

Annual  
Report  

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2015-16

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***ATLAS***  
**CYCLES**



# ATLAS CYCLES (HARYANA) LIMITED

INDUSTRIAL AREA, ATLAS ROAD,  
SONEPAT-131001  
CIN : L35923HR1950PLC001614  
[www.atlasbicycles.com](http://www.atlasbicycles.com)

## BOARD OF DIRECTORS :

Mr. Hira Lal Bhatia (DIN: 00159258), Non Executive Director  
Mr. I.D. Chugh (DIN: 00073257), Whole Time Director  
Mr. Kartik Roop Rai (DIN: 06789287), Independent Director  
Mr. Sanjiv Kavaljit Singh (DIN: 00015689), Independent Director  
Ms. Veena Buber (DIN: 07163537), Non Executive Woman Director

## COMPANY SECRETARY

Mr. Jaspreet Singh

## REGISTERED OFFICE :

Industrial Area, Atlas Road,  
Sonapat -131001 (Haryana)

## SECRETARIAL AUDITORS :

Messers Mukesh Arora & Co.  
Company Secretaries, Delhi

## BANKERS :

Central Bank of India  
Punjab National Bank  
Bank of Baroda

## BOARD COMMITTEES :

### Audit Committee

Mr. Kartik Roop Rai (DIN: 06789287) Chairman  
Mr. Sanjiv Kavaljit Singh (DIN: 00015689) Member  
Mr. Hira Lal Bhatia (DIN: 00159258) Member

### Stakeholders Relationship Committee

Mr. Hira Lal Bhatia (DIN: 00159258) Chairman  
Mr. I. D. Chugh (DIN: 00073257) Member

### Nomination & Remuneration Committee

Mr. Sanjiv Kavaljit Singh (DIN: 00015689) Chairman  
Mr. Kartik Roop Rai (DIN: 06789287) Member  
Mr. Hira Lal Bhatia (DIN: 00159258) Member

## Risk Management Committee

Mr. Hira Lal Bhatia (DIN: 00159258) Chairman  
Mr. I. D. Chugh (DIN: 00073257) Member

## SONEPAT UNIT

Atlas Road, Industrial Area, Sonapat - 131001  
(Haryana)

## 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.)

## STATUTORY AUDITORS :

Messers Mehra Khanna & Company Chartered  
Accountants, Delhi

## 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 of India Limited  
BSE Limited

## E-MAIL

[companylaw@atlasbicyclesonepat.com](mailto:companylaw@atlasbicyclesonepat.com)

## WEBSITE

[www.atlasbicycles.com](http://www.atlasbicycles.com)

## CORPORATE IDENTITY NUMBER

CIN : L35923HR1950PLC001614

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**BOARD'S REPORT / DIRECTORS' REPORT 2016**

CIN: L35923HR1950PLC001614

**TO THE MEMBERS:-**

Your directors are delighted to present Sixty Fifth Annual Report of your Company along with the audited statement of accounts for the year ended 31st March 2016.

**FINANCIAL HIGHLIGHTS, STATE OF COMPANY AFFAIRS & FUTURE PROSPECTS**

Particulars	( <i>₹ In Lacs</i> )			
	2015-16		2014-15	
OPERATING PROFITS/(LOSSES)		715.65		(1832.53)
ADD : PROFIT ON SALE OF ASSETS	(18.80)		623.51	
ADD : PROFIT ON SALE OF MUTUAL FUND	21.49		124.84	
ADD : DIVIDEND INCOME	19.93	22.62	56.71	805.06
		738.27		(1027.47)
LESS : FINANCE COST	784.98		1107.4	
DEPRECIATION	546.90	1,331.88	662.85	1770.25
		(593.61)		(2797.75)
LESS : PROVISION FOR TAX		(267.87)		(902.48)
		(325.74)		(1895.24)
ADD : PROFIT BROUGHT FORWARD		(2,753.17)		(857.93)
		(3,078.91)		(2,753.17)

The Company has gone into high losses due to non performance of Malanpur Unit of the Company which is being closed down by the Company and Company is showing remarkable recovery. The Losses of the Company during the Financial Year ended 31.03.2016 were ₹ 325.74 Lacs as against ₹ 1,895.24 during the Financial Year ended 31.03.2015. The Company is optimistic that it will be able to show profits and declare dividend next year onwards.

**PRODUCTION**

During the year under consideration, the Company produced 21,45,411 bicycles as against 23,00,923 bicycles in the previous year.

**SALES**

Sales during the year amounted to ₹ 570.99 Crore including the sales to foreign countries as against ₹ 594.59 Crore including the sales to foreign countries in the previous year.

**TRANSFER TO RESERVES**

The Company proposes to transfer ₹ NIL to the General Reserve for the year 2015-16 as against ₹ NIL to General Reserve in the previous year.

**EXPORTS**

During the period under consideration your Company exported bicycles and bicycle components to several countries thereby earning valuable foreign exchange of ₹ 1735.38 Lacs.

**SHARE CAPITAL**

The paid up Equity Share Capital as at 31<sup>st</sup> March 2016 stood at ₹ 3,25,19,190/- i.e. 32,51,919 Equity Shares of ₹ 10 Each. During the year under review, the Company has not issued shares with differential voting rights nor has granted any stock options or sweat equity. As on 31<sup>st</sup> March 2016, none of the

Directors of the Company hold instruments convertible into equity shares of the Company.

**DIVIDEND**

During the year under review, your company has not declared any Dividend for the financial year ended 31<sup>st</sup> March 2016 due to losses.

**CONSOLIDATED ACCOUNTS**

The Consolidated Financial Statements of the Company are prepared in accordance with relevant Accounting Standards viz. AS-21, AS-23 and AS-27 issued by the Institute of Chartered Accountants of India and forms part of this Annual Report. The 3 wholly owned subsidiary companies of the Company are yet to commence its business.

**CHANGE IN NATURE OF BUSINESS**

There is no change in nature of business.

**PERFORMANCE OF THE UNITS**

Sahibabad unit of the Company continued to do well. There was a substantial increase in number of cycles sold, sale value and the net Profit of the unit. A series of high end alloy & carbon fiber bicycles was launched by the name called MAGNUM in the ultra premium segment. Sonapat Unit's performance was not that good and Malanpur Unit of the Company is closed and is in the process of being sold.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Management Discussion and Analysis Report for the year under review, as stipulated under Regulation 34 (2) read with Part B of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is presented in a separate section forming part of the Annual Report.

**REMUNERATION POLICY, REMUNERATION OF DIRECTOR AND APPOINTMENT OF DIRECTOR**

For a policy on director appointment, remuneration and criteria of evolution required to be disclosed under section 178(3) of the companies act, 2013 and under the SEBI (Listing obligation and Disclosure Regulation), 2015, please refer to Point No. 8 of Corporate Governance Report.

**DIRECTORS**

Mr. Hira Lal Bhatia (DIN: 00159258) is retiring by rotation at this Annual General Meeting and, being eligible, offer himself for reappointment.

Further, pursuant to Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the shareholders may take note that Mr. Hira Lal Bhatia, Non Executive Director of the Company holds Nil equity shares in the Company as on the date of this report.

During the year, Mr. Hari Krishan Ahuja (DIN : 00315876) ceased to be Non-Executive Director of the Company on 24<sup>th</sup> February 2016 due to his death. In the Board Meeting held on 25<sup>th</sup> March 2016, the Board of Directors expressed profound sorrow over the sad demise of Mr. Hari Krishan Ahuja, Non-Executive Director of the Company, and observed a two minute silence as a mark of respect, praying for the departed soul to rest in peace.

On cessation of Mr. Hari Krishan Ahuja (DIN : 00315876), composition of board of directors was required to be realigned and in order to have atleast 2 non-executive directors in the Board of Directors of the Company as per provisions of sub-

sections (6) and (7) of section 152 of the Companies Act, 2013 in respect of retirement of directors by rotation, Ms. Veena Buber (DIN: 07163537), who was appointed as Independent Woman Director of the Company in the previous Annual General Meeting of the Company on 30<sup>th</sup> September 2015 for a tenure of 5 years, was appointed as Non-Executive Woman Director of the Company retiring by rotation in the Board Meeting held on 25<sup>th</sup> March 2016. Accordingly the designation of Ms. Veena Buber (DIN: 07163537) was changed from Independent Woman Director to Non-Executive Woman Director of the Company liable to retire by rotation with effect from 25<sup>th</sup> March 2016.

Mr. Vikram Khosla (DIN : 01574818) ceased to be Independent Director of the Company with effect from 14<sup>th</sup> May 2016 due to vacation of office as per provisions of Section 167 of the Companies Act, 2013 for not attending any of the Meetings of the Board of Directors of the Company for a continuous period of 12 months.

In the Board Meeting held on 19<sup>th</sup> April 2016, the Board of Directors perused and took note of the statement of declarations received from the Independent Directors viz; Mr. Sanjiv Kavaljit Singh (DIN: 00015689) and Mr. Kartik Roop Rai (DIN: 06789287) that they fulfill all the criteria of Independent director envisaged in Regulation 16(1)(b) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and under Section 149(6) of the Companies Act, 2013.

#### **CRITERIA FOR MAKING PAYMENT TO NON-EXECUTIVE DIRECTORS**

Non-Executive Directors are paid only sitting fees of ₹ 10,000 for attending the Board Meeting and ₹ 4000 for attending the Committee Meeting of the Company.

#### **KEY MANAGERIAL PERSONNEL**

In the capacity of Key Managerial Personnel, the Company has following officers :

1. Mr. Ishwar Das Chugh, Whole Time Director
2. Mr. Chander Mohan Dhall, Chief Financial Officer
3. Mr. Narendra Pal Singh, Chief Executive Officer
4. Mr. Jaspreet Singh, Company Secretary

Mr. Chander Mohan Dhall was appointed as Manager of the Company for a period of 1 year from 1<sup>st</sup> January 2015 to 31<sup>st</sup> December 2015. Then he was appointed as Chief Executive Officer of the Company for a period from 1<sup>st</sup> January 2016 to 31<sup>st</sup> March 2016. Then he ceased to be Chief Executive Officer of the Company on 12<sup>th</sup> February 2016 and was appointed as Chief Financial Officer of the Company with effect from 12<sup>th</sup> February 2016 till 31<sup>st</sup> March 2017. Mr. Narendra Pal Singh was appointed as Chief Executive Officer of the Company with effect from 12<sup>th</sup> February 2016 till 31<sup>st</sup> March 2017.

#### **COMPLIANCE CERTIFICATE BY CHIEF FINANCIAL OFFICER AND CHIEF EXECUTIVE OFFICER**

Board of Directors in the board meeting held on 24<sup>th</sup> August 2016 took note of the Compliance Certificate duly signed by Mr. Chander Mohan Dhall, Chief Financial Officer and Mr. Narendra Pal Singh, Chief Executive Officer that they have reviewed financial statements and cash flow statement etc. as per Regulation 17(8) read with Schedule II Part B of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **PERFORMANCE OF BOARD EVALUATION**

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17(10) & Regulation 25(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a healthy discussion was held among directors after taking into consideration of the various aspects of the Board's functioning, composition of the Board and its Committees, culture, execution and performance of specific duties, obligations and governance in the Board Meeting held on 13<sup>th</sup> August 2015.

The performance evaluation of the Independent Directors as per Regulation 17(10) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 was completed. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors as per Regulation 25(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Board of Directors expressed their satisfaction with the evaluation process.

#### **NUMBER OF MEETINGS OF THE BOARD**

There were total 10 number of Board Meetings held during the financial year 2015-16. Further details are provided in the Corporate Governance Report.

#### **DEPOSITS (INCLUDING LOANS FROM MEMBERS)**

Unclaimed deposits aggregating to ₹ 21,000 pending for more than 7 years, have been credited to Investors Education and Protection Fund of Government of India.

The Sahibabad Unit of the Company has repaid all its deposit holders amounting to ₹ 6,08,86,000 and Sonapat Unit and Malanpur Unit of the Company are in the process of repaying all its deposit holders. The Company has not accepted any further deposits from the public or members during the year as Company could not fulfill the credit rating requirement and thus could not comply with all the provisions of Section 73 to 76 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014.

The Company has also filed an application under Section 74(2) of Companies Act, 2013 to National Company Law Tribunal (erstwhile Company Law Board) for extension of time in repayment of its deposits and interest thereon. Deposits due for payment but not paid as on date of application to NCLT / CLB i.e. 18<sup>th</sup> February 2016 amounted to ₹ 3,36,50,958 for 175 Deposit Holders of Sonapat Unit of the Company and Nil for Malanpur Unit of the Company. Deposits not yet due for payment as on 18<sup>th</sup> February 2016 amounted to ₹ 1,55,22,303 for 275 Deposit Holders of Sonapat Unit of the Company and ₹ 3,20,21,857 for 2 Deposit Holders of Malanpur Unit of the Company who are also promoters of the Company and have consented to be paid over next 48 months.

#### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

There were NIL Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013.

#### **WHISTLE BLOWER MECHANISM / VIGIL MECHANISM**

The Company has a whistle blower policy to report genuine concerns or grievances. The Whistle Blower Policy has been posted on the website of the Company and whistle blower mechanism is reviewed regularly by the Audit Committee of

the Company. There were Nil complaints recorded under Whistle Blower Mechanism during the year.

#### **NOMINATION AND REMUNERATION POLICY**

The Board of Directors has framed a policy which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. This policy also lays down criteria for selection and appointment of Board Members. The details of this policy are explained in the Corporate Governance Report.

#### **RISK MANAGEMENT POLICY**

The Company has developed and implemented the risk management policy for the Company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the company. The Company has formulated a Risk Management Committee which discussed on the impact and acceptability of all risks to which Company is exposed. It also discussed to take suitable action or propose to the Board of Directors for taking any suitable action for minimizing the risks. Accordingly, it has considered to study risks by dividing into following categories :

1. Strategic Risk Assessment
2. Operation Risk Assessment
3. Compliance Risk Assessment
4. Internal Audit Risk Assessment
5. Financial Statement Risk Assessment
6. Fraud Risk Assessment
7. Market Risk Assessment
8. Credit Risk Assessment
9. Customer Risk Assessment
10. Supply Chain Risk Assessment
11. Product Risk Assessment
12. Security Risk Assessment
13. Information Technology Risk Assessment
14. Project Risk Assessment

The Risk Management Committee emphasized that unacceptable risk needs to be “designed out” of the system consciously at all stages, at all levels, in all areas, for example, management structure, purchasing, contracting, development, maintenance, and human factors. More details are explained in the Corporate Governance Report also.

#### **RELATED PARTY TRANSACTIONS**

All transactions entered with Related Parties for the year under review were on arm's length basis and in the ordinary course of business and that the provisions of Section 188 of the Companies Act, 2013 are not attracted. Thus disclosure in form AOC-2 is not required. Further, there are no material related party transactions during the year under review with the Promoters, Directors or Key Managerial Personnel and there are no related party transactions which exceeds ten percent of the annual consolidated turnover of the Company as per last audited financial statements of the Company. The Company has developed a Related Party Transactions framework through Standard Operating Procedures for the purpose of identification and monitoring of such transactions.

All Related Party Transactions are placed before the Audit Committee on quarterly basis for confirmation. Omnibus approval was obtained on a yearly basis for transactions which are repetitive in nature subject to further approval in case actual transactions are found to be exceeding the omnibus approval.

A statement giving details of all Related Party Transactions are placed before the Audit Committee for review on quarterly basis.

A Policy on Material Related Party Transactions as approved by the Board of Directors has been uploaded on the website of the Company [www.atlasbicycles.com](http://www.atlasbicycles.com). None of the Directors have any pecuniary relationship or transactions vis-à-vis the Company.

#### **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS**

There are no significant and material orders passed by the Regulators / Courts that would impact the going concern status of the Company and its future operations.

#### **CORPORATE GOVERNANCE**

The Company complies with the clauses of Listing Agreement entered into with the National Stock Exchange of India Limited and BSE Limited where the Company's shares are listed and as New Listing regulations become applicable from 1<sup>st</sup> December 2015, the Company complies with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, in terms of the provisions of Section C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company has complied with the requirements of Corporate Governance and a Report on Corporate Governance together with certificate from the Company's Statutory Auditors confirming compliance, is set out in a statement, which forms part of this Annual Report.

#### **EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of the Annual Return in form MGT-9, as required under Section 92 of the Companies Act, 2013, is annexed to this Report and forms an integral part of this Report.

#### **STATUTORY AUDITORS AND AUDITORS' REPORT**

M/s Mehra Khanna & Co., Chartered Accountants, (Firm Registration Number: 01141N) were re-appointed in the 63<sup>rd</sup> Annual General Meeting for a period of 3 years upto the conclusion of 66<sup>th</sup> Annual General Meeting. Their appointment is proposed to be ratified at the forthcoming Annual General Meeting. As required under the provisions of Section 139 of the Companies Act, 2013, the Company has obtained written confirmation dated 10<sup>th</sup> August 2016 which was noted in the Board Meeting held on 13<sup>th</sup> August 2016 from M/s Mehra Khanna & Co. that their appointment, if made, would be in conformity with the limits specified in the said Section. The qualifications or remarks in the Auditor's Report read with Notes to financial statements are self explanatory.

#### **SECRETARIAL AUDITOR AND SECRETARIAL AUDITOR'S REPORT**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made thereunder, the Company has appointed M/s Mukesh Arora & Company, a firm of Company Secretaries in Practice (Certificate of Practice Number : 4405) to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is included as Annexure and forms an integral part of this Report. The 3 (three) secretarial audit observations for the year under review requiring clarification by the Company are replied by the Company and form part of the Secretarial Audit Report which is noted in the Board Meeting held on 24<sup>th</sup> August 2016.



## **COST AUDIT**

As per the requirement of Central Government and pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, your Company is not required to carry out audit of cost records relating to Bicycle Industry. Accordingly, your Company did not appoint Cost Auditor in this financial year.

## **INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

Your Company has an effective internal control and risk mitigation system, which are constantly assessed and strengthened with new/revised standard operating procedures. The Company's internal control system is commensurate with its size, scale and complexities of its operations. The Company has appointed Mr. Harish Kumar Arora as Internal Auditor of the Sonapat Unit of the Company, Mr. Gopal D. Girdharwal, as Internal Auditor of the Sahibabad Unit of the Company and Mr. Sanjay Kapur, Joint President of Malanpur Unit of the Company is reporting on internal control and audit procedures followed. The main thrust of internal audit is to test and review controls, appraisal of risks and business processes, besides benchmarking controls with best practices in the industry.

The Audit Committee of the Company actively reviews the adequacy of internal control systems and effectiveness of internal audit function.

## **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

Requirements relating to Corporate Social Responsibilities as envisaged in Schedule VII of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014 are not applicable on our Company.

## **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.

## **STATUTORY INFORMATION**

The Business Responsibility Reporting as required by Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is not applicable to your Company for the financial year ending 31<sup>st</sup> March 2016.

## **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 197 (12) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the

year ended 31<sup>st</sup> March 2016 is given in a Annexure to the Report.

None of the employees listed in the said Annexure is a relative of any Director of the Company. Apart from Mr. Vikram Kapur, President of Sonapat Unit, Mr. Rajiv Kapur, Joint President of Sonapat Unit, Mr. Gautam Kapur, Joint President of Sahibabad Unit, Mr. Girish Kapur, Joint President of Sahibabad Unit and Mr. Sanjay Kapur, Joint President of Malanpur Unit, none of the employees hold (by himself or along with his spouse and dependent children) more than two percent of the equity shares of the Company.

## **DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013**

There were NIL cases of sexual harassment filed during the Financial Year.

## **LISTING OF COMPANY'S EQUITY SHARE**

Your Company's shares continue to be listed on BSE Limited and National Stock Exchange of India Limited. The annual listing Fee for the year 2015-2016 has been paid to BSE Limited and National Stock Exchange of India Limited.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 for the year ended 31<sup>st</sup> March 2016 is given here below :

### **CONSERVATION OF ENERGY**

- a. the steps taken or impact on conservation of energy;

#### **SONEPAT UNIT**

The following measures were taken for Conservation of energy:-

- Power Load rationalized and Contract demand reduced from 2250 KVA to 1350 KVA and all load on one OLTC transformer of 1600 KVA and made 1000 KVA surplus.
- Plant being relaid to save Energy and movement cost.
- Lobo Compressor of 5 HP installed for agitation of Process Plants and stopped one Compressor of 25 HP.
- Hot Water Generator installed to replace Pet Coke Boiler
- New Heat Exchanger installed in Paint Shop for better Fuel efficiency.

#### **SAHIBABAD UNIT**

The following measures were taken for Conservation of energy:-

- L E D lights were fitted in store department in place of normal lights to save energy.
  - Two rotary compressors were installed in E.T. Plant in place of gear box & motor system to save energy.
  - One more hot water generator was installed which is a substitute of boiler & is energy efficient.
- b. the steps taken by the company for utilising alternate sources of energy : Hot water generators were installed

- c. the capital investment on energy conservation equipments : Negligible.

### TECHNOLOGY ABSORPTION

- a. The efforts made towards technology absorption

#### SONEPAT UNIT

The following efforts were made:-

- New Slat Conveyor line installed for better productivity of SKD Line.
- New Tail End Dippling line installed with I.R. Heater for better productivity.
- Flytomatic pretreatment line installed
- Drying Oven installed to dry components pretreatment for better quality.
- Higher capacity Rectifier installed in debrassing for improved productivity and quality.

#### SAHIBABAD UNIT

The following efforts were made:-

- For the movement of fancy frames, a new four wheel conveyor was installed from Assembly Department to Store dept. to replace manual handling.
- A Manual Phosphating line was converted to Automatic Phosphating line in Paint Shop to increase production of fancy bicycles.
- One inclined slat conveyor was installed for movement of material to maximise floor in finished goods store to replace manual handling.
- The benefits derived like product improvement, cost reduction, product development or import substitution : Cost Reduction;
- In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-
  - the details of technology imported : Nil;
  - the year of import : Nil;
  - whether the technology been fully absorbed : Nil;
  - if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: NA; and
- The expenditure incurred on Research and Development : Negligible.

### FOREIGN EXCHANGE EARNING AND OUTGO

Total foreign exchange earned: ₹ 1,735.38 lacs

Total foreign exchange used: ₹ 99.45 lacs

### DIRECTORS' RESPONSIBILITY STATEMENT

To the best of knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 134(3)(c) of the Companies Act, 2013 that:

- In the preparation of the Annual Accounts for the year ended 31<sup>st</sup> March 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- 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 2016 and of the loss 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 Annual Accounts have been prepared on a going concern basis.

- The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

- The Directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### INTERNAL FINANCIAL CONTROLS

The Internal Financial Controls with reference to Financial Statements are found to be adequate by the Statutory Auditors of the Company.

### REPORT ON THE HIGHLIGHTS OF PERFORMANCE OF ITS SUBSIDIARY COMPANIES, JOINT VENTURES, ASSOCIATE COMPANIES AND THEIR CONTRIBUTION TO THE OVERALL PERFORMANCE OF THE COMPANY

The Company has 3 (three) wholly owned subsidiary companies viz. Atlas Cycles Sonepat Limited, Atlas Cycles (Sahibabad) Limited and Atlas Cycles (Malanpur) Limited. These companies are yet to commence its business and accordingly there are no highlights of performance or their contribution to the overall performance of the Company to reflect during the year. The Annual Reports of Subsidiary Companies are available for download at [www.atlasbicycles.com](http://www.atlasbicycles.com). Apart from these, the Company do not have any associate companies and joint ventures.

Form AOC-1 containing salient features of 3 wholly owned subsidiary companies duly certified by Statutory Auditors of the Company under section 129(3) of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014 are annexed herewith. There are no associate companies as per definition given in Section 2(6) of the Companies Act, 2015.

There are no companies which have become or ceased to be subsidiary companies, associate companies or joint ventures during the year.

### 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.

#### HIRA LAL BHATIA

(DIN: 00159258)

3-B/11, N.E.A., Utri Marg,  
New Delhi – 110060

#### SANJIV KAVALJIT SINGH

(DIN: 00015689)

104, Malcha Marg Chanakya  
Puri Delhi - 110021

Date : 24<sup>th</sup> August 2016

Place : Delhi

DIRECTORS



## SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH, 2016  
[Form MR-3 Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

To,

The Members,

ATLAS CYCLES (HARYANA) LIMITED

Atlas Road, Industrial Area

Sonepat -131001 (Haryana) India.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **ATLAS CYCLES (HARYANA) LIMITED** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on **31<sup>st</sup> March 2016 ('Audit Period')** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter :

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **31<sup>st</sup> March 2016** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz.: —
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **(Not applicable as the company did not issue any security during the financial year under review.);**
  - (d) The Securities and Exchange Board of India (Share

Based Employee Benefits) Regulations, 2014 **(Not applicable as the company has not granted any options to its employees during the financial year under review);**

- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable as the company has not issued any debt securities during the financial year under review);**
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable as the company has not Delist its Equity Shares during the financial year under review);** and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not applicable as the company has not bought back any of its securities during the financial year under review);**
- (VI) and other applicable laws like Factories Act, 1948, The Payment of Gratuity Act, 1972.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India i.e. Secretarial Standards-1 (Meeting of the Board of Directors) & Secretarial Standards-2 (General Meetings).
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange (**BSE**), National Stock Exchange (**NSE**) and Delhi Stock Exchange (**DSE**).
- (iii) The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, **subject to the following observations :-**

**Observation No.1** Non-Compliance of Regulation 33 of SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015 (Earlier Clause-41 of Listing Agreement) regarding delayed submission of financial result for **the year ended 31<sup>st</sup> March, 2016**. Company has also received notices of penalty in this regard from the Stock Exchanges (NSE/BSE).

**Company's Response:** The Audited financial results for the year ended 31<sup>st</sup> March, 2016 were not compiled timely due to the reason that there was a delay in reconciliation of outstanding entries among the 3 units of the Company viz. Sonepat Unit, Sahibabad Unit and Malanpur Unit and then the Manager (Accounts) of Sonepat Unit of the Company had stopped coming to the office without giving any notice and without giving proper handover of record of accounts and fixed deposits which led to some operational difficulties in the preparation of financial results of all three units of the Company viz. Sonepat, Sahibabad and Malanpur.

**Observation No.2:** Non-compliance of Section 73 of Companies Act, 2013 read with Rule 16 of Companies

(Acceptance of Deposit) Rules, 2014 regarding filing of Return of Deposit in E-Form DPT-3 in the year 2015-16.

**Company's Response:** The Manager (Accounts) of Sonapat Unit of the Company had stopped coming to the office without giving any notice and without giving proper handover of record of accounts and fixed deposits which led to some operational difficulties in the preparation of List of Deposit Holders and Form DPT-3. Data of Sahibabad Unit and Malanpur Unit of the Company is ready and Sonapat Unit of the Company had also assured that it will be able to prepare its information by the month of August, 2016. The Company has also filed application for extension of time for repayment of fixed deposits under section 74 (2) of Companies Act, 2013 to the National Company Law Tribunal (erstwhile Company Law Board).

**Observation No. 3:** Event occurred after audit period:- An objection has been raised by the shareholder of the company that reappointment of Mr. Ishwar Das Chugh as whole time director of the company in the Annual General Meeting of the company held on 30 Sept., 2013 was invalid as Mr. Ishwar Das Chugh had crossed his age of 70 years and instead of passing ordinary resolution, a special resolution was required to be passed as per schedule XIII of the Companies Act, 1956.

**Company's Response:** Although the resolution was passed with unanimous votes in favour of re-appointment of Mr. Ishwar Das Chugh as Whole Time Director of the Company, but inadvertently it was passed as Ordinary Resolution instead of Special Resolution. The Company has passed Board resolution on 21st July, 2016 to appoint Mr. Ishwar Das Chugh as Whole Time Director of the Company & Company has convened an Extra Ordinary General Meeting to be held on 29th August, 2016 to re-appoint Mr. Ishwar Das Chugh as Whole Time Director by passing Special Resolution. The Company has also filed an application in this regard on 28th July, 2016 to the Central Government to obtain its approval to the reappointment of Mr. Ishwar Das Chugh as Whole Time Director of the Company. The Company has taken all the steps reasonably required to resolve the matter.

#### **I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decision at Board Meeting and Committee are carried through while the dissenting members' views are captured

and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**For Mukesh Arora & Co.**

**Company Secretaries**

**Mukesh Arora**

**F.C.S No. 4819**

**C.P No. 4405**

**New Delhi, 22<sup>nd</sup> August, 2016**

**This report is to be read with our letter of even date which is annexed as Annexure-A and forms an integral part of this report.**

#### **Annexure A**

To  
The Members  
ATLAS CYCLES (HARYANA) LIMITED  
Atlas Road, Industrial Area  
Sonapat -131001 (Haryana) India.

Our report of even date is to be read along with this letter

1. Maintenance of Secretarial Record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on audit
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices, we followed provide a reasonable basis for our opinion
3. I have not verified that correctness and appropriateness of financial records and books of Accounts of the company
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable, laws, rules, regulations, standards is the responsibility of management. Our Examination was limited to the verification of procedures on test basis
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

#### **Signature:**

**(Mukesh Arora)**

**Practicing Company Secretary**

**Member ship No. 4819**

**Certificate of Practice No. 4405**

**Date: 22<sup>nd</sup> August, 2016**

**Place: New Delhi**