

# 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)

## COMPLIANCE OFFICER

Shri I. D. Chugh

## 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: (011) 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 Second 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 Monday, the 30th September 2013 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, 2013 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 Prithvi Raj Chawla who retires by rotation and being eligible offers himself for re-appointment.
4. 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.

### SPECIAL BUSINESS

1. To consider and, if thought fit, to pass the following resolution, with or without modification, as an ordinary resolution:-

"RESOLVED THAT pursuant to the provisions of Section 269 read with Schedule XIII, Section 309 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval as may be required, the consent of the Board be and is hereby granted to the re-appointment of Mr. Ishwar Das Chugh as Whole Time Director of the Company for a period of 5 years with effect from 31st March, 2013 to 30th March, 2018 upon the terms and subject to the conditions set out in the explanatory statement annexed to this notice with liberty to the Board of Directors to alter or vary the terms and conditions of the said reappointment within the limits specified in Schedule XIII of the Companies Act, 1956 or any amendments thereto.

### EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956

1. At the meeting held on 28th March, 2013 the Board of Directors approved the renewal of appointment of Mr. I.D. Chugh, as a Whole Time Director for a further period of five years from 31st March, 2013 on revised terms as set out below; approval of the members is requested to the same.

1. PERIOD:- 31st March, 2013 to 30th March, 2018.

2. REMUNERATION:-

**SALARY:** Between Rs. 86,177/- and Rs. 1,20,000/- per month as may be decided by the Board from time to time inclusive of D.A. and other allowance and payments, if any.

**COMMISSION:-** At the rate of 0.5% of annual net profits of the Company computed in accordance with the provisions of the Companies Act, 1956 or subject to the such limits as may be placed by the Board on the quantum of such commission from time to time whichever is less.

**MEDICAL EXPENSES:** Expenses incurred for self and family, as per Company's rules subject to such ceiling as may be decided by the Board from time to time but not exceeding, in any case, one month salary per year or three months salary in a periods of three years.

**LEAVE TRAVEL CONCESSION:-** For self and family once in a year in accordance with the rules of the Company.

**PROVIDENT FUND:** As per rules of the Company, but not exceeding 12.33% of the Salary.

**SUPERANNUATION:** As per rules of the Company provided, however, that Company's contribution to such fund shall not together with Company's contribution to provident fund exceed 25% of the Salary.

**GRATUITY:** As per the payment of Gratuity Act, 1972.

**TELEPHONE:** Reimbursement of the actual expenses incurred on telephone at his residence for the business of the Company, personal long distance call charges will be borne by Mr. I.D. Chugh.

**CAR:** Expenses on use of car on Company's business will be reimbursed to Mr. I.D. Chugh, subject to ceiling to be decided by the Board from time to time.

**CLUB FEES:-** Annual Membership fee of Rotary Club, Ghaziabad.

**MINIMUM REMUNERATION:-** In the case of absence or inadequacy of profits in any year, the minimum remuneration payable to Mr. I.D. Chugh, shall be restricted as per Section 11 of Schedule XIII of the Companies Act, 1956 as amended.

### OTHER CONDITIONS:-

- (i) The terms and conditions of the said appointment may be altered and varied from time to time by the Board, as it may, as its discretion, deem fit as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956 or any amendments made thereafter in that regard.
- (ii) Mr. I.D. Chugh's employment may be terminated by either party giving a notice.
- (iii) Mr. I.D. Chugh is re-appointed a whole time director of the Company by virtue of his employment in the Company and if at any time he ceases to be in the employment of the Company, for any reason whatsoever, he ceases to be a director of the Company.
- (iv) He shall not be entitled to any sitting fee for attending the meeting of the Board of Directors or Committees thereof.

### NATURE OF DUTIES:

Mr. I.D. Chugh will be Factory Manager of the Company's factory at Sahibabad and "OCCUPIER" under the Factories Act, 1948 of this and other units of the Company in which capacity he will devote whole Time attention to the affairs of the Company, he will also perform such duties as may be assigned to him from time to time by the Board of Directors.

Mr. I.D. Chugh has been associated with the Company for over 36 years in various capacities from time to time. Currently he is the whole time director of the Company.

Mr. I.D. Chugh holds a Masters Degree in Business administration and has over fifty five years business and industrial experience.

The Board considers that Mr. I.D. Chugh's re-appointment as whole time director is in the interest of the Company and accordingly recommends his re-appointment.

The above may also be treated as an abstract under section 302 of the Companies Act, 1956 of the terms of appointment of Mr. I.D. Chugh as a whole time director of the company.

Your Directors recommend the resolution for approval. None of the Directors except Mr. I.D. Chugh is interested in this resolution.

By order of the Board of Directors  
For **ATLAS CYCLES (HARYANA) LTD.**  
(I.D. Chugh)  
COMPLIANCE OFFICER

Sonapat: the 14th August, 2013

## 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 Monday, 23.09.2013 to Monday, 30.09.2013 (both days inclusive). Duly completed and valid applications for transfer of shares received in order at the Registered Office of the Company before 23.09.2013 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 30.10.2013 to the Registered Addresses of the shareholders or their mandates whose names stand in the register of members on 30.09.2013.
6. Members may get any change in their address/ their mandates registered with the Company before 23.09.2013.
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 31.03.2006 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. 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 30.09.2013.
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. (Copy of Form 2B is enclosed with this Annual Report).
15. At the ensuing Annual General Meeting Shri Prithvi Raj Chawla, Director, liable to retire by rotation and being eligible offer himself 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:**

Name of Director	Shri Prithvi Raj Chawla
Date of Birth	10th May, 1925
Relationship with other Directors inter-se	None
Date of appointment	06th Aug, 1990
Expertise in specific functional area	In export business for over fifty two years
Qualification	Commerce Graduate
No. of equity shares held in the company	NIL
List of Public Companies (other than Atlas Cycles (Haryana) Limited) in which directorship held as on 31st March, 2013	Atlas Cycles (Sonapat) Limited Atlas Cycles (Sahibabad Limited) Atlas Cycles (Malanpur) Limited
Chairman/ Member of the Committees of the Board of Public Companies in which he is a director as on 31st March, 2013	Membership Audit Committee (Atlas Cycles (Haryana) Limited) Shareholder/Investor Grievance Committee (Atlas Cycles (Haryana) Limited)

## NOTES :-

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.**  
(I.D. Chugh)  
COMPLIANCE OFFICER

Sonapat: the 14th August, 2013

## DIRECTORS' REPORT TO THE MEMBERS:-

Your directors are delighted to present Sixty Second Annual Report of your Company along with the audited statement of accounts for the year ended 31st March 2013.

### FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

PARTICULARS	2012-13	2011-12
OPERATING PROFITS/(LOSSES)	2411.10	2976.76
ADD : PROFIT ON SALE OF ASSETS	01.48	35.40
ADD : PROFIT ON SALE OF MUTUAL FUND	83.66	109.24
ADD : DIVIDEND INCOME	24.78	109.92
	2521.02	23.21
LESS : FINANCE COST	1459.94	1946.24
DEPRECIATION	706.82	2166.76
	354.26	694.52
LESS : PROVISION FOR TAX	77.00	503.85
	277.26	150.00
ADD : PROFIT BROUGHT FORWARD	143.68	353.85
	420.94	159.91
		513.76

### 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 2012-2013 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

**26,88,047** bicycles were produced during the period under consideration.

### SALES

Sales during the year amounted to Rs. 678.31 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. 2197.07 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

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.

To improve the quality in tubular shop in Sahibabad unit 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. 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. 713.67 lacs as against Rs. 1017.49 lacs in the previous year. This includes capital assets worth Rs 135.84 lacs under construction/ installation as against Rs. 34.03 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 the Annual Report.

### DIRECTORS

Shri Prithvi Raj Chawla is retiring by rotation at this Annual General Meeting and, being eligible, offer himself for reappointment.

Further, pursuant to clause 49 (IV) (E) (iv) of the Listing Agreement, the shareholders may take note that Shri Prithvi Raj Chawla Non Executive Director of the Company holds NIL 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 31.03.2013 who have not claimed their deposits after the date on which their deposits became due for payment -53.
- The aggregate amount of deposits due to the depositors on 31.03.2013 who have not claimed their deposits, including interest accrued, if any, after the dates on which their deposits became due for payment is Rs. 16.91 lacs.

Deposits aggregating Rs. 6.72 lacs pertaining to 19 depositors have since either been renewed or paid. Further unclaimed deposits aggregating to Rs. 28,616 have since been credited to investors Education and Protection Fund. The remaining depositors whose deposits, including interest, amount to Rs. 16.91 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. 100/- lacs to the General Reserve out of the amount available for appropriations and an amount of Rs. 149.73/- 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

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.

#### PARTICULARS OF EMPLOYEES

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

#### 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:

#### 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. 2197.07 lacs

Total foreign exchange used : Rs. 116.01 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 2013-2014 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:-

- New OLTC Type transformers of rating 1600 KVA has been installed in place of two old transformers of 1250 KVA and 1000 KVA to reduce the losses.
- Installed fuel efficient 1500 KVA Diesel engine in place of old 500 KVA slow speed Diesel engine.
- Installation of Natural wind Air exhaust to replace exhaust fans in Granodising Area.
- Root Blowers of 5HP capacity has been installed in place of 25HP capacity.

##### SAHIBABAD UNIT

The following measures were taken for Conservation of energy:-

- Fire Tubes of 1.5 Ton Boiler were replaced with new-one to reduce consumption of fuel and increase efficiency.
- V.F.D. two nos. were installed on conveyors to save energy.
- One more Capacitor was added to improve Power Factor to save energy.

##### MALANPUR UNIT

The following measures were taken for Conservation of energy:-

- Gas burners for New Paint Plant have been installed which are highly fuel efficient.
- The Disc Plant installed and it is working most 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.

#### 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, 2013

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

## 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 designed and developed more models to fulfill the requirement of the markets and Phosphating Plant was redesigned for 12 Tanks system instead of 10 Tanks system to improve quality of the product.

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:-

- New gas fired (Highly Fuel efficient) burners fitted in paint shop.
- Installation of Belt Conveyer for carton packing.
- Brazing furnaces converted to Gas firing with latest technology from Wesman's Gas train, Controllers and Burners.
- Introduction of Pneumatic Wrench in assembly in place of manual operations.
- Installation of Automatic Tapping machine.
- Starting of Automatic Rim Hole Punching Machines.
- Conversion of Air Start Gen sets to self start Gen sets.
- 4-Wheel conveyor installed for transportation of frames to increase productivity.
- One more line of Brazing & Machining was added to arrest Rust to improve the quality of Painting items in Paint-Shop.

- Drying oven was installed in Paint-Shop to improve quality of phosphated component.
- Better Exhaust system was installed in Disc Painting Plant for better working environment in Paint-Shop.
- All analog temperature gauges of new phosphating have been replaced by digital temperature indicators having rugged and high durability.

## 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:

- 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 2013 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.

## 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  
HIRA LAL BHATIA  
ISHWAR DAS CHUGH



DIRECTORS

Sonapat, the 14th August, 2013

## CORPORATE GOVERNANCE REPORT 2012-2013

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:

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.

## 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:

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 2012-13 is given below:

Name of the Directors	Attendance of Meeting during 2012-13	
	Board Meetings	Last AGM
Shri Hari Krishan Ahuja	13	Yes
Shri Hira Lal Bhatia	13	Yes
Shri I. D. Chugh	13	Yes
Shri Prithvi Raj Chawla	12	Yes

Number of Board Meetings held and the dates on which held

Thirteen Board Meetings were held during the financial year 2012-13. 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, 2012	4	4
May 14, 2012	4	4
June 29, 2012	4	4
July 30, 2012	4	4
August 14, 2012	4	4

September 4, 2012	4	4
September 29, 2012	4	4
October 31, 2012	4	4
November 30, 2012	4	4
December 28, 2012	4	4
January 25, 2013	4	4
February 14, 2013	4	4
March 28, 2013	4	3

#### 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, 2013.

#### **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	Non-executive Director
Shri Prithvi Raj Chawla	Member	Non-executive Director
Shri Hira Lal Bhatia	Member	Non-executive Director

#### **Meetings and attendance**

The Audit committee held seven meetings during the financial year ended March 31, 2013 and the gap between two meetings did not exceed four months. The Audit Committee Meetings were held on 30.04.2012, 14.05.2012, 30.07.2012, 14.08.2012, 04.09.2012, 31.10.2012 and 14.02.2013.

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	7	7	NIL
Shri Prithvi Raj Chawla	7	7	NIL
Shri Hira Lal Bhatia	7	7	NIL

### 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.

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 2012-2013.

##### A. Whole Time Director

Name	Shri I.D. Chugh
Salary	1032305
Long Service Allowance	2220
Provident Fund Contribution	81038
Leave Travel Assistance	56970
Commission	53670
Medical Expenses	163000
<b>Total</b>	<b>13,89,203</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 (Rs.)	Out of Pocket Expences (Rs.)	Total (Rs.)
Shri Hari Krishan Ahuja	101000/-	32500/-	133500/-
Shri Hira Lal Bhatia	101000/-	32500/-	133500/-
Shri Prithvi Raj Chawla	105500/-	34000/-	139500/-

#### 6. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

##### Composition

The Shareholders'/Investors' Grievance Committee comprises of Executive and Non-Executive & Independent Directors. The composition of Shareholders'/Investors' Grievance Committee is as follows:

Name of Member	Designation	Category
Shri Prithvi Raj Chawla	Chairman	Non-executive Director
Shri Ishwar Das Chugh	Member	Executive Director

##### Terms of Reference

The Shareholders'/Investors' Grievance Committee, inter alia, oversees and reviews all matters connected with the investor services in connection with applications received and shares allotted in the Initial Public Offer, status of refund account, conversion of partly paid shares into fully paid shares, rematerialization and dematerialization of shares and transfer of shares of the Company. The Committee oversees performance of the Registrar and Transfer Agent of the Company and recommends measures for overall improvement in the quality of investor services.

The Secretarial Department of the Company and the Registrar and Share Transfer Agent, Mas Services Limited attend to all grievances of the shareholders and investors received directly or through SEBI, Stock Exchanges, Ministry of Corporate Affairs, Registrar of Companies etc.

The Minutes of the Shareholders'/Investors' Grievance Committee are noted by the Board of Directors at the Board Meetings.

Continuous efforts are made to ensure that grievances are more expeditiously redressed to the complete satisfaction of the investors.

##### Meetings

Four Committee Meetings were held during the year on 30.04.2012, 30.07.2012, 31.10.2012 and 25.01.2013. The attendance of each member as at 31st March, 2013 is as given below:

Name of Members	No. of meetings held during tenure	No. of meetings attended during tenure	Leave of absence sought
Shri Prithvi Raj Chawla	4	4	NIL
Shri I. D. Chugh	4	4	NIL

#### 7. SHARE TRANSFER SUB-COMMITTEE

Shri I.D. Chugh, Whole Time Director of the Company has been delegated the power to approve share transfers.

\*There were no share transfers pending for registration for more than 21 days as on the said date.

#### 8. COMPLIANCE OFFICER

Mr. Gagan Singhal was the Company Secretary and Compliance Officer of the Company till 19th June, 2013. However with effect from 19th June 2013. Mr. I.D. Chugh, Whole Time Director has been appointed as Compliance officer of the Company in Place of Mr. Gagan Singhal for complying with the requirements of the Listing Agreement with the Stock Exchange and requirements of SEBI (Prohibition of Insider Trading) Regulation, 1992.

#### 9. COMPLAINTS FROM INVESTORS

During the year 04 letters/complaints were received from shareholders / debentureholders all of which were replied/ resolved to the full satisfaction of the shareholders / debentureholders.

#### 10. 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 30.04.2012, 30.07.2012, 04.09.2012, 29.09.2012, 28.12.2012 and 28.03.2013 were placed at the Board Meeting held on 30.07.2012, 04.09.2012, 29.09.2012, 28.12.2012, 28.03.2013 and 19.06.2013.

#### 11. CORPORATE GOVERNANCE MANUAL

The Board of Directors of the Company approved and adopted a comprehensive Corporate Governance Manual setting out the procedures for effective functioning of the Board and its Committees. It also incorporates the Code of Conduct and Ethics for Directors and Senior Management. This policy is regularly monitored and reviewed.