



**FRONTIER
SPRINGS LIMITED**

FRONTIER SPRINGS LIMITED

ANNUAL REPORT

1998-99

BOARD OF DIRECTORS

Shri ANUP SINGH, *Chairman*

Shri KUNDAN LAL BHATIA, *Managing Director*

Shri KAPIL BHATIA

Smt. SUSHMA BHATIA

Shri NEERAJ BHATIA

AUDITORS

SANJAY NANDANI & CO.

Chartered Accountants

OFF No. 229, 2nd FLOOR,

63/2, CITY CENTRE,

THE MALL, KANPUR-208 004

BANKERS

STATE BANK OF INDIA

SHARES LISTED AT

KANPUR, MUMBAI, CALCUTTA, DELHI & AHMEDABAD STOCK EXCHANGES

REGISTERED OFFICE

E-14, PANKI INDUSTRIAL AREA, SITE-I, KANPUR - 208 022

NINETEENTH ANNUAL REPORT**NOTICE**

Notice is hereby given that the Nineteenth Annual General Meeting of the Company will be held on Tuesday the 28th day of SEPTEMBER, 1999 at 1.30 p. m. at the registered office of the Company, at E-14, Panki Industrial Area, Site-I, Kanpur, to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended 31.3.1999 and Balance Sheet of the Company as on that date together with the Auditors and Directors reports there-on.
2. To appoint a Director in place of Shri Anup Singh who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration and in connection therewith to pass, with or without modification the following resolution as an Ordinary Resolution :

"RESOLVED that pursuant to the provisions of Section 224 of the Companies Act, 1956, Messrs Sanjay Nandani & Co., Chartered Accountants, the retiring Statutory Auditors, be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this meeting to the conclusion of the next Annual General Meeting of the Company on a remuneration of Rs. 40,000/- (Rs. Forty Thousand only)."

SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modifications, the following resolutions as Ordinary Resolutions :

4. "RESOLVED THAT

- a) pursuant to the provisions of Sections 198, 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII and subject to such approvals as may be necessary, approval of the members be and is hereby accorded to the re-appointment of Shri Kapil Bhatia as the Whole Time Director of the Company with effect from 4th January, 1999 on the remuneration as set out in the Explanatory Statement annexed hereto for a period of five years.
- b) The Board of Directors of the Company be and is hereby also authorised to :
 - i) Agree to such increase or decrease or variations, modifications or amendments in the terms of remuneration set out in Explanatory Statement annexed hereto within the limits of Schedule XIII of the Act as considered reasonable by the Board and acceptable to Shri Kapil Bhatia.
 - ii) Take all such steps and actions as may be considered necessary by the Board for the purpose of implementing this resolution."

"Further resolved that the remuneration as above including perquisites will be deemed to be the minimum remuneration in the event of absence or inadequacy of profit in any year."

5. "RESOLVED THAT

- a) pursuant to the provisions of Sections 198, 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII and subject to such approvals as may be necessary, approval of the members be and is hereby accorded to the appointment of Shri Neeraj Bhatia as the Whole Time Director of the Company with effect from 1st April, 1999 on the remuneration as set out in the Explanatory Statement annexed hereto for a period of five years.
- b) The Board of Directors of the Company be and is hereby also authorised to :
 - i) Agree to such increase or decrease or variations, modifications or amendments in the terms

of remuneration set out in Explanatory Statement annexed hereto within the limits of Schedule XIII of the Act as considered reasonable by the Board and acceptable to Shri Neeraj Bhatia.

- ii) Take all such steps and actions as may be considered necessary by the Board for the purpose of implementing this resolution."

"Further resolved that the remuneration as above including perquisites will be deemed to be the minimum remuneration in the event of absence or inadequacy of profit in any year."

6. "Resolved that pursuant to the provisions of Sections 198, 269, 309, 311, Schedule-XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals as may be necessary, approval of the Company be and is hereby accorded to the appointment of Shri K. L. Bhatia as Managing Director of the Company for a term of 5 years w.e.f. 1st April, 1999 on the remuneration as set out in the Explanatory Statement annexed hereto."

"Further resolved that Board of Directors of the Company be and is hereby authorised to revise or increase or vary or modify the above terms of remuneration within the limits of Schedule-XIII of the Act as the Board may consider proper."

"Further resolved that the remuneration as above including perquisites will be deemed to be the minimum remuneration in the event of absence or inadequacy of profit in any year."

By Order of the Board

K. L. BHATIA

Managing Director

Place : Kanpur

Date : 30.07.1999

Notes :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead and such proxy need not be a member of the Company.
2. A blank form of proxy is enclosed and if intended to be used should be duly stamped, completed, signed and deposited at the registered office of the Company not less than forty eight hours before the start of the meeting.
3. The Register of Members and Share Transfer Books will remain closed from Saturday the 18th day of September, 1999 to Tuesday the 28th day of September, 1999 (both days inclusive) in terms of the provisions of Section 154 of the Companies Act, 1956.
4. Members are requested to notify change in address, if any, immediately to the Registered Office of the Company, E-14, Panki Industrial Area Site-I, Kanpur quoting their registered folio number(s).
5. Members are requested :
 - (a) to bring their copies of Annual Report & Attendance Slip at the time of the meeting.
 - (b) to quote their folio no. (s) in all correspondence.
 - (c) to forward their queries, if any, so as to reach the Registered Office of the Company on or before 15th September '99 enabling the management to collect and keep the information ready.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

Item No. 4

The term of appointment of Shri Kapil Bhatia as the Whole Time Director expired on 3rd January, 1999. The Board of Directors in their meeting held on 1st January, 1999 have re-appointed Shri Kapil Bhatia as the Whole Time Director for a further period of five years commencing from 4th January, 1999 on terms and conditions as set out hereunder :

NINETEENTH ANNUAL REPORT

- a) *Salary* : Rs. 15,000/- per month in the grade of Rs. 15,000-1,000-19,000/-.
- b) *Perquisites* : In addition to salary the Whole-Time Director would be entitled to perquisites restricted to an amount equal to the annual salary. For the purpose, perquisites are classified into 2 categories i. e. Part A and B, as follows :

PART-A

- i) *Housing* : The expenditure incurred by the Company on Gas, Electricity, Water and Furnishings shall be valued as per Income Tax Rules, 1962.
- ii) *Medical Reimbursement* : Expenses incurred for self and family subject to a ceiling of one month's salary per year or three months' salary in a block of three years.
- iii) *Leave Travel Concession* : For self and family once in a year to any place in India.
- iv) *Club Fees* : Fees of Clubs subject to a maximum of two Clubs. Life membership fees not being allowed.
- v) *Personal Accident Insurance* : Premium not to exceed Rs. 4,000/- per annum.

PART-B

- i) Contribution to (a) Provident Fund (b) Super Annuation Fund or Annuity Fund as per the Company's Rules. These will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- ii) Gratuity not exceeding half month's salary for each completed year of service subject to a ceiling of Rs. 1,00,000/-.

Except Shri Kapil Bhatia and Shri Neeraj Bhatia, no other Director is concerned or interested in the proposed resolution.

Item No. 5

Shri Neeraj Bhatia was appointed as Whole Time Director at the Board meeting held on 1st January, 1999 for a period of five years commencing from 1st April, 1999 on terms and conditions as set out hereunder.

- a) *Salary* : Rs. 15,000/- per month in the grade of Rs. 15,000-1,000-19,000/-.
- b) *Perquisites* : In addition to salary the Whole-Time Director would be entitled to perquisites restricted to an amount equal to the annual salary. For the purpose, perquisites are classified into 2 categories i. e. Part A and B, as follows :

PART-A

- i) *Housing* : The expenditure incurred by the Company on Gas, Electricity, Water and Furnishing shall be valued as per Income Tax Rules, 1962.
- ii) *Medical Reimbursement* : Expenses incurred for self and family subject to a ceiling of one month's salary per year or three months' salary in a block of three years.
- iii) *Leave Travel Concession* : For self and family once in a year to any place in India.
- iv) *Club Fees* : Fees of Clubs subject to a maximum of two clubs. Life membership fees not being allowed.
- v) *Personal Accident Insurance* : Premium not to exceed Rs. 4,000/- per annum.

PART-B

- i) Contribution to (a) Provident Fund (b) Super Annuation Fund or Annuity Fund as per the Company's Rules. These will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- ii) Gratuity not exceeding half month's salary for each completed year of service subject to a ceiling of Rs. 1,00,000/-.

Except Shri Kapil Bhatia and Shri Neeraj Bhatia, no other Director is concerned or interested in the proposed resolution.

Item No. 6

Shri K. L. Bhatia has been associated with the Company since its incorporation as Managing Director of the Company. Considering the qualifications and experience of Shri K. L. Bhatia, the Board of Directors of the Company have considered it in the Company's interest that he should continue to be the Managing Director of the Company on following increased remuneration for a term of 5 years w.e.f. 1st April, 1999.

Remuneration

1. *Salary* : Rs. 25,000/- per month in the Grade of 25,000–2,000–33,000.
2. *Perquisites* : In addition to salary the Managing Director would be entitled to following perquisites. For this purpose, perquisites are classified into 3 categories i. e. Part A, B & C as follows :

PART-A

- i) *Housing* : The expenditure incurred by the Company on Gas, Electricity, Water and Furnishings shall be valued as per Income Tax Rules, 1962.
- ii) *Medical Reimbursement* : Expenses incurred for self and family subject to a ceiling of one month's salary per year or three months' salary in a block of three years.
- iii) *Leave Travel Concession* : For self and family once in a year to any place in India.
- iv) *Club Fees* : Fees of Clubs subject to a maximum of two clubs, admission and life membership fee not being allowed.
- v) *Personal Accident Insurance* : Premium not to exceed Rs. 4,000/- per annum.

PART-B

- i) Contribution to (a) Provident Fund (b) Super Annuation Fund or Annuity Fund as per the Company's rules. These will not be included in the computation of ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- ii) Gratuity not exceeding half a months salary for each completed year of service, subject to a ceiling of Rs. 1,00,000.

PART-C

The Company shall provide a car with driver and Telephones at the residence of the Managing Director. Provision of car for use of Company's business and telephones at residence will not be considered as perquisites. Personal long distance calls on Telephones and use of car for private purposes shall be billed by the Company to the Managing Director.

The Managing Director shall be entitled to leave with pay for a period not exceeding one month for every eleven months of service besides casual and sick leave. However, leave accumulated but not availed of will not be allowed to be encashed.

Except Shri K. L. Bhatia no other Director is concerned or interested in the proposed resolution.

Place : Kanpur
Date : 30.07.1999

By Order of the Board
K. L. BHATIA
Managing Director

NINETEENTH ANNUAL REPORT**DIRECTORS' REPORT**

To,

The Members,

The Board of Directors have pleasure in presenting their Nineteenth Annual Report together with the audited accounts of the Company for the year ended on 31st March, 1999.

FINANCIAL RESULTS :

	1998-99
Profit for the year before Depreciation	34,33,385.85
Depreciation for the year	19,90,894.89
Profit for the year	14,42,490.96
Income tax for earlier years	72,922.00
Net Profit	13,69,568.96

APPROPRIATIONS :

General Reserve	13,69,568.96
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DIVIDEND :

The Board of Directors at their meeting held on 30.07.1999 have decided to pass over the dividend this year since the Company has no distributable profits.

OPERATIONS :

The turnover of the Company has reduced due to less orders from HDC and the profit percentage has decreased since the sales price had to be reduced due to immense competition.

FUTURE PROSPECTS :

The Company's position is better this year. The Company has received more orders from Railways BEML, DLW, TELCO (Pune), TELCO (Lucknow) and Defence. The Company will be increasing its supplies to them with a higher margin of profit. The financial results for the quarter ended 30th June, 1999 show an increase in the profits margin as compared to the corresponding quarter in the previous year. The Company hopes to retain the same trend in the remaining part of the year. Further the Company is considering to increase its product range by entering into cold coil spring market, with a plan to cater the requirement of shock absorber, electronic appliances. The Company has already received ISO-9002 certificate and is planning to go for QS-9000 certificate with an aim to satisfy its customers. The Company is looking towards a bright future under the guidance of its directors.

PARTICULARS OF EMPLOYEES :

There was no employee during the year, who was in receipt of remuneration in excess of the limits prescribed under the provisions of Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Amendment Rules, 1988 i. e. Rs. 6,00,000/- p. a. if employed throughout the year or Rs. 50,000/- per month if employed for part of the year.

Y2K Compliance :

The Company is aware of the Y2K issue and is equipping itself for the Y2K compliance. The Company has studied the list of operations, processes and functions which could be adversely affected by the Y2K problem.

There will be no business/embedded system problem as corrective measures are already in progress. This work will be completed by the end of October.

DIRECTORS :

Mr. Anup Singh, Director of the Company retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment. Your Directors recommend for his re-appointment, being in the interest of the Company.

LISTING OF SHARES :

The Company's shares are listed at Kanpur, Mumbai, Calcutta, Delhi and Ahmedabad Stock Exchanges. Listing fee upto financial year 1999-2000 has been paid in respect of all Stock Exchanges.

AUDITORS :

The Auditors of the Company M/s. Sanjay Nandani & Co., Chartered Accountants, retire at the ensuing Annual General Meeting. They being eligible have offered themselves for re-appointment. The Directors recommend that they be re-appointed.

COMMENT ON AUDITORS' REPORT :

In our opinion the observation of the Auditors are self explanatory and do not require further comments.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :

The information required under Section 217 (1) (e) of the Companies Act, 1956 read with the Company's (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given in the Annexure-I forming part of this report.

ACKNOWLEDGEMENT :

Your Directors express their deep appreciation for the dedicated and sincere services rendered by the officers and employees of the Company. The directors also thank and acknowledge the co-operation and assistance received by the Company from State Bank of India.

Place : Kanpur

Date : 30th July, 1999

For & on Behalf of the Board

ANUP SINGH

Chairman