

# ATLAS CYCLES

## ANNUAL REPORT

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Zooming ahead towards  
continuous growth



# ATLAS CYCLES (HARYANA) LIMITED

SONEPAT-131001

## BOARD OF DIRECTORS :

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

## COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Gagan Singhal

## REGISTERED OFFICE :

Atlas Road  
Industrial Area  
Sonapat –131001  
(Haryana)

## STATUTORY AUDITORS :

Messers Mehra Khanna & Co.  
Chartered Accountants, Delhi

## BANKERS :

Central Bank of India  
Punjab National Bank  
Bank of Baroda

## BOARD COMMITTEES :

### Audit Committee

Shri Hari Krishan Ahuja	Chairman
Shri Prithvi Raj Chawla	Member
Shri Hira Lal Bhatia	Member

### Shareholders/ Investor

### Grievances Committee

Shri Prithvi Raj Chawla	Chairman
Shri I. D. Chugh	Member

## SAHIBABAD UNIT

Plot No. 55, Site-IV  
UPSIDC, Industrial Area,  
Sahibabad – 201010 (U.P.)

## MALANPUR UNIT

Plot No. U-16, 17, 21 & 22  
Malanpur Industrial Area  
Near Gwalior, Distt. Bhind (M. P.)

## REGISTRAR AND SHARE TRANSFER AGENTS :

Mas Services Limited  
T-34, 2nd Floor, Okhla Industrial  
Area, Phase-2, New Delhi-110020  
Tel: (0110 26387281, 82, 83

## STOCK EXCHANGE(S) WHERE COMPANY'S SECURITIES ARE REGISTERED

National Stock Exchange  
Bombay Stock Exchange  
Delhi Stock Exchange

## E-MAIL

companylaw@atlasbicyclesonepat.com

## WEBSITE

www.atlasbicycles.com

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## NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the Sixty First Annual General Meeting of the members of Atlas Cycles (Haryana) Limited will be held at the Registered Office of the Company in the Industrial Area, Sonapat on Saturday, the 29th September 2012 at 4.00 P.M. (I.S.T.) to transact the following business(es):-

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 and the Profit and Loss Account for the year ended on that date along with the reports of the Board of Directors and Auditors thereon.
2. To declare final dividend at the rate of 45% (Rs. 4.50) per Equity Share of face value of Rs. 10/- each.
3. To appoint a director in place of Shri Hira Lal Bhatia who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a director in place of Shri Hari Krishan Ahuja who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint auditors for the current year and fix their remuneration, Messers Mehra Khanna & Co., Chartered Accountants, the present auditors, offer themselves for re-appointment.

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

(**GAGAN SINGHAL**)  
Company Secretary  
& Compliance Officer

Sonapat : the 4th September, 2012

### NOTES :-

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING ("THE MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. IN ORDER TO BE EFFECTIVE, THE INSTRUMENT APPOINTING PROXY SHOULD BE DULY COMPLETED, STAMPED AND SIGNED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING. THE PROXY SO APPOINTED SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING.**
2. Corporate Members intending to send their authorized representative to attend the meeting are requested to send a certified copy of the board resolution authorizing their

representative to attend and vote on their behalf at the meeting.

3. Members attending the meeting are requested to bring with them the attendance slip attached to the notice duly filled in and signed and handover the same at the entrance place of the meeting. Proxy / Representative of a member should mark on the Attendance Slip as "Proxy" or "Representative" as the case may be. Members holding shares in electronic form and desirous of attending the meeting are required to bring along with them their Client ID and DP ID Numbers for easy identification.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 22.09.2012 to Saturday, 29.09.2012 (**both days inclusive**). Duly completed and valid applications for transfer of shares received in order at the Registered Office of the Company before 22.09.2012 will be registered in time for transferees to become eligible for dividend.
5. The dividend when declared will be paid through the company's bankers. The dividend warrants will be posted on or before 29.10.2012 to the Registered Addresses of the shareholders or their mandates whose names stand in the Register of Members on 29.09.2012.
6. Members may get any change in their address/their mandates registered with the Company before 22.09.2011.
7. 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 of the Company on the expiry of the said period of seven years. Members who have not encashed their dividend warrants for the year ended 31.03.2005 onwards are requested to send unpaid dividend warrants to the Registered Office of the Company for payment in lieu thereof.
8. In terms of notification issued by Securities and Exchange Board of India, the company's shares are being traded compulsory in demat form.
9. As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring with them their copies of the Annual Report at the meeting.
10. 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.
11. 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.

12. 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.
13. We are sending herewith all the documents required under section 219(1) of the Companies Act. The Directors' Report sent herewith is without 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 29.09.2012. 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.
14. 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.
15. At the ensuing Annual General Meeting Shri Hira Lal Bhatia and Shri Hari Krishan Ahuja, Directors, liable to retire by rotation and being eligible offer themselves for re-appointment.

**Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange(s), the information about the Directors seeking appointment / re-appointment in the forthcoming Annual General Meeting is as follows:**

- a) Shri Hira Lal Bhatia, aged 69 years, has been a Director of the Company since 31.07.1979. He is a graduate and has

been in business for over forty five years. At present he is a director in the following Companies:-

- i) Atlas Cycles (Sonapat) Limited
- ii) Atlas Cycles (Sahibabad) Limited
- iii) Atlas Cycles (Malanpur) Limited

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

- b) Shri Hari Krishan Ahuja, aged 88 years, has been a Director of the Company since 06.08.1990. He is a commerce graduate and has been in business for over fifty four years. At present he is a director in the following Companies:-

- i) Atlas Cycles (Sonapat) Limited
- ii) Atlas Cycles (Sahibabad) Limited
- iii) Atlas Cycles (Malanpur) Limited
- iv) Kay Bee Industries India Private Limited

He is the Chairman of 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 of Directors  
For **ATLAS CYCLES (HARYANA) LTD.**

**(GAGAN SINGHAL)**  
Company Secretary  
& Compliance Officer

Sonapat : the 4th September, 2012

## DIRECTORS' REPORT TO THE MEMBERS :-

Your directors are delighted to present Sixty First Annual Report of your Company along with the audited statement of accounts for the year ended 31st March 2012.

### FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

PARTICULARS	2011-12	2010-11
OPERATING PROFITS/(LOSSES)	2976.76	2415.68
ADD : PROFIT ON SALE OF ASSETS	35.40	(6.41)
ADD : PROFIT ON SALE OF MUTUAL FUND	109.24	70.46
ADD : DIVIDEND INCOME	23.21	167.85
	10.52	74.57
	3144.61	2490.25
LESS : FINANCE COST	1946.24	1323.85
DEPRECIATION	694.52	2640.76
	570.10	1893.95
	503.85	596.30
LESS : PROVISION FOR TAX	150.00	220.00
	353.85	376.30
ADD : PROFIT BROUGHT FORWARD	159.91	154.25
	513.76	530.55

### DIVIDEND

Based on the Company's performance your directors recommend for approval of the members a final dividend @ 45 % i. e. Rs. 4.50 per share for the financial year 2011-2012 on the capital of 32,51,919 equity shares of Rs. 10/- each.

The final dividend on the equity shares, if approved by the members, would involve cash outflow of Rs. 146.34 lacs excluding dividend tax. (Previous year Rs. 146.34 lacs).

### PRODUCTION

**34,42,508** bicycles were produced during the period under consideration.

### SALES

Sales during the year amounted to Rs. 875.32 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. 3048.29 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.

Paint Plant was enhanced by putting up another Disc Paint Plant of latest technology of fine painting to cater to the growing demand for larger numbers and better esthetics.

Sonepat 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 Sonepat 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 debrassing 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.

### CAPITAL EXPENDITURE

During the year, the Company acquired capital assets worth Rs. 1017.49 lacs as against Rs. 2358.01 lacs in the previous year. This includes capital assets worth Rs 34.03 lacs under construction/installation as against Rs. 279.82 lacs in the previous year.

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the year under review, as stipulated under clause 49 of the Listing Agreement with the Stock Exchange, is presented in a separate section forming part of this Annual Report.

### DIRECTORS

Shri Jai Narain Sawhney, a director of the Company, since 6th August, 1990 passed away on 3rd November, 2011. The Directors wish to place on record their deep appreciation of the valuable services rendered by him.

Shri Hira Lal Bhatia and Shri Hari Krishan Ahuja are retiring by rotation at this Annual General Meeting and, being eligible, offer themselves for re-appointment.

Further, pursuant to clause 49 (IV) (E) (iv) of the Listing Agreement, the shareholders may take note that Shri Hari Krishan Ahuja Non Executive Director of the Company holds 200 equity shares in the Company as on the date of this report.

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

### DEPOSITS (INCLUDING LOANS FROM MEMBERS)

- Total number of depositors on 31.03.2012 who have not claimed their deposits after the date on which their deposits became due for payment -81.
- The aggregate amount of deposits due to the depositors on 31.03.2012 who have not claimed their deposits, including interest accrued, if any, after the dates on which their deposits became due for payment is Rs. 91.29 lacs.

Deposits aggregating Rs. 78.96 lacs pertaining to 49 depositors have since either been renewed or paid. Further 1 unclaimed deposits aggregating to Rs. 7154/- have since been credited to investors Education and Protection Fund. The remaining depositors whose deposits, including interest, amount to Rs. 12.33 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.

### TRANSFER TO RESERVES

The Company proposes to transfer Rs. 200.00 lacs to the General Reserve out of the amount available for appropriations and an amount of Rs. 143.68 lacs is proposed to be retained in the Profit and Loss Account.



## CORPORATE GOVERNANCE

The Company complies with the clauses of Listing Agreement entered into with the National Stock Exchange, Bombay Stock Exchange and Delhi Stock Exchange where the Company's shares are listed. Further, in terms of the provisions of Clause 49 of the Listing Agreement, your Company has complied with the requirements of Corporate Governance and a Report on Corporate Governance together with certificate from the Company's Auditors confirming compliance, is set out in a statement, which forms part of this Annual Report.

## AUDITORS AND AUDITORS' REPORT

M/s Mehra Khanna & Co., Chartered Accountants, retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment.

## HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATION

Your Company strives to provide the best working environment with ample opportunities to grow and explore. Your Company maintains a work environment that is free from physical, verbal and sexual harassment. Every initiative and policy of the Company takes care of welfare of all its employees. The human resource development function of the Company is guided by a strong set of values and policies. The details of initiatives taken by the Company for the development of human resource are given in Management Discussion and Analysis Report. The Company maintained healthy, cordial and harmonious industrial relations at all levels throughout the year.

## PERSONNEL AND PARTICULARS OF EMPLOYEES

The industrial relations with the workers and staff of the Company remained cordial throughout the year. There was unity of objective among all levels of employees, continuously striving for improvement in work practices and productivity. Training and development of employees continue to be an area of prime importance.

Particulars of the employees as required under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of the Employees) Amendment Rules, 2011 are not applicable since, none of the employee of the Company was drawing more than Rs. 60,00,000/- p.a or Rs. 5,00,000/- p.m for the part of the year. Statement to this effect is as follows:

**Statement pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Amendment Rules, 2011 and forming part of the Directors' Report for the financial year ended 31st March, 2012**

Sr. No.	Name	Designation & Nature of Duties	Remuneration Gross (Rs.)	Qualifications	Date of appointment	Age in years	Last employment
-----NIL-----							

## MALANPUR UNIT

- Gas burners have been installed which are highly fuel efficient.
- The Disc Paint Plant installed and it is working efficiently resulting in better finish & high paint efficiency.
- Trials are underway to convert brazing furnace to Gas for better fuel efficiency. New technology is also under study to improve brazing operation.
- Computerized Controls have been installed for better fuel efficiency.

## FOREIGN EXCHANGE EARNING AND OUTGO

Total foreign exchange earned : Rs. 3048.29 lacs

Total foreign exchange used : Rs. 154.03 lacs

## 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 2012-2013 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.

## CONSERVATION OF ENERGY

### SONEPAT UNIT

The following measures were taken for Conservation of energy:-

- Two new screw compressors commissioned to replace conventional reciprocating compressors resulting in saving of 100 KW electrical load.
- 50 Nos. Natural air ventilators installed in place of electrical exhaust fans of 0.5 HP each.
- Steps were taken to reduce air leakage in production shops.
- Old Air Conditioners replaced with 8 nos. of 5 star rated new air conditioners.

### SAHIBABAD UNIT

The following measures were taken for Conservation of energy:-

- Six no. wind air vents have been installed in stores to replace exhaust fans.
- Energy efficient rotary air compressor has been installed in place of reciprocation air compressor.
- We have installed six cylinder 500 KVA Diesel engine in DG set in place of twelve cylinder 500 Diesel engine.
- Electrostatic Disc Paint Plant has been installed which is energy efficient as compared to the conventional paint plant.

## 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 and quality.

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 for fancy and conventional bicycles.

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, 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 :-**

- a) Two electrostatic Iwata guns commissioned in Paint Plant touchup booth.
- b) In Tubular section manual fitting fixtures were replaced by pneumatic fixtures.
- c) Change brazing of frames started for reducing the brass consumption.
- d) Rotary welding fixtures installed in tubular section for higher productivity.
- e) PNG Pipe Line commissioned to reduce fuel cost in tubular and paint shop.
- f) New tool for bending & pressing Chain Stays developed.
- g) Mitering of Tubes on hydraulic machine introduced PLC monitored.
- h) Bending of Tubes on hydraulic machine introduced PLC monitored
- i) 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.

## **AWARDS & CERTIFICATES**

During the year under review, your Company has earned certificate from Department of Scientific and Industrial Research, Government of India, Ministry of Science and Technology in respect of In-house R&D Unit(s) of the Company.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- I. In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- II. 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 2012 and of the profit of the Company for that period.
- III. 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.
- IV. The directors had prepared the Annual Accounts on a going concern basis.

## **ACKNOWLEDGEMENT**

The Board of Directors wishes to place on record its appreciation for the commitment, dedication and hard work done by the employees in the Company and the cooperation extended by Banks, Government authorities, customers and shareholders of the Company and looks forward to a continued mutual support and co-operation.

HARI KRISHAN AHUJA	}	DIRECTORS
HIRA LAL BHATIA		
ISHWAR DAS CHUGH		
PRITHVI RAJ CHAWLA		

Sonepat, the 4th September, 2012

## CORPORATE GOVERNANCE REPORT 2011-2012

Corporate Governance is the set of policies, processes and practices governing the affairs of a Company in pursuit of its business goals. Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values. Good governance practices stem from the culture and mindset of the organization. As stakeholders across the globe evince keen interest in the practices and performance of companies, Corporate Governance has emerged on the centre stage.

Over the years, governance processes and systems have been strengthened and institutionalized at Atlas. Effective implementation of these policies underpins the commitment of the Company to uphold highest principles of Corporate Governance consistent with the Company's goal to enhance shareholders' value.

Keeping in view the Company's size, complexity, global operations and corporate traditions, the Company's Governance framework is based on the following main principles:

- Constitution of Board of Directors of appropriate composition, size, varied expertise and commitment to discharge their responsibilities and duties.
- Ensuring timely flow of information to the Board and its Committees to enable them discharge their functions effectively.
- A sound system of risk management and internal control.
- Independent verification and safeguarding integrity of the Company's financial reporting.
- Timely and balanced disclosure of all material information concerning the Company to all stakeholders.
- Transparency and accountability.
- Fair and equitable treatment to all stakeholders including employees, customers, shareholders and investors.
- Compliance with all the rules and regulations.

The Company recognizes that good Corporate Governance is a continuing exercise and is committed to follow the best practices in the overall interest of the stakeholders.

In accordance with clause 49 of the Listing Agreement with National Stock Exchange, Bombay Stock Exchange and Delhi Stock Exchange and the best practices followed internationally on Corporate Governance, the details of governance systems and processes are as under:

## 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance deals with the complex set of relationships between the Company and its board of directors, management, shareholders, and other stakeholders. Your Company believes that changes are inevitable in the corporate world, whether relating to laws, rules, regulations, standards, procedures, public disclosures, thereby constantly posing challenges for the corporate to meet with the highest set of standards of business ethics and fair play. However adherence to Corporate Governance practices at each such time shall lead the way to transparent and just business operations.

Corporate Governance encompasses good practices, adherence to laws, procedures, standards and implicit rules that enable the management to take wise and sound decisions, whose results will have an impact not only on its shareholders, creditors, associates, employees and the government but society at large. The core objective of Corporate Governance is to maximize shareholder value through an open and transparent disclosure regime. Corporate Governance practice enables every stakeholder to have access to fullest information about the Company and its functioning thereby achieving stakeholder's satisfaction.

In view of the above statement, your Company reaffirms its commitment to excellence in Corporate Governance and constantly strives and endeavors to attain the high standards of business ethics and fair play, by employing the finest practices of corporate values and ethics. Your Company also believes that good Corporate Governance will also help to translate into being a responsible corporate citizen.

## 2. BOARD OF DIRECTORS

### Composition and category

The Board of Directors of the Company ("the Board") provides leadership and guidance to the Company's Management and also supervises, directs and manages the performance of the Company. The Board has constituted various committees of Directors, for the matters requiring special attention and their effective and efficient disposal.

Your Company's Board is represented by professionally qualified Executive, Non-Executive and Independent Directors. The Board as on date is comprised of one Executive director and three Non-executive directors.

Details of the Directors constituting the Board, their category, shareholding in the Company, number of Directorships in other public limited companies etc. are as follows:

Name of Director	Designation	Category of Directorship	Shareholding in the company	No. of other Director ships #	No. of Committee Memberships Member	Chairman
Shri Hari Krishan Ahuja	Director	Non Executive Independent	200	3	1	1
Shri Hira Lal Bhatia	Director	Non Executive Independent	NIL	3	1	NIL
Shri I.D. Chugh	Whole Time Director	Executive Non-Independent	60	4	1	NIL
Shri Prithvi Raj Chawla	Director	Non Executive Independent	NIL	3	2	1

# excluding private limited companies and foreign companies.



The ratio between Executive and Non-Executive Directors and Non-Independent Directors is 1:3

None of the Directors on the Board is a member of more than ten Committees and Chairman of more than five Committees across all companies in which they are Directors.

### Board Procedure

The Board meets at least once in a quarter to review the quarterly performance and the financial results. The Board Meetings are generally scheduled in advance and the notice of each Board Meeting is given in writing to each Director. All the items on the agenda are accompanied by notes giving comprehensive information on the related subject and in certain matters such as financial/business plans, financial results, detailed presentations are made.

The information as specified in Annexure I A to the Clause 49 of the Listing Agreement is regularly made available to the Board.

To enable the Board to discharge its responsibilities effectively, the members of the Board are briefed of every Board Meeting, on the overall performance of the Company, with presentations by business heads. Senior Management is invited to attend the Board Meeting so as to provide additional inputs to the items being discussed by the Board.

The Board's role, functions, responsibility and accountability are clearly defined. In addition to statutory matters requiring Board's approval, all major decisions involving policy formulation, strategy and business plans, annual operating and capital expenditure budgets, new investments, details of joint ventures, sale of business unit/ division, compliance with statutory/ regulatory requirements, major accounting provisions and write-offs are considered by the Board.

### Attendance of each director at the meetings of the Company

The detail of attendance of each Director of the Company in Board Meetings held during the financial year 2011-12 is given below:

Name of the Directors	Attendance of Meeting during 2011-12	
	Board Meetings	Last AGM
Shri Hari Krishan Ahuja	10	Yes
Shri Hira Lal Bhatia	8	Yes
Shri I. D. Chugh	10	Yes
Shri Prithvi Raj Chawla	10	Yes
Shri Jai Narain Sawhney*	4	No

\* Shri Jai Narain Sawhney has expired on 03.11.2011.

Number of Board Meetings held and the dates on which held

Ten Board Meetings were held during the financial year 2011-12. The Company has held at least one Board Meeting in every three months and the maximum time gap between any two such meetings was not more than four months.

The details of the Board Meetings are as under:

Date	Board Strength	No. of Directors present
April 30, 2011	5	5
May 30, 2011	5	5
July 30, 2011	5	5
August 25, 2011	5	5
September 30, 2011	5	4

October 31, 2011	5	4
November 30, 2011	4	3
December 29, 2011	4	4
January 31, 2012	4	3
February 14, 2012	4	4

### Agenda and Minutes

All the departments of the Company communicate to the Company Secretary well in advance with regard to matters requiring approval of the Board/Committees of the Board to enable him to include the same in the agenda for the Board/Committee meeting(s). Agenda papers are generally circulated to the Board/Committee members well in advance before the meeting.

The Company Secretary while preparing the agenda and minutes of the Board/Committee meeting has ensured adherence to the applicable provisions of the law including the Companies Act, 1956. The applicable Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) are also being followed by the Company. The draft minutes of the proceedings of each meeting duly initialed by the Chairman of the meeting are being circulated to the members for their comments and thereafter, confirmed by the Board/Committee in its next meeting. The Board also takes note of the minutes of the Committee Meetings duly approved by their respective Chairman.

All material information is incorporated in the agenda papers for facilitating meaningful and focused discussions at the meeting. The information regularly supplied to the Board inter-alia includes the following:

- Annual operating plans and budgets and any updates thereon.
- Capital budgets and updates, if any.
- Quarterly results of the Company and its operating divisions or business segments.
- Minutes of meetings of Audit Committee and other committees of the Board.
- Legal compliance report and certificate
- Information on recruitment, resignation and remuneration of senior officers.
- Show cause, demand, prosecution notices and penalty notices issued, if any against the Company having material impact.
- Fatal or serious accidents, dangerous occurrences, material effluent or pollution problems, if any.
- Any material default in financial obligations to or by the Company, or substantial non-recoveries against sale, if any.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implication on the Company, if any.
- Details of any joint venture or collaboration agreement, if any.
- Transactions that involve substantial payment towards

goodwill, brand equity, or intellectual property, if any.

- Significant labour problems and their proposed solutions. Any significant development in human resources/industrial relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc., if any.
- Sale of material, nature of investment, subsidiaries, assets, which is not in normal course of business, if any.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as delay in share transfer, etc.

### 3. 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.

### 4. AUDIT COMMITTEE

#### *Broad Terms of Reference*

The Audit Committee of the Board of Directors of the Company, inter-alia, provides assurance to the Board on the adequacy of the internal control systems and financial disclosures.

The Terms of Reference of the Audit Committee are wide enough to cover the matters specified for Audit Committee under Clause 49 of the Listing Agreement as well as in Section 292A of the Companies Act, 1956 and inter-alia includes:

- oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditors and the fixation of audit fees;
- reviewing, with the management, the annual financial statement before submission to the Board for approval,
- reviewing with the management, the quarterly financial statements before submission to the Board for approval;
- reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- discussion with internal auditors any significant findings and follow up thereon;
- discussion with statutory auditors before audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

In fulfilling the above role, the Audit Committee has powers to investigate any activity within its terms of reference, to seek information from employees and to obtain outside legal and professional advice.

The Audit Committee, while reviewing the Annual Financial Statements also reviewed the applicability of various Accounting Standards (AS) referred to in sub-section (3C) of Section 211 of the Companies Act, 1956. Compliance of the Accounting Standards as applicable to the Company has been ensured in the Financial Statements for the year ended March 31, 2012.

#### *Composition*

The Audit Committee comprises of three Directors and all the directors are Non -Executive. The Audit Committee is constituted in accordance with the provisions of Clause 49(II)(A) of the Listing Agreement and Section 292A of the Companies Act, 1956. All these Directors possess adequate knowledge of corporate finance, accounts and company law.

The Meetings of the Audit Committee are attended by the Company Secretary. The Company Secretary acts as Secretary to the Committee. The Minutes of the Audit Committee Meetings are noted by the Board of Directors at the subsequent Board Meeting.

The constitution of Audit Committee comprised of the following:

Name of Member	Designation	Category
Shri Hari Krishan Ahuja	Chairman	NED
Shri Prithvi Raj Chawla	Member	NED
Shri Hira Lal Bhatia	Member	NED

#### *Meetings and attendance*

The Audit committee held six meetings during the financial year ended March 31, 2012 and the gap between two meetings did not exceed four months. The Audit Committee Meetings were held on 30.04.2011, 30.07.2011, 25.08.2011, 31.10.2011, 31.01.2012 and 14.02.2012.

The attendance of the members at the Audit committee Meetings are as under:

Name of Members	No. of meetings held	No. of meetings attended during	Leave of absence sought
Shri Hari Krishan Ahuja	6	6	NIL
Shri Prithvi Raj Chawla	6	6	NIL
Shri Hira Lal Bhatia	6	5	1

### 5. 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.