

A l w a y s A h e a d



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A N N U A L R E P O R T
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ATLAS CYCLES (HARYANA) LIMITED

SONEPAT-131001

BOARD OF DIRECTORS:

Shri Hari Krishan Ahuja
Shri Hira Lal Bhatia
Shri I.D. Chugh
(Whole Time Director)
Shri Jai Narain Sawhney
Shri Prithvi Raj Chawla
Shri S.N. Seth

BANKERS:

Central Bank of India
Punjab National Bank
Bank of Baroda
State Bank of India

REGISTERED OFFICE:

Atlas Road
Industrial Area,
Sonapat-131001
(Haryana)

AUDITORS:

Messrs Mehra Khanna & Co.
Chartered Accountants,
Delhi

NOTICE

TO THE SHAREHOLDERS

Notice is hereby given that the Fifty Second Annual General Meeting of Atlas Cycles (Haryana) Ltd., Sonapat will be held at the Registered Office of the Company in the Industrial Area, Sonapat on Tuesday the 30 th September, 2003 at 4.00 P.M. (I.S.T.) to transact the following business:-

1. To receive, consider and adopt the Directors Report and the audited Balance Sheet as at 31st March, 2003 and the Profit and Loss Account for the year ended on that date.
2. To declare dividend on equity shares.
3. To appoint a director in place of Shri J.N. Sawhney who retires by rotation. Being eligible, he offers himself for reappointment.
4. To appoint a director in place of Shri P.R. Chawla who retires by rotation. Being eligible, he offers himself for reappointment.
5. To appoint auditors for the current year and fix their remuneration. Messrs Mehra Khanna & Co., Chartered Accountants, the present auditors, offer themselves for reappointment.

SPECIAL BUSINESS

6. To consider and, if though fit, to pass the following resolution with or without modification as an ordinary resolution:-

RESOLVED THAT pursuant to the provisions of section 269 read with schedule XIII, section 309 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the reappointment of Mr. Ishwar Das Chugh as a whole Time Director of the Company for the period 31st March, 2003 to 30th March, 2008 upon the terms and subject to the conditions set out in the explanatory statement annexed to this notice with liberty to the Board of Directors to alter or vary the terms and conditions of the said reappointment within the limits specified in Schedule XIII of the Companies Act, 1956 or any amendments thereto.

EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956

At the meeting held on 31st March, 2003 the Board of Directors approved the renewal of appointment of Mr. I.D. Chugh, as a whole

time director for a further period of five years from 31st March, 2003 on revised terms as set out below; approval of the members is requested to the same.

1) PERIOD : 31st March, 2003 to 30th March 2008.

2) REMUNERATION :

SALARY

Between Rs. 45,000/- and Rs. 65000/- per month as may be decided by the Board from time to time inclusive of D.A. and other allowances and payments, if any.

COMMISSION

At the rate of 0.5 percent of annual net profits of the company, computed in accordance with the provisions of the Companies Act, 1956, subject to such limits as may be placed by the Board on the quantum of such commission from time to time whichever is less.

MEDICAL EXPENSES

Expenses incurred for self and family, as per Company's Rules, subject to such ceiling as may be decided by the Board from time to time but not exceeding, in any case, one month's salary per year or three months salary in a period of three years.

LEAVE TRAVEL CONCESSION

For self and family once in a year in accordance with the rules of the Company.

PROVIDENT FUND

As per rules of the Company but not exceeding 12.33% of the salary.

SUPERANNUATION FUND

As per rules of the Company provided, however, that Company's contribution to such fund shall not together with Company's contribution to Provident Fund exceed 25% of the salary.

GRATUITY

As per Payment of Gratuity Act, 1972.

TELEPHONE

Reimbursement of the actual expenses incurred on telephone at his residence for the business of the Company; personal long distance call charges will be borne by Mr. Chugh.

CAR

Expenses on use of car on Company's business will be reimbursed to Mr. Chugh, subject to a ceiling to be decided by the Board from time to time.



CLUB FEES

Annual Membership fee of Rotary Club, Sonapat.

MINIMUM REMUNERATION

In the case of absence or inadequacy of profits in any year, the minimum remuneration payable to Mr. Chugh shall be restricted as per section II of schedule XIII of the Companies Act, 1956 as amended.

OTHER CONDITIONS

- i) The terms and conditions of the said appointment may be altered and varied from time to time by the Board, as it may, at its discretion, deem fit so as not to exceed the limits specified in schedules XIII of the Companies Act, 1956 or any amendments made hereafter in that regard.
- ii) Mr. Chugh's employment may be terminated by either party giving a month's notice.
- iii) Mr. Chugh is reappointed a whole time director of the Company by virtue of his employment in the Company and if at any time he ceases to be in the employment of the Company, for any reason whatsoever, he shall cease to be a director of the Company.
- iv) He shall not be entitled to any sitting fee for attending the meeting of the Board of Directors or Committees thereof.

NATURE OF DUTIES

Presently Factory Manager of the Company's factory at Sonapat and "Occupier" under the Factories Act, 1948 of this and other units of the Company in which capacity he will devote whole time attention to the affairs of the Company; he will also perform such duties as may be assigned to him from time to time by the Board of Directors.

Mr. Chugh has been associated with the Company for over 26 years in various capacities from time to time. Currently he is the Factory Manager of the bicycle unit of the Company at Sonapat.

Mr. Chugh holds a Masters Degree in Business administration and has over forty five years business and industrial experience.

The Board consider that Mr. Chugh's reappointment as a whole time director is in the interest of the Company and accordingly recommends his reappointment.

The above may also be treated as an abstract under section 302 of the Companies Act, 1956 of the terms of appointment of Mr. Chugh as a whole time director of the Company.

None of the directors except Mr. Chugh is interested in the resolution.

NOTES

1. The Register of Members of the company will remain closed from 23rd September, 2003 to 30th September, 2003 both days inclusive. Duly completed and valid applications for transfer of shares received in order at the Registered Office of the Company before 23rd September, 2003 will be registered in time for transferees to become eligible for dividend.
2. Members may get any change in their address/their mandates registered with the Company before the 23rd September, 2003.
3. The dividend when declared will be made payable at the Company's bankers. The dividend warrants will be posted on or before 29th October, 2003 to the registered addresses of the shareholders or their mandates whose names stand in the register of members on 30th September, 2003.
4. Any member unable to attend personally is entitled to appoint another person (whether a member or not) as his proxy to attend and vote instead of himself subject to the provisions of section 176 of the Companies Act, 1956. Such proxy form should reach the Registered Office of the Company at least 48 hours before the time fixed for the meeting. A copy of the proxy form is enclosed.
5. As per the amended Section 205A(5) of the Companies Act, 1956, with effect from 31st October, 1998, dividends remaining unclaimed for a period of 7 years from the date it became due for payment, shall be transferred by the Company to the Fund established by the Central Government and no claim thereof shall lie against the

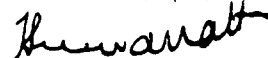
Fund or the Company on the expiry of the said period of seven years. Members who have not encashed their dividends for the year ended 31.3.1996 onwards are requested to send unpaid dividend warrants to the Registered Office of the Company for payment in lieu thereof.

6. In terms of notification issued by Securities and Exchange Board of India, the equity shares of the Company are under compulsory demat trading.
7. Members are requested to kindly bring their copies of the report to the Meeting.
8. Members who are holding shares in identical names in more than one folio, are requested to write to the Company to enable the Company to consolidate their holdings in one folio.
9. ECS forms have been despatched to shareholders which may please be returned to the company duly completed to enable the Company to do the needful for payment of dividend electronically, wherever the facility is available.
10. We are sending herewith all the documents required under section 219(1) of the Companies Act. The Directors' Report sent herewith is without its Annexure relating to Section 217 (2-A). However, pursuant to the requirement of proviso (b) (iv) to section 219(1) of the Companies Act, 1956 the said Directors' Report along with all Annexures is available for inspection at Company's Registered Office, Industrial Area, Sonapat during working hours from today till 30th September, 2003. Any member interested in obtaining a copy of the annexure relating to section 217 (2A) may write to the Company Secretary at the registered Office of the Company and the same will be sent by post.
11. In terms of Section 109A of the Companies Act, 1956, the Shareholders(s) of the Company may nominate a person on whom the Shares held by him/them shall vest in the event of his/her death. Shareholder(s) desirous of availing this facility may submit nomination in Form 2B.

The information in relation to the aforesaid directors is as under :-

12. At the ensuing Annual General Meeting Shri J.N. Sawhney and Shri P.R. Chawla retire by rotation and being eligible offer themselves for re-appointment.
 - a) Shri J.N. Sawhney, aged 90 years, has been a Director of the Company since 6-8-1990. He is a law graduate and has been marketing consultant and agent for over fifty years. At present he is a director in the following companies:-
 - Atlas Cycles (Sonapat) Limited, Sonapat
 - Atlas Cycles (Sahibabad) Limited, Sonapat
 - Atlas Cycles (Malanpur) Limited, Sonapat
 And promoter director in:-
 - Air Foam Industries Pvt. Ltd.
 - J.N. Sawhney & Co. Pvt. Ltd.
 He is a member of Shareholders/Investors Grievance Committee of the Board.
 - b) Shri P.R. Chawla, aged 78 years, has been a Director of the Company since 6-8-1990. He is a graduate. He has been in export business for over fifty years. At present he is a director in the following companies:-
 - Atlas Cycles (Sonapat) Limited, Sonapat
 - Atlas Cycles (Sahibabad) Limited, Sonapat
 - Atlas Cycles (Malanpur) Limited, Sonapat
 He is a member of the Audit Committee of the Board.

By order of the Board
for ATLAS CYCLES (HARYANA) LTD.


(T.A. VISWANATHAN)
COMPANY SECRETARY

Sonapat : the 30th July, 2003.



DIRECTORS' REPORT TO THE MEMBERS:

At the outset, your directors wish to express their deep sense of sorrow at the sad demise on 5th January, 2003 of Shri Jagdish Kapur, who was one of the first directors of the Company, was the Executive Director for fifteen years and has been Joint President for over eight years. The directors place on record their deep appreciation of the valuable services rendered by him.

Your directors have pleasure in submitting their Fifty Second Annual Report together with the audited accounts of the Company for the year ended 31st March, 2003.

FINANCIAL HIGHLIGHTS	(Lac/Rs.)
OPERATING PROFITS	1338
LESS: INTEREST	355
DEPRECIATION	347
	<u>702</u>
	636
LESS: PROVISION FOR TAX : CURRENT	150
DEFERRED	(37)
	523
ADD: PROFIT BROUGHT FORWARD	<u>237</u>
	<u>760</u>

DIVIDEND

Your directors recommend dividend @ 45% p.a. on 32,51,919 equity shares for the year under report.

The amount of dividend will total Rs. 146.34 lacs (Previous year Rs. 146.34 lacs)

PRODUCTION

21,63,860 bicycles (including exercisers) were produced during the period under consideration.

SALES

Sales during the year amounted to Rs. 32,417 lacs including the sales to foreign countries.

EXPORTS

During the period under consideration your Company exported bicycles and bicycle components to around 18 countries, thereby earning valuable foreign exchange of Rs. 10.20 crores.

The Company made strenuous efforts throughout the year in the markets of South African countries and Middle East to achieve higher exports through repeat visits and publicity programme. The Company has also participated in the bicycle exhibitions in China, Kabul and Germany.

U.P. PROJECT

The plant has continued to register higher productivity during the financial year. A few new models of bicycles were developed at the plant. The quality of bicycles has been widely appreciated by all dealers.

TUBE MILL

The Tube Mill registered higher productivity during the financial year. The sales volume increased due to high quality product and satisfactory service to customers.

MALANPUR UNIT

The unit has performed well during the period, consolidating operations, manufacturing equivalent of 6,20,140 bicycles. Besides, the unit had taken up standard Fork components manufacturing since November, 2002. The unit is poised to perform better in the next fiscal year with operations focussed on higher volumes in the fancy segment.

CAPITAL EXPENDITURE

During the year, the Company acquired capital assets worth Rs. 308.12 lacs as against Rs. 312.95 lacs in the previous year. This includes capital assets worth Rs. 14.51 lacs under construction/ installation as against Rs. 0.47 lacs in the previous year.

DEPOSITS (INCLUDING LOANS FROM MEMBERS)

- Total number of depositors on 31.3.2003 who have not claimed their deposits after the date on which their deposits became due for payment-115.
- The aggregate amount of deposits due to the depositors on 31.3.2003 who have not claimed their deposits, including interest accrued, if any after the dates on which their deposits became due for payment Rs. 14.70 lacs.

Deposits aggregating Rs. 6.44 lacs pertaining to 33 depositors have since either been renewed or paid. Further 19 unclaimed deposits aggregating to Rs. 1.26 lacs have since been credited to Investors Education and Protection Fund. The remaining depositors whose deposits, including interest, amount to Rs. 7.00 lacs have not sent any instructions for the disposal of their matured deposits. These will be renewed or repaid as soon as instructions are received from the concerned depositors.

CONSERVATION OF ENERGY

The following measures for conservation of energy were taken during the year:-

Rewiring done for lights and fans for individual running in place of group running. Motor rating reduced at frame polishing by 2HP. New cooling tower at deburring reduced power consumption by 12HP. Motor rating reduced at milling machine by 1HP. Infrared oven discontinued and work taken up in thermax-power consumption reduced by 50 HP. Granodising oven stopped reducing power consumption by 75HP. Lighting load reduction under process.

TECHNOLOGY ABSORPTION

Details of measures taken for technology absorption during the year under report are as under:-

- The Company indigenously developed and introduced in the market the following new models of bicycles:-
 - 26"x19" Atlas Sumo bicycles with mega over size tubing frame.
 - 26"x16.5" Atlas Viper bicycles with ovalised tubing "Y" shaped frame.
 - Atlas Montana bicycle with unique "B" type frame.
 - Atlas Montana Suspension bicycle with full suspension 26" wheel.
 - Kids Bicycles range.
- Work is in progress on development of several new models with some attractive features for the coming year.

Total expenditure on research and development for the year ended 31.3.2003:-

Capital Rs. 2.62 lacs

Recurring Rs. 25.61 lacs

FOREIGN EXCHANGE EARNING AND OUTGO

Total foreign exchange earned : Rs. 1,019.85 lacs

Total foreign exchange used : Rs. 183.96 lacs

PARTICULARS OF EMPLOYEES

The information required under section 217(2-A) of the Companies Act 1956 and the rules framed thereunder relating to particulars of employees is given in the annexure to this report.

LISTING OF COMPANY'S EQUITY SHARES

Your Company's shares continue to be listed on Delhi, Bombay and National Stock Exchanges. The Annual Listing Fee for the year 2003-2004 has been paid to all the three stock exchanges.

REDEMPTION OF NON-CONVERTIBLE DEBENTURES

Repurchasing and cancellation of non-convertible debenture of Rs. 200/- each on which balance amount outstanding in Rs. 66/- per debenture has been approved by the Board on 4-7-2003. Consequently the Company will repurchase these debentures and these will stand cancelled on 19-8-2003 and no interest will be payable on these debenture after the said date.

SUBSIDIARY COMPANIES

Statement of Accounts of the subsidiaries together with statement under section 212 of the Companies Act, 1956, are annexed herewith.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, Directors hereby confirm that:

- in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures.
- The Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2003 and of the profit of the Company for that period.
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, to the best of the knowledge and ability of the Directors.
- The Directors had prepared the Annual Accounts on a going concern basis.

CORPORATE GOVERNANCE

A separate report on Corporate Governance is attached as a part of this report (Annexure-1). The Management Discussion and Analysis Report forms a part of the Corporate Governance report.

AUDITORS

M/S Mehra Khanna & Company, Chartered Accountants, retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for reappointment.

DIRECTORS

S/Shri J.N. Sawhney and P.R. Chawla are retiring by rotation at this Annual General Meeting and, being eligible, offer themselves for reappointment.

Your directors like to take the opportunity to place on record their appreciation of the contribution made by employees at all levels.

In the end, your directors wish to express their gratitude and appreciation to Central and State Government, and Company's bankers for the continued support, assistance and encouragement accorded to the Company.

HARI KRISHAN AHUJA
HIRA LAL BHATIA
ISHWAR DAS CHUGH
JAI NARAIN SAWHNEY
PRITHVI RAJ CHAWLA
S.N. SETH

} DIRECTORS

New Delhi, the 30th July, 2003.



CORPORATE GOVERNANCE REPORT 2002-2003

A) Company's philosophy

The Company believes in the principle of corporate governance and endeavours its best to maintain transparency and professionalism with fairness and integrity to enhance the interest of all its stakeholders.

B) Board of Directors

As at 31.3.2003, the Board of Directors comprises of five Non-Executive Directors and one Whole Time Director.

During the year fourteen Board Meetings were held on 17.4.2002, 26.4.2002, 30.5.2002, 3.7.2002, 30.7.2002, 26.8.2002, 29.8.2002, 30.9.2002, 30.10.2002, 27.11.2002, 26.12.2002, 31.1.2003, 28.2.2003 and 31.3.2003.

The composition of the Board of Directors and their attendance at the Board Meetings during the year and at the last Annual General Meeting as also number of other Directorships and Committee Membership/Chairmanship as on 31.3.2003 are as follows:

Name of Director	Category of Director ship	No. of Board meetings attended	Attended Last AGM	No. of other Directorships (excluding private limited companies and foreign companies)	No. of Committee Memberships	
					Member	Chairman
Shri Hari Krishan Ahuja	I-NED	13	30.09.2002	3	-	1
Shri Hira Lal Bhatia	I-NED	14	30.09.2002	3	1	-
Shri I.D. Chugh	WTD	14	30.09.2002	4	1	-
Shri Jai Narain Sawhney	I-NED	14	30.09.2002	3	1	-
Shri Prithvi Raj Chawla	I-NED	14	30.09.2002	3	1	-
Shri S.N. Seth	I-NED	13	30.09.2002	3	-	1

I-NED - Independent Non-Executive Director

WTD - Whole Time Director

The ratio between Executive and Non-Executive Directors and Non-Independent and Independent Directors is 1:5.

C. AUDIT COMMITTEE:

The terms of reference of this Committee are in line with the norms specified under the Listing Agreement with the Stock Exchanges.

The Committee comprises of three Independent-Non-Executive Directors, with Shri Hari Krishan Ahuja as Chairman. Meetings of the Committee were held during the year on 30.7.2002, 26.8.2002, 29.8.2002, 30.10.2002 & 31.1.2003. The attendance of each member of the Committee is given below:-

Name of Director	No. Meetings Attended
Shri Hira Lal Bhatia	5
Shri Hari Krishan Ahuja	4
Shri Prithvi Raj Chawla	4

D. Remuneration Committee

This Committee is yet to be formed.

Remuneration Policy

A. Whole Time Director

- Salary and commission within the limits prescribed under Companies Act, 1956.
- Annual increments depending upon individual's performance.
- No sitting fees.

**Non-Executive Directors**

- Sitting fees and out of pocket expenses for attending meetings.

The remuneration payable to Whole Time Director was decided by the Board of Directors while renewing his appointment for five years from 31.3.2003; shareholders' approval is being obtained at the ensuing Annual General Meeting.

The remuneration payable to non-executive directors is decided by the Board of Directors.

Details of remuneration paid during 2002-2003

A. Whole Time Director

Name	:	Shri I.D. Chugh
Salary & Perquisites	:	Rs. 6,03,416
Provident Fund	:	Rs. 39,382
Commission	:	Rs. 1,85,736
Total	:	Rs. 8,28,534

B) Non-Executive Directors

Remuneration by way of sitting fees and out of pocket expenses for attending the meetings of the Board and Committees.

Name of Director	Sitting Fee	Out of Pocket expenses	Total
	Rs.	Rs.	Rs.
Shri Hari Krishan Ahuja	18,000	4,500	22,500
Shri Hira Lal Bhatia	19,000	4,750	23,750
Shri I.D. Chugh	---	4,250	4,250
Shri Jai Narain Sawhney	17,000	4,250	21,250
Shri Prithvi Raj Chawla	20,000	5,000	25,000
Shri S.N. Seth	16,000	4,000	20,000

The Company made purchases worth Rs. 18,941/- during the year from Bharat Motor Company, Delhi of which Shri S.N. Seth is a partner.

E) Shareholders/Investors Grievance committee**(i) Terms of Reference:**

The Committee shall look into the matters stipulated under clause 49 to the Listing Agreement.

(ii) Composition:

The Committee comprises of two Independent Non-Executive Directors and one whole-time director. Shri S.N. Seth is the Chairman of the Committee. Shri T.A. Viswanathan, Company Secretary is the compliance Officer. Two meetings of the Committee were held during the year on 30.10.2002 and 31.1.2003. The attendance of each member of the Committee is given below:-

Name of the Directors	No. of meetings Attended
Shri S.N. Seth	2
Shri J.N. Sawhney	2
Shri I.D. Chugh	2

F) Share Transfer Sub-Committee

Shri I.D. Chugh, Whole Time Director of the Company has been delegated the power to approve share transfers.

As on 31.3.2003 no cases of transfer were pending.

During the year 200 letters/complaints were received from shareholders/debentureholders all of which were replied/resolved to the full satisfaction of the shareholders/debentureholders.

(G) General Body Meetings:

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Location
2001-2002	30.09.2002	4.00PM	Industrial Area, Sonapat
2000-2001	31.12.2001	4.00PM	Industrial Area, Sonapat
1999-2000	26.09.2000	4.00PM	Industrial Area, Sonapat

No special resolution was passed in the last Annual General Meeting.

(H) Disclosures:

(i) There were no transactions of material nature with the Directors or the Management or their subsidiaries or relatives etc. During the year that had potential conflict with the interest of the Company at large.

(ii) There were no instances of non-compliance by the Company or penalties, strictures imposed on the Company by the Stock Exchanges or SEBI or any other authority on any matter related to the capital markets during the last three years.

(I) Means of Communication:

(i) Quarterly results are usually published in one English newspaper, viz., Financial Express and one Hindi newspaper, viz., Dainik Tribune.

(ii) Management Discussion & Analysis Report is enclosed.

(J) General Shareholders Information:

(i) Next Annual General Meeting is proposed to be held on 30.9.2003 at Company's Registered Office in Industrial Area, Sonapat.

(ii) Financial Calendar

Accounting Year	April to March
First Quarter results	Last week of July
Second Quarter results	Last week of October
Third Quarter results	Last week of January



(iii) Date of book closure : 23.9.2003 to 30.9.2003

(iv) Dividend payment date : Dividend declared in the next Annual General Meeting will be paid within 30 days of the date of declaration to those shareholders whose names appear on the Register of members on the date of Annual General Meeting.

(v) Listing on Stock Exchanges and Stock Codes: Equity shares are listed on Delhi Stock Exchange (Stock Code DSE: 01174), National Stock Exchange and the Stock Exchange, Mumbai (Stock Code BSE: 5029).

(vi) Equity Share Price data for the year 2002-2003

Equity Share Price on NSE and BSE

MonthShare Price on NSEShare Price on BSE

	HIGH	LOW	HIGH	LOW
2002 April	66.15	50.00	67.50	50.10
May	74.00	53.00	74.70	53.00
June	92.10	54.00	90.10	54.00
July	85.80	56.05	83.70	50.00
August	73.00	63.00	78.15	63.25
September	73.00	63.60	75.00	65.35
October	66.80	60.25	67.90	56.25
November	74.45	57.00	74.00	60.50
December	74.35	66.50	76.75	64.15
2003 January	77.65	63.00	78.00	64.10
February	71.00	64.25	70.00	65.20
March	70.70	61.30	70.00	62.75

(vii) Registrar and Share Transfer Agent : With effect from 1.2.2003 M/s Mas Services Private Limited were appointed as the registrar and share transfer agent of the Company both in physical and electronic mode.

(viii) Share Transfer System : The Company's shares are traded in the Stock Exchanges compulsorily in demat mode. Physical shares which are lodged with the Company for transfer are processed and returned to the shareholders within a period of 30 days.

(ix) Distribution of Equity Shareholding as on 31.3.2003

No. of Shares Shareholders (Range)	Number of shareholders	No. of shares held	%to total
UPTO-500	10838	884953	27.21
501-1000	237	175809	5.41
1001-2000	88	120897	3.72
2001-3000	32	78334	2.41
3001-4000	21	74933	2.30
4001-5000	11	51961	1.60
5001-10000	15	103928	3.20
10001 and Above	36	1761104	54.16
Total	11278	3251919	100.00

(x) Categories of Equity Shareholders as on 31.03.2003

Category	No. of fully paid up shares held	%shareholding
Promoters, Associates, Directors and relatives	1636379	50.32
Financial Institutions/Banks	17847	0.55
Foreign Institutional Investors/ overseas Corporate Bodies/ Non-Resident Indians	5126	0.16
Mutual Funds	1303	0.04
Bodies Corporate	160082	4.92
Clearing Members	1447	0.04
General Public	1429735	43.97
Total	3251919	100.00

(xi) Dematerialisation of Equity Shares and liquidity:

As on 31.03.2003 of the total equity Shares, 29.90% were held in dematerialised form and the balance 70.10% shares in physical form.

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments which are pending for conversion.

(xii) Plant Locations:

The Company's plants are located at Sonapat, Sahibabad, Malanpur, Gurgaon and Rasoi.

(xiii) Address for Correspondence:

The Company's registered office is situated in Industrial Area, Sonapat-131001.

Correspondence by the shareholders/debentureholders should be addressed to the registered office.

Security holders holding shares in electronic mode should address all their correspondence to their respective Depository participant.

CERTIFICATE FROM AUDITORS REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE TO THE MEMBERS OF ATLAS CYCLES (HARYANA) LTD.

We have examined the compliance of conditions of Corporate Governance by Atlas Cycles(Haryana) Limited for the year ended March 31, 2003, as stipulated in Clause 49 of the listing agreement(s) of the said Company with the stock exchange(s)

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement(s).

We state that in respect of investor grievances received during the year ended March 31, 2003, no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company.

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

for **MEHRA KHANNA & CO.,**
CHARTERED ACCOUNTANTS

ANAND M. MEHRA
FCA (Eng. &Wales), (India),
PARTNER.

Place: Delhi
Date: 30th July, 2003.



MANAGEMENT DISCUSSION & ANALYSIS

1. INDUSTRY STRUCTURE AND DEVELOPMENT

The bicycle industry in India is over sixty years old. The first manufacturing unit was set up in Bombay. Later a number of other units came up in different parts of the country with foreign collaboration. However, Atlas Cycle Industries Ltd., (now known as Atlas Cycles (Haryana) Ltd.) was started at Sonapat in 1951 without any foreign collaboration.

Over the years both demand and production of bicycle has been increasing every year. However, basic structure of the industry has not changed, only the size of the manufacturing units has become larger. For over two decades, bicycle industry has been dominated by four manufacturing units which account for almost 90% of the total bicycle production in the country.

During the year 2002, over 14.8 million bicycles were produced in the country with the company's market share being in the range of 23%.

2. OPPORTUNITY AND THREATS

As on date the whole world is one global market. This has been made possible with "WTO regulations". On account of this the Company has to improve both domestic and international competitiveness not only to stay afloat but also to grow in times to come. This has become essential since Indian market is now open to all the players including those from China and Taiwan to start exports of bicycles to our country. In order to be competitive, the company is now involved in Brand Building, upgradation of technology, and cost reduction.

As such, the company is striving to stay competitive in both domestic and international markets.

3. PRODUCT WISE PERFORMANCE

To stay ahead of competition, it has become essential to be innovative and the company has learnt this through past experience. With the introduction of new and innovative models, such as, Team 1, Formula 1, Viper, Vogue, Pacific, Montana Suspension, Suspension V2, Free Style, Rodeo etc., the company has come in the lime light in the bicycle market.

The company can now boast of a large range of new wave bicycles for the customers at very competitive prices. The newly introduced models have been very well accepted in the market and we are getting a very encouraging feed back.

4. OUT-LOOK

The bicycle market in the country is to the tune of over 14 million per annum. As such, the bicycles can be mainly divided into two categories; viz., "Standard" and "Specials OR Fancy". Although the growth of fancy range of bicycles has been at the rate of 20 to 25% per year, Standard

category of bicycles still holds 80% of the market. Fancy range can be further divided into MTBs, BMX, SLR and children bicycles.

In case of the developed countries Standard segment consists of not more than 2% of the total market and the balance requirement is for fancy range.

5. RISK & CONCERNS

As there is overall slowdown in the economy, the company is also facing slowdown in the movement at both primary level and secondary sale level. The company is also facing increase in cost of production due to rise in cost of inputs. This has resulted in periodic upward revision of rates, much to the dismay of dealers and customers.

6. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has an independent and full-fledged Internal Audit Department since inception.

The Internal Audit Department exercises regular checks in all departments and in all units of the Company. It assesses the adequacy of internal controls, monitors the compliance of significant policies affecting the accounting standards and financial results under MIS system. The Internal Audit Department submits its reports and recommendations pertaining to the above matters, to the Management of the Company.

The Company has adequate systems of internal control to provide reasonable assurance that assets are safeguarded and protected against loss from unauthorised use or disposition and that transactions are authorised, recorded and reported properly.

7. FINANCIAL PERFORMANCE

The turn-over for the year declined from Rs. 348.51 crores to Rs. 324.17 crores. Other income declined from Rs. 10.79 crores to 3.80 crores. The decline in turn-over was mainly due to general slump in the market during the year. Profit after tax decreased from Rs. 7.53 crores in the previous year to Rs. 4.86 crores in the year under report and earning per share declined to Rs. 14.94. With signs of recovery noticed in the market the performance of the Company is expected to improve in the current year.

8. HUMAN RESOURCES & INDUSTRIAL RELATIONS

The Company has a Human Resources Department which provides training to all levels of employees. It endeavours to upgrade knowledge, attitude, skill and behavior of the employees. Cordial industrial relations are maintained at all the plants. The grievance redressal procedure is updated from time to time. The labour welfare activities and programmes organised by the Company as an on going process have also played an important role in attaining ideal and undisturbed industrial relations in the Company. The Company has a man power strength of approximately 3000 employees.



AUDITOR'S REPORT

TO THE MEMBERS

ATLAS CYCLES (HARYANA) LIMITED,

1. We have audited the attached Balance Sheet of Atlas Cycles (Haryana) Ltd. as at 31st March, 2003 and also related Profit & Loss Account for the year ended on that date, both of which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to in paragraph 1 above:-
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of the books.
 - c) The balance sheet and profit and loss account dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the profit and loss account and balance sheet comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - e) On the basis of the written representations received, from the directors, we report that none of the directors is prima facie disqualified from being appointed as a director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956, in the manner so required and give a true and fair view.
 - f) in our opinion and to the best of our information and according to the explanations given to us, the accounts give the information required by the companies Act, 1956 in the manner so required, and give a true and fair view
 - i) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2003 and
 - ii) in the case of the profit and loss account, of the profit for the year ended on that date.

for **MEHRA KHANNA & CO.**
CHARTERED ACCOUNTANTS

ANAND M. MEHRA
FCA (Eng. & Wales), (India),
PARTNER.

Place: Delhi

Date: 30th July, 2003.

ANNEXURE TO THE AUDITOR'S REPORT

Annexure referred to in paragraph 1 of the Auditor's Report to the members of Atlas Cycles (Haryana) Limited on the Accounts for the year ended March 31, 2003.

1. The Company has generally maintained proper records showing all particulars including quantitative details and situation of fixed assets. The Company has physically verified assets at certain locations during the year. No material discrepancies were noticed on such verification.
2. None of the fixed assets has been revalued during the year.
3. The stocks of finished goods, stores, spare parts and raw materials have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
4. In our opinion and according to the information and explanations given to us, the procedure of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on verification between the physical stocks and the book records were not significant and the same have been properly dealt with in the books of account.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted

accounting principles and is on the same basis as in the previous years.

7. The Company has not taken any loans from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956, or from companies under the same management within the meaning of section 370 (1-B) of the Companies Act, 1956.
8. The Company has not granted any loans to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956, or from companies under the same management within the meaning of section 370(1-B) of the Companies Act, 1956, where the rate of interest and other terms and conditions are prima facie prejudicial to the interest of the Company except interest free loans to subsidiary companies.
9. The parties to whom loans or advances, in the nature of loans have been given by the Company are, where stipulations have been made, repaying the principal amounts and interest, where applicable, as stipulated.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores, raw materials including components, plant and machinery, equipment and other assets, and with regard to sale of goods.
11. In our opinion and according to the informations and explanations given to us, the transactions of purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the register maintained under section 301 and aggregating during the year to Rs.50000/- or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials or services or the prices at which transactions for similar goods, materials or services have been made with other parties.
12. As explained to us the Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in accounts for the loss arising on the items so determined.
13. The Company has complied with the directions issued by the Reserve Bank of India and the provisions of Section 58A of the Companies Act, 1956 and the rules framed thereunder with regard to deposits accepted from the public.
14. As explained to us, having regard to the nature and size of operation of the Company, reasonable records have been maintained by the Company for the sale and disposal of realizable scrap. The Company's operations do not generate any by-products.
15. The internal audit of the company is commensurate with the size and nature of its business.
16. According to the information given to us maintenance of cost records has been prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 in respect of the Company's business.
17. According to the records of the Company, Provident Fund and Employee's State Insurance (ESI) dues have been regularly deposited during the year with the appropriate authorities.
18. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax and customs duty were outstanding, as at March 31, 2003 for a period of more than six months from the date they became payable.
19. According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice.
20. The Company is not a sick industrial Company within the meaning of clause (o) of sub-section 1 of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. In respect of services rendered:
 - a) In our opinion, the Company has a reasonable system of recording receipts, issues and consumption of materials and stores and allocating materials and store consumed and man-hours utilized to the relative jobs, commensurate with its size and nature of its business.
 - b) In our opinion, there is a reasonable system of authorization at proper levels with necessary controls on the issue of stores and allocation of stores and labour to various jobs and the related system of internal control of the Company is commensurate with the size of the Company and the nature of its business.
22. In respect of trading activities : As explained to us, damaged goods have been determined at the time of physical verification and consequential adjustments, which were not significant, have been made in accounts.

for **MEHRA KHANNA & CO.,**
CHARTERED ACCOUNTANTS

ANAND M. MEHRA
FCA (Eng. & Wales), (India),
PARTNER.

Place: Delhi

Date: 30th July, 2003.

**ATLAS CYCLES (HARYANA) LIMITED****BALANCE SHEET AS AT 31-3-2003**

	Schedules	2003	2002
		Rs.	Rs.
SOURCES OF FUNDS			
Shareholders Funds :			
Issued Share Capital	1	3,25,19,190	3,25,19,190
Reserves & Surplus	2	66,24,65,401	62,66,99,632
		69,49,84,591	65,92,18,822
Loan Funds :			
Secured Loans	3	30,50,79,345	44,70,00,964
Unsecured Loans		4,83,27,414	4,70,60,577
		35,34,06,759	49,40,61,541
		1,04,83,91,350	1,15,32,80,363
APPLICATION OF FUNDS			
Fixed Assets	4	30,60,23,099	31,44,79,678
Investments	5	25,86,960	25,86,960
Current Assets, Loans and Advances	6	1,46,31,62,405	1,55,56,02,659
Less Current Liabilities and Provisions	7	70,15,81,114	69,38,88,934
Net Current Assets		76,15,81,291	86,17,13,725
Less Deferred Tax Liability(net)		2,18,00,000	2,55,00,000
		1,04,83,91,350	1,15,32,80,363
Notes to the Accounts	10		

T.A.VISWANATHAN
COMPANY SECRETARYM.M.MEHRA
C.G.M.(FINANCE)VIKRAM KAPUR
ADDL. JOINT PRESIDENT
(FINANCE)JAI DEV KAPUR
JOINT PRESIDENTSALIL KAPUR
ADDL.JOINT PRESIDENT
(NON-TECHNICAL)

The schedules referred to above form an integral part of the Accounts.
This is the Balance Sheet referred to in our report of even date.

for MEHRA KHANNA & CO
Chartered AccountantsANAND M. MEHRA
FCA (ENG & WALES), INDIA
PARTNERHARI KRISHAN AHUJA
HIRA LAL BHATIA
I.D.CHUGH
PRITHVI RAJ CHAWLA
JAI NARAIN SAWHNEY
S.N.SETH

} DIRECTORS

Delhi: the 30th July, 2003

New Delhi: the 30th July, 2003