



# ANNUAL REPORT

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## 2009 - 2010



Ride with Pride

**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

### **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 Ninth 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 Thursday, the 30<sup>th</sup> September, 2010 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 31<sup>st</sup> March, 2010 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 Hira Lal Bhatia who retires by rotation. Being eligible, he offers himself for reappointment.
4. To appoint a director in place of Shri Hari Krishan Ahuja 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 23.09.2010 to 30.09.2010 both days

inclusive. Duly completed and valid applications for transfer of shares received in order at the Registered Office of the Company before 23.09.2010 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 23.09.2010.
3. The dividend when declared will be made payable at the Company's bankers. The dividend warrants will be posted on or before 30.10.2010 to the registered addresses of the shareholders or their mandates whose names stand in the register of members on 30.09.2010.
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 31<sup>st</sup> 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 31.03.2003 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 30.09.2010. 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 Hira Lal Bhatia and Shri Hari Krishan Ahuja retire by rotation and being eligible offer themselves for reappointment.

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

- a) Shri Hira Lal Bhatia, aged 67 years, has been a Director of the Company since 31.07.1979. He is a graduate and has been in business for over forty three 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.

- b) Shri Hari Krishan Ahuja, aged 86 years, has been a Director of the Company since 06-08-1990. He is a commerce graduate. He has been in business for over fifty two 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
- iv) Kay Bee Industries India Pvt. Ltd.

He is a Chairman 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 20<sup>th</sup> August, 2010

## DIRECTORS' REPORT

### TO THE MEMBERS :-

Your directors have pleasure in submitting their Fifty Ninth Annual Report together with the audited accounts of the Company for the year ended 31<sup>st</sup> March, 2010.

### FINANCIAL HIGHLIGHTS

	(Lac/Rs.)	
	2009-10	2008-09
OPERATING PROFITS/(LOSSES)	1829.41	2067.94
ADD : PROFIT ON SALE OF ASSETS	15.93	20.88
ADD : PROFIT ON SALE OF MUTUAL FUND	209.86	-
ADD : DIVIDEND INCOME	9.33	235.12
	2064.53	34.70
		55.58
LESS : INTEREST	1046.39	1230.80
DEPRECIATION	503.33	1549.72
		514.81
		380.17
LESS : PROVISION FOR TAX		134.00
		380.81
		190.09
ADD : PROFIT BROUGHT FORWARD	144.12	225.24
	524.93	415.33

### 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

2898352 bicycles were produced during the period under consideration.

### SALES

Sales during the year amounted to Rs. 654.33 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. 1875.61 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 continued to do well in terms of sales & market share. Capacity of the Paint Plant was enhanced by putting up a **Disc Paint Plant** which is supposed to be the latest technology of fine painting to cater to the growing demand for larger numbers and better esthetics.

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. 924.88 lacs as against Rs. 1405.72 lacs in the previous year. This includes capital assets worth Rs. 3.99 lacs under construction/installation as against Rs. 335.29 lacs in the previous year.

### DEPOSITS (INCLUDING LOANS FROM MEMBERS)

- Total number of depositors on 31.03.2010 who have not claimed their deposits after the date on which their deposits became due for payment -70.
- The aggregate amount of deposits due to the depositors on 31.03.2010 who have not claimed their deposits, including interest accrued, if any, after the dates on which their deposits became due for payment Rs. 22.62 lacs.  
Deposits aggregating Rs. 7.19 lacs pertaining to 19 depositors have since either been renewed or paid. Further 2 unclaimed deposits aggregating to Rs. nil have since been credited to Investors Education and Protection Fund. The remaining depositors whose deposits, including interest, amount to Rs. 14.71 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 :-

- Overhauling of one 1000 KVA and One 500 KVA D.G. Sets for enhancing the efficiency by 25%.
- Replacement of cooling tower of D.G. one number to put more load and get more efficiency.
- Fitting of exhaust fans in D.G. Room for taking out hot air and enabling the D.G. Sets to perform more efficiently.  
We will replace two more cooling towers to get maximum efficiency for D.G. and maximum utilization of our plants by which we can get more output with same fuel consumption and installation of new Screw Compressors of 500 cfm. To reduce the running cost respectively in the next financial year for energy conservation.

#### SAHIBABAD UNIT

The following measures were taken for Conservation of energy :

- Use of LPG instead of H.S.D. in one Paint shop.
- Installation of 12 Nos. Natural exhaust systems (Wind Air Vent) in place of motorized exhausts.

#### 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 fuel efficiency.

## TECHNOLOGY ABSORPTION

### 1. 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.

Sahibabad Unit installed and commissioned a new Disc Paint Plant so as to enhance paint quality and finish on critical components like frame, fork, mudguards etc.

Malanpur Unit introduced new models of bicycles in all categories of bicycles and planning to acquire latest technology in metal finishing during the next year.

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

With the installation of new Disc Paint Plant, production capacity increased to meet the increased demand and to compete in the market for fancy and conventional bicycles.

### 3. Future Plan of action :-

Development of new models, revamping of existing models, improvement in development of manufacturing processes which would increase productivity at minimum cost without compromising on quality.

### Technology absorption, adaptation and innovation :-

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

New tool for bending Loop Tube on Press has been developed and new tool for Assembling Diamond and Rear Triangle of Suspension frames has been developed.

### Benefits derived as a result of the above efforts

Loop Tube Bending Tool will help improve productivity and result in cost reduction and improved aesthetics of the product and new assembly tool will help improve productivity.

### FOREIGN EXCHANGE EARNING AND OUTGO

Total foreign exchange earned : Rs. 1875.61 lacs

Total foreign exchange used : Rs. 176.39 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.

### SECRETARIAL COMPLIANCE CERTIFICATE

As required under Section 383-A of the Companies Act, 1956 a certificate from a Secretary in whole time practice regarding compliance of the provisions of the Act is attached.

### 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 2010-2011 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 31<sup>st</sup> March, 2010 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 Hira Lal Bhatia and Hari Krishan Ahuja 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
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New Delhi, the 20th August, 2010



## SECRETARIAL COMPLIANCE CERTIFICATE

[See Rule 3 of Companies (Compliance Certificate) Rules, 2001]

CIN No.: L35923HR1950PLC001614

Authorized Capital: Rs. 100,000,000.00

To,

The Members of

**ATLAS CYCLES (HARYANA) LIMITED**

INDUSTRIAL AREA,

SONEPAT,

HARYANA -131001

I have examined the registers, records, books, and papers of **ATLAS CYCLES (HARYANA) LIMITED**, (The Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31st March 2010**. In my opinion and to the best of my information and according to the examinations carried out by me and explanation furnished to me by the Company, its officers and staff, I certify that in respect of the aforesaid financial year **2009-2010**: -

1. The Company has kept and maintained all registers as stated in "Annexure A" to this certificate as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in "Annexure B" to this certificate with the appropriate authorities within the time prescribed under the Act and the rules made there under.
3. The Company being Limited Company, comments are not required.
4. The Board of Directors duly met 13 (Thirteen) times respectively on 30th April 2009, 30th May 2009, 6th July 2009, 30th July 2009, 22nd August 2009, 27th August 2009, 30th September 2009, 31st October 2009, 30th November 2009, 28th December 2009, 30th January 2010, 26th February 2010, 31st March 2010 in respect of which meetings, proper notice were given and the proceedings were properly recorded and signed in the Minutes book maintained for the purpose.
5. The Company closed its Register of Members from 23rd September 2009 to 30th September 2009 both days inclusive, during the financial year. Necessary compliance of section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31st March 2009 was held on 30th September 2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans to its Directors or persons or firms or Companies referred under Section 295 of the Act.
9. The company has not entered into any contracts falling within the preview of section 297 of the Act.
10. The Company was not required to make any entries in the Register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approval from the Board of Directors, Members or Central Government.
12. The Board of Directors has approved the issue of duplicate share certificate during the financial year.
13. The company has:
  - (i) Delivered all the shares certificates on lodgment thereof for transfer and transmission purpose in accordance with the provisions of Companies Act 1956.
  - (ii) Deposited the amount of dividend declared in a separate bank account on 5th October, 2009 which is within five days from the date of declaration of such dividend declared during the financial year.
  - (iii) Paid and posted warrants for dividends to all the members within a period of 30 days from the date of declaration and that all Unclaimed/Unpaid dividend has been transferred to Unpaid Dividend Account of the Company with Central Bank of India declared during the financial year.
  - (iv) Transferred the amounts in unpaid dividend account, mature deposits, mature debentures and interest accrued thereon which have remained unclaimed or

unpaid for a period of seven years.

- (v) Duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was no appointment of any Additional Director, Alternate Directors and Directors to fill casual vacancy during the financial year under scrutiny.
15. The appointment of Manager Mr. Vipin Gupta has been made in compliance with the provision of the section 269 read with schedule XIII to the Act.
16. The Company has not appointed any sole selling agents during the financial year.
17. In my opinion and according to the information and explanation given to me, the Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such authorities prescribed under the various provisions of the Act during the financial year.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any shares/debentures/securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares/debentures during the financial year.
22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has complied with the provisions of sections 58A and 58AA read with Companies (Acceptance of Deposit) Rules, 1975 in respect of deposits accepted including unsecured loans taken raised by the Company during the year and the Company has filed the copy of advertisement and necessary particulars as required with the Registrar of Companies NCT of Delhi and Haryana on 10th September, 2009. The Company has also filed return of deposit with the Registrar of Companies.
24. The amount borrowed by the company from directors, members, public, financial institutions, banks and others during the financial year ending 31st March 2010 are within the borrowing limits of the Company.
25. As explained to us, the Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been required to make in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to the situation of the Company's registered office from One State to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment imposed on the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year pursuant to section 417 of the Act.
33. The Company has deposited both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to section 418 of the Act.

For: - **Priyanka Goyal & Associates**  
Company Secretaries

Dated: - 20th August, 2010  
Place: - New Delhi

**(PRIYANKA GOYAL)**  
M. No. 25857  
C.P. No. 9245

**Annexure A****Registers as maintained by the Company****Statutory Registers:-**

1. Register of Deposits under Rule 7 of the Companies (Acceptance of Deposits) Rules, 1975
2. Register of Charges Under Section 143
3. Register of Members Under Section 150
4. Minutes Book of Meetings Under Section 193
5. Books of Accounts & Cost Records Under Section 209
6. Register of Particulars of Contracts in which Directors are Interested Under Section 301

7. Register of Directors, Managing Director, Manager and Secretary Under Section 303
8. Register of Director's Shareholdings Under Section 307
9. Register of Investments or Loan Made, Guarantee Given or Security Provided Under Section 372A
10. Register of Renewed and Duplicate Certificates Under Rule 7 of the Companies (Issue of Share Certificates) Rules, 1960

**Other Registers:-**

1. Register of Directors' Attendance
2. Register of Transfers

**Annexure B**

Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending 31st March 2010.

S.N	Form No./ Return	Filed Under Section	For	Filing Date	Whether Filed within time	If delay whether req. Add. Fees paid Yes/ No.
1.	Annual Return	159	30-09-2009	25-02-2010	NO	YES
2.	Balance Sheet	220	31-03-2009	06-11-2009	NO	YES
3.	Form 32	303 (2)	31-08-2009	21-09-2009	YES	N.A.
4.	Form 32	303 (2)	31-12-2009	13-01-2010	YES	N.A.
5.	Form 32	303 (2)	01-01-2010	13-01-2010	YES	N.A.
6.	Form 8	125	12-02-2009	02-04-2009	NO	YES
7.	Form 8	125	28-02-2009	07-04-2009	NO	YES
8.	Form 8	125	02-03-2009	29-04-2009	NO	YES
9.	Form 8	135	26-03-2009	18-04-2009	YES	N.A.
10.	Form 8	135	27-03-2009	18-04-2009	YES	N.A.
11.	Form 8	135	26-06-2009	24-07-2009	YES	N.A.
12.	Form 8	135	26-06-2009	21-08-2009	NO	YES
13.	Form 8	125	16-09-2009	12-10-2009	YES	NO
14.	Form 8	125	24-09-2009	11-11-2009	NO	YES
15.	Form 8	125	24-10-2009	25-11-2009	NO	YES
16.	Form 8	125	24-10-2009	25-11-2009	NO	YES
17.	Form 8	135	27-11-2009	20-01-2010	NO	YES
18.	Form 1 INV	Rule 3 of IEPF	21-03-2009	06-04-2009	N.A.	N.A.
19.	Form 1 INV	Rule 3 of IEPF	06-05-2006	30-06-2009	N.A.	N.A.
20.	Form 1 INV	Rule 3 of IEPF	26-09-2009	04-11-2009	N.A.	N.A.
21.	Form 1 INV	Rule 3 of IEPF	08-12-2009	09-12-2009	N.A.	N.A.
22.	Form 1 INV	Rule 3 of IEPF	02-01-2010	19-01-2010	N.A.	N.A.
23.	Form 62	Rule 10 Companies (Acceptance of Deposits) Rules, 1975	31-03-2009	30-06-2009	N.A.	N.A.
24.	Form 62	Others	22-08-2009	10-09-2009	N.A.	N.A.
25.	Form 25C	269 (2) & Schedule XIII	28-12-2009	13-01-2010	YES	N.A.
26.	Form 21	621A	28-01-2010	01-02-2010	YES	N.A.

Note: It is stated that the compliances of all the applicable provisions of the Companies Act, 1956 is the responsibility of the management. My Examination on the test check basis was limited to the procedures followed by the Company for ensuring the compliance with the said provisions. I state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management conducted affairs. I further state that this is neither an audit nor an expression on the financial activities/statements of the Company.

For: - **Priyanka Goyal & Associates**  
Company Secretaries

Dated: - 20th August, 2010  
Place: - New Delhi

**(PRIYANKA GOYAL)**  
M. No. 25857  
C.P. No. 9245

## CORPORATE GOVERNANCE REPORT 2009-2010

### 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 31.03.2010, the Board of Directors comprises of four Non-Executive Directors and one Whole Time Director.

Name of Director	Category of Director ship	No. of Board meetings attended	Attended Last AGM	No. of other Directorships (excluding private limited companies and foreign companies)	No. of Committee Memberships	
					Member	Chairman
Shri Hari Krishan Ahuja	I-NED	13	30.09.2009	3	-	1
Shri Hira Lal Bhatia	I-NED	12	30.09.2009	3	1	-
Shri I.D. Chugh	WTD	13	30.09.2009	4	1	-
Shri Jai Narain Sawhney	I-NED	11	30.09.2009	3	-	1
Shri Prithvi Raj Chawla	I-NED	13	30.09.2009	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 30.04.2009, 30.07.2009, 22.08.2009, 27.08.2009, 31.10.2009, 30.01.2010

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

Name of Director	No. of Meetings Attended
Shri Hira Lal Bhatia	6
Shri Hari Krishan Ahuja	6
Shri Prithvi Raj Chawla	6

During the year thirteen Board Meetings were held on 30.04.2009, 30.05.2009, 06.07.2009, 30.07.2009, 22.08.2009, 27.08.2009, 30.09.2009, 31.10.2009, 30.11.2009, 28.12.2009, 30.01.2010, 26.02.2010 & 31.03.2010

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 31.03.2010 are as follows :

### 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 2009-2010.

#### A. Whole Time Director

Name	Shri I.D. Chugh
Salary	865902
Long Service Allowance	1500
Provident Fund Contribution	66344
Leave Travel Assistance	46760
Commission	83735
Medical Expenses	36150
<b>Total</b>	<b>1100391</b>

## 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	62000	19500	81500
Shri Hira Lal Bhatia	59000	18500	77500
Shri Jai Narain Sawhney	56000	17500	73500
Shri Prithvi Raj Chawla	62000	19500	81500

## 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 I.D. Chugh, Whole Time Director is the Compliance Officer. meetings of the Committee were held during the year on 30.04.2009, 30.07.2009, 31.10.2009 and 30.01.2010.

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 31.03.2010, 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 (Sonapat) Limited, Atlas Cycles (Sahibabad) Limited and Atlas Cycles (Malanpur) Limited. The minutes of the Board Meetings of the aforesaid subsidiary Companies held on 06.07.2009, 30.09.2009, 28.12.2009 and 30.03.2010 were placed at the Board Meeting of the Company at its meetings held on 30.11.2008, 28.02.2010, 30.04.2010 and 08.07.2010 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
2008-2009	30.09.2009	4.00 PM	Industrial Area, Sonapat
2007-2008	30.09.2008	4.00 PM	Industrial Area, Sonapat
2006-2007	16.11.2007	3.30 PM	Industrial Area, Sonapat

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.

(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 30.09.2010 at Company's Registered Office in Industrial Area, Sonapat.

(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 : 23.09.2010 to 30.09.2010

(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 2009-2010

Month	Equity Share Price on NSE and BSE			
	Share Price on NSE		Share Price on BSE	
	HIGH Rs.	LOW Rs.	HIGH Rs.	LOW Rs.
2009 April	129.85	75.00	127.60	75.00
May	122.05	95.00	122.00	93.00
June	123.90	98.75	122.50	103.00
July	129.90	100.45	129.00	100.00
August	183.75	120.15	184.00	120.50
September	223.45	163.05	222.90	162.00
October	221.90	190.60	221.50	174.10
November	183.10	157.25	185.00	158.05
December	220.90	164.70	220.50	166.25
2010 January	264.95	202.50	264.85	200.05
February	222.40	182.50	222.40	190.10
March	223.40	203.55	223.95	201.35

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 31.03.2010.

No. of Shares				
(Range)	Number of shareholders	% to total	No. of shares held	% to total
UPTO-500	9535	95.03	673965	20.72
501-1000	220	2.19	165150	5.10
1001-2000	116	1.15	170686	5.25
2001-3000	34	0.34	83404	2.56
3001-4000	28	0.28	9982	3.05
4001-5000	17	0.17	81517	2.50
5001-10000	30	0.30	220011	6.76
10001 and Above	54	0.54	1757904	54.06
Total	10034	100.00	3251919	100.00

(x) Categories of Equity Shareholders as on 31.03.2010

Category	No. of fully paid up shares held	% shareholding
Promoters, Associates, Directors and relatives	1501717	46.18
Financial Institutions/Banks		
Foreign Institutional Investors/overseas Corporate Bodies/Non-Resident Indians	0	0.00
Mutual Funds	8200	0.25
Bodies Corporate	953	0.03
General Public	291462	8.96
<b>Total</b>	<b>1449587</b>	<b>44.58</b>
	<b>3251919</b>	<b>100.00</b>

(xi) Dematerialisation of Equity Shares and liquidity :

As on 31.03.2010 of the total equity shares, 46.28% were held in dematerialised form and the balance 53.72% 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 20th August, 2010

**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, 2010 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, 20th August, 2010

**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) Ltd. for the year ended March 31, 2010 as stipulated in clause 49 of the listing agreement(s) of the said company with the Stock Exchange(s). The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of corporate governance as stipulated in the above mentioned Listing agreement(s).

We state that in respect of investor grievances received during the year ended March 31, 2010 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  
FR No:- 001141N

CA. RAJIV BHASIN  
(PARTNER)

Mem.No: - 093845

PLACE: DELHI  
DATE: 26<sup>th</sup> August, 2010

## MANAGEMENT DISCUSSION & ANALYSIS

### 1. INDUSTRY STRUCTURE AND DEVELOPMENT

With an annual turnover of more than 12 million bicycles, the bicycle industry is one of the most established industries in India. It has raised the country's position to that of the second largest bicycle manufacturer in the world, next only to China. India has seen a tremendous increase in the number of bicycle manufacturers and bicycle exporters in the recent past. Today, the Indian bicycle manufacturing and bicycle spares industry is well accepted and is also widely recognized for its quality standards in international markets.

The Indian bicycle industry is currently in the midst of making endeavors for enhanced and increased bicycle exports since the scope for export of Indian manufactured bicycle in the international market is significant. As per public reports the present level of exports falls within the range of Rs. 150 crores. This includes Bicycles, bicycle spare parts and bicycle accessories. M/s Atlas Cycles (Haryana) Limited is a Public Limited Company having presence in bicycles segment with a track record of more than 50 years, having established brand both in Indian as well as international market and ranks amongst the three largest cycle manufacturers in the world, with sales of over Rs. 6500 million. The company is engaged in manufacturing of bicycles and its components & steel tubes with units at Sonapat, Sahibabad, Malanpur, Bawal and Rasoi.

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.

### 2. OPPORTUNITY AND THREATS

The areas of strength are promoters having long track record, rich experience and strong financial soundness, Atlas Brnad is well accepted both in Indian as well as international market and rank 3rd largest cycle manufacturer in the world. However, the areas of weaknesses: Rising input cost i.e. prices of sheets, strips, Tyres, Tubes and other related chemicals are governed by external forces including its trend in international market. Product obsolescence vis-avis non-acceptance of model could adversely affect the revenue stream and profitability. Further these are the major areas under business risk, promoters risk, financial risk and so on.

### 3. PRODUCTWISE PERFORMANCE

The Company has a recognized Research and Development center recognized by the Government of India 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

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. Steel Prices are changing on regular basis and there is wide fluctuations in chemical industry and other metals including Nickels, brass etc., which are governed by some external forces. Further as it is the product of necessity, it is not easy to increase the price on frequent intervals.

### 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 2009, 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. 654.33 crores during the year compared to Rs. 617.45 crores during the previous year. Income from other sources has increased from Rs. 3.88 crores to Rs. 6.03 crores. Profit after taxation, increased from Rs. 1.90 Crores in the previous year to Rs. 3.81 crores 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. 1800 employees.

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

} DIRECTORS

NEW DELHI, THE 20th AUGUST, 2010