

# ANNUAL REPORT



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THE JOURNEY OF ACHIEVEMENTS

**ATLAS**  
CYCLES

# **ATLAS CYCLES (HARYANA) LIMITED**

**SONEPAT-131001**

## **BOARD OF DIRECTORS :**

Shri Hari Krishan Ahuja, (Non Executive Director)  
Shri Hira Lal Bhatia, (Non Executive Director)  
Shri I.D. Chugh, (Whole Time Director)  
Shri Jai Narain Sawhney, (Non Executive Director)  
Shri Prithvi Raj Chawla, (Non Executive Director)

## **COMPANY SECRETARY & COMPLIANCE OFFICER**

Shri Sanjeev Kumar

## **REGISTERED OFFICE :**

Atlas Road  
Industrial Area  
Sonapat-131001  
(Haryana)

## **BANKERS :**

Central Bank of India  
Punjab National Bank  
Bank of Baroda

## **AUDITORS :**

Messers Mehra Khanna & Co.  
Chartered Accountants, Delhi

## **SHARE TRANSFER AGENTS**

Mas Services Limited  
T-34, 2nd Floor, Okhala Industrial  
Area., Phase-2, New Delhi 110020  
Tel: (011) 26387281,82,83  
Fax: (011) 26387384

## **NOTICE**

### **TO THE SHAREHOLDERS**

Notice is hereby given that the Sixtieth Annual General Meeting of Atlas Cycles (Haryana) Limited, Sonapat will be held at the Registered Office of the Company in the Industrial Area, Sonapat on Friday, the 30th September 2011 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 on 31st March, 2011 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.

By order of the Board  
For **ATLAS CYCLES (HARYANA) LTD.**  
(SANJEEV KUMAR)  
COMPANY SECRETARY

Sonapat : the 25th August, 2011

## **NOTES :-**

1. The Register of Members of the Company will remain closed from 23.09.2011 to 30.09.2011 both days inclusive. Duly completed and valid applications for transfer of shares received in order at the Registered Office of the Company before 23.09.2011 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 23.09.2011.
3. The dividend when declared will be paid through the company's bankers. The dividend warrants will be posted on or before 30.10.2011 to the Registered Addresses of the shareholders or their mandates whose names stand in the register of members on 30.09.2011.
4. **Any member unable to attend meeting personally is entitled to appoint another person (whether a member or not) as his/her proxy to attend and vote instead of himself/herself 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 dividend warrants for the year ended 31.03.2004 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 company's shares are being traded compulsory in demat form.
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 Services (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 there is 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 Annexure is available for inspection at Company's Registered Office, Industrial Area, Sonapat during working hours from today till 30.09.2011. 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 in whose name(s) the shares held by him/her

shall vest in the event of his/her 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, Directors 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 99 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 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 and Managing Director in J.N Sawhney Co. Pvt. Ltd.
- He is a Chairman of the Shareholders/Investors Grievances Committee of the Board.
- b) Shri Prithvi Raj Chawla, aged 86 years, has been a Director of the Company since 06-08-1990. He is a Commerce graduate. He has been in export 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

He is a member of the Audit Committee of the Board.

## IMPORTANT COMMUNICATION TO MEMBERS

The ministry of corporate Affairs has taken a "Green Initiative" in the Corporate Governance by allowing paperless Compliances by the companies and has issued circular stating that services of notice/documents including Annual Report can be sent by email to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository Participants and also register their e-mail ID at our Registrar and share Transfer Agents viz. " M/s Mas Services Limited "at the website [www.masserv.com](http://www.masserv.com), in case you have not already registered the same. Further for detail in this regard please refer the last page of this Annual Report.

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

**(SANJEEV KUMAR)  
COMPANY SECRETARY**

Sonapat : the 25<sup>th</sup> August, 2011

## DIRECTORS' REPORT

### TO THE MEMBERS :-

Your directors have pleasure in submitting their Sixtieth Annual Report together with the audited accounts of the company for the year ended 31st March 2011.

### FINANCIAL HIGHLIGHTS

	(Lac/Rs.)	
	2010-11	2009-10
OPERATING PROFITS/(LOSSES)	2242.91	1829.41
ADD : PROFIT ON SALE OF ASSETS	-	15.93
ADD : PROFIT ON SALE OF MUTUAL FUND	70.46	209.86
ADD : DIVIDEND INCOME	10.52	80.98
	2323.89	9.33
		235.12
		2064.53
LESS : INTEREST	1157.49	1046.39
DEPRECIATION	570.10	1727.59
		596.30
		514.81
LESS : PROVISION FOR TAX		220.00
		376.30
		134.00
		380.81
ADD : PROFIT BROUGHT FORWARD	154.29	144.12
	530.59	524.93

### 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 to Rs. 146.34 lacs (Previous year Rs. 146.34 lacs).

### PRODUCTION

31,45,790/- bicycles were produced during the period under consideration.

### SALES

Sales during the year amounted to Rs. 765.19 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. 2772.71 Lacs.

The company continued its efforts to increase sales in export market due to which it achieved better export earning 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.

Sahibabad unit has further increased capacity of paint plant by putting up one more Disc Paint plant. It has also converted one bell Paint plant to disc plant to improve paint finish. Sonapat Unit has also enhanced capacity of the Paint Plant by putting up a Disc Paint Plant which is supposed to be of latest technology (French Make) to cater to the growing demand from large customers and give better esthetics to the bicycles.

Further Sonapat plant has put up a Powder Coating paint plant along with an oven for faster and higher output.

These disc plants are of world class quality to meet today's customer requirement. Market has responded to these Improvements and sale volumes have grown.

In Sahibabad unit to improve the quality in tubular shop has also taken up the installation of 45 Tons chilling plant for deburring to maintain temperature of chemicals thereby reducing related quality problems.

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

During the year under review Sonapat unit of the Company has obtained ISI mark on Frames and Mudguards.

### CAPITAL EXPENDITURE

During the year, the Company acquired capital assets worth Rs. 2358.01 lacs as against Rs. 924.88 lacs in the previous year. This includes capital assets worth Rs 279.82 lacs under construction/installation as against Rs. 3.99 lacs in the previous year.

### DEPOSITS (INCLUDING LOANS FROM MEMBERS)

- Total number of depositors on 31.03.2011 who have not claimed their deposits after the date on which their deposits became due for payment -49.
- The aggregate amount of deposits due to the depositors on 31.03.2011 who have not claimed their deposits, including interest accrued, if any, after the dates on which their deposits became due for payment is Rs. 57.94 lacs.  
Deposits aggregating Rs. 46.12 lacs pertaining to 08 depositors have since either been renewed or paid. Further 6 unclaimed deposits aggregating to Rs. 1.59 Lacs have since been credited to investors Education and Protection Fund. The remaining depositors whose deposits, including interest, amount to Rs. 11.82 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:-

- Introduction of 4 (Four) Natural (Exhauster) air ventilator in place of exhauster fans and more to follow.
- Energy efficient screw compressor have been put in place of old reciprocating Compressors.
- Energy efficient state of the disc or paint plant has been installed.
- In efficient Reciprocating compressors have been over hauled to get more efficiency.

#### SAHIBABAD UNIT

The following measures were taken for Conservation of energy:-

- Use of PNG in place of H.S.D & LPG in all 3 Disc Paint Plants, One bell paint plant & Two manual paint plant.
- Use of HSD being also replaced by PNG in two boilers.
- New DG set 1250 KVA has been installed to improve efficiency of captive power.

- A survey was done to study possible energy losses & steps to be taken for conservation. This includes not only major but small points also like increase of natural source of light by putting up more transparent roofing etc.

### MALANPUR UNIT

Better and fuel efficient technology is being introduced and computerized controls are being installed in the burners. A very tight maintenance is being maintained for better fuel efficiency. Use of Gas flow of HSD in new paint shop.

### TECHNOLOGY ABSORPTION

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

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

#### 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 for fancy and conventional bicycles.

#### 3. Future Plan of action :-

Development of new models, revamping of existing models, and 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 & pressing Chain Stays developed.
- Mitering of Tubes on hydraulic machine introduced PLC monitored.
- Bending of Tubes on hydraulic machine introduced PLC monitored
- New Tubular Fork introduced for standard cycles.

#### 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. New Tubular fork will improve strength of fork.

### FOREIGN EXCHANGE EARNING AND OUTGO

Total foreign exchange earned : Rs. 2772.71 lacs

Total foreign exchange used : Rs. 173.14 lacs

### PARTICULARS OF EMPLOYEES

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

### LISTING OF COMPANY'S EQUITY SHARE

Your Company's shares continue to be listed on Delhi, Bombay and National Stock Exchanges. The annual listing Fee for the year 2011-2012 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 explanation relating to material departures.
- The directors had selected such accounting policies and applied them consistently and made judgments 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 2011 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 form 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
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New Delhi, the 25th August, 2011



## CORPORATE GOVERNANCE REPORT 2010-2011

### A. Company's philosophy

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

### B. Board of Directors

As at 31.03.2011, 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	11	30.09.2010	3	-	1
Shri Hira Lal Bhatia	I-NED	10	30.09.2010	3	1	-
Shri I.D. Chugh	WTD	12	30.09.2010	4	1	-
Shri Jai Narain Sawhney	I-NED	12	30.09.2010	3	-	1
Shri Prithvi Raj Chawla	I-NED	12	30.09.2010	3	1	-

I-NED - Independent Non-Executive Director

WTD- Whole Time Director

The ratio between Executive and Non-Executive Directors and Non-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 30.04.2010, 08.07.2010, 31.07.2010, 20.08.2010, 29.10.2010 and 31.01.2011,

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

Name of Director	No. of Meetings Attended
Shri Hira Lal Bhatia	5
Shri Hari Krishan Ahuja	5
Shri Prithvi Raj Chawla	6

During the year twelve Board Meetings were held on 30.04.2010, 03.06.2010, 08.07.2010, 31.07.2010, 20.08.2010, 30.09.2010, 29.10.2010, 29.11.2010, 30.12.2010, 31.01.2011, 28.02.2011 & 31.03.2011.

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 31.03.2011 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 Company's 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 2010-2011.

#### A. Whole Time Director

Name	Shri I.D. Chugh
Salary	939004
Long Service Allowance	1500
Provident Fund Contribution	70612
Leave Travel Assistance	49670
Commission	138130
Medical Expenses	54490
<b>Total</b>	<b>12,53,406</b>

## B. Non-Executive Directors

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

Name of Director	Sitting Fee	Out of Pocket expenses	Total
	Rs.	Rs.	Rs.
Shri Hari Krishan Ahuja	70,000	21,500	91,500
Shri Hira Lal Bhatia	65,000	20,000	85,000
Shri Jai Narain Sawhney	72,000	22,000	94,000
Shri Prithvi Raj Chawla	78,000	24,000	1,02,000

## 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 Jai Narain Sawhney is the Chairman of the Committee. Shri Sanjeev Kumar, Company Secretary is Compliance Officer. Meetings of the Committee were held during the year on 30.04.2010, 31.07.2010, 29.10.2010 and 31.01.2011.

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 31.03.2011, no case of transfer was pending.

During the year 21 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 08.07.2010, 31.07.2010, 30.09.2010, 30.12.2010 and 31.03.2011 were placed at the Board Meeting held on 20.08.2010, 30.12.2011, 28.02.2011, 30.05.2011 and 25.08.2011.

## 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 Exchange 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 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
2009-2010	30.09.2010	4.00 PM	Industrial Area, Sonapat
2008-2009	30.09.2009	4.00 PM	Industrial Area, Sonapat
2007-2008	30.09.2008	4.00 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 scheduled 10 (Notes to the accounts). However, these transactions are not in conflict with the interest of the Company.

(ii) There were no instances by the company 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.
- (ii) The Result and other relevant information are also posted on the Company's Web Site: <http://www.atlasbicycles.com>.

## O) General Shareholders Information :

- (i) Next Annual General Meeting is proposed to be held on 30.09.2011 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 : 23.09.2011 to 30.09.2011
- (iv) Dividend payment Date: Dividend payment will be made 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 Share 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 2010-2011

Month	Equity Share Price on NSE and BSE			
	Share Price on NSE		Share Price on BSE	
	HIGH Rs.	LOW Rs.	HIGH Rs.	LOW Rs.
2010 April	235.90	206.00	234.75	205.30
May	231.50	202.60	233.70	202.55
June	221.00	204.15	221.20	204.30
July	256.00	204.25	255.80	206.20
August	252.40	218.15	253.20	218.00
September	306.45	227.25	306.70	228.50
October	288.30	257.50	288.50	258.40
November	289.30	204.00	283.00	208.10
December	264.60	192.55	264.65	190.10
2011 January	260.35	209.00	260.40	204.00
February	250.00	201.05	242.50	201.05
March	252.70	208.05	252.85	208.00

vii) Registrar and Share Transfer Agent: With effect from 01.02.2003 M/s Mas Services Private Limited were appointed as the Registrar and Share transfer agent of the Company both in physical and electronic mode.

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

(ix) Distribution of Equity Shareholding as on 31.03.2011.

(Range)	Number of shareholders	% to total	No. of shares held	% to total
UPTO-500	9419	94.873	638568	19.637
501-1000	221	2.226	168171	5.171
1001-2000	117	1.178	171258	5.266
2001-3000	38	0.383	95798	2.946
3001-4000	28	0.282	97694	3.004
4001-5000	22	0.222	104282	3.207
5001-10000	31	0.312	234442	7.209
10001 and Above	52	0.524	1741706	53.559
Total	9928	100.00	3251919	100.00

(x) Categories of Equity Shareholder as on 31.03.2011.

Category	No. of fully paid up shares held	% shareholding
Promoters, Associates, Directors and relatives	1458789	44.86
Financial Institutions/Banks	2296	0.07
Foreign Institutional Investors/ overseas Corporate Bodies/ Non-Resident Indians	0	0.00
Mutual Funds	5666	0.18
Bodies Corporate	953	0.03
General Public	301162	9.26
<b>Total</b>	<b>1483053</b>	<b>45.60</b>
	<b>3251919</b>	<b>100.00</b>

(xi) Dematerialization of Equity shares and liquidity :

As on 31.03.2011 of the total equity share, 46.76% were held in dematerialized Form and the balance 53.24% 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, Sahibabd, Malanpur, Bawal and Rasoi.

(xiii) Address for Correspondence:

The Company's registered office is situated in Industrial area, sonapat-131001. Correspondence by the Share holders/ Debenture holders should be addressed to the registered office. Security holders holding shares in electronic mode should address all their correspondence to their respective Depository participants.

Jai Narain Sawhney  
I.D. Chugh  
Hari Krishan Ahuja  
Hira Lal Bhatia  
Prithvi Raj Chawla

} DIRECTORS

New Delhi, the 25th August, 2011

**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, 2011 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.

Rajesh Kapoor  
CEO

New Delhi, 25th August, 2011

**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, 2011 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, 2011 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: 25<sup>th</sup> August, 2011

## MANAGEMENT DISCUSSION & ANALYSIS

### 1. INDUSTRY STRUCTURE AND DEVELOPMENT

The Indian economy is estimated to have recorded a growth of 8.5% during 2010-11 following on the 7.3% growth achieved in the previous year, clearly emphasizing that India's high growth is sustainable in this phase of development.

The bicycle industry in India grew at a higher rate of 9% in 2010-11 on account of increasing individual incomes and higher aspiration levels of the middle income group. Growth in the "specials segment" (Sport Light Roadster, mountain terrain bike and children's bicycles) was higher than in the "standard segment".

India is the largest producer of bicycles next only to China. It Produces around 1.70 crore bicycles every year; with almost each day witnessing new designs, colours and features. Today, the Indian bicycle manufacturing and bicycle parts industry is widely recognized for its quality standards in the international market.

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. Exports out of India are largely to Africa and the less developed economies and negligible to western markets Export of bicycles and parts falls within the range of Rs. 800 crore in 2010-11.

M/S Atlas Cycles (Haryana) Limited is a Public Limited Company having presence in bicycles segment with a track record of more than 60 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.7600 million. The company is engaged in manufacturing of bicycles and its components and steel tubes with units at Sonapat, Sahibabad, Malanpur, Bawal and Rasoi.

Apart from rising input costs, cheap Chinese bicycles are also entering in domestic market.

### 2. OPPORTUNITY AND THREATS

The areas of strength are promoters having long track record, rich experience and strong financial soundness, Atlas Brand is well accepted both in Indian as well as International Market and ranks 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. Further volatile steel prices and a new burden of 1% excise duty are a deterrent to the growth of the cycle industry.

### 3. PRODUCTWISE PERFORMANCE

The company has a recognized Research and Development centre 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 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 a wide fluctuation 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, and regulations and compliance of significant policies, the Company has a well defined system of internal control throughout the organization. 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 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 those transactions are authorized, recorded and reported properly.

### 7. FINANCIAL PERFORMANCE

The company achieved a turnover 765.19.crores during the year compared to Rs. 654.33 crores during the previous year. Income from other sources is 4.09 crores as compared to Rs. 6.03 crores in previous year. Profit after taxation, is Rs. 3.76 crores as compared to 3.81 crores in the previous 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. 1900 employees.

HARI KRISHAN AHUJA HIRA LAL BHATIA ISHWAR DAS CHUGH JAI NARAIN SAWHNEY PRITHVI RAJ CHAWLA	}	DIRECTORS
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NEW DELHI, THE 25th AUGUST, 2011



## 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 2011 and also the profit and loss account of the company for the year ended on that date, annexed thereto and the cash flow statement for the year ended on that date. These Financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we annex here to a statement on the matters specified in paragraphs 4 and 5 of the said order.
- 4) Further to our comments in the annexure referred to in paragraph 3 above, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
  - c) The balance sheet profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account.
  - d) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the mandatory accounting standards referred to in sub-section (3C) of section (211) of the Companies Act, 1956;
  - e) On the basis of written presentations received from the directors and taken on record by the Board of Directors of the Company, none of the directors is disqualified as on 31st March, 2011 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 2011;
  - (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  
FR No.-001141N

CA. RAJIV BHASIN  
(Partner)  
Mem. No.:093845

Place: Delhi  
Date: 25<sup>th</sup> August, 2011

## ANNEXURE TO THE AUDITOR'S REPORT

### Annexure referred to in paragraph 3 of Auditor's Report to the Members of ATLAS CYCLES (HARYANA) LIMITED on the accounts for the year ended 31st March 2011.

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

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

Nature of the Statute	Nature of the dues	Forum where which pending	Amount (in lac.) relates	Period to amount
Sales tax laws	Entry tax	Asst. Commissioner	1.88	1998-1999
		Asst. Commissioner	0.91	1999-2000
Sales tax	CST	Appellate Board, Bhopal	3.68	1999-2000
		Add. Commissioner, Gwl	14.68	2002-2003
		Appellate Board, Bhopal	81.56	2003-2004
		Dy. Commissioner, Gwl	300.81	2004-2005
		Appellate Board, Bhopal	66.41	2005-2006
	M.P.S.T.	Appellate Board, Bhopal	4.14	1998-1999
		Appellate Board, Bhopal	3.80	1999-2000
		Appellate Board, Bhopal	23.17	2003-2004
		Appellate Board, Bhopal	82.91	2004-2005
		Appellate Board, Bhopal	20.34	2005-2006
	LST	Jt. Commissioner Appeal	4.30	2002-2003
		Jt. Commissioner Appeal	4.24	2006-2007
		Jt. Commissioner Appeal	3.35	2006-2007
		Jt. Commissioner Appeal	3.46	2008-2009
		Jt. Commissioner Appeal	1.52	2009-2010

- (x) The Company does not have accumulated losses at the end of the financial year march 31, 2011. Further, the company has not incurred any cash losses during the financial year ended march 31, 2011 and in the preceding financial year ended March 31, 2010.
- (xi) According to the records of the company examined by us and the information and explanations given to us, the company during the year has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- (xii) As the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, paragraph 4 (xii) of the order is not applicable.
- (xiii) The provision of any special statute as specified under paragraph 4 (xiii) of the Order are not applicable to the company.
- (xiv) The company has maintained proper records of transactions and contracts in respect of trading in mutual funds and timely entries have been made there in. All investments have been held in the name of the company.
- (xv) In our opinion and according to the information and explanations given to us the company has not given guarantees during the year for loans taken by others from banks and financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, the terms loans taken during the year have been applied for the purpose for which they were obtained.
- (xvii) According to the information and explanations given to us on an overall Examination of the balance sheet of the company, we report that short term funds have not been used to finance long term investments and vice versa.
- (xviii) As the company has not been made any preferential allotment of shares during the year, paragraph 4 (xix) of the order not applicable.
- (xix) During the year, since the company has not issued any debentures paragraph, 4 (xix) of the order not applicable.
- (xx) During the year, since the company has not raised any money by way of public issue, paragraph 4 (xx) of the order is not applicable.
- (xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit for the year ended 31st March, 2011.

For Mehra Khanna & Co.  
Chartered Accountants  
FR No.-001141N  
CA. RAJIV BHASIN  
(Partner)  
Mem. No.:093845

Place: Delhi  
Date: 25<sup>th</sup> August, 2011

# ATLAS CYCLES (HARYANA) LIMITED

## BALANCE SHEET AS AT 31-3-2011

	Schedules	2011	2010
		Rs.	Rs.
<b>SOURCES OF FUNDS</b>			
<b>Shareholders Funds</b>			
Issued Share Capital	1	3,25,19,190	3,25,19,190
Reserves & Surplus	2	1,20,14,68,467	1,18,09,02,509
		<b>1,23,39,87,657</b>	1,21,34,21,699
<b>Loan Funds</b>	3		
Secured Loans		73,06,25,144	88,13,13,619
Unsecured Loans		14,28,74,000	10,97,05,000
		<b>87,34,99,144</b>	99,10,18,619
		<b>2,10,74,86,801</b>	2,20,44,40,318
<b>APPLICATION OF FUNDS</b>			
Fixed Assets	4	1,00,06,51,254	83,42,82,398
Investments	5	26,36,60,758	8,56,30,428
Current assets, loans and advances	6	3,22,21,11,381	3,21,52,76,733
Less Current liabilities and provisions	7	2,29,92,36,592	1,85,80,49,241
Net Current Assets		<b>92,28,74,789</b>	1,35,72,27,492
Less Deferred Tax Liability		<b>7,97,00,000</b>	7,27,00,000
		<b>2,10,74,86,801</b>	2,20,44,40,318
<b>Notes to the accounts</b>	10		

SANJEEV KUMAR  
COMPANY SECRETARY

SALIL KAPUR  
PRESIDENT

JAI DEV KAPUR  
PRESIDENT

VIKRAM KAPUR  
PRESIDENT

RAJESH KAPOOR  
C.E.O

GANESH IYER  
C.F.O.

S.KHANNA  
C.F.O

C.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  
FRN : 001141N

CA.RAJIV BHASIN  
PARTNER  
M No : 093845

Delhi:the 25th AUGUST, 2011

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

}

DIRECTORS

New Delhi:the 25th AUGUST, 2011