

Annual Report 2016-17



ATLAS
CYCLES (HARYANA) LTD.

ATLAS CYCLES (HARYANA) LIMITED

INDUSTRIAL AREA, ATLAS ROAD,
SONEPAT-131001
CIN : L35923HR1950PLC001614

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. Sadhna Syal (DIN: 07837529), Additional Director

COMPANY SECRETARY

Mr. Lalit Lohia

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

UNITS :

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 & Co.,
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
E-mail : info@masserv.com

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

National Stock Exchange of India Limited
BSE Limited

E-MAIL

companysecretary@atlasbicycles.co.in

WEBSITE

www.atlasbicycles.com

CORPORATE IDENTITY NUMBER

CIN : L35923HR1950PLC001614

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BOARD'S REPORT / DIRECTORS' REPORT 2017

CIN: L35923HR1950PLC001614

TO THE MEMBERS:-

Your directors are delighted to present Sixty Sixth (66th) Annual Report of your Company along with the Audited Statement of Accounts for the year ended 31st March 2017.

FINANCIAL HIGHLIGHTS, STATE OF COMPANY AFFAIRS & FUTURE PROSPECTS

(₹ In Lacs)

Particulars	Standalone		Consolidated	
	F.Y. 2016-17	F.Y. 2015-16	F.Y. 2016-17	F.Y. 2015-16
Revenue from operations (Gross)	72,646.74	60,850.72	72,646.74	60,850.72
Total Income	68,810.29	57,177.63	68,810.29	57,177.63
Total Expenses	68,308.03	57,771.24	68,309.01	57,773.46
Profit Before Tax (after exceptional Item)	502.26	(593.61)	501.28	(595.83)
Tax Expenses (including Deferred tax)	197.65	(267.87)	197.65	(267.87)
Profit After tax	304.61	(325.74)	303.63	(327.96)

As committed last year, the Company has shown remarkable recovery in F.Y. 2016-17 and has earned profit this year, In spite of incurring heavy losses in F.Y. 2015-16 due to non performance of Malanpur Unit, which is being closed down. The Net Profit of the Company during the F.Y. 2016-17 were ₹ 304.61 Lacs as against losses of ₹ 325.74 lacs during the F.Y. 2015-16.

PRODUCTION

During the year under consideration, the Company produced 25,13,691 bicycles as against 21,45,411 bicycles in the previous year.

SALES

Sales during the year amounted to ₹ 68427.58 lacs including the sales to foreign countries as against ₹ 57099.00 Lacs 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 F.Y. 2016-17 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 ₹ 1942.32 Lacs.

SHARE CAPITAL

The paid up Equity Share Capital as at 31st March 2017 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 31st March 2017, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

DIVIDEND

Since the books are not in good shape, owing to continued losses in last 3 years (i.e. F.Y. 2013-14 to 2015-16), no Dividend has been declared, even after profit for Financial Year 2016-17.

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 forming part of this Annual Report. The three wholly owned subsidiary companies of the Company are yet to commence its business.

CHANGE IN NATURE OF BUSINESS

There is no change in the nature of business.

PERFORMANCE OF THE UNITS

Performance of Sahibabad unit was very good during the year. Sales increased both in terms of number of cycles sold as well as in value. Profit of Sahibabad unit was at all time high level. A series of new models was launched by the name called **ULTIMATE** in the premium segment.

Sonepat Unit's performance was better compared to previous year 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 this Annual Report.

DIRECTORS

Mr. Hira Lal Bhatia (DIN: 00159258) is retiring by rotation at 66th Annual General Meeting and being eligible, offers himself for re-appointment.

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.

Ms. Veena Buber (DIN: 07163537), Non-Executive Director of the Company, resigned from the Board w.e.f 1st April 2017.

Ms. Sadhna Syal (DIN: 07837529) was appointed as Additional

Director of the Company w.e.f 2nd June 2017. The Company has received a notice in writing from a member along with deposit of the requisite amount pursuant to Section 160 of the Act, proposing her candidature for the office of Independent Director of the Company, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013 and the Board of Directors at its meeting held on 4th August, 2017 noted such notice and proposed her appointment as Independent Director of the Company for a consecutive term of 5 years, subject to shareholders approval at 66th Annual General Meeting of the Company.

In the Board Meeting held on 4th April 2017, 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, 2016 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 ₹ 15,000 for attending the Board Meeting and ₹ 5000 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 (DIN 00073257)
2. Mr. Chander Mohan Dhall, Chief Financial Officer
3. Mr. Narendra Pal Singh, Chief Executive Officer
4. *Mr. Lalit Lohia, Company Secretary

*Mr. Jaspreet Singh was the Company Secretary and Key Managerial Personnel of the Company for the F.Y. 2016-17. He resigned as Company Secretary of the Company w.e.f. 10.04.2017 and ceased to Key Managerial Personnel of the Company from such date. Mr. Lalit Lohia was appointed as Company Secretary of the Company w.e.f. 02.05.2017 and is Key Managerial Personnel of the Company from such date.

Mr. Chander Mohan Dhall, whose tenure as Chief Financial Officer of the Company was expiring on 31st March 2017 was re-appointed as Chief Financial Officer of the Company in board meeting dated 10th March, 2017 for the period 1st April 2017 to 31st March 2018. Mr. Narendra Pal Singh, whose tenure as Chief Executive Officer of the Company was expiring on 31st March 2017 was re-appointed as Chief Executive Officer of the Company in board meeting dated 10th March, 2017 for the period 1st April 2017 to 31st March 2018.

COMPLIANCE CERTIFICATE BY CHIEF FINANCIAL OFFICER AND CHIEF EXECUTIVE OFFICER

Board of Directors in the board meeting held on 4th August 2017 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. for the financial year ended 31st March, 2017 as per Regulation 17(8) read with Schedule II Part B of SEBI (Listing Obligations

and Disclosure Requirements) Regulations, 2015. Such certificate is annexed with Corporate Governance Report and forms Integral part of this Annual Report.

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 4th August 2017.

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 of 11 number of Board Meetings held during the financial year 2016-17. Further details are provided in the Corporate Governance Report.

DEPOSITS (INCLUDING LOANS FROM MEMBERS)

The Sahibabad Unit has already repaid to all its deposit holders. Sonapat and Malanpur Units of the Company are in the process of repaying to all their deposit holders. The Company has not accepted any further deposit from the public or members during the year.

The company has not repaid deposits as per requirement of Companies Act, 2013. However, company have applied for extension of repayment of fixed deposit to NCLT (National Company Law Tribunal) and repayment are being made as per directions of NCLT.

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.

VIGIL MECHANISM / WHISTLE BLOWER 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 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 them 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.

Since our company is not among top 100 listed companies determined on the basis of market capitalization at the end of F.Y. 2016-17 (Source: NSE/ BSE websites) it is not mandatory for our company to maintain such committee. The Board of Directors at its meeting held on 4th August, 2017 has dissolved Risk Management Committee on the basis of aforesaid grounds.

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. None of the Directors has 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 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 63rd Annual General Meeting for a period of 3 years upto the conclusion of 66th Annual General Meeting. Their tenure is expiring in 66th Annual General Meeting.

The Board of Directors at its meeting held on 4th August, 2017 approved appointment of M/s Dinesh Nangru & Co., Chartered Accountants (Firm Registration No. 015003N) in place of M/s Mehra Khanna & Co., Chartered Accountants for a term of five years commencing from F.Y. 31st March, 2018 to hold office from the conclusion of the 66th Annual General Meeting of the Company till the conclusion of the 71st Annual General Meeting on such remuneration plus GST, out of pocket expenses, as may be mutually agreed between Board and M/s Dinesh Nangru & Co., subject to the approval of shareholders in 66th Annual General Meeting. As required under the provisions of Section 139 of the Companies Act, 2013, the Company has obtained written confirmation dated 2nd August 2017 which was noted in the Board Meeting held on 4th August 2017 from M/s Dinesh Nangru & Co., Chartered Accountants that their appointment, if made, would be in conformity with the limits specified in the said section and their firm is subjected to peer review by ICAI and hold its valid certificate.

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 annexed to this report and forms an integral part of this Report.

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 year under review.

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 31st March 2017 is annexed to this report and forms an integral part of this 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 2016-2017 has been paid to BSE Limited and National Stock Exchange of India Limited within stipulated time.

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 31st March 2017 is given here below :

CONSERVATION OF ENERGY

SONEPAT UNIT

The following measures were taken:-

- a) Energy saving by using Tube wells through two nos 80 KL tanks (Settling) as the running hours of tube wells is being reduced.
- b) Automatic power factor panel installed resulting into power saving.
- c) Conveyors are being re layout, according to sections re layout resulting into less material movements finally reduced operator fatigue.
- d) Low temperature Chemicals introduce in Phosphating line resulting into saving in energy cost, due to reduction in Boiler running hours. Also improvement in product quality as fine crystalline coating of the phosphating layer having more coating life.

SAHIBABAD UNIT

The following measures were taken:-

- a) To save energy, 2000 normal tube lights were replaced with LED tube lights.
- b) Copper Bus Bar was modified at Debrassing stage for better flow of current.

TECHNOLOGY ABSORPTION

SONEPAT UNIT

The following efforts were made:-

- a. Converted all Brazing operation with PNG which is more efficient and Environment friendly (use HSD on emergency only).

SAHIBABAD UNIT

The following efforts were made:-

- a. Pouring system of white paint on tail-end of mudguard was mechanized in place of manual working.
- b. BB cups and shockers fitting with frames were mechanized for better productivity & quality.
- c. The expenditure incurred on Research and Development : ₹ 18.10 lacs.

FOREIGN EXCHANGE EARNING AND OUTGO

Total foreign exchange earned: ₹ 1942.32 lacs

Total foreign exchange used: ₹ 113.54 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:

- I. In the preparation of the Annual Accounts for the year ended 31st March 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- 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 2017 and of the profit of the Company for the year ended on that date.
- III. The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 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 Annual Accounts have been prepared on a going concern basis.
- V. 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
- VI. 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 Sonapat 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. 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, 2013.

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

ISHWAR DAS CHUGH

(DIN: 00073257)

I-73, Naraina Vihar,
New Delhi - 110028

} DIRECTORS

Date : 4th August 2017

Place : New Delhi

FORM MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2017

[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,
Sonapat -131001,
Haryana**

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 31st March, 2017 ('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 31st March, 2017 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 (Buy-back of Securities) Regulations, 1998 (Not applicable as the company has not bought back any of its securities during the financial year under review);
 - (vi) Any other applicable laws like Factories Act, 1948, The Payment of Gratuity Act, 1972;
- I have also examined compliance with the applicable clauses / regulations 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 National Stock Exchange (**NSE**) and Bombay Stock Exchange (**BSE**).
 - (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.

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.

Practicing Company Secretaries
Mukesh Arora
F.C.S No. 4819
C.P No. 4405

Date : 3rd August, 2017

Place : New Delhi

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
Sonepat -131001, Haryana

My 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 the correctness and appropriateness of financial records and books of Accounts of the company.
4. Wherever 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. My 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.

Sd/-
(Mukesh Arora)

Practicing Company Secretary
Member ship No. 4819
Certificate of Practice No. 4405

Date: 3rd August, 2017

Place: New Delhi