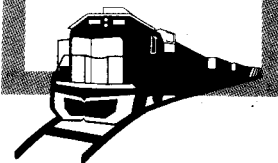
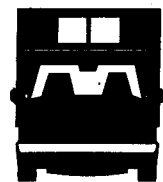
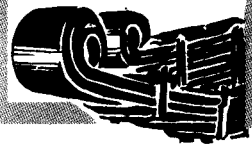


FRONTIER

YEARS
DEDICATED
TO THE
UNDYING
SPIRIT

Annual Report
2003-2004



**FRONTIER
SPRINGS LIMITED**

FRONTIER SPRINGS LIMITED

ANNUAL REPORT 2003-2004

BOARD OF DIRECTORS

Shri KUNDAN LAL BHATIA, *Chairman & Managing Director*

Shri KAPIL BHATIA, *Managing Director*

Shri NEERAJ BHATIA

Smt. SUSHMA BHATIA

Shri PREM SAGAR

Shri PRADEEP GOENKA

Shri R. K. BHATIA

Shri YASHPAL SETHI

COMPANY SECRETARY

Shri ASHISH PANDEY

AUDITORS

M/s. SANJAY NANDANI & Co.

Chartered Accountants

OFF No. 229, 2nd FLOOR,

63/2, CITY CENTRE,

THE MALL, KANPUR-208 004

BANKERS

STATE BANK OF INDIA

INDUSTRIAL FINANCE BRANCH,

SARVODAYA NAGAR, KANPUR

REGISTRAR AND SHARE TRANSFER AGENT

(For Electronic Connectivity)

M/s. ALANKIT ASSIGNMENT LIMITED

205-208, ANARKALI MARKET

JHANDEWALAN EXTENSION

NEW DELHI-110 055

REGISTERED OFFICE

E-14, PANKI INDUSTRIAL AREA, SITE-1,

PANKI, KANPUR - 208 022

Website : <http://www.frontiersprings.co.in>

PLANT

KM 25/4, KALPI ROAD, RANIA,

KANPUR DEHAT

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TWENTY FOURTH ANNUAL REPORT

NOTICE

NOTICE is hereby given that the TWENTY FOURTH ANNUAL GENERAL MEETING of the Shareholders of FRONTIER SPRINGS LIMITED will be held on Friday, 30th July, 2004 at 12:30 p.m., at the Registered Office of the Company at E-14, Panki Industrial Area, Site-1, Panki, Kanpur - 208 022, to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2004 and Profit and Loss Account for the financial year ended on that date together with Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Shri Neeraj Bhatia, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri Pradeep K. Goenka, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration and in this connection, to consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary resolution :
"RESOLVED THAT pursuant to the provisions of Section 224 of the Companies Act, 1956 and other applicable provisions, if any, M/s Sanjay Nandani & Co., Chartered Accountants, being eligible, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration of Rs. 40,000/- plus service tax at the applicable rates."

SPECIAL BUSINESS

5. To consider, and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 198, 269 & 309 read with Schedule XIII as amended from time to time and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded for re-appointment of Shri K. L. Bhatia as a Chairman & Managing Director of the Company for a period of 5 years w.e.f. 1st April, 2004 on terms and conditions contained hereinbelow :

I. **SALARY** : Rs. 33,000/- p.m.

II. **PERQUISITES** : In addition to the salary, the Chairman & Managing Director would be entitled to following perquisites categorised in three parts A, B & C as follows :

PART - A

1. **Housing** : The expenditure incurred by the Company on Gas, Electricity, Water & Furniture shall be valued as per Income Tax Rules, 1962.
2. **Medical Reimbursement** : Expenses incurred for self and family subject to a ceiling of one month's salary per year to three months salary in a block of three years.
3. **Leave Travel Concession** : For self and family, once in a year to any place in India.
4. **Club Fee** : Fees of clubs subject to a maximum of two clubs. No admission and life membership fees will be paid.
5. **Personal Accident Insurance** : Premium not to exceed Rs. 4,000/- per annum.

PART - B

1. Contribution to (a) Provident Fund (b) Super Annuation Fund or Annuity Fund as per Company's Rules. These will not be included in the computation of the ceiling on perquisites to the extent either singly or put together are not taxable under the Income Tax Act, 1961.
2. Gratuity not exceeding half month's salary for each completed years of service subject to a maximum ceiling of Rs. 3,50,000/- or as amended from time to time under the Payment of Gratuity Act, 1972.

PART - C

The Company shall provide a car with driver and telephone at the residence of the Chairman & 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 purpose shall be billed by the Company to the Managing Director.

The Chairman & 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.

"RESOLVED FURTHER THAT the Board of Directors and Remuneration Committee be and are hereby authorised to alter, amend, vary, enhance or modify the scope and quantum of remuneration of Shri K. L. Bhatia as they may deem proper from time to time considering the nature and scope of his activities as shall be permissible and in conformity with applicable provisions of the Companies Act, 1956."

"RESOLVED FURTHER THAT the remuneration as above including perquisites shall be minimum remuneration during the term of office of Shri K. L. Bhatia as a Chairman and Managing Director of the

Company in the event of absence or inadequacy of profit in any year."

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to do all such acts as are necessary to give effect this resolution.

6. To consider, and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution :

"RESOLVED THAT subject to the provisions of Sections 198, 269 & 309 read with Schedule XIII as amended from time to time and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is accorded to the re-appointment of Shri Kapil Bhatia as a Managing Director of the Company for a period of 5 years w.e.f. 4th January, 2004 on terms and conditions contained here-in-below :

- I. SALARY : Rs. 19,000/- p.m.
- II. PERQUISITES : In addition to the salary, the Managing Director would be entitled to following perquisites categorised in two parts A & B as follows :

PART - A

1. *Housing* : The expenditure incurred by the Company on Gas, Electricity, Water & Furniture shall be valued as per Income Tax Rules, 1962.
2. *Medical Reimbursement* : Expenses incurred for self and family subject to a ceiling of one month's salary per year to three months salary in a block of three years.
3. *Leave Travel Concession* : For self and family, once in a year to any place in India.
4. *Club Fee* : Fees of clubs subject to a maximum of two clubs. No admission and life membership fees will be paid.
5. *Personal Accident Insurance* : Premium not to exceed Rs. 4,000/- per annum.

PART - B

1. Contribution to (a) Provident Fund (b) Super Annuation Fund or Annuity Fund as per Company's Rules. These will not be included in the computation of the ceiling on perquisites to the extent either singly or put together are not taxable under the Income Tax Act, 1961.
2. Gratuity not exceeding half month's salary for each completed years of service subject to a maximum ceiling of Rs. 3,50,000/- or as amended from time to time under the Payment of Gratuity Act, 1972.

"RESOLVED FURTHER THAT the Board of Directors and Remuneration Committee be and are hereby authorised to alter, amend, vary, enhance or modify

the scope and quantum of remuneration of Shri Kapil Bhatia as they may deem proper from time to time considering the nature and scope of his activities as shall be permissible and in conformity with applicable provisions of the Companies Act, 1956."

"RESOLVED FURTHER THAT the remuneration as above including perquisites shall be minimum remuneration during the term of office of Shri Kapil Bhatia as a Managing Director of the Company in the event of absence or inadequacy of profit in any year."

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to do all such acts as are necessary to give effect this resolution.

7. To consider, and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution :

"RESOLVED THAT subject to the provisions of Sections 198, 269 & 309 read with Schedule XIII as amended from time to time and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the re-appointment of Shri Neeraj Bhatia as a whole time Director of the Company for a period of 5 years w.e.f. 1st April, 2004 on terms and conditions contained here-in-below :

- I. SALARY : Rs. 19,000/- p.m.
- II. PERQUISITES : In addition to the salary, the whole time Director would be entitled to following perquisites categorised in two parts A & B as follows :

PART - A

1. *Housing* : The expenditure incurred by the Company on Gas, Electricity, Water & Furniture shall be valued as per Income Tax Rules, 1962.
2. *Medical Reimbursement* : Expenses incurred for self and family subject to a ceiling of one month's salary per year to three months salary in a block of three years.
3. *Leave Travel Concession* : For self and family, once in a year to any place in India.
4. *Club Fee* : Fees of clubs subject to a maximum of two clubs. No admission and life membership fees will be paid.
5. *Personal Accident Insurance* : Premium not to exceed Rs. 4,000/- per annum.

PART - B

1. Contribution to (a) Provident Fund (b) Super Annuation Fund or Annuity Fund as per Company's Rules. These will not be included in the computation of the ceiling on perquisites to the extent either singly

TWENTY FOURTH ANNUAL REPORT

or put together are not taxable under the Income Tax Act, 1961.

2. Gratuity not exceeding half month's salary for each completed years of service subject to a maximum ceiling of Rs. 3,50,000/- or as amended from time to time under the Payment of Gratuity Act, 1972.

"RESOLVED FURTHER THAT the Board of Directors and Remuneration Committee be and are hereby authorised to alter, amend, vary, enhance or modify the scope and quantum of remuneration of Shri Neeraj Bhatia as they may deem proper from time to time considering the nature and scope of his activities as shall be permissible and in conformity with applicable provisions of the Companies Act, 1956."

"RESOLVED FURTHER THAT the remuneration as above including perquisites shall be minimum remuneration during the term of office of Shri Neeraj Bhatia as a whole time Director of the Company in the event of absence or inadequacy of profit in any year."

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to do all such acts as are necessary to give effect this resolution.

8. To consider, and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution :

"RESOLVED THAT subject to the provisions of Sections 198, 269 & 309 read with Schedule XIII as amended from time to time and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the re-appointment of Smt. Sushma Bhatia as a whole time Director of the Company for a period of 5 years w.e.f. 4th January, 2004 on terms and conditions contained here-in-below :

- I. SALARY : Rs. 15,000/- p.m.
- II. PERQUISITES : In addition to the salary, the whole time Director would be entitled to following perquisites categorised in two parts A & B as follows :

PART - A

1. *Housing* : The expenditure incurred by the Company on Gas, Electricity, Water & Furniture shall be valued as per Income Tax Rules, 1962.
2. *Medical Reimbursement* : Expenses incurred for self and family subject to a ceiling of one month's salary per year to three months salary in a block of three years.
3. *Leave Travel Concession* : For self and family, once in a year to any place in India.
4. *Club Fee* : Fees of clubs subject to a maximum of two clubs. No admission and life membership fees will be paid.

5. *Personal Accident Insurance* : Premium not to exceed Rs. 4,000/- per annum.

PART - B

1. Contribution to (a) Provident Fund (b) Super Annuation Fund or Annuity Fund as per Company's Rules. These will not be included in the computation of the ceiling on perquisites to the extent either singly or put together are not taxable under the Income Tax Act, 1961.

2. Gratuity not exceeding half month's salary for each completed years of service subject to a maximum ceiling of Rs. 3,50,000/- or as amended from time to time under the Payment of Gratuity Act, 1972

"RESOLVED FURTHER THAT the Board of Directors and Remuneration Committee be and are hereby authorised to alter, amend, vary, enhance or modify the scope and quantum of remuneration of Smt. Sushma Bhatia as they may deem proper from time to time considering the nature and scope of her activities as shall be permissible and in conformity with applicable provisions of the Companies Act, 1956."

"RESOLVED FURTHER THAT the remuneration as above including perquisites shall be the minimum remuneration during the term of office of Smt Sushma Bhatia as a whole time Director of the Company in the event of absence or inadequacy of profit in any year."

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to do all such acts as are necessary to give effect this resolution.

Registered Office : By order of the Board of Directors
E-14, Panki Industrial Area,
Site-1, Panki, ASHISH PANDEY
Kanpur- 208 022.
Dated : 29-05-2004 Company Secretary

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY, IN ORDER TO BE EFFECTIVE, SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Explanatory Statement setting out the material facts concerning the special business mentioned under item Nos. 5, 6, 7 & 8 of the Notice as required under Section 173(2) of the Companies Act, 1956 is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday,

21st July, 2004 to Friday, 30th July, 2004 (both days inclusive) for the purpose of Annual General Meeting of the Company.

4. The members who hold shares in dematerialised form are requested to bring their client ID and DP ID numbers for easy identification of attendance at the meeting.
5. All documents referred to in the accompanying Notice are available for inspection at the Registered Office of the Company during business hours on all working days upto the date of the Annual General Meeting.
6. Members are requested to :
 - A) Consider dematerialising the equity shares held by them.
 - B) Bring their copy of Annual Report and duly completed attendance slip for attending the meeting.
 - C) Quote their Folio number/DP Identity and Client Identity in all correspondence.
7. Members desirous of obtaining any information concerning the Accounts and operations of the Company are requested to write to the Company at least seven days before the date of the meeting, to enable the management to make the information available at the meeting, if the Chairman so permits.
8. Members holding shares either singly or jointly in identical order in more than one Foliros are requested to write to the Company enclosing the share certificates to enable the Company to consolidate their holdings in one Folio.

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

ITEM NO. 5

Shri K. L. Bhatia is one of the founder Director of the Company. He has extensive experience and knowledge of the industry in which the Company is operating. Under his kind direction and control, the performance of the Company increased considerably and became able to touch every avenue in its working area. Considering his high profile and devotion with the Company, his continued services will be greatly beneficial to the Company. The Board of Directors at their meeting held on 30th January, 2004 re-appointed him as a Chairman and Managing Director of the Company for a further period of five years commencing from 1st April, 2004 on the terms and conditions duly approved by the Remuneration Committee of the Board of Directors at its meeting held on 30th January, 2004 as set out in the concerned resolution.

Your Directors recommend the proposed resolution for your approval.

Save and except Shri K. L. Bhatia, none of other Director is, in any way, concerned or interested in the proposed resolution.

ITEM NO. 6

Shri Kapil Bhatia has been associated with the Company since last fifteen years and is handling the financial as well as marketing operation of the Company. He possesses a wide and varied experience in his line of action. His term of appointment as a Managing Director expired on 3rd January, 2004. The Board of Directors at their meeting held on 30th January, 2004 re-appointed him as a Managing Director of the Company for a further period of five years commencing from 4th January, 2004 on the terms and conditions duly approved by the Remuneration Committee of the Board of Directors at its meeting held on 30th January, 2004 as set out in the concerned resolution.

Your Directors recommend the proposed resolution for your approval.

Save and except Shri Kapil Bhatia and Shri Neeraj Bhatia, none of other Director is, in any way, concerned or interested in the proposed resolution.

ITEM NO. 7

Shri Neeraj Bhatia has been associated with the Company since last fifteen years and is mainly concerned with the Manufacturing operation of the Company. He is looking after all the Manufacturing activities of the Company and other related activities. The Board of Directors at their meeting held on 30th January, 2004 re-appointed him as a Whole Time Director of the Company for a further period of five years commencing from 1st April, 2004 on the terms and conditions duly approved by the Remuneration Committee of the Board of Directors at its meeting held on 30th January, 2004 as set out in the concerned resolution.

Your Directors recommend the proposed resolution for your approval.

Save and except Shri Neeraj Bhatia and Shri Kapil Bhatia, none of other Director is, in any way, concerned or interested in the proposed resolution.

ITEM NO. 8

Smt. Sushma Bhatia has been associated with the Company since last twenty years. Her term of appointment as a Whole Time Director expired on 3rd January, 2004. Keeping in view of her experience and knowledge, the Board of Directors at their meeting held on 30th January, 2004 re-appointed her as a Whole Time Director of the Company for a further period of five years commencing from 4th January, 2004 on the terms and conditions duly approved by the Remuneration Committee of the Board of Directors at its meeting held on 30th January, 2004 as set out in the concerned resolution.

The Board of Directors recommends the proposed resolution for your approval.

Save and except Smt. Sushma Bhatia, none of the other Director is, in any way, concerned or interested in the proposed resolution.

TWENTY FOURTH ANNUAL REPORT

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 24th Annual Report of our Company along with the Audited Statements of Accounts for the financial year 2003-2004 :

FINANCIAL RESULTS

	2003-2004 Rs. in Lacs	2002-2003 Rs. in Lacs
Turnover	868.30	1018.39
Profit Before Interest,		
Depreciation & Tax	23.57	60.01
Interest	30.72	27.98
Depreciation	24.55	23.52
Profit/(Loss) Before Tax	(31.70)	8.51
Income Tax		
Current	-	0.61
Deferred	(1.34)	15.63
Profit/(Loss) After Tax	(33.04)	(7.73)

PERFORMANCE

Our Company is manufacturer of Coil and Leaf springs. The prices of raw material viz. steel are gone up high during the last financial year and have increasing trend day by day. The main customer of the Company is Indian Railways. With the increase in the prices of raw material, the Company did not get corresponding increase in its selling price of its product viz. springs. The Company gets the sales order on tender basis, that's why it had to supply springs at the price lower than cost incurred in its production resulting overall loss and less sales order. This is the main reason for having decreased turnover and low profitability. However, the Company has tried its best to improve performance and got the orders having good margin. The Company has taken number of measures to promote sales.

DIVIDEND

The Board of Directors at their meeting held on 29.05.2004 have decided not to declare any dividend this year, since the Company has no distributable profits.

COURSE OF BUSINESS AND OUTLOOK

As required under Clause 49 of the Listing Agreement, the Management's Discussion and Analysis Report which is forming a part of this Directors' Report (Annexure-II), is a reflection of the current state of Business. It also deals with the opportunities and challenges faced by your Company and the outlook in near future.

The raw material prices have already been increased. The pressure on selling prices is expected to continue due to immense competition. Since your Company is

pursuing cost cutting measures and improving efficiencies in manufacturing areas, barring unforeseen circumstances, we hope to perform better during the current fiscal.

DIRECTORS

Shri Neeraj Bhatia and Shri Pradeep K. Goenka, Directors of the Company retire from the Board by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Shri K. L. Bhatia, Shri Kapil Bhatia, Shri Neeraj Bhatia and Smt. Sushma Bhatia are Directors whose term of office expired and seeking your permission for their re-appointment.

The form DD-A were received from all above Directors as prescribed under the Companies (Disqualification of Directors under Section 274(1)(g) of the Companies Act, 1956) Rules, 2003 informing the Company that they have not incurred disqualification under Section 274(1)(g) of the Companies Act, 1956.

AUDITORS

The retiring Auditors, M/s Sanjay Nandani & Co., Chartered Accountants, are eligible for re-appointment. The Auditors have furnished certificate of their eligibility for appointment under Section 224(1B) of the Companies Act, 1956.

The observations of Auditors in their report, read with notes to the account, are self-explanatory and therefore, do not call for further information and explanation.

DIRECTORS RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors hereby confirm that -

- ❖ In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departure, however, due to different product-specifications, valuation of finished goods are done at net realisable value instead of lower of cost or net realisable value as stipulated in AS-2 for valuation of inventories issued by the Institute of Chartered Accountants of India;
- ❖ The accounting policies are consistently applied and are reasonable, prudent judgements and estimates are made, so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the loss of the Company for that year;
- ❖ Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- ❖ These Annual Accounts have been prepared on a going concern basis.

PARTICULARS OF EMPLOYEES

Disclosure as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is not being given here, since there was no employee drawing remuneration in excess of prescribed limit under the said Section. The relation with employees in Plants and Offices of the Company continues to be harmonious, cordial and peaceful.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO

The prescribed particulars under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, relating to conservation of energy, technology absorption, foreign exchange earnings and outgo are furnished in the **Annexure-I** to this report.

LISTING INFORMATION

Your Company's shares are listed at Uttar Pradesh Stock Exchange Association Ltd., Kanpur, being the regional Stock Exchange, as well as the Stock Exchange, Mumbai. The Equity Shares of the Company have been delisted from the Delhi Stock Exchange Association Limited, New Delhi. The Company's application is under consideration for delisting its Equity Shares from the Stock Exchanges located at Ahmedabad and Kolkata. The listing fees of all the Stock Exchanges upto financial year 2003-04 has been paid.

CORPORATE GOVERNANCE

Your Company is fully committed to the philosophy of conducting its business with due compliance of laws, rules and regulation. The sound internal control and efficient Management Information System which play a pivotal role in Corporate Governance are in place in your Company. As per Listing Agreement executed with Stock Exchanges, the Company has been following the Corporate Governance Code from the financial year 2002-03 onwards. The Company has successfully complied with all the requirements of the Code of Corporate Governance and separate Report (**Annexure-III**) is attached herewith to this Report.

The certificate of the Statutory Auditors in line with Clause 49 of the Listing Agreement supports our claim. This certificate is annexed to and forms part of the Directors' Report.

ACKNOWLEDGEMENTS

The Directors express their deep appreciation to all the Company's employees for their enormous personal efforts as well as their collective contribution, which enabled the Company to meet the challenges set before it and improve its performance during the year. The Directors would also like to thank the shareholders, Indian Railways, Central Govt., Bankers, suppliers and other business associates for their continuous support to the Company and confidence reposed in its management.

For and on behalf of the Board

Place : Kanpur

K. L. BHATIA

Date : 29.05.2004

Chairman & Managing Director

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of
Frontier Springs Limited,
E-14, Panki Industrial Area,
Site-1, Panki,
Kanpur-208 022.

We have reviewed implementation of Corporate Governance procedure set by Frontier Springs Limited ("The Company") for the year ended 31st March 2004 as stipulated in clause 49 of the Listing Agreement, with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

The compliance of the conditions of the Corporate Governance is the responsibility of the Management. Our examination has been limited to review procedures and implementation thereof, adopted by the Company for

ensuring the compliance of the conditions of Corporate Governance. It is neither audit nor an expression of the opinion on the Financial Statements of the Company. We, further, state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

On the basis of our review and according to the information and explanation given to us, the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with Stock Exchanges have been complied with in all material respect by the Company.

For SANJAY NANDANI & CO.
Chartered Accountants

Place : Kanpur

Date : 29.05.2004

SANJAY MALHOTRA
Partner

TWENTY FOURTH ANNUAL REPORT

ANNEXURE - I

INFORMATION AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF DIRECTORS) RULES, 1988 FOR THE YEAR ENDED 31ST MARCH, 2004.

CONSERVATION OF ENERGY

The Operations of your Company do not consume high levels of energy. However, wherever possible, adequate measures have been taken to conserve energy.

- ❖ Measures Taken : Optimum utilisation of Heat treatment furnace.
- ❖ Additional Investment : Phased replacement of old machines/equipments.
- ❖ Impact of above : The measures taken by the Company for conservation of energy have resulted in optimum usage of energy.
- ❖ Total energy conservation etc. : Form A not applicable.

RESEARCH & DEVELOPMENTS

There is no specific and full fledged R&D department. However, the personnel engaged in the process, production, maintenance etc., undertake activities which are aimed at improvements in the following areas :

Specific Areas in which R & D carried out by the Company:

- a. Development of Springs for LHB Coaches.
- b. Development of Samples for Bharat Heavy Electricals Limited and Bharat Earth Movers Limited for use in boilers and earth moving equipments manufactured by them.

Benefits derived as a result of Research & Development :

- a. By developing Springs for LHB Coaches, we will be able to replace the import of particular Springs which Indian Railways is presently importing from Germany and in turn, we will get business from Railways.
- b. The Company will be able to get supply orders from Bharat Heavy Electricals Limited and Bharat Earth Movers Limited subject to approval of Samples.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

Efforts made :

- Systemic training of personnel to reduce time, cost and at the same time maintaining the quality levels .

Benefits derived :

- In your Company continuous efforts are made to refine techniques and technologies resulting in enhancement of overall quality and productivity. resultantly products are more competitive, increased product life and customer satisfaction.

IMPORTED TECHNOLOGY : NIL

FOREIGN EXCHANGE EARNING AND OUTGO : NIL

For and on behalf of the Board

Place : Kanpur

K. L. BHATIA

Date : 29.05.2004

Chairman & Managing Director

ANNEXURE-II**MANAGEMENT DISCUSSION AND ANALYSIS****INDUSTRY STRUCTURE & DEVELOPMENTS**

The Company is engaged in manufacture of Coil and Leaf springs. During the last financial year, the prices of steel has gone high. But with such increase in the prices of raw material, the Company did not get corresponding increase in the selling price of its product, resulting insufficient profit and less supply orders. The Company gets sales order on tender basis published by Indian Railways. However, with tremendous efforts made by the Company, it has got supply orders having good profit margin and is expecting to retain good performance and overall growth.

OPPORTUNITIES & THREATS

The Company has sufficient order in hand from Indian Railways and other parties. With liberalised import-export policy of the Indian Government and globalised business environment, the Company is trying to get export order of Coil Springs from the neighbouring countries. In future, the Company will have number of export orders. Our Company is also in discussion with Bharat Heavy Electricals Limited and Bharat Earth Movers Limited for supply of Coil Spring to it. These Coil Springs will be used in Boilers and earth moving equipments manufactured by them.

PRODUCTWISE PERFORMANCE

The Company is giving its main emphasis on the quality of the product manufactured by it. That is the main reason, it is holding leading position among the supplier/manufacturers of the springs to the Indian Railways. In future also, the Company is committed to keep up its performance.

RISKS AND CONCERNS

- ❖ Currently, the Company perceives the following main business risks :
 - a) increase in prices of raw materials and other inputs

- b) Pressure on selling price due to increase in competition.

- ❖ The assets, buildings, plant & machinery and stock of the Company are adequately insured.

OUTLOOK

The Company continues to experience tight margins due to progressive competition and is gearing up to meet the challenges through continuous improvement in quality and reduction in costs.

INTERNAL CONTROL SYSTEM AND ADEQUACY

The Company is committed to maintain internal control systems and procedures designed to provide reasonable assurance for orderly and efficient conduct of business and security of its assets. Actual performance is constantly monitored by the management. The Company has a well defined organisation structure and authority level. The internal control system is supplemented by an extensive review by the management and documented policies, guidelines and procedures.

HUMAN RESOURCE

The Company believes that its employees are a vital resource in the current business environment. To ensure that this resource plays important role in the performance of the Company, the Company is pursuing the following :

- ❖ It is engaged in providing continuous training and all round exposure to its people.
- ❖ It is inviting suggestions from all the employees on regular basis and is also engaged in obtaining feedback in a meaningful way from time to time.
- ❖ It is ensuring proper empowerment of employees to foster a sense of ownership among them.

In brief, it is providing an opportunity to all employees to utilise their full potential and grow in the organisation.