

Annual Report 2006 - 2007

Creating New Paradigm
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ATLAS CYCLES


ATLAS CYCLES

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

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 sixth Annual General Meeting of Atlas Cycles (Haryana) Limited, Sonapat will be held at the Registered Office of the Company in the Industrial Area, Sonapat on Friday the 16th November, 2007 at 3.30 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, 2007 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 Jai Narain Sawhney who retires by rotation. Being eligible, he offers himself for reappointment.
4. To appoint a director in place of Shri Prithvi Raj 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 thought fit, to pass the following resolution, with or without modification, as an ordinary resolution :-

"RESOLVED THAT in supersession of the resolution passed at the Extra-ordinary General Meeting held on 10.05.1994 pursuant to clause (d) of sub-section (1) of Section 293 and all other applicable provisions, if any, of the Companies Act, 1956 consent be and the same is hereby granted to the Board of Directors of the Company for borrowing monies from time to time for the purpose of the Company notwithstanding that the monies to be borrowed together with monies borrowed by the Company (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business) will or may exceed the aggregate of the paid up capital of the Company and free reserves that is to say reserves not set apart for a specific purpose

so that the total amount upto which the monies borrowed by the Board of Directors (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business as aforesaid) shall not, at any time, exceed Rs.100,00,00,000 (Rupees One hundred Crores only)."

7. To consider and, if thought fit, to pass the following resolution, with or without modification as a Special Resolution :-

"RESOLVED THAT pursuant to the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company to make loan(s) and/or give any guarantee(s)/provide any security(ies) in connection with loan(s) made to and/or acquire by way of subscription, purchase or otherwise the securities of any body corporate up to a limit not exceeding Rs.100 Crores (Rupees one hundred crores only) notwithstanding that the aggregate of the loans, guarantees or securities so far given or to be given to and/or securities so far acquired or to be acquired in all bodies corporate may exceed the limits prescribed under the said section."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and execute all deeds, applications, documents and writings that may be required, on behalf of the Company and also to delegate all or any of the above powers to the Committee of Directors or any officer of the Company and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution.

EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956
RESOLUTION NO. 6

As per the provisions of Section 293(1)(d) of the Companies Act, 1956, the Board of Directors of the Company cannot, except with the permission of the Shareholders in General Meeting, borrow monies in excess of the aggregate of the paid-up capital of the Company and its free reserves.



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The borrowing limit as per section 293(1)(d) may not be sufficient to meet the Company's business requirements and it is, therefore, considered necessary to enhance the borrowing powers by authorizing the Board of Directors to borrow monies which may at any time exceed the aggregate of the paid-up capital of the Company and its free reserves but not exceeding Rs.100 Crores.

Your Directors commend the resolution for your approval. None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

RESOLUTION NO. 7

As a measure of achieving greater financial flexibility and to enable optimal financial structuring and for the purpose of deployment of surplus funds, it is proposed that the Board of Directors be authorized to make investment in any body corporate by way of subscription and/or purchase of equity/ equity related securities and/or debentures and/or to grant loan to other bodies corporate and/or guarantee, loans given to other bodies corporate and/or provide security for repayment of loans given to other bodies corporate from time to time.

As per Section 372A of the Companies Act, 1956, a Company cannot make investment, give loan or guarantee or provide any security in excess of 60% of the paid up capital and free reserves unless it is previously authorized to do so by a special resolution. Hence, it is proposed to obtain approval from the shareholders.

Your Directors commend the resolution for your approval. None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

NOTES :-

1. The Register of Members of the Company will remain closed from 09.11.07 to 16.11.07 both days inclusive. Duly completed and valid applications for transfer of shares received in order at the Registered Office of the Company before 09.11.07 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 09.11.07.
3. The dividend when declared will be made payable at the Company's bankers. The dividend warrants will be posted on or before 15.12.07 to the registered addresses of the shareholders or their mandates whose names stand in the register of members on 09.11.07.
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 31.03.2000 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. The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the depositories for depositing dividend through Electronic Clearing Service (ECS) to investors wherever ECS and bank details are available. In the absence of ECS facilities, the Company will print the bank account details, if available, on the payment instrument for distribution of dividend.
10. Shareholders who wish to obtain payment of dividend through ECS may please send ECS forms duly filled in. These forms will be sent by the Company on request from the shareholders. Shareholders, who have already availed this facility last year may send us ECS form in case of any change in the particulars furnished earlier.
11. 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 16.11.2007. 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.
12. In terms of Section 109A of the Companies Act, 1956, the Shareholder(s) of the Company may nominate a person on whom the shares held by him/them shall vest in the event of his/their death. Shareholder(s) desirous of availing this facility may submit nomination in Form 2B.
13. At the ensuing Annual General Meeting Shri Jai Narain Sawhney and Shri Prithvi Raj Chawla retire by rotation and being eligible offer themselves for reappointment.

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

- a) Shri Jai Narain Sawhney, aged 94 years, has been a Director of the Company since 06.08.1990. 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 :-
 - i) Atlas Cycles (Sonapat) Limited, Sonapat
 - ii) Atlas Cycles (Sahibabad) Limited, Sonapat
 - iii) Atlas Cycles (Malanpur) Limited, Sonapat
 and Managing Director in J.N. Sawhney & Co. Pvt. Ltd.
 He is the Chairman of the Shareholders/Investors Grievances Committee of the Board.
- b) Shri Prithvi Raj Chawla, aged 82 years, has been a Director of the Company since 06.08.1990. He is a graduate. He has been in export business for over fifty years. At present he is a director in the following companies :-
 - i) Atlas Cycles (Sonapat) Limited, Sonapat
 - ii) Atlas Cycles (Sahibabad) Limited, Sonapat
 - iii) 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.**

Rajesh Khanna
(RAJESH KHANNA)
COMPANY SECRETARY

Sonapat : the 27th September, 2007



ATLAS CYCLES

DIRECTORS' REPORT

TO THE MEMBERS:

Your directors have pleasure in submitting their Fifty sixth Annual Report together with the audited accounts of the Company for the year ended 31st March, 2007.

FINANCIAL HIGHLIGHTS

	(Lac/Rs.)
OPERATING PROFITS/(LOSSES)	(2489.95)
ADD : PROFIT ON SALE OF ASSETS	10064.23
ADD : PROFIT ON SALE OF MUTUAL FUND	84.86
ADD : DIVIDEND INCOME	78.05
	10227.14
	7737.19
LESS : INTEREST	703.16
DEPRECIATION	450.75
	1153.91
	6583.28
LESS : PROVISION FOR TAX	1217.00
	5366.28
ADD : PROFIT BROUGHT FORWARD	120.97
	5487.25

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

27,25,605 bicycles were produced during the period under consideration.

SALES

Sales during the year amounted to Rs. 47298.77 lacs including the sales to foreign countries.

EXPORTS

During the period under consideration your Company exported bicycles and bicycle components to several countries, thereby earning valuable foreign exchange of Rs. 19.40 crores.

The Company continued its efforts to increase export sales due to which it achieved better export earnings than last year, despite stiff competition.

PERFORMANCE OF THE UNITS

All the units of the Company achieved higher production during the year compared to previous year.

Sahibabad plant registered a substantial growth during the year. New models were introduced in fancy and kids segments to cater to the requirement of market. The unit also introduced electric bikes in the market with technical support from companies based in Korea and China. The unit is also in the process of putting a state of the art painting plant to cater to increased demand for fancy bicycles.

The tube mill was shifted from Gurgaon to Bawal in a record time. Alongwith shifting of the mill and while reinstalling the mill at Bawal, lot of technological upgradation was done. There was heavy loss of production and sales. However, all efforts were made to minimize the loss.

CAPITAL EXPENDITURE

During the year, the Company acquired capital assets worth Rs. 3719.87 lacs as against Rs. 1186.44 lacs in the previous year. This includes capital assets worth Rs. 332.36 lacs under construction/installation as against Rs. 473.58 lacs in the previous year.

DEPOSITS (INCLUDING LOANS FROM MEMBERS)

- Total number of depositors on 31.03.2007 who have not claimed their deposits after the date on which their deposits became due for payment -76.
- The aggregate amount of deposits due to the depositors on 31.03.2007 who have not claimed their deposits, including interest accrued, if any, after the dates on which their deposits became due for payment Rs. 20.74 lacs.

Deposits aggregating Rs. 8.16 lacs pertaining to 14 depositors have since either been renewed or paid. Further 2 unclaimed deposits aggregating to Rs. 0.14 lacs have since been credited to Investors Education and Protection Fund. The remaining depositors whose deposits, including interest, amount to Rs. 12.44 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

SONEPAT UNIT

The following measures were taken for Conservation of energy :-

- Use of 15 hp submersible pump in place of 25 hp pump for rim production.
- Installation of new non-motorised cooling system in place of motorised cooling tower at rim plant.
- Use of Ido c-9 in place of HSD for brazing furnaces and paint baking oven.
- Reduction in plant air pressure by 8%.
- Using PVC fills cooling tower instead of wooden bath cooling tower for 1000 kva D.G. set.
- Clubbing of electric meter, switch board, power generation of rim plant and works, replacement of high wattage light lamps and tube and maintaining power factor at the highest level.
- Replacement of high energy consuming rim nickel plating fleytomatic plant by energy efficient slim rim rotomatic plant.

The above measures have resulted in energy saving of 11.20 lac units and financial saving of around Rs.65 lacs during the year.

SAHIBABAD UNIT

Sahibabad plant has been able to maintain power factor at 0.97 in the new paint plant for which an additional load of 350 kva was got sanctioned.

TECHNOLOGY ABSORPTION

1. Specific areas in which R & D carried out by the Company :-

Malanpur unit installed and commissioned a new sophisticated painting plant. It also introduced electric bike in the market, a pollution free transport vehicle which saves fuel.

2. Benefits derived as a result of the above R & D :-

New and upgraded models were introduced in the market during the year. Cost reduction measures and improvement in the manufacturing processes have helped in increasing the Company's market share despite adverse market conditions.

With the installation of new painting plant, production capacity could be increased to meet the increased demand for fancy bicycles.

3. Future Plan of action :-

Development of new models, revamping of existing models, improvement of manufacturing and finishing process, installation of sophisticated and latest plants to cater to increased demand for fancy bicycles, and above all to achieve the foregoing at minimum cost without compromising on quality.

4. Expenditure on R & D :-

(a) Capital	Nil
(b) Recurring	Rs. 12.12 Lacs
(c) Total	Rs. 12.12 Lacs
Total R & D expenditure as a % of total turnover	0.026

Technology absorption, adaptation and innovation :-

1. Efforts in brief made towards technology absorption, adaptation and innovation:-

- Developed and manufactured a special purpose machine for the fitting of cups on frame.
- Developed toolings to produce tube parts to add strength to the frame of bicycle.

2. Benefits derived as a result of the above efforts

The new processes have helped to speed up productivity and to achieve cost saving and better quality PRODUCTS.

FOREIGN EXCHANGE EARNING AND OUTGO

Total foreign exchange earned : Rs. 1940.43 lacs

Total foreign exchange used : Rs. 340.18 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 2007-2008 has been paid to all the three stock exchanges.

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 requirement 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, 2007 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 Jai Narain Sawhney and Prithvi Raj 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 Governments, and Company's bankers for the continued support, assistance and encouragement accorded to the Company.

HARI KRISHAN AHUJA HIRA LAL BHATIA JAI NARAIN SAWHNEY PRITHVI RAJ CHAWLA	} DIRECTORS
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New Delhi, the 27th September, 2007



CORPORATE GOVERNANCE REPORT 2006-2007

Annexure-I

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 31.03.2007, the Board of Directors comprises of four Non-Executive Directors and one Whole Time Director.

During the year twelve Board Meetings were held on 29.04.2006, 31.05.2006, 30.06.2006, 29.07.2006, 24.08.2006, 29.09.2006, 30.10.2006, 30.11.2006, 08.01.2007, 31.01.2007, 28.02.2007 and 31.03.2007.

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 31.03.2007 are as follows :

Name of Director	Category of Directorship	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	10	29.09.2006	3	-	1
Shri Hira Lal Bhatia	I-NED	12	29.09.2006	3	1	-
Shri I.D. Chugh	WTD	10	29.09.2006	4	1	-
Shri Jai Narain Sawhney	I-NED	12	29.09.2006	3	-	1
Shri Prithvi Raj Chawla	I-NED	12	29.09.2006	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 1:4.

C. Code of Conduct:

The Board of Directors of the Company has formulated a Code of Conduct for all Board Members and senior management members of the Company. The Code of Conduct has been posted on the website of the Company.

All the Directors and senior management members have affirmed compliance with the Code of Conduct as approved and adopted by the Board of Directors. A declaration to that effect signed by the Chief Executive Officer forms part of the Annual Report of the Company.

D. 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 29.04.2006, 29.07.2006, 24.08.2006, 30.10.2006 and 31.1.2007.

The attendance of each member of the Committee is given below :-

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

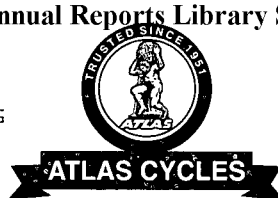
E. Remuneration Committee

This Committee is yet to be formed.

Remuneration Policy

A. Whole Time Director

- Salary and commission within the limits prescribed under the 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 31.03.2003; shareholders' approval was obtained at the Annual General Meeting on 30.09.2003.

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

Details of remuneration paid during 2006-2007.

A. Whole Time Director

Name	:	Shri I.D. Chugh
Salary	:	716594
Long Service Allowance	:	1200
Provident Fund Contribution	:	55041
Leave Travel Assistance	:	36200
Medical Expenses	:	38470
Perquisites	:	15000
Total	:	862505

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	30000	7500	37500
Shri Hira Lal Bhatia	34000	8500	42500
Shri Jai Narain Sawhney	32000	8000	40000
Shri Prithvi Raj Chawla	34000	8500	42500

F. Shareholders/Investors Grievance Committee

(i) Terms of Reference :

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

(ii) Composition :

The Committee comprises of one Independent Non-Executive Director and one Whole-time Director. Shri J.N. Sawhney is the Chairman of the Committee. Shri T.A. Viswanathan, Company Secretary was the Compliance Officer till 31.3.2007. Since 1.4.2007 Shri Rajesh Khanna, Company Secretary is the Compliance Officer. Meetings of the Committee were held during the year on 29.04.2006, 29.07.2006, 30.10.2006 and 31.01.2007. The attendance of each member of the Committee is given below :-

Name of the Directors	No. of meetings Attended
Shri J. N. Sawhney	4
Shri I.D. Chugh	4

G. 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 31.03.2007, no cases of transfer were pending.

During the year 23 letters/complaints were received from shareholders/debentureholders all of which were replied/resolved to the full satisfaction of the shareholders/debentureholders.

H. Subsidiary Companies :

The Company has three wholly owned subsidiary companies viz. Atlas Cycles (Sonepat) Limited, Atlas Cycles (Sahibabad) Limited and Atlas Cycles (Malaipuri) Limited. The minutes of the Board Meetings of the aforesaid subsidiary Companies held on 31.10.2005 and 30.01.2006 were placed at the Board Meeting of the Company at its meetings held on 23.2.2006 and 30.6.2006 respectively.

I. CEO/CFO Certification :

The Chief Executive Officer and the Chief Financial Officers have submitted the certificate to the Board as required under Clause 49(v) of the Listing Agreement.

J. Report on Corporate Governance :

The Company has submitted quarterly compliance reports to the Stock Exchanges within 15 days from the close of each quarter as per the format given in Clause 49, duly signed by the Compliance Officer.

K. Compliance :

Certificate from the Auditors regarding compliance of conditions of Corporate Governance is annexed with the Directors' Report. The said certificate is also being sent to the Stock Exchanges along with the annual report filed by the Company.

L. General Body Meetings :

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Location
2005-2006	29.09.2006	4.00 PM	Industrial Area, Sonepat
2004-2005	30.09.2005	4.00 PM	Industrial Area, Sonepat
2003-2004	31.12.2004	3.00 PM	Industrial Area, Sonepat

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

M. Disclosures :

- Related party transactions as per AS-18 have been dealt with in Schedule 10 (Notes to the accounts). However, these transactions are not in conflict with the interest of the Company.
- 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.

N. Means of Communication :

- Quarterly results are usually published in one English newspaper, viz., Financial Express and one Hindi newspaper, viz., Dainik Tribune.
- Management Discussion & Analysis Report is enclosed.

J) General Shareholders Information :

- Next Annual General Meeting is proposed to be held on 16.11.2007 at Company's Registered Office in Industrial Area, Sonepat.
- 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
Fourth Quarter results	Last week of April
- Date of book closure : 09.11.2007 to 16.11.2007
- 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.
- 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 : 505029).
- Equity Share Price data for the year 2006-2007

Month	Equity Share Price on NSE and BSE			
	Share Price on NSE		Share Price on BSE	
	HIGH Rs.	LOW Rs.	HIGH Rs.	LOW Rs.
2006 April	137.50	119.05	137.50	120.00
May	143.75	113.00	144.00	111.20
June	118.50	88.00	118.50	88.40
July	104.85	88.50	102.00	88.25
August	125.45	92.00	125.85	90.10
September	125.00	92.00	126.00	108.00
October	117.00	92.00	117.95	109.55



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November	117.00	103.80	118.00	104.60
December	134.95	103.25	133.20	102.05
2007 January	129.00	103.25	129.00	118.00
February	133.00	103.25	132.40	112.25
March	125.00	102.20	125.95	104.00

(vii) Registrar and Share Transfer Agent : With effect from 01.02.2003 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 31.03.2007.

No. of Shares

(Range)	Number of shareholders	% to total	No. of shares held	% to total
UPTO-500	8943	94.26	725275	22.30
501-1000	251	2.65	189149	5.82
1001-2000	115	1.21	167618	5.15
2001-3000	34	0.36	82961	2.55
3001-4000	30	0.32	105027	3.23
4001-5000	22	0.23	104892	3.23
5001-10000	40	0.42	285357	8.78
10001 and Above	53	0.55	1591640	48.94
Total	9488	100.00	3251919	100.00

(x) Categories of Equity Shareholders as on 31.03.2007.

Category	No. of fully paid up shares held	% shareholding
Promoters, Associates, Directors and relatives	1608710	49.47
Financial Institutions/Banks	7900	0.24
Foreign Institutional Investors/ overseas Corporate Bodies/ Non-Resident Indians	9627	0.30
Mutual Funds	953	0.03
Bodies Corporate	154112	4.74
General Public	1470617	45.22
Total	3251919	100.00

(xi) Dematerialisation of Equity Shares and liquidity :

As on 31.03.2007 of the total equity shares, 41.36% were held in dematerialised form and the balance 58.64% 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, Bawal 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.

HARI KRISHAN AHUJA
HIRA LAL BHATIA
JAI NARAIN SAWHNEY
PRITHVI RAJ CHAWLA

} DIRECTORS

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT MEMBERS WITH THE COMPANY'S CODE OF CONDUCT

This is to confirm that the Company has adopted a Code of Conduct for its Directors and Senior Management Members. The Code is available on the Company's website.

I confirm that the Company has in respect of the financial year ended March 31, 2007 received from the Directors and Senior Management Members a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Members means the members of Management Committee.

VIPIN GUPTA

CEO

New Delhi, the 27th September, 2007

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

We have examined the compliance of condition of Corporate Governance by Atlas Cycles (Haryana) Limited for the year ended March 31st, 2007 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 producers and implementations 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 31st, 2007 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 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 AND CO.
CHARTERED ACCOUNTANTS

Rajiv Bhasin
(Partner)

Place: Delhi

Date: 27th September, 2007

New Delhi, the 27th September, 2007



MANAGEMENT DISCUSSION & ANALYSIS

1. INDUSTRY STRUCTURE AND DEVELOPMENT

The Bicycle Industry in India had its origin in late thirties of the last century when the first two units were set up in 1939. Prior to independence the bicycle industry was mainly dependent on import of bicycle parts for manufacture of the finished products. Today the industry has become more or less self sufficient. With the setting up of six more units including Atlas Cycle Industries Limited within a period of 10 years after independence, production of bicycles in the country picked up and now the Country is producing over 15 Million Bicycles a year thus ending country's dependence on the import of bicycles.

Major players in the organized sector are producing over 80% of the total production of the country. There is a mushroom growth of small manufacturers mainly in Ludhiana.

Now the bicycle industry, apart from producing standard bicycle is also producing a variety of new models of bicycles in fancy segment such as sporty bikes, hi-tech models with gears, ATBs, MTBs and SLR both for domestic and export markets. The industry is now capable of meeting any challenge from any foreign market.

2. OPPORTUNITY AND THREATS

Though the overall demand in India is shifting to fancy segment the demand for motorized two wheelers is equally increasing. The introduction of e-bikes is also likely to pose a threat to the industry. Bicycle production in India being more than the demand, there exists a very stiff competition. In the domestic market as well as export market, new models with world-class features have a potential. The industry faces stiff competition from global players like China and Taiwan.

The world bicycle trade is presently dominated by China and unless strenuous efforts are made to make Indian bicycle industry more competitive, the Chinese bicycles may eventually take over Indian market also.

3. PRODUCT WISE PERFORMANCE

The company has a recognized research and development center which keeps on working continuously on new model development and upgrading the present models. The company has introduced a number of new models in the market keeping in view the market trend and customer preference for fancy bicycles. Introduction of new models of fancy bicycle has been continuously followed and the turnover in this segment has gone up continuously.

4. OUT-LOOK

To compete with world leaders like China and Taiwan, Indian industry needs latest research and development facilities. Even for tapping the export market, the industry needs to pay special attention to research and development and design development.

On the whole, the future of the bicycle industry is very challenging. With the globalization, the domestic market is open to goods and services from global companies because of low tariff. Thus the industry faces a very challenging time.

Protection is a thing of the past. Only those companies will survive which successfully structure and modernize technology to combat global competitiveness in terms of quality, cost and product development.

Indian bicycle industry must learn from China and Taiwan, so that the latest research and development facilities are incorporated

in the industry to make world class bicycles. Indian infrastructure and tariffs need to be looked into to make the bicycle more competitive in the world market.

5. RISK AND CONCERNS

In the last few years there has been a fall in demand for bicycles in India. As against this, new capacities have been set up, particularly in the unorganized sector, which pose a threat to the existing units. There is a stiff competition in domestic as well as export market due to excess capacity. With thin margin the profitability of the industry as a whole is on the decline.

In the last few years, there has been a slight fall in bicycle produced in the organised sector in india. As against this, small manufacturers in the un-organised sector have set up their units which certainly pose a threat to the organised sector. Production in un-organised sector is to the tune of 20% of the overall production in the country.

There is a fall in demand in the export market also because of stiff competition.

The major point of concern is unorganised sector in the bicycle industry as well as cheap import from China.

6. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

To achieve effectiveness and efficiency of operation, reliability of financial reporting and compliance with applicable laws and regulations, the company has a well defined system of internal control throughout the organisation. The internal audit department regularly probes the deficiency in design and operation of internal control and suggest ways to rectify such deficiencies. To improve efficiency and internal control the company has introduced Navision Enterprise Resource Planning (ERP). Due to the total integration, there is a consistent flow of accurate and easy to access data within all the departments.

7. FINANCIAL PERFORMANCE

The Company achieved a turnover of Rs. 472.99 crores during the year compared to Rs. 440.05 crores during the previous year. Income from other sources has increased from Rs. 2.56 crores to Rs. 105.40 crores. Profit after taxation, however, increased from Rs. 0.91 Crores in the previous year to Rs. 53.66 crores during the year.

8. HUMAN RESOURCES & INDUSTRIAL RELATIONS

Training at all levels has been a continuous process in the Company. The Company continues to strengthen its human resources. Cordial industrial relations were maintained at all the units. The total man power strength during the year was approx. 2400 employees.

HARI KRISHAN AHUJA
HIRA LAL BHATIA
JAI NARAIN SAWHNEY
PRITHVI RAJ CHAWLA

} DIRECTORS

New Delhi, the 27th September, 2007



ATLAS CYCLES

AUDITOR'S REPORT

To the Members of

ATLAS CYCLES (HARYANA) LIMITED

1. We have audited the attached Balance Sheet of M/S Atlas Cycles (Haryana) Limited as at 31st March 2007 and also the profit and loss account of the company for the year ended on that date, annexed thereto and the cash flow statement for the year ended on that date. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 we annex here to 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 3 above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - c) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the mandatory accounting standards referred to in sub-section (3C) of section (211) of the Companies Act, 1956;
 - e) On the basis of written presentations received from the directors and taken on record by the Board of Directors of the Company, none of the directors is disqualified as on 31st March, 07, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said account together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2007.
 - (ii) In the case of the profit and loss account, of the profit of the company for the year ended on that date; and
 - (iii) In the case of the cash flow statement, of the cash flows for the year ended on that date.

For Mehra Khanna & Co.
Chartered Accountants

Rajiv Bhasin
Partner

Place : Delhi

Date : 27th September, 2007

ANNEXURE TO THE AUDITOR'S REPORT

Annexure referred to in paragraph 3 of Auditor's Report to the Members of ATLAS CYCLES (HARYANA) LIMITED on the accounts for the year ended 31st March 2007.

- (i) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The management has carried out a physical verification of most of its fixed assets during the year. In our opinion, the frequency of verification is reasonable having regard to the size of the company and the nature of its fixed assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the company during the year.
- (ii) (a) During the year, the inventories have been physically verified by the management except for inventory lying with third parties which have been confirmed by the parties. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedure of Physical verification of stock followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the record of inventories, we are of the opinion that, the Company is maintaining proper records of inventories. The discrepancies noticed on physical verification of inventories as compared to books records were not material and have been properly dealt with in the books of account.
- (iii) According to the information and explanations given to us, the company has neither granted nor taken any loans, secured or unsecured to / from companies, firms or other parties covered in the register maintained under section 301 of the companies act, 1956. Accordingly, paragraphs 4 (iii) (b), (c) & (d) of the order are not applicable.

- (iv) 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 nature of its business with regard to the purchase of inventories and fixed assets and with regard to sale of goods. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have informed of any instance of major weaknesses in the aforesaid internal control procedures.
- (v) According to the information and explanations given to us, during the year, there was no transaction that needed to be entered into the register maintained under section 301 of the companies Act, 1956.
- (vi) In our opinion and according to the information and explanations given to us, the company has complied with the provision of section 58A and provision of section 58AA of the companies Act, 1956 and the companies (Acceptance of Deposits) rules, 1975, with regard to the deposits accepted from the public. As per information and explanations given to us, no order under the aforesaid section has been passed by the company law board on the company.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the company in respect of products where pursuant to the rule made by the central government the maintenance of the cost records has been prescribed under section 209(1) (d) of the companies Act, 1956 and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not however, made a determining whether they are accurate or complete.
- (ix) (a) According to the information and explanations given to us and the records of the company examined by us, the company has been regular in deposited undisputed statutory dues including provident fund, investor education protection fund, employees state insurance, income-tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it, we are informed that there are no undisputed statutory dues as at the year end outstanding for a period of more than six months from the date they become payable.
- (b) Accordingly to the information and explanations given to us and the records of the company examined by us, there are no disputed dues of wealth-tax, custom duty and cess matters. The detail of disputed sale-tax, excise duty and income-tax dues are as follows:-

Nature of the statute	Nature of the dues	Forum where pending	Amount (in lac)	Period to which the amount relates
Central excise law	excise duty	commissioner (appeals)	4.01	1997-98
Sales tax laws	entry tax	commissioner (appeals)	7.80	1999-2000
Sales tax	CST & LST	commissioner (appeals)	213.83	1998-1999

- (x) The Company does not have accumulated losses at the end of the financial year March 31, 2007. Further, the company has not incurred any cash losses during the financial year ended March 31, 2007 and in the preceding financial year ended March 31, 2006.
- (xi) According to the records of the company examined by us and the information and explanations given to us, the company during the year has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- (xii) As the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, paragraph 4 (xii) of the order is not applicable.
- (xiii) The provision of any special statute as specified under paragraph 4 (xiii) of the Order are not applicable to the company.
- (xiv) The company has maintained proper records of transactions and contracts in respect of trading in mutual funds and timely entries have been made there in. All investments have been held in the name of the company.
- (xv) In our opinion and according to the information and explanations given to us the company has not given guarantees during the year for loans taken by others from banks and financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, the terms loans taken during the year have been applied for the purpose for which they were obtained.
- (xvii) According to the information and explanations given to us on an overall Examination of the balance sheet of the company, we report that short terms funds have not been used to finance long term investments and vice versa.
- (xviii) As the company has not been made any preferential allotment of shares during the year, paragraph 4 (xix) of the order not applicable.
- (xix) During the year, since the company has not issued any debentures paragraph, 4 (xix) of the order not applicable.
- (xx) During the year, since the company has not raised any money by way of public issue, paragraph 4 (xx) of the order is not applicable.
- (xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit for the year ended 31st March, 2007.

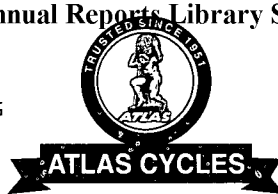
For Mehra Khanna & Co.

Chartered Accountants

Rajiv Bhasin
Partner

Place : Delhi

Date : 27th September, 2007

**ATLAS CYCLES (HARYANA) LIMITED****BALANCE SHEET AS AT 31-3-2007**

Schedules		2007	2006
		Rs.	Rs.
SOURCES OF FUNDS			
Shareholders Funds :			
Issued Share capital	1	3,25,19,190	3,25,19,190
Reserves & Surplus	2	<u>1,19,30,77,890</u>	<u>67,35,70,626</u>
		1,22,55,97,080	70,60,89,816
Loan Funds			
Secured Loans	3	65,79,80,642	66,11,67,511
Unsecured loans		<u>5,48,43,000</u>	<u>9,95,94,385</u>
		71,28,23,642	76,07,61,896
		<u>1,93,84,20,722</u>	<u>1,46,68,51,712</u>
APPLICATION OF FUNDS			
Fixed Assets	4	66,34,68,632	40,86,69,994
Investments	5	17,41,49,091	11,30,45,323
Current assets,loans and advances	6	2,83,45,40,474	2,22,24,47,668
Less Current liabilities and provisions	7	<u>1,71,64,37,475</u>	<u>1,26,15,11,273</u>
Net Current Assets		1,11,81,02,999	96,09,36,395
Less Deferred Tax Liability		1,73,00,000	1,58,00,000
		<u>1,93,84,20,722</u>	<u>1,46,68,51,712</u>
Notes to the Accounts			
	10		

SALIL KAPUR
PRESIDENTJAIDEV KAPUR
PRESIDENTRAJESH KHANNA
COMPANY SECRETARYVIPIN GUPTA
C.E.OM.M.MEHRA
C.F.OS.KHANNA
C.F.OC.M.DHALL
C.F.O

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 Accountants

RAJIV BHASIN
PARTNER

HARI KRISHAN AHUJA
HIRA LAL BHATIA
PRITHVI RAJ CHAWLA
JAI NARAIN SAWHNEY

} DIRECTORS

Delhi: the 27th September, 2007

New Delhi: the 27th September, 2007