in CESTAT against said OIA. CESTAT remand back the case and instructed the Department to decide the case on the basis of judgement available as reported in 2009-TIOL-830-CESTAT-BANG-LB.(In the said case Larger Bench holding in favour of the assessee)
Amount Involved	₹ 51,255/-

Sr. No.	2
Department	Central Excise and Customs
Case No.	IV/3-12/D/2009-10
Date instituted	23.03.2010
Background	CERA Audit party has raised the point on the basis of CENVAT credit rules. According to the same we reverse the attributed CENVAT credit of excise duty on as such removal, now the ground of argument is also to reverse the CENVAT credit of Service tax of Freight (Inward) accordingly.
Present Status	Defence reply has been filed and awaiting for personal hearing
Amount Involved	₹ 53,327/-

Sr. No.	3
Department	Central Excise and Customs
Case No.	VI(a)/8-123/IA/ST/09-10
Date instituted	28.04.2010
Background	Export has been made between June-2008 to December 2008 and amount realized through Bank i.e. SBI. The department on the basis of that says that the service tax liability is on the service recipient and made additions.
Present Status	Defence reply has been filed and awaiting for personal hearing
Amount Involved	₹ 4,74,336/-

Sr. No.	4
Department	Central Excise and Customs
Case No.	363/RAJ/2010 31.03.2010
Date instituted	31.03.2010
Back Ground	Freight & Transit insurance has been allowed in full but comm.. of Rajkot Dept. file appeal against SCN. No. V-Din-II/ar shaper/Jc/51/2009 w.r.t. transportation and transit insurance charges.
Present Status	Case is pending with Commissioner Appeals
Amount Involved	₹ 16,81,586/-

Sr. No.	5
Department	Central Excise and Customs
Case No.	IV/3-70/D/2010-11
Date instituted	14.10.2010
Back Ground	Excise Duty on transit insurance & Excise duty on sale of old and used capital goods
Present Status	Case is pending before Commissioner (Appeals). Defense reply filed to assistant commissioner as on 09.12.2010.
Amount Involved	₹ 1,03,025/-

ii) Income Tax matters:

Sl. No.	1
Department	Commissioner of Income Tax (Appeals -1), Rajkot
Case No.	CIT (A) 624/08-09
Date Instituted	AY 2006-07
Background	Amount of Depreciation on car purchased by the company was disallowed by Assessing officer, as the car is not owned by the company as it is registered in the name of the director as director of the company. Issue is covered

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

Present Status Amount involved	in favour of the company by high court decision. In later year identical issue is allowed to the assessee by the Department. Appeal is pending before CIT(A)- 1. ₹ 145000/- and demand there on is ₹ 65,370/- Demand is fully paid by the company.	Background Present Status Amount involved	TDS liability because of order of DCIT (TDS) u/s. 201(1)/201(1A). Appeal is pending before CIT(A)- II, Rajkot ₹ 1,51,01,109/- on which TDS liability of ₹ 12,50,206/- and interest u/s. 201(1)/(1A) of ₹ 12,72,082/- totaling to demand of ₹ 25,22,288/- No amount is paid as the stay petition is pending before hearing and demand is disputed.
Sr. No. Department Case No. Date Instituted Background Present Status Amount involved	2 ITAT, Rajkot CIT (A)-1/0299/09-10 2007-08 In this year there were following issues were considered. 1. Disallowance of revenue expenditure of product development expenses of ₹ 39,40,016/- 2. Disallowance of ₹ 1,23,250/- being depreciation on car. 3. Claim Divided income of ₹ 22,96,155/- and disallowance of ₹ 4,75,238/- under section 14A. The appeal of the assessee is disposed of by the CIT (A) in favour of the company. The issue of disallowance of expenses under section 14A is because of retrospective effect of operation of law, therefore that disallowance is upheld. Department has preferred an appeal before ITAT Rajkot against the order of CIT (A) and appeal is pending for hearing appeal. ₹ 58,84,183/- and demand thereon is amounted to ₹ 20,03,740. There is no demand payable as the appeal is allowed fully in favour of the company and consequent refund is issued.	Sl. No. Department Case No. Date Instituted Background Present Status Amount involved	5 Income tax CIT(A)-II/ 642597 For A.Y. 2004-2005 on 29.04.2011 TDS liability because of order of DCIT (TDS) u/s. 201(1)/201(1A). Appeal is pending before CIT(A)- II, Rajkot ₹ 88,46,974/- on which TDS liability of ₹ 5,05,255/- and interest u/s. 201(1)/(1A) of ₹ 4,47,150/- totaling to demand of ₹ 9,52,405/- No amount is paid as the stay petition is pending before hearing and demand is disputed
Sr. No. Department Case No. Date Instituted Background Present Status Amount involved	3 Income tax CIT(A)-II/642595 For A.Y. 2002-2003 on 29.04.2011 TDS liability because of order of DCIT (TDS) u/s. 201(1)/201(1A). Appeal is pending before CIT(A)- II, Rajkot ₹ 1,60,29,732/- on which TDS liability of ₹ 14,39,060/- and interest u/s. 201(1)/(1A) of ₹ 18,20,410/- totaling to demand of ₹ 32,59,470/- No amount is paid as the stay petition is pending before hearing and demand is disputed.	Sl. No. Department Case No. Date Instituted Background Present Status Amount involved	6 Income Tax 133/Rjt. - 2011 2005-06 Disallowance of the compensation paid of ₹ 3,00,000/- to Shri Nanji Ramji Rajani and CIT(A) also erred in confirming the disallowance of ₹ 1,50,000/-. He ought to have allowed full compensation of ₹ 3,00,000/-. Appeal is pending before ITAT, Rajkot ₹ 1,50,000/- and Company has paid full demand and nothing is outstanding.
ii) Central Sales Tax & VAT matters:			
Sr. No. Department Case No. Date Instituted Background	1 High Court of Gujarat, OJCA/345/2010 in TAXAP/35/2007 27.12.2008 The company has enjoyed tax exemption up to 30.06.2002. Additional Tax introduced by govt. from 01.04.2000. F.D amended the exemption entry 69 under section 49(2) of sales tax act from dt. 03.03.01. During the AY. 2000-01 department charged the additional tax for the whole year. The counter argument for the same is that additional tax should be charged		

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

Present Status	from 03.03.2001 and not from 01.04.2000. and not to adjust additional tax in exemption limit granted. Hon'ble court has allowed the application and the matter is at final hearing stage.
Amount involved	₹ 17,36,322/- out of which ₹ 3,50,000/- is already paid.

a) Litigations involving Labour Laws : NIL

b) Other Laws :

i) Consumer forum matters:

54 cases aggregating ₹ 35,14,250/- have been filed by various persons before various Consumer Forum Against the Company for engine and vehicle and his mental agony.

Sr. No.	Name of Court \ Forum	No. of Cases	Stage Adjudication	Amount (₹)
1	Consumer Complaint Redressal Forum, AP	1	Documentary evidences are submitted and matter is pending at various stages of hearing.	72000
2	Consumer Complaint Redressal Forum BANDA	1		50000
3	Consumer Complaint Redressal Forum CG	1		44625
4	Consumer Complaint Redressal Forum GUJ	15		935500
5	Consumer Complaint Redressal Forum HR	6		267750
6	Consumer Complaint Redressal Forum LUCKNOW	1		50000
7	Consumer Complaint Redressal Forum MAH	9		1178500
8	Consumer Complaint Redressal Forum MP	10		446250
9	Consumer Complaint Redressal Forum NCR	1		44625
10	Consumer Complaint Redressal Forum PUN.	1		44625
11	Consumer Complaint Redressal Forum RAJ	1		44625
12	Consumer Complaint Redressal Forum UP	7		335750
	Grand Total	54		3514250

II. Litigations filed by the Company

a) Litigations involving Civil Laws:

Sr. No.	1
Department	Principal Senior Civil Judge Gondal at Gondal District Rajkot
Case No.	Special Civil Suit No. 23 of 2008
Parties Involved	M/s Atul Auto Limitedv/s1. M/s Kohler Co. USA2. M/s Lombardini International Italy3. M/s Lombardini India Private Limited
Background	After the filing of the Complaint, praying for Recovery of money, damages and compensation, summonses were served upon all the Defendants. Thereafter Defendant No. 3 filed a detailed written statement where as Defendant No. 1 & 2 filed objection to filing written statement along with application for deleting them from party Respondents. Hon'ble Principle Senior Civil Judge Gondal was pleased to reject the said application. Defendant Nos. 1 & 2 challenged the said rejection order before the Hon'ble High Court of Gujarat at Ahmedabad by way of filing Special Civil Application No. 9433 of 2009. The Hon'ble High Court was pleased to dismiss the said Special Civil Application vide order dated 08.03.2010. The matter is pending before the Hon'ble Principal Senior Civil Judge at Gondal.
Present Status	The matter is pending before the Hon'ble Principal Senior Civil Judge at Gondal.
Amount Involved	₹ 43,08,48,961/-

ii) LITIGATIONS INVOLVING THE PROMOTERS / DIRECTORS

A criminal Case is pending at Honorable Upper Division First Class and Special Judge-Bhopal registered as 01/2001 against five accused viz. (1) Mr.P. Raghavan MD-Madhya Pradesh Schedule Caste Development Corporation (2) Mr.OM Prakash Gupta, Development Officer – Madhya Pradesh Schedule Caste Development Corporation (3) Mr. K. M. Cheriyan, Marketing Manager-Atul Auto Limited (4) Mr. J. J. Chandra, MD - Atul Auto Limited (5) Mr. Mahendrabhai Patel, Director - Atul Auto Limited. The amount involved in the FIR is ₹ 12,31,630/-

The criminal case is about Corruption charges levelled against by Mr. P. Raghavan MD-Madhya Pradesh Schedule Caste Development Corporation and Mr.OM Prakash Gupta, Development Officer – Madhya Pradesh Schedule Caste Development Corporation. Khushbu Auto Private Limited were the supplier of vehicles on the instructions of the above named government officers and therefore they've been added in the FIR as formal parties, necessary for the purposes of investigation.

Mr. P. Raghvan has already got the FIR quashed and set aside filing a Quashing Petition before the Hon'ble High Court of Madhya Pradesh.

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

A Quashing Petition is also filed by the Directors of Atul Auto Limited before the Hon'ble High Court of Madhya Pradesh and the same is pending its final hearing. Nothing further any ways remains in the matter as the main accused in the matter has got the FIR quashed and set aside.

No Matters relates to Material violation of statutory regulations by the Company and Economic Offences, where proceedings have been initiated against the Company are pending or which have arisen in the immediately preceding ten years.

No past penalties imposed on the Company or any of its Directors.

iii) LITIGATIONS INVOLVING SUBSIDIARY COMPANIES

Not applicable as the Issuer Company has no Subsidiary Companies

iv) LITIGATIONS INVOLVING GROUP / ASSOCIATE COMPANIES

I. Litigations against Group / Associate Companies

1) Khushbu Auto Finance Limited

i) Income Tax matters:

Sl. No.	1
Department	ITAT, Rajkot
Case No.	Appeal No. 884/RJT/2010
Date Instituted	2005-06

Background	The issue is regarding allowance of depreciation on windmill which is installed by the company on 30.09.2004 and as per inquiries it was found that same is installed in the month of January 2005. The assessee claimed depreciation @ 80% of cost of windmill. However Assessing offer allowed only 50% of 80% as depreciation. Matter went to CIT (A) and he allowed the claim of the assessee based on installation certificate of government organisation.
Present Status	Department has gone in to appeal before ITAT Rajkot vide appeal no. 884/ RJT/2010.
Amount involved	₹ 2,20,10,209/- and demand thereon of ₹ 9,18,940/-. There is no demand payable as CIT (A) has allowed the appeal in favour of the company.

ii) Other matters:

a. Matter pending before Consumer forum

36 cases aggregating ₹ 36,56,936/- have been filed by various persons before various Consumer Forum Against the Khushbu Auto Finance Ltd. For recovery of money for various reasons including accident Claim compensation, non-seizure of vehicle etc.

Sr. No.	Name of Court / Consumer Forum	No. of Cases	Present Status	Amount involved(₹)
1	CONSUMER COMPLAINT REDRESSAL FORUM C.G.	1	ARGUMENT	200000.00
2	CONSUMER COMPLAINT REDRESSAL FORUM DELHI	1	HEARING	0.00
3	CONSUMER COMPLAINT REDRESSAL FORUM GUJARAT	3	ARGUMENT	276080.00
4	CONSUMER COMPLAINT REDRESSAL FORUM GUJARAT	1	ARREST WARRANT ISSUED	18000.00
5	CONSUMER COMPLAINT REDRESSAL FORUM GUJARAT	12	HEARING	1070576.00
6	CONSUMER COMPLAINT REDRESSAL FORUM GUJARAT	1	STATE FORUM DETAILS AWAITED	77000.00
7	CONSUMER COMPLAINT REDRESSAL FORUM GUJARAT	2	SUMMONS ISSUED	392000.00
8	CONSUMER COMPLAINT REDRESSAL FORUM HARYANA	1	EVIDANCE & FINAL ARGUMENT	95500.00
9	CONSUMER COMPLAINT REDRESSAL FORUM HARYANA	2	HEARING	260000.00
10	CONSUMER COMPLAINT REDRESSAL FORUM M.P.	1	HEARING	150000.00
11	CONSUMER COMPLAINT REDRESSAL FORUM M.P.	5	SUMMONS ISSUED	160000.00
12	CONSUMER COMPLAINT REDRESSAL FORUM MAHARASHTRA	1	EVIDANCE	23000.00
13	CONSUMER COMPLAINT REDRESSAL FORUM MAHARASHTRA	1	HEARING	220000.00
14	CONSUMER COMPLAINT REDRESSAL FORUM RAJASTHAN	2	HEARING	397280.00
15	CONSUMER COMPLAINT REDRESSAL FORUM U.P.	2	HEARING	317500.00
	TOTAL	36		3656936.00

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

b. Matter pending before Court of Judicial Magistrate:

3 cases aggregating ₹ 2,69,640/- have been filed by various persons before various Judicial Magistrate Court against the Khushbu Auto Finance Limited for recovery of money for various reasons including accident claim compensation, non-seizure of vehicle etc.

Sl. No.	Name of Court / Consumer Forum	No. of Cases	Present Status	Amount ₹
1	In The Court Of Judicial Magistrate, Rajkot	2	Hearing	2,69,640.00
2	In The Court Of Judicial Magistrate Sankheda Gujarat	1	Filing stage issue	0.00
Total		3		2,69,640.00

2) Atul Build Con Private Limited

i) Income Tax matters:

Sl. No.	1
Department	Commissioner of Income Tax Appeals – II, Rajkot
Case No.	Appeal No. 246/06-07
Date Instituted	22/11/2006
Background	Penalty u/s 271(1)(c) of income tax Act, 1961 were initiated due to difference in valuation report of DVO and the cost of construction as shown in books of accounts.
Present Status	Matter is still pending with the Commissioner of Income Tax (Appeals)-II, Rajkot
Amount involved	₹ 77,133/-
Sl. No.	2
Department	Hon'ble High court, Gujarat
Case No.	Tax Appeal No. 926 of 2006
Date Instituted	18.12.2006
Background	5% difference of closing stock declared in the return and valued by valuation officer of department.
Present Status	Case is pending before with the High Court, Gujarat
Amount involved	₹ (11,362/-) due to excess payment refund is there.
Sl. No.	3
Department	Hon'ble High court, Gujarat
Case No.	Tax Appeal No. 927 of 2006
Date Instituted	18.12.2006
Background	5% difference of closing stock declared in the return and valued by valuation officer of department.

Present Status	Case is pending before with the High Court, Gujarat
Amount involved	₹ (47,400/-) due to excess payment refund is there.
Sl. No.	4
Department	Commissioner of Income Tax (Appeals) – II, Rajkot
Case No.	Appeal No. 0190/05-06
Date Instituted	09/03/2006
Background	Disallowing of impact Fees by assessing officer for fees paid to Rajkot Municipality.
Present Status	Pending before Commissioner of Income Tax (Appeals) – II, Rajkot
Amount involved	₹ 2,57,700/-

3) Khushbu Auto Private Limited

i) Litigations involving Civil Laws:

Sr. No.	1
Department	Principal Senior Civil Judge at Aurangabad
Case No.	Special Civil Suit No. 50 of 2010
Parties Involved	M/s Lombardini India Private Limitedv/sM/s Khusbu Auto Private Limited
Background	The Plaintiff in the present suit has filed the plaint on the basis of their own accounting system. The Defendant herein has filed a detailed written statement defying the statement of claims. The Hon'ble Court has framed the issues and therefore the matter is at the stage of presentation/submission of evidence.
Present Status	The Hon'ble Court has framed the issues and therefore the matter is at the stage of presentation/submission of evidence.
Amount Involved	₹ 51,98,423/-

II. Litigations filed by Group / Associate Companies

1) Khushbu Auto Private Limited

i) Litigations involving Civil Laws:

Sr. No.	1
Department	Principal Senior Civil Judge Rajkot At Rajkot
Case No.	Special Civil Suit No. 161 of 2010
Parties Involved	M/s Khusbhu Auto Private Limited v/sM/s Lombardini India Private Limited
Background	The present suit is pertaining to the outstanding amount due and payable by the Defendant. The defendant is yet to file their written statement.
Present Status	The defendant is yet to file their written statement.
Amount Involved	₹ 4,32,01,958/-

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

2) Khushbu Auto Finance Limited

i) Litigations involving Civil Laws:

5319 cases aggregating ₹ 33,55,88,432 have been filed in the Name of the Company before various Consumer Forums against various persons for recovery of money/ vehicle for various reasons including non-payment of EMI etc. The matters are currently at various stages of adjudication.

1	In The Court of Additional Senior Civil Judge	19	ACCUSED EXPIRED	1514542
2	In The Court of Additional Senior Civil Judge	2	ANSWER OF NEW APPLICATION	144249
3	In The Court of Additional Senior Civil Judge	2234	BAILABLE WARRANT	138514811
4	In The Court of Additional Senior Civil Judge	33	BAILABLE WARRANT FOR PLEA	2297348
5	In The Court of Additional Senior Civil Judge	2	COMPROMISE	293680
6	In The Court of Additional Senior Civil Judge	298	CROSS EXAMINATION	20073139
7	In The Court of Additional Senior Civil Judge	93	EFFIDAVIT OF EVIDENCE	5666392
8	In The Court of Additional Senior Civil Judge	7	EVIDENCE FOR INQUIRY	716191
9	In The Court of Additional Senior Civil Judge	1	FASSEL	60986
10	In The Court of Additional Senior Civil Judge	3	FRDHAR EVIDENCE	226736
11	In The Court of Additional Senior Civil Judge	41	FURTHER STATEMENT	1734923
12	In The Court of Additional Senior Civil Judge	4	HEARING	315737
13	In The Court of Additional Senior Civil Judge	1	HEARING ON EXEBIT	49259
14	In The Court of Additional Senior Civil Judge	37	INQUERY	2142321
15	In The Court of Additional Senior Civil Judge	4	LANGUAGE EXPERT MARATHI	392189
16	In The Court of Additional Senior Civil Judge	116	NEW ADDRESS	9368431
17	In The Court of Additional Senior Civil Judge	171	NON BAILABLE WARRANT	10675358
18	In The Court of Additional Senior Civil Judge	9	ORDER	792719
19	In The Court of Additional Senior Civil Judge	38	PLEA	2926864
20	In The Court of Additional Senior Civil Judge	1	PURSHISH	108333
21	In The Court of Additional Senior Civil Judge	210	RE-SUMMON	14326685
22	In The Court of Additional Senior Civil Judge	8	SETALMENT BY KAFL	386802
23	In The Court of Additional Senior Civil Judge	2	SUMMON TO BANK OFFICER	181052
24	In The Court of Additional Senior Civil Judge	1950	SUMMONS	121051534
25	In The Court of Additional Senior Civil Judge	35	VERIFICATION	1628151
TOTAL		5319		335588432

Amount owed to Small Scale Undertakings

As on March 31, 2011, there is no Small Scale Undertakings under the Micro, Small and Medium Enterprises Development Act, 2006 whom the Issuer Company owes a sum exceeding ₹ 1 Lac which is outstanding for more than thirty days.

Amount owed to Other Creditors

List of Sundry Creditors for expenses and goods to whom the Company owes more than ₹ 1 lac for more than 30 days as on March 31, 2011 is enumerated below:

Sl. No.	Name of the Party	Amount (₹ in Lacs)
1	Galaxy Indicators	1.3
2	Remson Industries Ltd.	8.22
3	Surya Springs Pvt Ltd	1.42
4	Maruti Industries	1.1
5	Nash Robotics	1.5
6	Suzlon Infrastructure Services Ltd	5.92
7	Drishy Communication	1.6
8	Icra Ltd.	1.48

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

9	Achal Industries	3.28
10	J P Enterprise	2.69
11	Klassic Wheels Pvt. Ltd.	2.75
12	Lumax Ind. Ltd.	2.39
13	Pokhar Engineering Products Ltd.	6.21
14	Sipra Engineers Pvt. Ltd.	3.1
15	Sushant Industries	5.15
16	Thacker Rubber & Allied Ind. P. L.	3.78
17	Vi-Son Wires Pvt. Ltd.	2.21
18	Apar Industries - Ahmedabad	1.22
19	Arvind Engineering Works Ltd-Kolkata	1.32
20	Berger Paints India Ltd. -Pune	5.50
21	Bosch Chassis Systems India Ltd.,-Jalgaon	7.15
22	D.M. Auto Industries. - Rajkot	1.33
23	Gabriel India Limited. - Parwanoo	2.41
24	Laxmi Auto Fastners. - Rajpura Town	1.23
25	Om Vinyls Pvt Ltd Ovada	1.13
26	Sagar Springs Pvt. Ltd. - Vadodara	1.72
27	Steel Strips Wheels Ltd	3.62
	Total	80.73

Material Development since last Balance Sheet

There are no material changes and commitments, affecting the financial position of the Company since the last Balance Sheet date i.e. March 31, 2011.

GOVERNMENT AND OTHER APPROVALS

The Company has received the necessary consents, licenses, permissions and approvals from the Government of India and various governmental agencies required for the present business (as applicable on date of the Letter of Offer) and except as mentioned below, no further approvals are required for carrying on the existing business and expansion plans. It must be distinctly understood that, in granting these approvals, the Government of India does not take any responsibility for the Company financial soundness or for the correctness of any of the statements made or opinions expressed in this behalf.

In view of the approvals already obtained, the Company can undertake this Issue and the current/ proposed business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to undertake the Issue or continue the business activities, except the pending approvals mentioned below. Unless otherwise stated, these approvals are all valid as of the date of the Letter of Offer.

The following statement sets out the details of licenses, permissions and approvals taken by the Company under various central and state laws for carrying out its business.

For details please refer page no. 178 of the Letter of Offer.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority to the Issue

The Issue is being made pursuant to the resolution passed by the Board of Directors of the Company at its meeting held on June 25 2010 and subsequently approved by the shareholders at the Extra Ordinary General Meeting of the Company held on August 31 2010. The Board of Directors determined the Rights Issue price at ₹ 30.00 per Equity Share and a rights entitlement of 1 Equity Shares for every 4 fully paid-up Equity Shares held on the Record Date, i.e. on 5th September, 2011.

Consent of Lenders

The agreements in respect of some of the debt taken by the Company contain certain covenants inter-alia requiring the Company to seek the prior permission of the said bank for various activities, including amongst others, such as effecting any change in the capital structure, declaration and payment of dividends for any year in case of default on payment of any amount due to the Bank, issuing new securities, changing the ownership, shareholding pattern, Management etc. Company has obtained these consents from its lenders, where require.

Prohibition by SEBI, RBI or Governmental Authorities

The Company, its Promoters or members of the Promoter Group, Directors or person(s) in control of the Company, Company Associates or Group Companies with which the Directors of the Company were or are associated, as Directors or Promoters have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI. None of the Directors of the Company are associated with the securities market in any manner.

Neither the Company, nor the Promoters, Promoter Group Companies, the relatives of Promoters, have been declared as willful defaulters by the RBI or any other governmental authority and there have been no violations of securities laws committed by any of them in the past and no such proceedings are currently pending against them except as provided under the section titled "Legal & Other Information" beginning on page 167 of the Letter of Offer.

Compliance with Part A of Schedule VIII of SEBI (ICDR) Regulations.

Pursuant to Clause (1) of Part E of Schedule VIII of the SEBI Regulations, the Company is eligible to offer this Issue in terms of Part A of Schedule VIII of the SEBI (ICDR) Regulations.

The Company has duly complied with the following during the last financial year:

- i) Provisions of the Listing Agreement with respect to reporting and compliance under Clauses 35, 40A, 41 and 49.
- ii) Provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, with respect to reporting in terms of Regulation 8(3) pertaining to disclosure of changes in shareholding and Regulation 8A pertaining to disclosure of pledge shares.
- iii) Provisions of the SEBI (Prohibition of Insider Trading) Regulations, 1992, with respect to reporting in terms of Regulation 13.

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

Eligibility of the Issue

The Company is an existing company registered under the Companies Act, whose Equity Shares is listed on BSE. The Company is eligible to offer this Rights Issue in terms of Chapter IV of the SEBI (ICDR) Regulations, 2009. It satisfies the following conditions:

- a. The Company has been filing periodic reports, statements and information in compliance with the listing agreement for the last three years immediately preceding the date of filing the Letter of Offer with the designated stock exchange.
- b. The reports, statements and information referred to sub-clause (a) above are available on the website of Bombay Stock Exchange Limited (BSE), the recognized stock exchange with nationwide trading terminals.
- c. The Company has investor grievance – handling mechanism which includes meeting of the Shareholder's Committee at frequent intervals, appropriate delegation of power by the Board of Directors of the Company as regards share transfer and have clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED, A COPY OF THE DRAFT LETTER OF OFFER HAD BEEN SUBMITTED TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI).

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THE DRAFT LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED/ CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT LETTER OF OFFER. THE LEAD MANAGER TO THE ISSUE, SUMEDHA FISCAL SERVICES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE LEAD MANAGER SUMEDHA FISCAL SERVICES LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 06.01.2011 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATIONS LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE LETTER OF OFFER PERTAINING TO THE SAID RIGHTS ISSUE;

2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:

- a) THE LETTER OF OFFER FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

- b) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

- c) THE DISCLOSURES MADE IN THE LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES & EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.

3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE LETTER OF OFFER ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.

4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – NOT APPLICABLE

5. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE LETTER OF OFFER WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE LETTER OF OFFER. – NOT APPLICABLE

6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUES OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE LETTER OF OFFER – NOT APPLICABLE

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES & EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. - NOT APPLICABLE
 8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE "MAIN OBJECTS" LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
 9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONIES RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONIES SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM THE STOCK EXCHANGE MENTIONED IN THE LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION:- NOTED FOR COMPLIANCE
 10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.
 11. WE CERTIFY THAT ALL APPLICABLE DISCLOSURES MANDATED IN SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
 12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE LETTER OF OFFER:
 - a) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE SHARES OF THE COMPANY AND
 - b) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.
 13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO THE ADVERTISEMENT IN TERMS OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.
 14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS' EXPERIENCE, ETC.
 15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.
- THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCE AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER, SUMEDHA FISCAL SERVICES LIMITED ANY IRREGULARITIES OR LAPSES IN THE LETTER OF OFFER.**
- DISCLAIMER**
- The Company and the Lead Manager to the issue accept no responsibility for statements made otherwise than in the Letter of Offer or in any advertisement or other material issued by the Company or by any other persons at the instance of the Company and anyone placing reliance on any other source of information would be doing so at his own risk.
- Investors who invest in the issue will be deemed to have been represented to the Issuer Company and Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire equity shares of the company, and are relying on independent advice / evaluation as to their ability and quantum of investment in this issue.
- CAUTION**
- The Lead Manager and the Company shall make all information available to the Equity Shareholders and no selective or additional information would be available for a section of the Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of the Letter of Offer with SEBI. The Lead Manager and the Company shall update the Letter of Offer and keep the public informed of any material changes till the listing and trading commences.
- DISCLAIMER WITH RESPECT TO JURISDICTION**
- The Letter of Offer has been prepared under the provisions of Indian Laws and the applicable rules and regulations hereunder. Any disputes arising out of this Issue will be subject to the jurisdiction of the appropriate court(s) in Gujarat, India only.

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

The distribution of the Letter of Offer and the offering of the securities on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession the Letter of Offer may come are required to inform themselves about and observe such restrictions. The Company is making this Issue of Equity Shares on a rights basis to the Shareholders of the Company and will dispatch the Letter of Offer and CAFs to Shareholders who have provided the Indian address.

No action has been, or will be taken to permit an offering of these securities in any jurisdiction where action would be required for that purpose, except that the Letter of Offer has been filed with SEBI and SEBI has given its observations and that the Letter of Offer would be filed with the relevant stock exchanges in India. Accordingly, the equity shares may not be offered or sold, directly or indirectly, and the Letter of Offer may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of the Letter of Offer, nor any sale hereunder, shall under any circumstances, create any implication that the affairs of the Company has remained unchanged since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

United States Restrictions

NEITHER THE RIGHTS ENTITLEMENTS NOR THE EQUITY SHARES THAT MAY BE PURCHASED PURSUANT THERETO HAVE BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY U.S. STATE SECURITIES LAWS, AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OF AMERICA OR THE TERRITORIES OR POSSESSIONS THEREOF (THE "UNITED STATES" OR THE "U.S.") OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, "US PERSONS" (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT ("REGULATION S"), EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE RIGHTS REFERRED TO IN THE LETTER OF OFFER ARE BEING OFFERED IN INDIA, BUT NOT IN THE UNITED STATES. THE OFFERING TO WHICH THE LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY SHARES OR RIGHTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SHARES OR RIGHTS. ACCORDINGLY, THE LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO THE UNITED STATES AT ANY TIME, EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. NEITHER OUR COMPANY NOR ANY PERSON ACTING ON BEHALF OF THE COMPANY WILL ACCEPT SUBSCRIPTIONS FROM ANY PERSON, OR THE AGENT OF ANY PERSON, WHO APPEARS TO BE, OR WHO THE COMPANY OR ANY PERSON ACTING ON BEHALF OF THE COMPANY HAS REASON TO BELIEVE IS, A RESIDENT OF THE UNITED STATES AND TO WHOM AN OFFER, IF MADE, WOULD RESULT IN REQUIRING REGISTRATION OF THE LETTER OF OFFER WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION.

DISCLAIMER CLAUSE OF THE BSE

Bombay Stock Exchange Limited ("BSE") has given vide its letter ref. no.DCS/PREF/JA/IP-RT/1390/10-11 dated 14th January, 2011 permission to this Company to use the Exchange's name in the Letter of Offer as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized the Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company.

The Exchange does not in any manner:

- i. Warrant, certify or endorse the correctness or completeness of any of the contents of the Letter of Offer; or
- ii. Warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
- iii. Take any responsibility for the financial or other soundness of this Company, its Promoters, its management or any scheme or project of this Company; and it should not for any reason be deemed or construed that the Letter of Offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

FILING

The Letter of Offer has been filed with SEBI, Western Regional Office, Unit No: 022, Ground Floor, SAKAR I, Near Gandhigram Railway Station, Opp. Nehru Bridge Ashram Road, Ahmedabad – 380 009 to give its observations and a copy has been filed with the Stock Exchange as per the requirement under Regulation 6(4) of the SEBI (ICDR) Regulations. All the legal requirements applicable till the date of filling the Letter of Offer with the Stock Exchange have been complied with.

DESIGNATED STOCK EXCHANGE

The Designated Stock Exchange for the purposes of this Issue will be the BSE.

IMPERSONATION

As a matter of abundant caution, attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

"Any person who makes in a fictitious name an application to a Company for acquiring, or subscribing for, any shares therein, or otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years"

LISTING

The existing Equity Shares is listed on BSE (Designated Stock Exchange). The Company has made application to BSE for permission to deal in and for an official quotation in respect of the Equity Shares being offered in terms of the Letter of Offer. The Company has received in-principle approval from BSE vide letter dated 14th January, 2011.

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

If the permission to deal in and for an official quotation of the securities is not granted by the Stock Exchange mentioned above, within 15 days from the Issue Closing Date, the Company shall forthwith repay, without interest, all monies received from applicants in pursuance of the Letter of Offer. If such money is not paid within 8 days after the Company becomes liable to repay it, then the Company and every Director of the Company who is an officer in default shall, on and from expiry of 8 days, be jointly and severally liable to repay the money with interest as prescribed under Section 73 of the Act.

CONSENTS

The written consents of Promoters, Directors, Auditors, Lead Managers to the Issue, Registrars to the Issue, Bankers to the Issue, Legal Advisor and Bankers to the Company to act in their respective capacities have been obtained and such consents have not been withdrawn up to the time of delivery of the Letter of Offer with the Stock Exchange.

The Auditors of the Company has given their written consent for inclusion of their report in the form and content appearing in the Letter of Offer and such consent and report have not been withdrawn up to the time of delivery of the Letter of Offer to the Stock Exchange.

The Auditors of the Company has given their written consent for inclusion of income tax benefits in the form and content appearing in the Letter of Offer, accruing to the Company and its members.

To the best of our knowledge, there are no other consents required for making this Rights Issue. However, should the need arise, necessary consents shall be obtained by us.

EXPERT OPINION

The Company has not obtained any expert opinion apart from whatever is already mentioned in the Letter of Offer.

EXPENSES TO THE ISSUE

The expenses to this Rights Issue payable by the Company including lead manager's fees, fee payable to auditors, legal counsel, registrar to the issue, printing and distribution expenses, publicity, listing fees, stamp duty and other miscellaneous expenses will not exceed ₹ 15.00 Lacs and will be met out of the proceeds of the Rights Issue.

Sl. No.	Particulars	Amount (₹ in Lacs)	% of Total Issue Expenses	% of Total Issue Size
1.	Fees of Lead Manager, Registrar, Legal Advisor, Auditors, etc.	9.20	61.33 %	2.10 %
2.	Printing & Stationery, Distribution, Postage, etc.	2.00	13.33%	0.46 %
3.	Advertisement & Marketing Expenses	1.00	6.67%	0.23 %
4.	Other Expenses (incl. Filing Fees, Listing Fees, Depository Charges, etc.)	1.50	10.00%	0.34 %
5.	Contingencies	1.30	8.67%	0.30 %
	TOTAL	15.00	100.00%	3.43 %

PREVIOUS RIGHTS AND PUBLIC ISSUES

Except as disclosed in the "Capital Structure" on page 43 of the Letter of Offer, Company has not made any previous rights and public issues in India or abroad in the five years preceding the date of the Letter of Offer.

PREVIOUS ISSUES OF SHARES OTHERWISE THAN FOR CASH

Except as stated in the section titled "Capital Structure" on page 43 of the Letter of Offer, Company has not made any previous issues of shares for consideration otherwise than for cash.

COMPANIES UNDER THE SAME MANAGEMENT

No company under the same management (within the meaning of section 370(1)(B) of the Companies Act) has made any capital issue during the last 3 years.

OUTSTANDING DEBENTURES OR BONDS OR PREFERENCE SHARES

There are no outstanding debentures or bonds or preference shares as on date of filing of the Letter of Offer.

OPTION TO SUBSCRIBE

Other than as disclosed in the section titled "Capital Structure" of the Letter of Offer, the Company has not given any person any option to subscribe for the Equity Shares.

In case of those Equity Shareholders or applicants who have opted to receive the Equity Shares in dematerialized form using electronic credit under the depository system, advice regarding their credit of the Equity Shares shall be given separately.

In case of those Equity Shareholders or applicants who have opted to receive the Equity Shares in physical form and in respect of which the Company issues letters of allotment, the corresponding Share Certificates will be delivered within three months from the date of allotment thereof or such extended time as may be approved by the Central Government under Section 113 of the Companies Act or other applicable provisions, if any. Allottees are requested to preserve such letters of allotment, which will subsequently be exchanged for the Share Certificates. For further details, see "—Option to receive Equity Shares in Dematerialized Form" below under the section titled "Terms and Procedure of the Issue" of the Letter of Offer.

STOCK MARKET DATA

The Equity Shares of the Company were initially listed on the Ahmadabad Stock Exchange Limited, Bombay Stock Exchange and Saurashtra Kutch Stock Exchange Limited. Subsequently, the Company was voluntarily delisted from the Ahmadabad Stock Exchange Limited with effect from 21.01.2009 and the Company was de-listed from Saurashtra Kutch Stock Exchange Limited with effect from July 2007, as the recognition of the Stock Exchange had been withdrawn by SEBI vide its order dated July 5, 2007. The shares are actively traded on BSE. The Company has received In-Principle approvals for listing of the Equity Shares to be issued pursuant to this Issue from the BSE by letter dated 14th January, 2011 the Company will make applications to the BSE for permission to deal in and for an official quotation in respect of the Equity Shares being offered in terms of the Letter of Offer. If the permission to deal in and for an official quotation is not granted for the Equity Shares by the BSE, the Company shall forthwith repay, without interest, all monies received from the Investors pursuant to the Letter of Offer. If such money is not repaid within eight days after Company becomes liable to repay it (i.e. 15 days after Issue Closing Date or the date of refusal by the BSE,

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

whichever is earlier), the Company and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money, with interest as prescribed under Section 73 of the Companies Act.

The Company's shares are presently listed on BSE only. On 31-Dec-2010, the closing price of Equity Shares of the Company on BSE was ₹ 113.55 (Equity Shares of face value of ₹ 10 each). The high and low closing prices recorded on BSE for the preceding three years and the number of shares traded on the days the high and low prices were recorded are stated below:

The week end prices of the Equity Shares of the Company on the BSE in the last four weeks together with the high and low prices are set out below:

Week ending	High		Volume on date of high (No. of Shares)	Low		Volume on date of low (No. of Shares)	Average (₹)
	(₹)	Date		(₹)	Date		
24-June-11	118.10	21.06.11	2,857	114.20	23.06.11	1,417	116.15
01-July-11	117.60	01.07.11	1,103	115.20	29.06.11	2,499	116.40
08-July-11	116.30	08.07.11	12,648	113.10	07.07.11	3,228	114.70
15-July-11	122.30	15.07.11	2,772	117.00	11.07.11	1,244	119.65

Source: www.bseindia.com

Notes:

- High, low and average prices are of the daily closing prices.
- In case of two days with the same closing price, the date with higher volume has been considered.

The high and low prices of the Equity Shares of the Company recorded on BSE for the preceding three years are stated below:

Year ended 31st March	High		Volume on date of high (No. of Shares)	Low		Volume on date of low (No. of Shares)	Average Closing Price for the year
	Date	(₹)		Date	(₹)		
2011	5-Nov-10	159.90	2129	13-Apr-10	42.55	5027	101.23
2010	17-Oct-09	56.7	25	15-May-09	22.05	100	39.38
2009	25-Jun-08	71.2	47855	28-Oct-08	20	5	45.60

Source: www.bseindia.com

Notes: High, low and average prices are of the daily closing prices.

The high and low prices of the Equity Shares of the Company recorded on BSE for the six months preceding the date of filing of the Letter of Offer are stated below:

Month	High		Volume on date of high (No. of Shares)	Low		Volume on date of low (No. of Shares)	Average (₹)
	Date	(₹)		Date	(₹)		
Jan'11	07.01.11	118.65	8,911	17.01.11	102.50	2,548	110.58
Feb'11	18.02.11	124.45	54,361	09.02.11	102.65	1,303	113.55
Mar' 11	03.03.11	121.45	4,042	30.03.11	108.10	1,710	114.78
Apr' 11	27.04.11	138.80	8,643	01.04.11	113.10	251	125.95
May' 11	02.05.11	136.65	9,862	24.05.11	117.15	2,109	126.90
June' 11	14.06.11	132.25	11,873	23.06.11	114.20	1,417	123.23

Source: www.bseindia.com

Notes: High, low and average prices are of the daily closing prices.

The market capitalization of the Equity Shares as on December 31, 2010 was ₹ 6644 Lacs on the BSE based on a market price of ₹ 113.55.

Closing Market price immediately after the date of the Board Meeting approving the rights issue is ₹ 110/-.

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

MECHANISM FOR REDRESSAL OF INVESTOR GRIEVANCES BY THE COMPANY

The Memorandum of Understanding between the Registrar to the Issue and the Company, will provide for retention of records with the Registrar to the Issue for a period of at least 3 years from the last date of dispatch of letters of allotment, demat credit, refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of shares applied for, amount paid on application, Depository Participant, and the bank branch or collection centre where the application was submitted. All grievances relating to the ASBA process may be addressed to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidders.

The Company has constituted a Shareholders' Committee to look into the redressal of shareholder/investor complaints such as Issue of duplicate/split/consolidated share certificates, allotment and listing of shares and review of cases for refusal of transfer/transmission of shares and debentures, complaints for non receipt of dividends etc.

For further details on this committee, please refer section titled "Management and Corporate Governance", on page no. 96 of the Letter of Offer. To expedite the process of share transfer, the Company has appointed Sharex Dynamic (India) Pvt. Ltd. as the Registrar and Share Transfer Agents of the Company. **Details of Investor complaints during last three years preceding the filing Letter of Offer with SEBI**

For the Period / Financial Year ended	Particulars	Nos. of Complaints received	Nos. of Complaints disposed	Nos. of Complaints pending
2010-11	Non Receipt of Dividend	2	2	NIL
2009-10	Nil	NIL	NIL	NIL
2008-09	Non Receipt of Dividend	3	3	NIL

Details of Investor complaints as on the date of filing Letter of Offer with SEBI-NIL.

DISPOSAL OF INVESTOR GRIEVANCES BY THE COMPANY

Company estimates that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances shall be 7 working days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, Company will seek to redress these complaints as expeditiously as possible.

Investors may contact the Company Secretary and Compliance Officer of the Company in case of any Pre-Issue/Post-Issue related problems such as non-receipt of allotment advice/Share Certificates/demat credit/refund orders, etc. The contact details of the Company Secretary and Compliance Officer are as follows:

Ms. Purvi Prashant Mehta
(Company Secretary & Compliance Officer)
Atul Auto Limited, Registered Office:
Survey No. 86, Plot No. 1 to 4,
National Highway 8-B, Near Microwave Tower,
Rajkot Gondal Highway, Village Shapar (Veraval),
Taluka Kotda Sangani, Rajkot-360002,Gujarat
Tel No: +91 2827-666000,

Fax No: +91 2827-666029

Email: investorrelations@atulauto.co.in

Website: www.atulauto.co.in

All grievances relating to the ASBA process may be addressed to the SCSB, giving complete details such as the name and address of the ASBA Applicant, the number of Equity Shares applied for, the Application Money paid on the CAF and the Designated Branch or the collection center of the SCSB where the CAF was submitted by the ASBA Applicant.

CHANGES IN AUDITORS

There has been no change in Statutory Auditors in the last 3 years

CAPITALISATION OF RESERVES OR PROFITS

Except as disclosed in the section titled "Capital Structure" of the Letter of Offer, the Company has not capitalized any of its reserves or profits in the last 5 years.

REVALUATION OF ASSETS

There has been no revaluation of the Company's fixed assets in the last five years. For further details, see the section titled "Financial Statements" beginning on page 115 of the Letter of Offer.

Allotment Letters / Refund Orders

The Company will issue and dispatch letters of allotment/ share certificates/ demat credit or letters of regret along with refund order or credit the allotted securities to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date. In case of ASBA Investors, the Registrar to the Issue shall instruct the SCSBs to unblock the funds in the relevant ASBA Account to the extent of the refund to be made within 15 days of the Issue Closing Date. If such money is not repaid within 8 days from the day Company become liable to pay it, Company shall pay that money with interest as stipulated under Section 73 of the Act.

Letters of allotment/ share certificates/ demat credit/ refund orders will be dispatched by registered post/ speed post to the sole/ first applicant's registered address.. Such cheques or pay orders will be payable at par at all the centres where the applications were originally accepted and will be marked 'A/c payee' and would be drawn in the name of the sole/ first applicant. Adequate funds would be made available to the Registrar to the Issue for dispatch of the letters of allotment/ share certificates/ demat credit/ refund orders.

In case Company issues letters of allotment, the corresponding share certificates will be kept ready within three months from the date of allotment thereof or such extended time as may be approved by the Companies Law Board under Section 113 of the Companies Act or other applicable provisions, if any. Allottees are requested to preserve such Letters of Allotment, which would be exchanged later for the share certificates.

Option to Subscribe

Other than the present rights Issue, Company has not given any person any option to subscribe to the Equity Shares of the Company. The Equity Shareholders are given the option to receive the share certificates in physical form or hold shares in dematerialised form with a depository. (Refer the "Terms of Issue" on page 248 of the Letter of Offer for details)

Important

- (a) This Issue is authorized pursuant to the resolution passed by the Board of Directors at its meeting held on June 25 2010 and the resolution passed by the Equity Shareholders at the Extra Ordinary General Meeting of the Company held on August 31 2010.

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

- (b) The Equity Shares are being offered for subscription for cash to those existing Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the depositories in respect of Shares held in the electronic form and on the Register of Members of the Company in respect of Equity Shares held in the physical form at the close of business hours on the Record Date, i.e., 5th September, 2011 fixed in consultation with the Stock Exchange.
- (c) Company will arrange to dispatch the Letter of Offer and Composite Application Form ("CAF") by post to such Equity Shareholders in India.
- (d) Your attention is drawn to the section entitled "Risk Factors" appearing on page 12 of the Letter of Offer.
- (e) Please ensure that you have received the Composite Application Form ("CAF") with the Letter of Offer
- (f) Please read the Letter of Offer and the instructions contained herein and in the CAF carefully before filling in the CAF. The instruction contained in the CAF are an integral part of the Letter of Offer and must be carefully followed. An application is liable to be rejected for any non-compliance of the provisions contained in the Letter of Offer or the CAF.
- (g) All enquiries in connection with the Letter of Offer or CAF should be addressed to the Registrar to the Issue, quoting the Registered Folio number/ DP and Client ID number and the CAF numbers as mentioned in the CAF.
- (h) All information shall be made available to the Investors by the Lead Managers and the Issuer, and no selective or additional information would be available by them for any section of the Investors in any manner whatsoever including at road shows, presentations, research or sales reports, etc.
- (i) The Lead Managers and the Issuer shall update the Letter of Offer and keep the public informed of any material changes till the listing and trading commences.

TERMS OF THE ISSUE

The Equity Shares, now being issued, are subject to the terms and conditions of the Letter of Offer, the enclosed CAF, the Memorandum of Association and Articles of Association of the Company, the approvals from the Gol, FIPB and RBI, if applicable, the provisions of the Act, guidelines issued by SEBI, guidelines, notifications and regulations for issue of capital and listing of securities issued by Gol and/or other statutory authorities and bodies from time to time, terms and conditions as stipulated in the allotment advice or letter of allotment or share certificate and rules as may be applicable and introduced from time to time.

Authority for the Issue

The Issue is being made pursuant to the resolution passed by the Board of Directors of the Company at its meeting held on June 25, 2010 and subsequently approved by the Shareholders at the Extra Ordinary General Meeting of the Company held on August 31, 2010. The Board of Directors determined the Rights Issue price at ₹ 30/- per Equity Share and a rights entitlement of 1 Equity Shares for every 4 Fully paid up Equity Shares held on the Record Date, i.e. on 5th September, 2011.

Basis for the Issue

The Equity Shares are being offered for subscription for cash to those existing Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the depositories in respect of the Equity Shares held in the electronic form and on the Register of Members of the Company in respect of Equity Shares held in the physical form at the close of business

hours on the Record Date i.e. 5th September, 2011, fixed in consultation with the Designated Stock Exchange.

Ranking of the Equity Shares

The Equity Shares issued and allotted on a Rights Basis as a part of this Issue shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari-passu in all respects including dividends with the existing Equity Shares of the Company.

Mode of payment of Dividend

The Company shall pay dividend to the shareholders as per the provisions of the Companies Act.

Forfeiture

Since the issue price is payable on application, there is no requirement of forfeiture of shares.

Rights Entitlement

As your name appears as beneficial owner in respect of Equity Shares held in the electronic form or appears in the register of members as an Equity Shareholder of the Company as on 5th September, 2011 i.e. the Record Date. You are entitled to the number of Equity Shares as set out in Block I of Part A of the enclosed CAF.

The Equity Shares are being offered on rights basis to the existing Equity Shareholders of the Company in the ratio of 1 Equity Shares for every 4 Equity Shares held on the Record Date. Only upon receipt of the aforesaid details, Rights Entitlement of the claimants shall be determined.

PRINCIPAL TERMS OF THE ISSUE

Face Value

Each Equity Share will have the face value of ₹ 10/-

Issue Price

Each Equity Share shall be offered at an Issue Price of ₹ 30/- for cash (including a premium of ₹ 20/-).

Terms of Payment

The full amount of ₹ 30/- per share is payable on application.

The payment towards the Equity Shares offered will be applied as under:

- ₹ 10/- per Equity Share towards Share Capital
- ₹ 20/- per Equity Share towards Securities Premium Account

Where an applicant has applied for additional Equity Shares and is allotted lesser number of Equity Shares than applied for, the excess application money paid shall be refunded. The monies would be refunded within 15 days from the closure of the Issue, and if there is a delay beyond 8 days from the stipulated period, the Company will pay interest on the monies in terms of the section 73 of the Companies Act.

Entitlement Ratio

The Equity Shares are being offered on rights basis to the existing Equity Shareholders of the Company in the ratio of 1 Equity Shares for every 4 Equity Shares held on the Record Date.

For Equity Shareholders wishing to apply through the newly introduced ASBA process for rights issues, kindly refer section titled "Procedure for Application through the Applications Supported By Blocked Amount ("ASBA") Process beginning on page 268 of this Letter of Offer.

Payment should be made by cheque/ demand draft drawn on any bank which is situated at and is a member or a sub member of the Bankers' to the Issue's clearing house located at the center where the application is accepted. All cheques/bank drafts accompanying the CAF should be crossed "A/c Payee" only and made payable to "AAL - Rights Issue". The CAF duly

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

completed together with the amount payable on application must be deposited with the collecting bank/collection centers indicated on the reverse of the CAF, on or before the close of banking hours on or before the Issue closing date. A separate cheque or bank draft must accompany each CAF. Reference number of CAF should be mentioned on the reverse of the Cheque/Draft. Outstation cheques / money orders / postal orders / drafts will not be accepted and application(s) accompanied by such cheques / money orders / postal orders / drafts will be rejected. Applicants residing at places other than the cities where the collection centers have been opened should send their completed CAF by registered post to the Registrar to the Issue, Sharex Dynamic (India) Pvt. Ltd., Unit 1, Luthra Industrial Premises, Andheri Kurla Road, Safed Pool, Andheri (E), Mumbai-400 072 along with a cheque drawn on a local bank at Mumbai or with a demand draft payable at Mumbai, net of bank and postal charges in favor of "AAL – Rights Issue" crossed "A/c Payee" only so that the same is received on or before closure of the Issue (i.e. 29th September, 2011).

Market Lot

The market lot for the Equity Shares in dematerialized mode is one. In case of physical certificates, the Company would issue one certificate for the Equity Shares allotted to one folio ("Consolidated Certificate").

Fractional Entitlement

If the shareholding of any of the Equity Shareholders is not in the multiples of 4 then the fractional entitlement of such shareholders shall be rounded off to the next higher integer, subject to the minimum entitlement of 1 Equity Share. The Equity Shares needed for rounding off will be adjusted from the promoters entitlement.

Rights of the Equity Shareholders

Subject to applicable laws, the Equity Shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right to free transferability of shares; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act and Memorandum and Articles of Association.

Minimum Subscription

If the Company does not receive the minimum subscription of 90% of the issued amount, the entire subscription shall be refunded to the applicants within 15 days from the date of closure of the Issue. If there is a delay in the refund of subscription by more than 8 days after the Company becomes liable to repay the subscription amount (i.e. 15 days after closure of the Issue), then the Company and every Director of the Company who is an officer in default shall, on and from expiry of 8 days, be jointly and severally liable to repay the money with interest as prescribed under sub-sections (2) and (2A) of Section 73 of the Act.

Additional Subscription by the Promoter

The Promoter and Promoter Group have confirmed that they intend to subscribe to the full extent of their Rights Entitlement in the Issue. The Promoters and Promoter Group reserve their right to apply for additional Rights Equity Shares, either by themselves, their relatives or a combination of entities controlled by them, including by subscribing for renunciation if any, made

within the Promoter Group to another person forming part of the Promoter Group or any other Equity Shareholder.

In addition to the subscription to the Rights Equity Shares as stated above, in case of Issue is undersubscribed, the Promoter and Promoter Group reserve their right to subscribe to additional Rights Equity Shares in the Issue up to the minimum subscription of 90% of the Issue subject to the condition that in any circumstances the post issue public shareholding in the Company shall not fall below the specified limit of 25% as stipulated in clause 40A of the Listing Agreement.

As a result of this subscription and consequent allotment, the Promoter and Promoter Group may acquire shares over and above their entitlement in the Issue, which may result in an increase of their shareholding being above the current shareholding but will currently not exceed 75% of the post issue paid share capital of the Company. This subscription and acquisition of additional Equity Shares by the Promoter and Promoter Group through this Issue, if any, will not result in change of control of the management of the Company and shall be exempt in terms of provision under Regulation 3(1)(b)(ii) of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997.

As such, other than meeting the requirements indicated in this section "Objects of the Issue", there is no other intention/purpose for this Issue, including any intention to delist the Company; even if, as a result of allotments to the Promoter and Promoter Group, in this Issue, the Promoter's and Promoter Group's shareholding in the Company exceeds their current shareholding. The Promoter Group shall subscribe to such unsubscribed portion as per the relevant provisions of the law.

Allotment to the Promoter Group of any unsubscribed portion, over and above their entitlement shall be done in compliance with clause 40A of the Listing Agreement and other applicable laws prevailing at that time relating to continuous listing requirements.

The Promoter and Promoter Group hold 59.30% of the paid up Equity Share Capital of the Company and if they were to subscribe to the entire Rights Issue their post Issue shareholding would exceed 75% of Issue Equity Share Capital. However, the Promoter and Promoter Group have given an undertaking that in case due to the subscription by them to the unsubscribed portion, the post Issue public shareholding in any circumstances in the Company would not fall below the specified limit of 25% as stipulated in clause 40A of the Listing Agreement.

Arrangement for Odd Lot Equity Shares

The Company has not made any arrangements for the disposal of odd lot Equity Shares arising out of this Issue. The Company will issue certificates of denomination equal to the number of Equity Shares being allotted to the Equity Shareholder.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares they shall be deemed to hold the same rights, as joint tenants with benefits of survivorship subject to provisions contained in the Articles of Association of the Company.

Notices

All notices to the Equity Shareholder(s) required to be given by the Company shall be published in one English national daily with wide circulation and one Hindi national daily and one regional language daily newspaper and/or, will be sent by ordinary post/ to the registered holders of the Equity Share from time to time.

Nomination Facility

In terms of Section 109A of the Act, nomination facility is available in case

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

of Equity Shares. The applicant can nominate any person by filling the relevant details in the CAF in the space provided for this purpose.

In accordance with Section 109A of the Companies Act, only individuals applying as sole applicants/ joint applicants can nominate, non individuals including society, trust, body corporate, partnership firm, holder of power of attorney cannot nominate. In accordance with Section 109A of the Companies Act, the sole or first holder, along with other joint holders, may nominate any one person in whom, in the event of the death of sole holder or in case of joint holders, death of all the holders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s).

Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ transfer/ alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Company's Registered / Corporate Office or to the Company's Registrar and Transfer Agents. The Applicant can make the nomination by filling in the relevant portion of the CAF. In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, 1956, shall upon the production of such evidence as may be required by the Board of Directors, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made

Further, the Board of Directors may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board of Directors may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with. Only one nomination would be applicable for one folio. Hence, in case the Equity Shareholder(s) has already registered the nomination with the Company, no further nomination needs to be made for Equity Shares to be allotted in this Issue under the same folio.

In case the allotment of Equity Shares is in dematerialized form, there is no need to make a separate nomination for the Equity Shares to be allotted in this Issue. Nominations registered with respective DP of the applicant would prevail. If the applicant requires changing the nomination, they are requested to inform their respective DP.

Restrictions on transfer and transmission of shares and on their consolidation / splitting

There are no restrictions on transfer and transmission and on their consolidation / splitting of shares issued pursuant to this Issue.

Issue of duplicate Equity Share Certificate

If any Equity Share certificate is mutilated or defaced or the pages for recording transfers of Equity Share are fully utilized, the same may be replaced by the Company against the surrender of such certificate. Provided, where the Equity Share certificate are mutilated or defaced, the same will be replaced as aforesaid only if the certificate numbers and the distinctive numbers are legible. If any Equity Share Certificate is destroyed, stolen or lost, then upon production of proof thereof to the satisfaction of the Company

and upon furnishing such indemnity/surety and/or documents as the Company may deem adequate, duplicate Equity Share Certificate shall be issued.

Printing of Bank Particulars on Refund Orders

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the applicant's bank account are mandatorily required to be given for printing on refund orders. Bank account particulars will be printed on the refund orders/refund warrants which can then be deposited only in the account specified. The Company will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

Offer to Non-Resident Equity Shareholders

Applications received from NRIs and Non-Residents for Allotment of Equity Shares shall be inter alia, subject to the conditions imposed from time to time by the RBI under the Foreign Exchange Management Act, 2000 (FEMA) in the matter of receipt and refund of application moneys. Allotment of Equity Shares, issue of allotment / share certificates, payment of interest, dividends, etc. General permission has been granted to any person resident outside India to purchase shares offered on a rights basis by an Indian Company in terms of FEMA and regulation 6 of notification No. FEMA 20/2000-RB dated May 3, 2000. However, the general permission referred to in the sentence immediately above is subject to the restrictions described under "No Offer in the United States" as referred on page 9. The Board of Directors may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the Allotment of Equity Shares, payment of dividend etc. to the Non-Resident Shareholders. The Equity Shares purchased on a rights basis by Non-Residents shall be subject to the same conditions including restrictions in regard to the repatriability as are applicable to the original Equity Shares against which Equity Shares are issued on a rights basis.

By virtue of Circular No. 14 dated September 16, 2003 issued by the RBI, overseas corporate bodies ("OCBs") have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Accordingly, OCBs shall not be eligible to subscribe to the Equity Shares. The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44 dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated Non-Resident entities. Thus, OCBs desiring to participate in this Issue must obtain prior approval from the RBI. Such approval shall be submitted along with the CAF.

The Letter of Offer and CAF shall only be dispatched to Non-Resident Equity Shareholders with registered address in India. The Letter of Offer and CAF should not be forwarded to or transmitted in or into the United States of America or the territories or possessions thereof at any time or to, or for the account or benefit of, "U.S. Persons" (as defined in Regulation S under the United States Securities Act of 1933, as amended), except in a transaction exempt from the registration requirements of the Securities Act.

Listing and trading of the Rights Equity Shares proposed to be issued

The Company's existing Equity Shares listed on BSE and currently trade under the ISIN No. **INE 951D01010**. The Rights Equity Shares proposed to be issued shall be listed and demated for trading on the BSE under the existing ISIN for fully paid up Equity Shares of the Company.

The Rights Equity Shares allotted pursuant to this Rights Issue will be listed as soon as practicable but in no case later than 7 working days from the date of allotment. The Company has made an application for "in-principal" approval for listing of the Rights Equity Shares in accordance with clause 24(a) of the Listing Agreement to the BSE letter dated 7th January, 2011 and

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

has received such approval from the BSE through letter No. DCS/PREF/JA/IP-RT/1390/10-11, dated 14th January, 2011.

The distribution of the Letter of Offer and the Issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions.

The Company is making this Issue of Rights Equity Shares on a rights basis to the Eligible Equity Shareholders of the Company and will dispatch the Letter of Offer / Abridged Letter of Offer and the CAF to the Eligible Equity Shareholders who have provided an Indian address.

Procedure for Application

The Composite Application Form (CAF) would be printed in black ink for all Equity Shareholders. In case the original CAF is not received by the applicant or is misplaced by the applicant, the applicant may request the Registrar to the Issue, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID Number, Client ID Number and their full name and address. Non resident shareholders may obtain a copy of the CAF from the Registrar to the Issue, **Shrex Dynamic (India) Pvt. Ltd. Unit 1, Luthra Industrial Premises, Andheri Kurla Road, Safed Pool, Andheri (E), Mumbai-400 072** by furnishing the registered folio number, DP ID number, Client ID number and their full name and address. Equity Shares offered to you pursuant to this Issue may be renounced, either in full or in part, in favour of any other person or persons. Such renounees can only be Indian nationals/ limited companies incorporated under and governed by the Act, statutory corporations/institutions, trusts (unless registered under the Indian Trust Act), minors (through their legal guardians), societies (unless registered under the Societies Registration Act, 1860 or any other applicable laws) provided that such trust/society is authorized under its constitution/bye laws to hold Equity Shares in a company and cannot be a partnership firm, more than three persons including joint holders, HUF, foreign nationals (unless approved by RBI or other relevant authorities) or to any person situated or having jurisdiction where the offering in terms of the Letter of Offer could be illegal or require compliance with securities laws in their jurisdiction or any other persons not approved by the Board.

Option to Subscribe

Applicants to the Equity Shares, other than an ASBA Investor, issued through this Issue shall be allotted the securities either in dematerialized (electronic) form or physical form at the option of the applicant. ASBA Investors shall be allotted the securities only in dematerialized form. The Company signed a tripartite agreement with NSDL and with CDSL, which enables the Investors to hold and trade in securities in a dematerialized form, instead of holding the securities in the form of physical certificates.

Utilisation of Issue Proceeds

The Board of Directors declares that:

- (i) The funds received out of this Issue shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- (ii) Details of all monies utilised out of the Issue shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies have been utilised;
- (iii) Details of all unutilised monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the form in which such unutilised moneys have been invested.

The funds received against this Issue will be kept in a separate bank account. The Company will utilize the issues proceeds only after the time basis of allotment is finalized.

Undertakings by the Company in connection with the Issue

1. The complaints received in respect of the Issue shall be attended to by the Company expeditiously and satisfactorily.

2. All steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the Equity Shares to be issued pursuant to this Issue are to be listed will be taken within seven (7) working days of finalization of basis of allotment.
3. The funds required for dispatch of refund orders to unsuccessful applicants / allotment letters / share certificates by registered post, speed post shall be made available to the Registrar to the Issue by the Company.
4. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of the Issue Closing Date specifying details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.
5. Adequate arrangements shall be made to collect all ASBA applications and to consider them similar to Non ASBA applications while finalizing the basis of allotment.
6. The certificates of the securities / refund orders, letters of allotment / allotment advice / consolidated certificate to the shareholders including non resident Indians shall be dispatched within the specified time.
7. No further issue of securities effecting equity capital of the Company shall be made till the securities issued / offered through the Issue are listed or till the application money are refunded on account of non-listing, under-subscription etc.
8. The Company accepts full responsibility for the accuracy of information given in the Letter of Offer and confirms that to best of its knowledge, and belief, there are no other facts, the omission of which makes any statement made in the Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.
9. In accordance with clause 43A of the Listing Agreement, a statement shall be furnished to the Stock Exchanges on a quarterly basis indicating material deviations, if any, in the utilisation of the proceeds of the Issue. This information shall also be published in the newspapers simultaneously with the interim or annual financial results, after such information has been placed before the Audit Committee in terms of Clause 49 of the Listing Agreement.
10. In accordance with clause 49 of the Listing Agreement, the Company shall disclose to the Audit Committee, the uses/ application of the proceeds of the Issue by major category, on a quarterly basis as a part of its quarterly declaration of financial results. Further, on an annual basis and until the full utilisation of the proceeds of the Issue, the Company shall prepare a statement, which shall be certified by the statutory auditors of the Company, of the proceeds of the Issue utilized for purposes other than those specified in the Letter of Offer and place such statement before the Audit Committee.
11. In the event that the public shareholding falls below the minimum prescribed in the Listing Agreements, the Company will take such as may be necessary to restore the minimum public shareholding in accordance with the SEBI regulations and undertakes to comply with such directions as may be issued by the Stock Exchanges.
12. Save as otherwise disclosed in the Letter of Offer, no further issue of securities affecting the Equity Capital of the Company shall be made till the Rights Equity Shares issued / offered through this Issue are listed or till the application moneys are refunded on account of non listing, under subscription etc.
13. The Company certifies that the Investors shall be given an option to get the Rights Equity Shares in demat or physical format.

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

14. The Company undertakes that it shall comply with such disclosure, monitoring of the utilisation of proceeds of the Issue and accounting norms specified by SEBI from time to time.
 15. All information shall be made available by the Lead Manager and the Company to the investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road shows, presentations, in research or sales reports etc.
 16. The Issuer and Lead Manager shall update the Letter of Offer and keep the investors informed of any material changes till the listing and trading commences.
- Apply for his Rights Entitlement of Rights Equity Shares in part;
 - Apply for his Rights Entitlement of Rights Equity Shares in part and renounce the other part of the Rights Equity Shares;
 - Apply for his Rights Entitlement of Rights Equity Shares in full.
 - Apply for his Rights Entitlement in full and apply for additional Rights Equity Shares;
 - Renounce his Rights Entitlement in full;

HOW TO APPLY

Application by Resident Equity Shareholders

Applications should be made only on the enclosed CAF provided by the Company. The enclosed CAF should be completed in all respects, including number of physical or dematerialized shares, as explained in the instructions indicated in the CAF and submitted to the Bankers to the Issue. CAFs will not be accepted by the Lead Manager or by the Registrar to the Issue or by the Company at any office except in the case of postal applications as per instructions given in the Letter of Offer.

Application by Non-Resident Equity Shareholders

Applications received from the Non Resident Equity Shareholders for the allotment of Equity Shares shall, inter alia, be subject to the conditions as may be imposed from time to time by RBI, in the matter of refund of application moneys, allotment of Equity Shares, issue of letters of allotment/certificates/payment of dividends etc. The Letter of Offer and CAF shall only be dispatched to Non Resident (including NRI) Equity Shareholders with registered address in India.

The CAF consists of four parts:

- Part A: Form for accepting the Rights Equity Shares offered and for applying for additional Rights Equity Shares
- Part B: Form for renunciation
- Part C: Form for application for Renounees
- Part D: Form for request for Split Application Forms

Acceptance of the Issue

The shareholders may accept the Issue and apply for the Rights Equity Shares offered, either in full or in part, by filling Part A of the enclosed CAF and submit the same along with the application money payable to the Bankers to the Issue or any of the collection branches as mentioned on the reverse of the CAF before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of the Company in this regard. Investors at centers not covered by the branches of collecting banks can send their CAF together with the cheque drawn at par on a local bank at Mumbai / demand draft payable at Mumbai to the Registrar to the Issue by registered post. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected. An ASBA Investor may accept the Issue and apply for the Equity Shares offered, either in full or in part, by filling Part A of the respective CAFs sent by the Registrar, selecting the ASBA process option in Part A of the CAF and submit the same to the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of the Company in this regard.

Options available to the Eligible Equity Shareholders

The CAF will clearly indicate the number of Rights Equity Shares that the Eligible Equity Shareholder is entitled to. If the Eligible Equity Shareholder applies for an investment in Rights Equity Shares, then he can:

Renunciation

The Issue includes a right exercisable by you to renounce the Rights Equity Shares offered to you either in full or in part in favour of any other person or persons. Your attention is drawn to the fact that the Company shall not allot and / or register the Rights Equity Shares in favour of more than 3 persons (including joint holders) partnership firm(s) or their nominee(s), minors, HUF, any trust or society (unless the same is registered under the Societies Registration Act, 1860 or the Indian Trust Act or any other applicable law relating to societies or trusts and is authorized under its constitution or by-laws to hold Equity Shares).

Any renunciation from Resident Indian Shareholder(s) to Non Resident Indian(s) or from Non Resident Indian Shareholder(s) to Resident Indian(s) or from Non-Resident Indian Shareholder(s) to other Non-Resident Indian(s) is subject to the Renouncer(s) / Renounee(s) obtaining the necessary approvals including the permission of the RBI under the FEMA and such permissions should be attached to the CAF. Applications not accompanied by the aforesaid approvals are liable to be rejected.

By virtue of the Circular No. 14 dated September 16, 2003 issued by RBI, Overseas Corporate Bodies ("OCBs") have been derecognized as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Accordingly, the Eligible Equity Shareholders of the Company who do not wish to subscribe to the Rights Equity Shares being offered but wish to renounce the same in favour of renounee shall not renounce the same (whether for consideration or otherwise) in favour of OCBs.

Part 'A' of the CAF must not be used by any person(s) other than those in whose favour this offer has been made. If used, this will render the application invalid. Submission of the enclosed CAF to the Bankers to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part 'B' of the CAF) duly filled in shall be conclusive evidence for the Company of the person(s) applying for Rights Equity Shares of the CAF to receive allotment of such Rights Equity Shares. The Renounees applying for all the Rights Equity Shares renounced in their favour may also apply for additional Rights Equity Shares. Part 'A' of the CAF must not be used by the Renounee(s) as this will render the application invalid. Renounee(s) will have no further right to renounce any Rights Equity Shares in favour of any other person.

The right of renunciation is subject to the express condition that the Board of Directors shall be entitled in its absolute discretion to reject the request for allotment to renounee(s) without assigning any reason therefor.

Procedure for Renunciation

To renounce all the Rights Equity Shares offered to an Eligible Equity Shareholder in favour of one Renounee

If you wish to renounce the offer indicated in Part 'A', in whole, please complete Part 'B' of the CAF. In case of joint holding, all joint holders must sign Part 'B' of the CAF. The person in whose favour renunciation has been made should complete and sign Part 'C' of the CAF. In case of joint renounees, all joint renounees must sign this part of the CAF.

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

To renounce in part/or renounce the whole to more than one person(s)

If you wish to either accept this offer in part and renounce the balance or renounce the entire offer under this Issue in favour of two or more Renouncees, the CAF must be first split into requisite number of forms. Please indicate your requirement of split application forms in the space provided for this purpose in Part 'D' of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for split application forms, 23rd September, 2011. On receipt of the required number of split forms from the Registrar, the procedure as mentioned in paragraph above shall have to be followed.

In case the signature of the Eligible Equity Shareholder(s), who has/have renounced the Rights Equity Shares, does/do not match with the specimen registered with the Company, the application is liable to be rejected.

Renouncee(s)

The person(s) in whose favour the Rights Equity Shares are renounced should fill in and sign Part 'C' of the CAF and submit the entire CAF to the Bankers to the Issue on or before the Issue closing date along with the application money. The Renouncee cannot further renounce.

Change and/or introduction of additional holders

If you wish to apply for Rights Equity Shares jointly with any other person or persons, not more than three, who is/are not already joint holder(s) with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed. However, this right of renunciation is subject to the express condition that the Board of Directors of the Company shall be entitled in its absolute discretion to reject the request for allotment from the renouncee(s) without assigning any reason thereof.

Additional Rights Equity Shares

You are eligible to apply for additional Rights Equity Shares over and above the number of Rights Equity Shares you are entitled to, provided that you have applied for all the Rights Equity Shares offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Rights Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board of Directors, in consultation, if necessary, with the Designated Stock Exchange and in the manner prescribed in the Letter of Offer.

If you desire to apply for additional Rights Equity Shares, please indicate your requirement in the place provided for additional Rights Equity Shares in Part 'A' of the CAF. The Renouncee applying for all the Rights Equity Shares renounced in their favour may also apply for additional Rights Equity Shares.

Where the number of additional Rights Equity Shares applied for exceeds the number available for allotment, the allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

Instructions for options

- Part 'A' of the CAF must not be used by any person(s) other than the Eligible Equity Shareholders to whom the Letter of Offer has been addressed. If used, this will render the application invalid.
- A request for split forms should be made for a minimum of 1 shares, Rights Equity Shares or, in multiples thereof and one split form for the balance Rights Equity Shares, if any.
- A request by the Investor for the split Application form should reach the Company on or before 23rd September, 2011.
- Only the Eligible Equity Shareholders to whom the Letter of Offer has been addressed to and not the renouncee(s) shall be entitled to renounce and to apply for Split Application Forms. Forms once split cannot be split further.

- Split Application Form(s) will be sent to the Investor(s) by post at Investor's risk.

The summary of options available to the Equity Shareholder is presented below. You may exercise any of the following options with regard to the Rights Equity Shares offered, using the enclosed CAF:

Options Available	Action Required
1. Accept the whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part 'A' (<i>All joint holders must sign</i>)
2. Accept your Rights Entitlement in full and apply for additional Rights Equity Shares. (<i>All joint holders must sign</i>)	Fill in and sign Part 'A' including Block III relating to the acceptance of Rights Entitlement and Block IV relating to additional Rights Equity Shares.
3. Renounce your Rights Entitlement in full to one person (<i>Joint renounces are considered as one</i>)	Fill in and sign Part 'B' (<i>all joint holders must sign</i>) indicating the number of Rights Equity Shares renounced and hand it over to the Renouncee. The Renouncees must fill in and sign Part 'C'. (<i>All joint Renouncees must sign</i>)
4. Accept a part of your Rights Entitlement and renounce the balance to one or more Renouncee(s). OR Renounce your Rights Entitlement to all the Rights Equity Shares offered to you to more than one Renouncee.	Fill in and sign Part 'D' (<i>all joint holders must sign</i>) requesting for Split Application Forms. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for receiving requests for Split Application Forms. Splitting will be permitted only once. On receipt of the Split Application Form take action as indicated below: <ul style="list-style-type: none"> • For the Rights Equity Shares you wish to accept, if any, fill in and sign Part A. • For the Rights Equity Shares you wish to renounce, fill in and sign Part 'B' indicating the number of Rights Equity Shares renounced and hand it over to the Renouncee. Each of the Renouncees should fill in and sign Part 'C' for the Equity Shares accepted by them.
5. Introduce a joint holder or change the sequence of joint holders	This will be treated as a renunciation. Fill in and sign Part 'B' and the Renouncee must fill in and sign Part 'C'.

Investors must provide information in the CAF as to their savings bank / current account number and the name of the bank with whom such account is held, to enable the Registrar to print the said details in the refund orders after the names of the payee(s). Failure to comply with this may lead to rejection of the application. Bank account details furnished by the Depositories will be printed on the refund warrant in case of Equity Shares held in electronic form.

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

Investors must write their CAF Number at the back of the cheque/ demand draft.

Availability of Duplicate CAF

In case the original CAF is not received, or is misplaced by the Investor, the Registrar to the Issue will issue a duplicate CAF on the request of the Investor who should furnish the registered folio number/ DP and Client ID number and his/her full name and address to the Registrar to the Issue. Please note that the request for a duplicate CAF should reach the Registrar to the Issue within 7 (seven) days from the Issue Opening Date. Please note that those who are making the application in the duplicate CAF should not utilize the original CAF for any purpose including renunciation, even if it is received/ found subsequently. If the Investor violates any of these requirements, he/she shall face the risk of rejection of both the CAFs.

Application on Plain Paper

An Eligible Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with a demand draft, net of bank and postal charges payable at Mumbai which should be drawn in favour of "AAL – Rights Issue" in case of Resident Shareholders and Non-Resident Shareholders applying on non-repatriable basis or "AAL – Rights Issue – NR" in case of Non-Resident Shareholders applying on repatriable basis and the Eligible Equity Shareholders should send the same by registered post directly to the Registrar to the Issue.

The envelop should be superscribed "AAL – Rights Issue" and should be postmarked in India. The application on plain paper, duly signed by the Investors including joint holders, in the same order as per specimen recorded with the Company, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of the Issuer, being Atul Auto Limited;
- Name and address of the Eligible Equity Shareholders, including joint holders;
- Registered Folio Number/DP ID number and Client ID number;
- Number of Equity Shares held as on the Record Date;
- Number of Rights Equity Shares entitled;
- Number of Rights Equity Shares applied for;
- Number of additional Rights Equity Shares applied for, if any;
- Total number of Rights Equity Shares applied for;
- Total amount paid at the rate of ₹ 30/- per Rights Equity Share;
- Separate cheques / DDs are to be attached for amounts to be paid for Rights Equity Shares;
- Particulars of cheque / demand draft / Savings / Current Account Number and name and address of the bank where the Eligible Equity Shareholder will be depositing the refund order;
- PAN of the Investor, and for each Investor in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to the Issue;
- Signature of the Rights Equity Shareholders to appear in the same sequence and order as they appear in the records of the Company;

Please note that those who are making an application otherwise than on an original CAF shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the Investor violates any of these requirements, he / she shall face the risk of rejection of both the applications. Separate cheque / DDs are to be attached for amounts to be paid for Rights Equity Shares. The Company shall refund such application amount to the Investor without any interest thereon.

For Applicants residing at places where the Bank Collection Centers have been opened, application forms duly completed together with cash/ cheque/ demand draft for the application money must be submitted before the close of the subscription list to the Bankers to the Issue named herein or to any of its branches mentioned on the reverse of the CAF. The CAF along with application money must not be sent to the Company or the Lead Manager to the Issue or the Lead Manager to the Issue or the Registrar to the Issue.

For Applicants residing at places other than the cities where the Bank collection centers have been opened, application forms duly completed together with cash/ cheque/ demand draft for the application money must be submitted before the close of the subscription list to the Bankers to the Issue named herein or to any of its branches mentioned on the reverse of the CAF. The CAF along with application money must not be sent to the Company or the Lead Manager to the Issue or the Registrar to the Issue.

For Applicants residing at places other than the clients where the Bank collection centers have been opened, application forms duly completed together with cash/ cheque/ demand draft for the application money net of bank charges for demand draft and postal charges must reach Registrar to the Issue before the close of the subscription list.

For ASBA Investors may fill Part 'A' of the respective CAFs, selecting the ASBA process option in Part 'A' of the CAF and submit the same to the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of the Company in this regard.

The Applicants are requested to strictly adhere to these instructions. Failure to do so could result in the application being liable to be rejected with the Company, the Lead Manager and the Registrar not having any liabilities to such Applicants.

Last Date of Application

The last date for submission of the duly filled in CAF is 23rd September, 2011. The Issue will be kept open for 15 days and the Board of Directors or any committee thereof will have the right to extend the said date for such period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

If the CAF together with the amount payable is not received by the Bankers to the Issue / Registrar to the Issue, as the case on or before the closure of banking hours on the aforesaid last date or such date as may be extended by the Board of Directors / Committee of Directors, the offer contained in the Letter of Offer shall be deemed to have been declined and the Board of Directors / Committee of Directors shall be at liberty to dispose off the Rights Equity Shares hereby offered, as provided in the Letter of Offer.

INVESTORS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGE ONLY IN DEMATERIALIZED FORM.

Basis of Allotment

Subject to the provisions contained in the Letter of Offer, the Articles of Association of the Company and the approval of the Designated Stock Exchange, the Board of Directors will proceed to allot the Rights Equity Shares in the following order of priority:

- (a) Full allotment to those Rights Equity Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s) who has / have applied for Rights Equity Shares renounced in their favour, in full or in part.
- (b) Allotment to the Eligible Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of the Issue and have also applied for additional Rights Equity Shares. The allotment of such additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

held by them on the Record Date, provided there is an under-subscribed portion after making full allotment in (a) and (b) above. The allotment of such additional Rights Equity Shares will be at the sole discretion of the Board of Directors / Committee of Directors in consultation with the Designated Stock Exchange, as part of the Issue and not preferential allotment.

- (c) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for additional Rights Equity Shares provided there is surplus available after making full allotment under (a), (b) and (c) above. The allotment of such Rights Equity Shares will be on a proportionate basis at the sole discretion of the Board of Directors / Committee of Directors in consultation with the Designated Stock Exchange, as part of the Issue and not preferential allotment.
- (d) Allotment to any other person as the Board of Directors may in its absolute discretion deem fit provided there is surplus available after making full allotment under (a), (b) and (c) above.

After taking into account allotment to be made under (a) and (b) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed' for the purpose of regulation 3(1)(b) of the Takeover Code which would be available for allocation under (c), (d) and (e) above.

After considering the above Allotment, any additional Rights Equity Shares shall be disposed off by the Board of Directors, in such manner as they think most beneficial to the Company and the decision of the Board of Directors in this regard shall be final and binding. In the event of oversubscription, Allotment will be made within the overall size of the Issue.

Underwriting

As on date of the Letter of Offer, the Company has not entered into any underwriting agreements.

Allotment / Refund

The Company will issue and dispatch letters of allotment/ share certificate/ demat credit and/ or letters of regret along with refund order or credit the allotted securities to the respective beneficiary accounts, if any, within a period of 15 days from the date of closure of the Issue. If such money is not repaid within 8 days from the day the Company becomes liable to pay it, the Company and every Director of the Company who is an officer in default shall, on and from expiry of 8 days, be jointly and severally liable to repay that money with interest as stipulated under Section 73 of the Companies Act.

In case of ASBA Investors, the Registrar to the Issue shall instruct the SCSBs to unblock the funds in the relevant ASBA Account to the extent of the Application Money for withdrawn, rejected or unsuccessful ASBAs within 15 days of the closure of the Issue. In case of a failure in providing instructions to SCSBs to unblock the funds in the relevant ASBA Account, the Company will pay interest on the monies in terms of Section 73 of the Companies Act.

Applicants residing at 68 clearing houses are managed by the Reserve Bank of India (RBI) will get refunds through ECS only (Electronic Clearing Service) except where Applicants are otherwise disclosed as applicable/ eligible to get refunds through direct credit and RTGS.

In case of those Applicants who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, and advise regarding their credit of the Equity Shares shall be given separately. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 working days of closure of the Issue.

In case of those Applicants who have opted to receive their Rights Entitlement in physical form and the Company issues Letter of Allotment, the corresponding share certificates will be kept ready within three months from the date of allotment thereof or such extended time as may be approved by the Companies Law Board under Section 113 of the Companies Act or other applicable provisions, if any. Allottees are requested to preserve such letters of allotment, which would be exchanged later for the share certificates.

The letter of allotment / refund order would be sent by registered post/ speed post to the sole/ first Applicant's registered address. Such refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked 'Account Payee Only' and would be drawn in favour of the sole/ first Applicant. Adequate funds would be made available to the Registrar to the Issue for this purpose.

Payment of Refund

Mode of making refund

The payment of refund, if any, would be done through various modes in the following order of preference:

1. ECS (Electronic Clearing Service) – Payment of refund would be done through ECS for Investors having an account at any centre where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for Investors having a bank account at the centers where ECS facility has been made available by the RBI (subject to availability of all information for crediting the refund through ECS), except where the Investor, being eligible, opts to receive refund through NEFT, direct credit or RTGS.
2. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the Investor's bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method. The Company in consultation with the Lead Manager may decide to use NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed herein.
3. Direct Credit – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by the Company.
4. RTGS (Real Time Gross Settlement) – Investors having a bank account at any of the centres where such facility has been made available and whose refund amount exceeds ₹ 2 Lac, have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

5. For all other Investors, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched through speed post / registered post . Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole / first Investor and payable at par.

Printing of Bank Particulars on Refund Orders

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars will be printed on the refund orders/ refund warrants which can then be deposited only in the account specified. The Company will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

Allotment advice / Share Certificates / Demat Credit

Allotment advice / share certificates / demat credit or letters of regret will be dispatched to the registered address of the first named Investor or respective beneficiary accounts will be credited within 15 (fifteen) days, from Issue Closing Date. Allottees are requested to preserve such letters of allotment (if any) to be exchanged later for share certificates. Export of letter of allotment (if any) / share certificates / demat credit to Non-Resident allottees will be subject to the approval of RBI.

Option to receive the Rights Equity Shares in Dematerialized Form

Investors shall be allotted the Rights Equity Shares in the dematerialized form at the option of the Investor. The Company has signed a tripartite agreement dated 01.04.2002 with NSDL and the Registrar to the Issue and a tripartite agreement dated 02.04.2002 with CDSL and the Registrar to the Issue, which enables the Equity Shareholders to hold and trade in Equity Shares in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates.

In this Issue, the allottees who have opted for the Rights Equity Shares in dematerialized form will receive the Rights Equity Shares in the form of an electronic credit to their beneficiary account with a Depository Participant. The CAF shall contain a space for indicating the number of Rights Equity Shares applied for in demat and physical form or both. Investors will have to give the relevant particulars for this purpose appropriately in the CAF. Applications, which do not accurately contain this information, will be given the Rights Equity Shares in physical form. No separate applications for Rights Equity Shares in physical and / or dematerialized form should be made. If such applications are made, the application for physical Rights Equity Shares will be liable to be rejected. In case of partial allotment, allotment will be done in demat option for the shares sought in demat and balance, if any, may be allotted in physical shares.

The Rights Equity Shares will be listed on the BSE.

The procedure for availing of the facility for allotment of the Rights Equity Shares in this Issue in the electronic form is as under:

- Open a beneficiary account with any Depository Participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is exhibited in the records of the Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as with the Company). In case of Investors having various folios in the Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Investors who have already opened such beneficiary account (s) need not adhere to this step.
- For the Eligible Equity Shareholders already holding Equity Shares of the Company in dematerialized form as on the Record Date, the beneficiary account number shall be printed on the CAF. For those

who open accounts later or those who change their accounts and wish to receive their Rights Equity Shares pursuant to this Issue by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the allotment of Rights Equity Shares arising out of this Issue may be made in dematerialized form even if the original Equity Shares of the Company are not dematerialized. Nonetheless, it should be ensured that the Depository Account is in the name(s) of the Equity Shareholders and the names are in the same order as in the records of the Company.

- Responsibility for correctness of information (including Investor's age and other details) filled in the CAF vis-à-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in the CAF should be same as registered with the Investor's Depository Participant.
- Equity Shares/ allotted to an Applicant in the electronic account form will be credited directly to the Applicant's respective beneficiary account(s) with depository participant.
- Applicants should ensure that the names of the Applicants and the order in which they appear in the CAF should be the same as registered with the Applicant's depository participant.
- Non-transferable allotment advice/refund orders will be directly sent to the Applicant by the Registrar to the Issue.
- If incomplete / incorrect beneficiary account details are given in the CAF the Investor will get the Rights Equity Shares in physical form.
- The Rights Equity Shares pursuant to this Issue allotted to Investors opting for dematerialized form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the Investor by the Registrar to the Issue but the Investor's depository participant will provide to him the confirmation of the credit of such Securities to the Investor's depository account.
- Renouncees will also have to provide the necessary details about their beneficiary account for allotment of Rights Equity Shares in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.
- It may be noted that Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL.
- Dividend or other benefits with respect to the Equity Shares held in dematerialized form would be paid to those Equity Shareholders whose name appear in the list of beneficiary owners given by the Depository Participant to the Company as on the date of the book closure.

General instructions for investors

- (a) Please read the instructions printed on the enclosed CAF carefully.
- (b) Applications should be made on the printed CAF, provided by the Company and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and / or which are not completed in conformity with the terms of the Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the Investors, details of occupation, address, father's / husband's name must be filled in block letters.

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

- (c) The CAF together with the cheque / demand draft should be sent to the Bankers to the Issue / Collecting Banks or the Registrar to the Issue, as the case may be, and not to the Company or the Lead Manager to the Issue. Investors residing at places other than cities where the branches of the Bankers to the Issue have been authorized by the Company for collecting applications, will have to make payment by Demand Draft payable at Mumbai of an amount net of bank and postal charges and send their application forms to the Registrar to the Issue by registered post. If any portion of the CAF is / are detached or separated, such application is liable to be rejected.
- (d) Applications for any value made by the Investor, or in the case of joint names, each of the joint Investors, should mention his / her PAN number allotted under the Income Tax Act, 1961, irrespective of the amount of application. **CAFs without PAN will be considered incomplete and are liable to be rejected.**
- (e) Investors are advised that it is mandatory to provide information as to their savings / current account number and the name of the bank with whom such accounts is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees. Applications not containing such details are liable to be rejected. For Eligible Equity Shareholders holding Equity Shares in dematerialized form, such bank details will be drawn from the demographic details of the Eligible Equity Shareholders in the records of the depository.
- (f) All payments should be made by cheque / DD only. Cash payment is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- (g) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his / her official seal. The Eligible Equity Shareholders must sign the CAF as per the specimen signature recorded with the Company or the Depositories.
- (h) In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Issue and to sign the application and a copy of the memorandum and articles of association and or bye laws of such body corporate or society must be lodged with the Registrar to the Issue giving reference to the serial number of the CAF and folio numbers / DP ID and Client ID Number. In case the above referred documents are already registered with the Company, the same need not be furnished again. In case these papers are sent to any other entity besides the Registrar to the Issue or are sent after the Issue Closing Date, then the application is liable to be rejected. In no case should these papers be attached to the application submitted to the Bankers to the Issue.
- (i) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with the Company. Further, in case of joint Investors who are Renounees, the number of Investors should not exceed three. In case of joint applicants, reference, if any, will be made in the first Investor's name and all communication will be addressed to the first Investor.
- (j) Application(s) received from Non-Resident / NRIs, or persons of Indian origin residing abroad for allotment of Rights Equity Shares shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, allotment of Equity Shares, subsequent issue and allotment of Equity Shares, interest, export of share certificates, etc. In case a Non-Resident or NRI Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF.
- (k) All communications in connection with applications for the Rights Equity Shares, including any change in addresses of the Eligible Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of allotment in this Issue quoting the name of the first / sole Investors, folio numbers and CAF number. Please note that any intimation for change of address of the Eligible Equity Shareholders, after the date of allotment, should be sent to the Registrar and Transfer Agents of the Company, Sharx (Dynamic) India Pvt. Ltd., in the case of Equity Shares held in physical form and to the respective Depository Participant, in case of Equity Shares held in dematerialized form.
- (l) Split forms cannot be re-split.
- (m) Only the person or persons to whom the Rights Equity Shares have been offered and not Renounee(s) shall be entitled to obtain split forms.
- (n) Investors must write their CAF number at the back of the cheque / demand draft.
- (o) Only one mode of payment per application should be used. The payment must be by cheque / demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub-member of the Bankers Clearing House located at the centre indicated on the reverse of the CAF where the application is to be submitted.
- (p) A separate cheque / demand draft must accompany each CAF. Outstation cheques / demand drafts or postdated cheques and postal / money orders will not be accepted and applications accompanied by such cheques / demand drafts / money orders or postal orders will be rejected. The Registrar will not accept payment against application if made in cash. (For payment against application in cash please refer point (f) above).
- (q) No receipt will be issued for application money received. The Bankers to the Issue / Collecting Bank / Registrar will acknowledge receipt of the same by stamping and returning the acknowledgement slip at the bottom of the CAF.

Grounds for Technical Rejections

Investors are advised to note that applications are liable to be rejected on technical grounds, including the following:

- Amount paid does not tally with the amount payable for;
- Bank account details (for refund) are not given and the same are not available with the DP (in the case of dematerialized holdings) or the Registrar (in the case of physical holdings);
- Age of first Investor not given while completing Part C of the CAFs;
- PAN not mentioned for application of any value;
- In case of application under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted;
- If the signature of the existing shareholder on the CAF does not match with the records available with the Company and/or the Depositories and in case of application by Renounees, if the signature of the Renounees do not match with the records available with their Depositories;
- If the Investor desires to have Rights Equity Shares in electronic form, but the CAF does not have the Investor's depository account details;
- Application forms are not submitted by the Investor's within the time

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

- prescribed as per the application form and the Letter of Offer;
- Applications not duly signed by the sole / joint Investors;
 - Applications by OCBs unless accompanied by specific approval from RBI permitting the OCBs to participate in the Issue.
 - Applications accompanied by stockinvest;
 - In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Investors (including the order of names of joint holders), the Depository Participant's Identity (DP ID) and the beneficiary's identity;
 - Applications that do not include the certification set out in the CAFs to the effect that the subscriber is not a US person, and does not have a registered address (and is not otherwise located) in the United States and is authorized to acquire the rights and the Securities in compliance with all applicable laws and regulations;
 - Applications which have evidence of being dispatched from the US;
 - Applications by ineligible Non-Residents (including on account of restriction or prohibition under applicable local laws) and where a registered address in India has not been provided;
 - Applications where the Company believes that the CAF is incomplete or acceptance of such CAFs may infringe applicable legal or regulatory requirements;
 - Multiple applications;
 - Applications by renouces who are persons not competent to contract under the India Contract Act, 1872, including minors; and
 - Duplicate Applications, including cases where an Investor submits CAFs along with a plain paper application.

Mode of payment for Resident Eligible Equity Shareholders / Investors

Applicants who are resident in centers with the bank collection centers shall draw cheques / drafts accompanying the CAF in favour of the Bankers to the Issue, crossed account payee only and marked "AAL- Rights Issue".

Applicants residing at places other than places where the bank collection centers have been opened by the Company for collecting applications, are requested to send their applications together with Demand Draft / Pay Order payable at Mumbai in favour of the bankers to the Issue, crossed account payee only and marked "AAL - Rights Issue" directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing date. The Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.

Mode of payment for Non-Resident Eligible Equity Shareholders / Investors

As regards the application by Non-Resident Eligible Equity Shareholders / Investors, the following conditions shall apply:

As regards the application by Non-Resident Eligible Equity Shareholders / Investors, the following conditions shall apply:

- Individual Non-resident Indian applicants can obtain application form at the following address:

Sharex Dynamic (India) Pvt. Ltd.

Unit 1, Luthra Industrial Premises,
Andheri Kurla Road, Safed Pool, Andheri (E), Mumbai-400 072.

Ph: (022)-28515606/5644/6338, Fax: (022)-28512885

SEBI Regn. No. INR000002102

Web Site: www.sharexindia.com

E-mail: - sharexindia@vsnl.com

Contact Person:- Mr. B. S. Baliga

- Payment by Non-residents must be made by demand draft payable at Mumbai / cheque payable drawn on a bank account maintained at Mumbai or funds remitted or funds remitted from abroad in any of the following ways:

Application with repatriation benefits

Payment by NRIs/ FIIs/ foreign investors must be made by demand draft / cheque payable at Mumbai or funds remitted from abroad in any of the following ways:

- By Indian Rupee drafts purchased from abroad and payable at Mumbai or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate); or
- By cheque / demand draft on a Non-Resident External Account (NRE) or FCNR Account maintained in Mumbai; or
- By Rupee draft purchased by debit to NRE / FCNR Account maintained elsewhere in India and payable in Mumbai; or
- FIIs registered with SEBI must remit funds from special Non-Resident rupee deposit account;
- All cheques / demand drafts submitted by Non-Residents applying on repatriable basis should be drawn in favour of "AAL - Rights Issue - NR" payable at Mumbai and crossed "A/c Payee only" for the amount payable.

A separate cheque or bank draft must accompany each application form. Investors may note that where payment is made by drafts purchased from NRE/ FCNR accounts as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR account should be enclosed with the CAF. In the absence of the above the application shall be considered incomplete and is liable to be rejected.

In the case of non-residents who remit their application money from funds held in FCNR / NRE Accounts, refunds and other disbursements, if any shall be credited to such accounts details of which should be furnished in the appropriate columns in the CAF. In the case of NRIs who remit their application money through Indian Rupee Drafts from abroad, refunds and other disbursements, if any will be made in US Dollars at the rate of exchange prevailing at such time subject to the permission of RBI. The Company will not be liable for any loss on account of exchange rate fluctuation for converting the Rupee amount into US Dollars or for collection charges charged by the Investor's Bankers.

Application without repatriation benefits

As far as Non-Residents holding shares on non-repatriation basis is concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained in Mumbai or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable in Mumbai. In such cases, the allotment of Rights Equity Shares will be on non-repatriation basis.

All cheques / demand drafts submitted by non-residents applying on non-repatriation basis should be drawn in favour of "AAL - Rights Issue" payable at Mumbai and must be crossed 'A/c Payee Only' for the amount payable. The CAF duly completed together with the amount payable on application must be deposited with the Collecting bank indicated on the reverse of the CAF before the close of banking hours on or before the Issue Closing date. A separate cheque or bank draft must accompany each CAF.

If the payment is made by a draft purchased from an NRO account, an Account Debit Certificate from the bank issuing the draft, confirming that the draft has been issued by debiting the NRO account, should be enclosed with the CAF. In the absence of the above, the application shall be considered

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

incomplete and is liable to be rejected.

New demat accounts shall be opened for Eligible Equity Shareholders who have had a change in status from Resident Indian to NRI.

“Non-resident Indian Applicants may please note that only such application as are accompanied by payment in free foreign exchange shall be considered for allotment. The non-resident Indians who intend to make payment through Non-Resident Ordinary (NRO) accounts shall mention the details of the Bank Account from their payment is being made”.

Note:

- In cases where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights Equity Shares can be remitted outside India, subject to tax, as applicable according to Income Tax Act, 1961.
- In case Rights Equity Shares are allotted on non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India.
- The CAF duly completed together with the amount payable on application must be deposited with the Collecting bank indicated on the reverse of the CAF before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- In case of an application received from non-residents, allotment, refunds and other distribution, if any, will be made in accordance with the guidelines / rules prescribed by RBI as applicable at the time of making such allotment, remittance and subject to necessary approvals.

The Company is not responsible for any postal delay / loss in transit on this account and applications received through mail after closure of the Issue are liable to be rejected. Applications through mail should not be sent in any other manner except as mentioned above. The CAF along with the application money must not be sent to the Company or the Lead manager or the Registrar except stated otherwise. The Investors are requested to strictly adhere to these instructions.

Renouncees who are NRIs / FIIIs / Non Residents should submit their respective applications either by hand delivery or by registered post with acknowledgement due to the Registrar to the Issue only at the below mentioned address along with the cheque / demand draft payable at Mumbai so that the same are received on or before the closure of the Issue.

Investment by NRIs

Investment by NRIs are governed by the Portfolio Investment Scheme under Regulation 5(3)(i) of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.

Investment by FIIIs

In accordance with the current regulations, the following restrictions are applicable for investment by FIIIs:

The issue of Rights Equity Shares under this Issue to a single FII should not exceed 10% of the Post Issue Paid-Up Capital of the Company. In respect of an FII investing in the Rights Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total Paid-Up Capital of the Company or 5% of the total issued capital in case such sub-account is a foreign corporate or an individual. In accordance with foreign investment limits applicable to the Company, the total FII investment cannot exceed 24% of the total Paid-Up Capital of the Company. With the approval of the Board of Directors and the shareholders by way of a special resolution, the aggregate FII holding can go up to 10%. As of date, the FII investment in the Company is limited to 24% of the total Paid-Up Capital of the Company.

Payment by Stockinvest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the Stockinvest Scheme has been withdrawn. Hence, payment through Stockinvest would not be accepted in this Issue.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian Mutual Fund registered with the SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

Impersonation

As a matter of abundant caution, attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

“Any person who makes in a fictitious name an application to a Company for acquiring, or subscribing for, any shares therein, or otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years”.

Disposal of application and application money

No acknowledgement will be issued for the application moneys received by the Company. However, the Bankers to the Issue / Registrar to the Issue receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgement slip at the bottom of each CAF.

The Board of Directors reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto.

In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on the Rights Equity Shares allotted, will be refunded to the Investor within 15 days from the closure of the Issue.

For further instructions, please read the CAF carefully.

Procedure for Application through the ASBA (“ASBA Process”)

This section is for the information of Equity Shareholders proposing to subscribe to the Issue through the ASBA Process. The Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Letter of Offer. Equity Shareholders who are eligible to apply under the ASBA Process are advised to make their independent investigations and ensure that the number of Equity Shares applied for by such Equity Shareholders do not exceed the applicable limits under laws or regulations. Equity Shareholders applying under the ASBA Process are also advised to ensure that the CAF is correctly filled up, stating therein the bank account number maintained with the SCSB in which an amount equivalent to the amount payable on application as stated in the CAF will be blocked by the SCSB.

The list of banks who have been notified by SEBI to act as SCSB for the ASBA Process are provided on <http://www.sebi.gov.in/pmd/scsb.pdf>. For details on designated branches of SCSB collecting the CAF, please refer the above mentioned SEBI link.

Please note that pursuant to the SEBI circular dated April 29, 2011, all applicants who are QIBs or are applying in this Issue for Equity Shares for an amount exceeding ₹ 200,000, shall mandatorily make use of ASBA facility.

Non-retail investors having bank account with SCSBs that are providing ASBA in cities/centres where non-retail investor are located, are mandatorily required

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

to make use of ASBA facility. Otherwise, applications of such non-retail investors are liable for rejection.

Equity Shareholders who are eligible to apply under the ASBA Process

Please note that pursuant to the SEBI circular dated April 29, 2011, all applicants who are QIBs or are applying in this Issue for Equity Shares for an amount exceeding ₹ 200,000, shall mandatorily make use of ASBA facility.

Non-retail investors having bank account with SCSBs that are providing ASBA in cities/centres where non-retail investor are located, are mandatorily required to make use of ASBA facility. Otherwise, applications of such non-retail investors are liable for rejection.

The option of applying for Equity Shares in the Issue through the ASBA Process is available to Equity Shareholders of the Company on the start of the Book Closure Period and renouncees can also participate in the Issue.

CAF

The Registrar will despatch the CAF to all Equity Shareholders as per their entitlement on the start of the Book Closure Period for the Issue. Those Equity Shareholders who wish to apply through the ASBA payment mechanism will have to select for this mechanism in Part A of the CAF and provide necessary details. Equity Shareholders desiring to use the ASBA Process are required to submit their applications by selecting the ASBA Option in Part A of the CAF only. Application in electronic mode will only be available with such SCSB who provides such facility. The Equity Shareholder shall submit the CAF to the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB.

Application on Plain Paper

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain a duplicate CAF and wanting to apply under ASBA process may make an application to subscribe for the Issue on plain paper,

The application on plain paper, duly signed by the applicants including joint holders, in the same order as per specimen recorded with the Company, must be submitted at a designated branch of a SCSB on or before the Issue Closing Date and should contain the following particulars;

- Name of the issuer, being Atul Auto Limited;
- Name and address of the Equity Shareholder, including any joint holders;
- Registered folio number/DP ID number and client ID number;
- Number of Equity Shares held as on the Record Date;
- Rights Entitlement;
- Number of Equity Shares applied for;
- Number of additional Equity Shares applied for, if any;
- Total number of Equity Shares applied for;
- Savings/Current Account Number alongwith name and address of the SCSB and Branch from which the money will be blocked ;
- The permanent account number (PAN) of the Equity Shareholder and where relevant, for each joint holder, except in respect of Central and State Government officials and officials appointed by the court (e.g., official liquidators and court receivers) who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, subject to submitting sufficient documentary evidence in support of their claim for exemption, provided that such transactions are undertaken on behalf of the Central and State Government and not in their personal capacity;
- A representation that the Equity Shareholder is not a "U.S. Person" (as defined in Regulations under the Securities Act);

- Signature of the Equity Shareholders to appear in the same sequence and order as they appear in the records of the Company;
- In case of Non Resident Shareholders, NRE/FCNR/NRO A/c no., Name and address of the SCSB and Branch
- In the application, the ASBA Investor shall, inter alia, give the following confirmations/declarations:
 - A. That he/she is an ASBA Investor as per the SEBI Guidelines and
 - B. That he/she has authorized the SCSBs to do all acts as are necessary to make an application in the Issue, upload his/her application data, block or unblock the funds in the ASBA Account and transfer the funds from the ASBA Account to the separate account maintained by the Company for Rights Issue after finalization of the basis of Allotment entitling the ASBA Investor to receive Equity Shares in the Issue etc

The Equity Shareholder shall submit the plain paper application to the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB

If an applicant makes an application in more than one mode i.e. both in the Composite Application Form and on plain paper, then both the applications may be liable for rejection.

The lists of banks that have been notified by SEBI to act as SCSB for the ASBA Process are provided on <http://www.sebi.gov.in/pmd/scsb.html>. For details on designated branches of SCSB collecting the CAF, please refer the above mentioned SEBI link.

Acceptance of the Issue

You may accept the Issue and apply for the Equity Shares offered, either in full or in part, by filling Part A of the respective CAFs sent by the Registrar, selecting the ASBA process option in Part A of the CAF and submit the same to the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of the Company in this regard.

Mode of payment

Non-details investors having bank account with SCSBs that are providing ASBA in cities/centres where non-details investor are located, are mandatorily required to make use of ASBA facility. Otherwise, applications of such non-details investors are liable for rejection.

The Equity Shareholder applying under the ASBA Process agrees to block the Application Money for the Equity Shares applied for (including for additional Equity Shares, if any) with the submission of the CAF, by authorizing the SCSB to block such amount in the ASBA Account.

After verifying that sufficient funds are available in the ASBA Account provided in the CAF, the SCSB shall block an amount equivalent to the Application Money for the Equity Shares applied for until it receives instructions from the Registrar of the Issue. Upon receipt of intimation from the Registrar, the SCSBs shall transfer the Application Money in relation to the Equity Shares which will be allotted to the ASBA Investor. Such amount will be transferred into the separate bank account maintained by the Company. The balance amount remaining after the finalisation of the basis of allotment shall be either unblocked by the SCSBs or refunded to the investors by the Registrar on the basis of the instructions issued in this regard by the Registrar to the Issue and the Lead Manager to the respective SCSB.

The Equity Shareholders applying under the ASBA Process would have agreed to permit blocking of the Application Money for the Equity Shares applied for at the time of the submission of the CAF. The SCSB may reject the application at the time of acceptance of CAF if the ASBA Account provided

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

in the CAF does not have sufficient funds equivalent to the Application Money for the Equity Shares applied for. Subsequent to the acceptance of the application by the SCSB, the Company would have a right to reject the application only on technical grounds.

Options available to the Equity Shareholders applying under the ASBA Process

The summary of options available to the ASBA Investors is presented below. An ASBA Investor may exercise any of the following options with regard to the Equity Shares offered, using the respective CAFs received from Registrar:

Sr. No	Option Available	Option required
1.	Accept whole or part of your entitlement without renouncing the balance.	Fill in and sign Part A of the CAF (<i>All jointholders must sign</i>)
2.	Accept your entitlement in full and apply for additional Equity Shares	Fill in and sign Part A of the CAF including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares (<i>All joint holders must sign</i>).
3.	Renounce your Rights Entitlement in full to one person (Joint Renounees are considered as one).	Fill in and sign Part B (<i>all joint holders must sign</i>) indicating the number of Equity Shares renounced and hand it over to the Renounee. The Renounee must fill in and sign Part C (<i>All joint Renounees must sign</i>).

An ASBA Investor will need to select the ASBA option process in the CAF and provide required necessary details. However, in cases where this option is not selected, but the CAF is tendered to the SCSB with the relevant details required under the ASBA process option and SCSB blocks the requisite amount, then that CAF would be treated as if the Equity Shareholder has selected to apply through the ASBA process option.

Additional Equity Shares

You are eligible to apply for additional Equity Shares over and above the number of Equity Shares (as the case may be) that you are entitled to, provided that (i) you have applied for all the Equity offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board of Directors, in consultation with the Designated Stock Exchange and in the manner prescribed under "Basis of Allotment" on page 260 of the Letter of Offer.

If you desire to apply for additional Equity Shares, please indicate your requirement in the place provided for additional Securities in Part A of the CAF. The Renounee applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares.

Renunciation under the ASBA Process

Renounees can participate in the ASBA Process.

Last date of Application

The last date for submission of the duly filled in CAF is 23rd September, 2011. The Issue will be kept open for a minimum of 15 days and the Board of Directors or any committee thereof will have the right to extend the said date for such period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

If the CAF together with the amount payable is not received by the Banker to the Issue/Registrar to the Issue or if the CAF is not received by the SCSB on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board of Directors /Committee of Directors, as the case may be, the offer contained in the Letter of Offer shall be deemed to have been declined and the Board of Directors/Committee of Directors, as the case may be, shall be at liberty to dispose off the Equity Shares hereby offered, as provided under "Basis of Allotment".

Option to receive Securities in Dematerialised Form

EQUITY SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE EQUITY SHARES UNDER THE ASBA PROCESS CAN ONLY BE ALLOTTED IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE BEING HELD ON RECORD DATE.

Issuance of Intimation Letter

Upon approval of the basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send the Controlling Branches, a list of the ASBA Investors who have been allocated Equity Shares in the Issue, along with:

- The number of Equity Shares to be allotted against each successful ASBA;
- The amount to be transferred from the ASBA Account to the separate account opened by the Company for Rights Issue, for each successful ASBA;
- The date by which the funds referred to in para above, shall be transferred to separate account opened by the Company for Rights Issue; and
- The details of rejected ASBAs, if any, along with reasons for rejection to enable SCSBs to unblock the respective ASBA Accounts.

General instructions for Equity Shareholders applying under the ASBA Process

- (a) Please read the instructions printed on the respective CAF carefully.
- (b) Application should be made on the printed CAF only and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of the Letter of Offer are liable to be rejected. The CAF must be filled in English.
- (c) The CAF in the ASBA Process should be submitted at a Designated Branch of the SCSB and whose bank account details are provided in the CAF and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to the Company or Registrar or Lead Manager to the Issue.
- (d) All applicants, and in the case of application in joint names, each of the joint applicants, should mention his/her PAN number allotted under the Income-Tax Act, 1961, irrespective of the amount of the application. **CAFs without PAN will be considered incomplete and are liable to be rejected.**
- (e) All payments will be made by blocking the Application Money for the Equity Shares applied for in the ASBA Account. Cash payment is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- (f) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

by a Notary Public or a Special Executive Magistrate under his/her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with the Company/or Depositories.

- (g) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with the Company. In case of joint applicants, reference, if any, will be made in the first applicant's name and all communication will be addressed to the first applicant.
- (h) All communication in connection with application for the Securities, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of allotment in this Issue quoting the name of the first/sole applicant Equity Shareholder, folio numbers and CAF number.

Do's:

- (a) Ensure that the ASBA Process option is selected in part A of the CAF and necessary details are filled in.
- (b) Ensure that you submit your application in physical mode only. Electronic mode is only available with certain SCSBs and not all SCSBs and you should ensure that your SCSB offers such facility to you.
- (c) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be allotted in the dematerialized form only.
- (d) Ensure that the CAFs are submitted at the SCSBs whose details of bank account have been provided in the CAF.
- (e) Ensure that you have mentioned the correct bank account number in the CAF.
- (f) Ensure that there are sufficient funds (equal to {number of Equity Shares applied for} X {Issue Price}) available in the ASBA Account mentioned in the CAF before submitting the CAF.
- (g) Ensure that you have authorised the SCSB for blocking the Application Money for the Equity Shares applied for, in the ASBA Account, of which details are provided in the CAF and have signed the same.
- (h) Ensure that you receive an acknowledgement from the SCSB for your submission of the CAF in physical form.
- (i) Each applicant should mention their Permanent Account Number ("PAN") allotted under the I.T Act.
- (j) Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.
- (k) Ensure that the Demographic Details are updated, true and correct, in all respects.

Don'ts:

- (a) Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.
- (b) Do not pay the Application Money for the Equity Shares applied for in cash, by money order or by postal order.
- (c) Do not send CAF to the Lead Manager to Issue / Registrar / Collecting Banks (assuming that such Collecting Bank is not a SCSB) / to a branch of the SCSB which is not a Designated Branch of the SCSB / Company; instead submit the same to a Designated Branch of the SCSB only.

- (d) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- (e) Do not instruct your respective banks to release the funds blocked under the ASBA Process.

Grounds for Technical Rejection under the ASBA Process

In addition to the grounds listed under "Grounds for Technical Rejection" on page 265 of the Letter of Offer, applications under the ASBA Process are liable to be rejected on the following grounds:

- a) Application on split form.
- b) Application for entitlements or additional shares in physical form.
- c) Equity Shareholders applying under ASBA Process for additional Equity Shares in CAF of 'A' Equity Shares and vice versa.
- d) DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.
- e) Sending CAF to a Lead Manager /Registrar / Collecting Bank (assuming that such Collecting Bank is not a SCSB) / to a branch of a SCSB which is not a Designated Branch of the SCSB / Company.
- f) The application form does not bear the stamp of the syndicate member / SCSBs.
- g) Insufficient funds are available with the SCSB for blocking the Application Money for the Equity Shares applied for.
- h) Funds in the ASBA Account having been frozen pursuant to regulatory orders.
- i) Account holder not signing the CAF or declaration mentioned therein.
- j) Non-retail investors having bank account with SCSBs that are providing ASBA in cities/centres where non-retail investor are located, are mandatorily required to make use of ASBA facility. Otherwise, applications of such non-retail investors are liable for rejection.

Communications

All future communication in connection with ASBA applications made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First ASBA Investor, CAF number, details of Depository Participant, number of Equity Shares applied for, date of CAF, name and address of the Designated Branch where the application was submitted and bank account number of the ASBA Account, with a copy to the relevant SCSB. The Registrar to the Issue shall obtain the required information from the SCSBs for addressing any clarifications or grievances. The SCSB shall be responsible for any damage or liability resulting from any errors, fraud or wilful negligence on the part of any employee of the concerned SCSB, including its Designated Branches and the branches where the ASBA Accounts are held.

ASBA Investors can contact the Compliance Officer, the Designated Branch where the application was submitted, or the Registrar to the Issue in case of any pre or post-Issue related problems such as non-receipt of credit of Allotted Equity Shares in the respective beneficiary accounts, blocking of excess Amount, etc.

Disposal of Investor Grievances

All grievances relating to the ASBA may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Amount blocked on application, bank account number of the ASBA Account number and the Designated Branch or the collection centre of the SCSB where the CAF was submitted by the ASBA Investors.

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Equity Shareholders (including the order of names of joint holders), the DP ID and the beneficiary account number, then such applications are liable to be rejected.

Depository account and bank details for ASBA Investors

IT IS MANDATORY FOR ALL THE ASBA INVESTORS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALIZED FORM. ALL ASBA INVESTORS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF. THE ASBA INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE CAF IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF.

The ASBA Investors should note that on the basis of name of these Equity Shareholders, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF, the Registrar to the Issue will obtain from the Depository demographic details of these Equity Shareholders such as address, bank account details for printing on refund orders and occupation ("Demographic Details"). Hence, ASBA Investors should carefully fill in their Depository Account details in the CAF.

These Demographic Details would be used for all correspondence with such Equity Shareholders including mailing of the letters intimating unblock of bank account of the respective Equity Shareholder. The Demographic Details given by Equity Shareholders in the CAF would not be used for any other purposes by the Registrar. Hence, Equity Shareholders are advised to update their Demographic Details as provided to their Depository Participants. By signing the CAFs, the Equity Shareholders applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Letters intimating allotment and unblocking or refund (if any) would be mailed at the address of the ASBA Investor as per the Demographic Details received from the Depositories. Refunds, if any, will be made directly to the bank account in the SCSB and which details are provided in the CAF and not the bank account linked to the DP ID. ASBA Investors may note that delivery of letters intimating unblocking of bank account may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Equity Shareholder in the CAF would be used only to ensure dispatch of letters intimating unblocking of bank account.

Note that any such delay shall be at the sole risk of the ASBA Investor and none of the Company, the SCSBs or the Lead Manager shall be liable to compensate the ASBA Investor for any losses caused to such Equity Shareholder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that match three parameters, namely, names of the Equity Shareholders (including the order of names of joint holders), the DP ID and the beneficiary account number, then such applications are liable to be rejected.

Utilisation of Issue Proceeds

The Board of Directors declares that:

- (a) All monies received out of this Issue shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- (b) Details of all monies utilized out of the Issue shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies have been utilized; and
- (c) Details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the form in which such unutilized monies have been invested.
- (d) The Company may utilize the funds collected in the Issue only after the basis of allotment is finalized.

Important

Please read the Letter of Offer carefully before taking any action. The instructions contained in the accompanying CAF are an integral part of the conditions of the Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected.

All enquiries in connection with the Letter of Offer or accompanying CAF and requests for Split Application Forms must be addressed (quoting the Registered Folio Number/DP and Client ID number, the CAF number and the name of the first Eligible Equity Shareholder as mentioned on the CAF and superscribed 'AAL-Rights Issue' on the envelope and postmarked in India) to the Registrar to the Issue at the following address:

Sharex Dynamic (India) Pvt. Ltd.
Unit 1, Luthra Industrial Premises,
Andheri Kurla Road, Safed Pool,
Andheri (E), Mumbai-400 072.
Ph: (022)-28515606/5644/6338
Fax: (022)-28512885
SEBI Regn. No. INR000002102
Web Site: www.sharexindia.com
E-mail: - sharexindia@vsnl.com
Contact Person:- Mr. B. S. Baliga

It is to be specifically noted that this Issue of Rights Equity Shares is subject to the risks set out in the Section titled "Risk Factors" on page 12 of the Letter of Offer.

The Issue will remain open for a minimum 15 days. However, the Board of Directors will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

1. MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The contracts (not being contracts entered into in the ordinary course of business carried on by us or entered into more than two years before the date of the Letter of Offer) which are or may be deemed material have been entered or are to be entered into by us. These contracts and also the documents for inspection referred to hereunder, may be inspected at the registered office of the Company situated at Survey No. 86, Plot No. 1 to 4, National Highway 8-B, Near Microwave Tower, Rajkot Gondal Highway, Village Shapar (Veraval), Taluka Kotda Sangani, Rajkot-360002, Gujarat, India. from 11 a.m. to 3 p.m. from the date of the Letter of Offer until the date of closure of the Subscription List.

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

DECLARATION

We hereby certify that no statement made in the Letter of Offer contravenes any of the provisions of the Companies Act, 1956 and the rules made thereunder. We further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, the Government or any other competent authority in this behalf have been duly complied with.

We further certify that all disclosures made in the Letter of Offer are true and correct.

SIGNED BY ALL THE DIRECTORS AND COMPANY SECRETARY OF ATUL AUTO LIMITED

Mr. J. J. Chandra

Chairman & MD

Mr. M. J. Patel

Wholetime Director

Mr. S. K. Mittal

Wholetime Director

Mr. V. K. Kedia

Non Independent & Non Executive Director

Mr. R. H. Dhruva

Independent & Non Executive Director

Mr. S. T. Kaneria

Independent & Non Executive Director

Mr. R. G. Kotecha

Independent & Non Executive Director

Mr. H. J. Lalakiya

Independent & Non Executive Director

Ms. Purvi. P. Mehta

Company Secretary & Compliance Officer

Place: Rajkot

Date: 19th August, 2011.