

Annual Report 2008-09



Relentless Pursuit of
Precision & Perfection



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 :

Messers Mehra Khanna & Co.
 Chartered Accountants,
 Delhi

NOTICE**TO THE SHAREHOLDERS**

Notice is hereby given that the Fifty Eighth 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 Wednesday, the 30th September, 2009 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, 2009 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. Messers Mehra Khanna & Co., Chartered Accountants, the present auditors, offer themselves for reappointment.

NOTES :-

1. The Register of Members of the Company will remain closed from 23.09.2009 to 30.09.2009 both days

inclusive. Duly completed and valid applications for transfer of shares received in order at the Registered Office of the Company before 23.09.2009 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 23.09.2009.
3. The dividend when declared will be made payable at the Company's bankers. The dividend warrants will be posted on or before 30.10.2009 to the registered addresses of the shareholders or their mandates whose names stand in the register of members on 30.09.2009.
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 31.03.2002 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 (2A). 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 30.09.2009. 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 96 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 84 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.**

**(I.D. CHUGH)
WHOLE TIME DIRECTOR**

Sonapat : the 27th August, 2009

DIRECTORS' REPORT**TO THE MEMBERS**

Your directors have pleasure in submitting their Fifty Eighth Annual Report together with the audited accounts of the Company for the year ended 31st March, 2009.

FINANCIAL HIGHLIGHTS

	2008-09	2007-08
OPERATING PROFITS/(LOSSES)	2067.94	1803.57
ADD : PROFIT ON SALE OF ASSETS	20.88	32.96
ADD : PROFIT ON SALE OF MUTUAL FUND	-	83.14
ADD : DIVIDEND INCOME	34.70	55.58
	2123.52	111.11
LESS : INTEREST	1230.80	948.10
DEPRECIATION	512.55	1743.35
	380.17	640.78
LESS : PROVISION FOR TAX		441.90
	190.08	241.50
	190.09	200.40
ADD : PROFIT BROUGHT FORWARD	225.24	316.05
	415.33	516.45

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

2574700 bicycles were produced during the period under consideration.

SALES

Sales during the year amounted to Rs. 617.45 crore 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. 2641.18 Lacs.

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

The Company achieved higher production during the year compared to previous year.

Sahibabad Unit installed a new state-of-the-art paint plant during last financial year to improve the aesthetics of its bicycles. The unit also introduced electric bikes in the market with technical support from companies based in Korea and China.

In spite of global financial crisis and slow down in demand, the Company achieved healthy growth in all existing market and adding new markets to our kitty.

The Company introduced number of new models in all segments like fancy gents, ladies and kids segments. A number of process improvement have been done resulting in improvement in quality and cost reduction.

CAPITAL EXPENDITURE

During the year, the Company acquired capital assets worth Rs. 1405.72 lacs as against Rs. 2577.69 lacs in the previous year. This includes capital assets worth Rs. 335.29 lacs under construction/installation as against Rs. 850.47 lacs in the previous year.

DEPOSITS (INCLUDING LOANS FROM MEMBERS)

- Total number of depositors on 31.03.2009 who have not claimed their deposits after the date on which their deposits became due for payment -41.
- The aggregate amount of deposits due to the depositors on 31.03.2009 who have not claimed their deposits, including interest accrued, if any, after the dates on which their deposits became due for payment Rs. 13.82 lacs.
Deposits aggregating Rs. 6.43 lacs pertaining to 11 depositors have since either been renewed or paid. Further 2 unclaimed deposits aggregating to Rs. 0.11 lac have since been credited to Investors Education and Protection Fund. The remaining depositors whose deposits, including interest, amount to Rs. 7.28 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 :-

- Replacement of 400 Nos. FTL 40W Tube lights, 160 Nos. 20W FLT Tube light, 100W 80Nos Bulbs and 10 Nos 1000 W Halogen Street Light by 25W T-5 Tube light, 72W CFL and 85W CFL light fitting thus saving 336KW electric energy per day.
- Installation of 3 ton Petcoke fired Boiler in place of existing 4 ton oil fired Boiler to save cost of fuel consumption @ Rs. 2000/- per hour.
- Supply of D.M. Water to Rim Rotomatic Plant from Paint Shop and stopping the use of two R.O. Plants and one D.M. Plant in Rotomatic Plant thus saving 15KW electric energy per hour.
- Replacement of power capacitors in Switch Board to increase power factor from 0.96 to 0.97
We will replace more 40W Tube light, Halogen Lights and 100W Bulbs by 28W T-5 Tube Lights, 85W CFL and 18W CFL respectively in the next financial year for energy conservation.

SAHIBABAD UNIT

In our new Paint Plant, we have clubbed the function of four numbers small water pumps with the main motor which was already there with the circuit. This has resulted into energy saving of four pumps of 1H.P. each and has saved electricity bill on permanent basis.

MALANPUR UNIT

Better and fuel efficient technology is being introduced and computerized controls are being installed in the burners. A very tight maintenance schedule is being maintained for better efficiency.

TECHNOLOGY ABSORPTION

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

During the year under review, Sonapat Unit worked mainly on design and development of new models of bicycles and upgrading/revamping of existing models and on improvement of manufacturing processes and quality and reduction of cost.

Sahibabad Unit installed and commissioned a new automatic phosphating plant so as to eliminate chances of "paint peel off" problem in critical components like frame, fork, mudguards etc.

Malanpur Unit is planning to implement a new paint shop plant for effective utilization of limited resources available in best possible manner.

- 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 and quality controls have helped in increasing the Company's market share despite adverse market conditions.

With the installation of new automatic phosphating plant, production capacity increased to meet the increased demand and to compete in the market for fancy and conventional bicycles.

- Future Plan of action :-

Development of new models, revamping of existing models, improvement in manufacturing techniques and finishing process, installation of sophisticated and latest plants to meet the increased demand of bicycles with better finish and above all to achieve the foregoing at minimum cost without compromising on quality.

Technology absorption, adaptation and innovation :-

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

New End Trimming-cum-Closing Tool for a tubular component was developed by Sonapat Unit as a result of which brezing of End Piece has been done away with.

Benefits derived as a result of the above efforts

End Trimming-cum-Closing Tool has helped improve productivity and has resulted in cost reduction and improved aesthetics of the product.

FOREIGN EXCHANGE EARNING AND OUTGO

Total foreign exchange earned : Rs. 2641.18 lacs

Total foreign exchange used : Rs. 228.34 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 2009-2010 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, 2009 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
ISHWAR DAS CHUGH
JAI NARAIN SAWHNEY
PRITHVI RAJ CHAWLA

} DIRECTORS

New Delhi, the 27th August, 2009

Annexure-I**CORPORATE GOVERNANCE REPORT 2008-2009****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 31.03.2009, the Board of Directors comprises of four Non-Executive Directors and one Whole Time Director.

During the year twelve Board Meetings were held on 30.04.2008, 31.05.2008, 03.07.2008, 30.07.2008, 21.08.2008, 30.09.2008, 30.10.2008, 24.11.2008, 29.12.2008, 30.01.2009, 28.02.2009 and 26.03.2009.

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 31.03.2009 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	12	30.09.2008	3	-	1
Shri Hira Lal Bhatia	I-NED	11	30.09.2008	3	1	-
Shri I.D. Chugh	WTD	12	30.09.2008	4	1	-
Shri Jai Narain Sawhney	I-NED	12	30.09.2008	3	-	1
Shri Prithvi Raj Chawla	I-NED	12	30.09.2008	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 30.04.2008, 30.07.2008, 21.08.2008, 30.10.2008, 30.01.2009.

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

Name of Director	No. of Meetings Attended
Shri Hira Lal Bhatia	4
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 31.03.2008 ; shareholders' approval was obtained at the Annual General Meeting held on 30.09.2008.

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

Details of remuneration paid during 2008-2009.

A. Whole Time Director

Name	Shri I.D. Chugh
Salary	803476
Long Service Allowance	1500
Provident Fund Contribution	62081
Leave Travel Assistance	43880
Commission	166255
Medical Expenses	61550
Total	1138762

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	51000	17000	68000
Shri Hira Lal Bhatia	45000	15000	60000
Shri Jai Narain Sawhney	48000	16000	64000
Shri Prithvi Raj Chawla	51000	17000	68000

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 Rajesh Khanna, Company Secretary was the Compliance Officer. Meetings of the Committee were held during the year on 30.04.2008, 30.07.2008, 30.10.2008 and 30.01.2009.

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 31.03.2009, no case of transfer was pending.

During the year 18 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 (Malanpur) Limited. The minutes of the Board Meetings of the aforesaid subsidiary Companies held on 03.07.2008, 30.09.2008, 29.12.2008 and 26.03.2009 were placed at the Board Meeting of the Company at its meetings held on 30.10.2008, 28.02.2009, 30.05.2009 and 06.07.2009 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
2007-2008	30.09.2008	4.00 PM	Industrial Area, Sonepat
2006-2007	16.11.2007	3.30 PM	Industrial Area, Sonepat
2005-2006	29.09.2006	4.00 PM	Industrial Area, Sonepat

A Special Resolution was passed in the last Annual General Meeting of the Company held on 30.09.2008, wherein the approval of the members was obtained to approve the reappointment of Mr. Ishwar Das Chugh as a Whole Time Director of the Company for the period 31st March, 2008 to 30th March, 2013.

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.

(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.

N) 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.

O) General Shareholders information :

(i) Next Annual General Meeting is proposed to be held on 30.09.2009 at Company's Registered Office in Industrial Area, Sonepat.

(ii) Financial Calender

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

(iii) Date of book closure : 23.09.2009 to 30.09.2009

(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 : 505029).

(vi) Equity Share Price data for the year 2008-2009

Month	Equity Share Price on NSE and BSE			
	Share Price on NSE		Share Price on BSE	
	HIGH Rs.	LOW Rs.	HIGH Rs.	LOW Rs.
2008 April	179.00	125.10	170.00	131.10
May	160.00	140.10	159.80	145.00
June	174.00	114.15	150.00	102.00
July	130.00	100.10	135.00	101.25
August	146.30	115.00	135.00	116.30
September	125.50	92.00	140.00	100.05
October	109.95	62.25	107.80	65.00
November	85.00	70.20	84.00	68.70
December	97.40	70.05	94.00	72.50
2009 January	98.00	72.50	96.00	73.50
February	83.95	71.80	81.90	70.90
March	86.85	66.05	92.90	65.45

(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 31.03.2009.

(Range)	No. of Shares			
	Number of shareholders	% to total	No. of shares held	% to total
UPTO-500	8849	94.65	648564	19.93
501-1000	220	2.35	164455	5.06
1001-2000	103	1.10	154010	4.74
2001-3000	41	0.44	101396	3.12
3001-4000	28	0.30	98814	3.04
4001-5000	21	0.22	98933	3.04
5001-10000	32	0.34	242820	7.47
10001 and Above	56	0.60	1742927	53.60
Total	9350	100.00	3251919	100.00

(x) Categories of Equity Shareholders as on 31.03.2009

Category	No. of fully paid up shares held	% shareholding
Promoters, Associates, Directors and relatives	1601955	49.26
Financial Institutions/Banks		
Foreign Institutional Investors/overseas Corporate Bodies/Non-Resident Indians	0	0.00
Mutual Funds	8023	0.25
Bodies Corporate	953	0.03
General Public	116906	3.59
Total	1524082	46.87
	3251919	100.00

(xi) Dematerialisation of Equity Shares and liquidity :

As on 31.03.2009 of the total equity shares, 44.35% were held in dematerialised form and the balance 55.65% 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.

Jai Narain Sawhney

I.D. Chugh

Hari Krishan Ahuja

Hira Lal Bhatia

Prithvi Raj Chawla

} DIRECTORS

New Delhi, the 27th August, 2009

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, 2009 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.

M.R. Aggarwal
CEO

New Delhi, 27th August, 2009

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, 2009 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, 2009 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
CA. RAJIV BHASIN
(PARTNER)

PLACE: DELHI
DATE: 27th August, 2009

MANAGEMENT DISCUSSION & ANALYSIS

1. INDUSTRY STRUCTURE AND DEVELOPMENT

The Bicycle industry in India had its genesis in 1939, long after the establishment of the industry in the western countries. The first manufacturing unit was set up in Bombay. Later a number of other units were set up in different areas of the country. Major manufacturing activities of bicycles and its components in India started, only after independence as many parts were being imported for manufacture of finished products till then. Today the industry has become more or less self sufficient. With the setting up of six more units including Atlas Cycles (Haryana) 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 in a year thus ending country's dependence on the import of bicycles. Although Indian bicycle industry is facing diverse industry and economic challenges comprising low margins, huge competition, recession and high fluctuations in prices and inflation rates, yet the demand and production of Indian bicycle industry has been growing day by day.

The Industry structure of bicycle industry is changing very fast. A Large volume of bicycle is now being produced in the unorganized sector also with a substantial growth of small manufacturers mainly in Ludhiana.

In this modern era, a variety of new models including sports and high tech models have been introduced by Indian bicycle industry both for domestic and foreign markets besides standard/conventional models.

2. OPPORTUNITY AND THREATS

Though the overall demand in India is shifting to fancy segment the demand for motorized two wheelers is equally increasing day by day. The introduction of e-bikes is also likely to pose a threat to the industry. The world bicycle trade is presently dominated by China and strenuous efforts need to be made to make Indian bicycle industry more competitive.

Further Indian bicycle industry is facing fluctuations in the prices of raw material like steel due to which industry has to face also the problems in strategic business planning.

3. PRODUCTWISE PERFORMANCE

The Company has a recognized Research and Development center which is continuously working on development of new models 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 and E-bike has been continuously followed and the sale in this segment has gone up significantly. Further Atlas has widened its product range also.

4. OUT - LOOK

Bicycle Industry is getting more and more competitive and to compete with the World leaders in producing high class bicycles and tapping export market the Indian bicycle industry needs to incorporate the latest Research and Development facilities and pay special attention to 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 bicycle industry is facing 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.

5. RISK AND CONCERNS

Volatility in raw material prices and non-availability of raw material timely could adversely affect our cycle Industry in the current scenario. By adapting risk management policies, we have been able to strengthen our business strategic planning.

Small manufacturers in the unorganized sector have set up their units which certainly pose a threat to the organized sector. Cheap import from China supplying cheap and sub-standard products in the market is also threatening our bicycle industry.

There is a fall in demand in the export market also because of stiff competition and heavy recession in the past. With thin margin the profitability of the industry as a whole is on the decline.

6. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

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

7. FINANCIAL PERFORMANCE

The Company achieved a turnover of Rs. 617.45crores during the year compared to Rs. 562.39 crores during the previous year. Income from other sources has decreased from Rs. 4.94crores to Rs. 3.88 crores. Profit after taxation, decreased from Rs. 2.00 Crores in the previous year to Rs. 1.90crores during the year.

8. HUMAN RESOURCES & INDUSTRIAL RELATIONS

Regular training as per ISO requirement is being provided at all levels. Cordial relations in the industry are being maintained in all units.

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 manpower strength during the year was approx. 2000 employees.

HARI KRISHAN AHUJA

HIRA LAL BHATIA

ISHWAR DAS CHUGH

JAI NARAIN SAWHNEY

PRITHVI RAJ CHAWLA

} DIRECTORS

NEW DELHI, THE 27th AUGUST, 2009

AUDITORS' 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 2009 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 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 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, 2009 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 2009
 - (ii) In the case of profit and loss account, of the profit of the company for the year ended on that date; and
 - (iii) In the case of the cash flow statement, of the cash flows for the year ended on that date.

For **Mehra Khanna & Co.**
Chartered Accountants
CA. RAJIV BHASIN
(Partner)

Place: Delhi

Date: 27th August, 2009

ANNEXURE TO THE AUDITOR'S REPORT

Annexure referred to in paragraph 3 of Auditors Report to the Members of ATLAS CYCLE

(HARYANA) LIMITED on the accounts for the year ended 31st March 2009.

1. (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.
2. (a) During the year, the inventories have been physically verified by the management. 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 of records were not material and have been properly dealt with in the books of account.
3. 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.
4. 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.

5. According to the information and explanations given to us, during the year, there was no transaction that need to be entered into the register maintained under section 301 of the companies Act, 1956.
6. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 58A and provisions of section 58AA of the Companies Act, 1956 and the companies (Acceptance of Deposits) rules, 1975, with regard to the Deposit 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.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of accounts 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.
9. (a) According to the information and explanation given to us and records of the company examined by us, the company has been regular in deposited undisputed statutory dues including provided fund, Investor education protection fund, Employee state insurance, Income tax, Sale 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 month from the date they become payable.
- (b) According to the information and explanation given to us and the record of company examine by us, there are no undisputed dues of income tax, wealth tax, custom duty and cess matters. The detailed of disputed sales tax and excise duties 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	Cestat	4.019	1999-2000
Sales tax laws	Entry tax	Assist. Commissioner	1.88	1998-1999
		Appellate Board	0.914	1999-2000
Sales tax	CST	Dy. Commissioner	4.82	2004-2005
		Appellate Board	5.88	1999-2000
		Dy. Commissioner	110.80	2003-2004
		Dy. Commissioner	138.21	2004-2005
		Dy. Commissioner	89.26	2005-2006
		Appellate Board	6.59	1998-1999
		Appellate Board	5.91	1999-2000
		Dy. Commissioner	28.96	2003-2004
		Dy. Commissioner	54.39	2004-2005
		Dy. Commissioner	25.64	2005-2006
	LST	Joint. Commissioner	5.07	2006-2007
		Joint. Commissioner	2.05	2008-2009

10. The Company does not have accumulated losses at the end of the financial year March 31, 2009. Further, the company has not any incurred cash losses during the financial year ended March 31, 2009 and in the preceding financial year ended March 31, 2008.
11. 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.
12. 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.
13. The provision of any special statute as specified under paragraph 4(iii) of the order are not applicable to the company.
14. 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 investment have been held in the name of company.
15. 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 other from banks and financial institutions.
16. In our opinion and according to the information and explanations given to us, the term loans taken during the year have been applied for the purpose for which they were obtained.
17. According to the information and explanations given to us on an overall Examination of the balance sheet of the company, we report that short term funds have not been used to finance long term investments and vice versa.
18. The company has not been made any preferential allotment of shares during the year, paragraph 4(xix) of the order not applicable.
19. During the year, since the company has not issued any debenture paragraph, 4(xix) of the order not applicable.
20. 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.
21. 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, 2009.

For **Mehra Khanna & Co.**
Chartered Accountants
CA. RAJIV BHASIN
(Partner)

Place: Delhi

Date: 27th August, 2009

ATLAS CYCLES (HARYANA) LIMITED

BALANCE SHEET AS AT 31-3-2009

	Schedules	2009		2008	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
Shareholders Funds					
Issued Share Capital	1	3,25,19,190		3,25,19,190	
Reserves & Surplus	2	<u>1,15,98.85,378</u>		<u>1,15,79,97,750</u>	
			1,19,24.04,568		1,19,05,16,940
Loan Funds					
Secured Loans	3	6,06,435.073		79,68,80,503	
Unsecured Loans		<u>6,33,58,000</u>		<u>5,49,30,000</u>	
			66,97.93,073		85,18,10,503
			<u>1,86,21,97,641</u>		<u>2,04,23,27,443</u>
APPLICATION OF FUNDS					
Fixed Assets	4		79,52,71,768		77,16,89,485
Investments	5		16,04,83,429		23,19,37,226
Current assets,loans and advances	6	3,09,68,26,018		2,87,35,79,538	
Less Current liabilities and provisions	7	<u>2,12,10,83,574</u>		<u>1,77,05,78,806</u>	
Net Current Assets			97,57,42,444		1,10,30,00,732
Less Deferred Tax Liability			<u>6,93,00,000</u>		<u>6,43,00,000</u>
			<u>1,86,21,97,641</u>		<u>2,04,23,27,443</u>
Notes to the accounts	10				

SALIL KAPUR
PRESIDENTJAI DEV KAPUR
PRESIDENTVIKRAM KAPUR
PRESIDENTM.R.Agarwal
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

CA.RAJIV BHASIN
PARTNER

Delhi: the 27th AUGUST 2009

HARI KRISHAN AHUJA
HIRA LAL BHATIA
I.D.CHUGH
PRITHVI RAJ CHAWLA
JAI NARAIN SAWHNEY

} DIRECTORS

New Delhi: the 27th AUGUST 2009