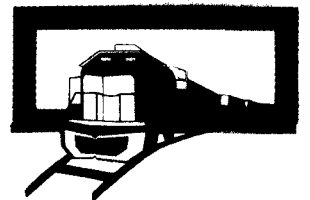
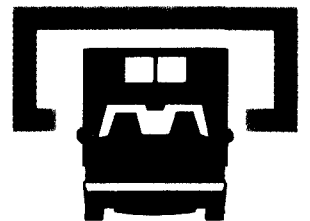
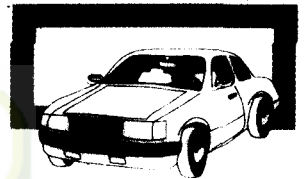
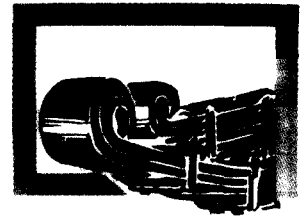


Frontier

YEARS
DEDICATED
TO THE
UNDYING
SPIRIT

Annual Report
2005-2006



**FRONTIER
SPRINGS LIMITED**

FRONTIER SPRINGS LIMITED

ANNUAL REPORT 2005-2006

BOARD OF DIRECTORS

Shri KUNDAN LAL BHATIA, *Chairman & Managing Director*

Shri KAPIL BHATIA, *Managing Director*

Shri NEERAJ BHATIA

Shri SUSHMA BHATIA

Shri PREM SAGAR

Shri PRADEEP K. GOENKA

Shri R. K. BHATIA

Shri YASHPAL

AUDITORS

M/s. SANJAY NANDINI & 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 SIXTH ANNUAL REPORT

NOTICE

NOTICE is hereby given that the Twenty Sixth Annual General Meeting of the Members of FRONTIER SPRINGS LIMITED will be held on Thursday, 31st August, 2006 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 :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2006 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 Ramesh Kumar Bhatia, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Prem Sagar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company, and to fix their remuneration, and for the purpose, 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, of the Companies Act, 1956, M/s Sanjay Nandini & Co., Chartered Accountants, Kanpur, the retiring Auditors, be and are hereby re-appointed as the 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 such remuneration as may be fixed by the Board of Directors of the Company."

Registered Office :
E-14, Panki Industrial Area,
Site-1, Panki,
Kanpur-208022.
Dated : 31.07.2006

By Order of the Board

KAPIL BHATIA

Managing Director

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. Proxy in order to be effective must be deposited at the Registered office of the Company not less than forty-eight hours before the commencement of the Meeting.

2. The Register of Members and Share Transfer Books of the Company shall remain closed from Tuesday, 29th August, 2006 to Thursday, 31st August, 2006 (both days inclusive).
3. Members holding shares in identical order of names in more than one folio are requested to write to the Company, enclosing the Share Certificates for consolidation of their holdings into one folio.
4. Members holding Shares in physical form may write to the Company's Registrar & Transfer Agents M/s Alankit Assignment Limited, New Delhi for change in their address, if any, under their signatures clearly quoting their folio numbers, old address along with the changed address with Pin Code, and Members holding Shares in electronic form may inform any change in address to their Depository Participants.
5. Members holding Shares in electronic form are requested to provide their Client-Id and DP-ID numbers at the Meeting for easy identification.
6. Members desirous of obtaining any information / clarification concerning the Accounts and operations of the Company are requested to address their queries in writing to the Company Secretary at least seven days before the Annual General Meeting, so that the desired information may be made available at the Annual General Meeting, if the Chairman permits to do so.
7. The Shares of the Company are compulsorily tradable in demat form. The Equity Shares of the Company have been assigned ISIN INE572D01014. Members are requested to get their Shares dematerialized at the earliest to make them tradable.
8. The relevant details in respect of Item No. 2 and 3 pursuant to Clause 49 of the Listing Agreement are enclosed herewith marked as Annexure 'A' to this Notice.
9. Corporate Members intending to send their Authorised Representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Twenty Sixth Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2006

FINANCIAL RESULTS

Particulars	2005-2006	(Rs. in Lacs) 2004-2005
Turnover	1,754.26	1665.91
Profit Before Interest, Depreciation & Tax	97.51	67.78
Interest	28.14	31.01
Depreciation	29.33	27.34
Profit/(Loss) Before Tax	40.04	9.43
Income Tax		
Current year Tax	(18.52)	(2.20)
Fringe Benefit Tax	(2.24)	—
Deferred Tax	5.52	3.29
Income tax for previous year	(0.20)	(3.34)
Profit/(Loss) After Tax	24.60	7.18
Profit / (Loss) Brought		
Forward from Previous Year	(21.36)	(33.67)
Investment Allowance Reserve	—	5.13
Profit / (Loss) transferred to Reserves & Surplus	3.24	(21.36)

OPERATIONS

The operations of the Company during the financial year under review improved with Turnover of Rs. 1,754.26 Lacs as against Rs. 1,665.91 Lacs in the preceding year. The Net Profit during the year was higher at Rs. 24.60 lacs as against Rs. 7.18 Lacs in the preceding year despite increase in the input costs. The improvement in the performance had been mainly on account of improvement in the operational efficiency and better margins in Export Sales (deemed) amounting to Rs. 251.61 Lacs.

The performance of the Company during the current financial year has further improved and barring unforeseen circumstances, your Directors expect your Company to turnout even improved results during the Current Year as well.

DIVIDEND

With a view to conserve resources for capex and general corporate needs and to consolidate the financial position of the Company, your Directors regret their inability to recommend any dividend for the year.

EXPANSION

Having regard to present market scenario and prospective demand, the Company has decided to expand by entering into the business of Air Suspension Spring which has been indigenously developed. The Company has approached Research Designs & Standard Organisation for entering into Foreign Technology Collaboration with some Countries in Europe and China. The Company has also engaged the services of M/s KPS Consultants & Impex Private Limited, New Delhi primarily to explore lucrative Technical Know-how and collaboration business opportunities with reputed foreign Companies for commencing the manufacture of Air Springs to meet the demand of Indian Railway and Automobile Industry.

DIRECTORS

Pursuant to the provisions of the Companies Act, 1956 and Articles of Association of the Company, Shri Ramesh Kumar Bhatia and Shri Prem Sagar, Directors of the Company retire from the Board by rotation and being eligible they have offered themselves for re-appointment.

AUDITORS

The term of the present Auditors of the Company, M/s Sanjay Nandini & Co., Chartered Accountants, Kanpur, expires at the conclusion of the ensuing Annual General Meeting and being eligible they have confirmed their willingness to accept office, if re-appointed. The Board recommends their appointment.

The observations made by the Auditors in their Report read with notes to the Accounts are self explanatory and do not call for any further explanation.

PARTICULARS OF EMPLOYEES

As none of the employees of the Company was in receipt of remuneration in excess of limits prescribed, information as per Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 is not required to be given.

DIRECTORS RESPONSIBILITY STATEMENT

In terms of Section 217(2AA) of the Companies Act, 1956, the Directors of the Company state in respect of the year ended 31st March, 2006 that :-

- That in preparation of Annual Accounts, the applicable Accounting Standards have been followed alongwith proper explanation relating to material departures.
- That they have selected such Accounting Policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the State of Affairs of

TWENTY SIXTH ANNUAL REPORT

the Company at the end of the Financial year and of the Profit of the Company for that year.

- c) That they have taken proper and sufficient care for the maintenance of adequate Accounting Records in accordance with the provisions of the Companies Act, 1956, for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities.
- d) That they have prepared Annual Accounts on a going concern basis.

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

As per the requirements of Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the particulars relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are annexed hereto forming part of this Report.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement, Management Discussion and Analysis, Corporate Governance Report together with the Auditors' Certificate on compliance of the conditions of Corporate Governance form part of this Annual Report.

LISTING INFORMATION

The Company's Shares are presently listed at 'The Uttar Pradesh Stock Exchange Association Ltd.', Kanpur, being the Regional Stock Exchange, as well as the Bombay Stock Exchange Ltd., Mumbai. The Equity Shares of the Company have been delisted from the Delhi Stock Exchange Association Limited, New Delhi, Ahmedabad Stock Exchange, delisting from Calcutta Stock Exchange is awaited. The listing fees to the Stock Exchanges has been paid upto date.

ACKNOWLEDGEMENTS

Your Directors take this opportunity to place on record their appreciation for the cooperation and support extended by Indian Railways and other departments of Central and State Government, Financial Institutions, Bankers and Business Associates.

Your Directors also wish to place on record their appreciation to all the employees for their sincere and dedicated services rendered to the Company and are also grateful to all the members of the Company for reposing continued trust and confidence in the Management of the Company.

Place : Kanpur
Date : 31.07.2006

For and on behalf of the Board
K. L. BHATIA
Chairman & Managing Director

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,
The Members of Frontier Springs Limited,

We have examined all the relevant records of Frontier Springs Limited ("The Company") for the purpose of certifying compliance of the conditions of the Corporate Governance under Clause 49 of the Listing Agreement with the Stock Exchanges for the Financial year ended 31st March, 2006.

The compliance of the conditions of the Corporate Governance is the responsibility of the Management. Our examination was limited to review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance as stipulated in the said Clause. It is neither audit nor an expression of the opinion on Financial Statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company

Kanpur, 31st July, 2006

For S. K. GUPTA & CO.
Company Secretaries

S. K. GUPTA
Managing Partner
FCS 2589

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, 2006.****I. 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 :-

- | | |
|--|--|
| (a) Energy Conservation Measures Taken | Optimum utilization of Heat treatment furnace.

The Company is also pursuing for an Agreement with Gas Authority of India (GAIL) for supply of CNG which will not only reduce the energy consumption but will also help in preserving and maintaining ecological balance and promoting environmental protection. |
| (b) Additional Investment and proposals, If any, being implemented for reduction of consumption of energy. | The Company is constantly on the watch for various modes and areas of Conservation of Energy, investments, therefore, will be considered after identification of such areas. |
| (c) Impact of the measures taken above | The adoption of energy conservation measures as mentioned above have resulted in substantial saving of energy and has consequently caused a reduction in the cost of goods produced. |
| (d) Total energy consumption and energy consumption per unit of production | As the Company is not engaged in any Scheduled Industry, the details relating energy conservation in the prescribed Form 'A' being inapplicable are not given. |

FORM 'B'**II. TECHNOLOGY ABSORPTION****RESEARCH & DEVELOPMENT****(a) Specific Areas in which R & D carried out by the Company**

The Company is having an ongoing process of Research and Development where regular studies and exploration is carried out for introduction of new products and minimization of by production of waste during various processes.

(b) Expenditure on R& D

As the Company has inducted latest technology and installed modern Plant & Machinery, the expenses involved in Research & Development are not significant, therefore, the same have not been accounted for separately.

(c) Technology Absorption, adaptation and Innovation**(i) Efforts in brief, made towards technology absorption, adaptation and innovation :**

The Company has inducted the latest technology in the Plant, which has been fully absorbed.

(ii) Benefits derived as a result of the above efforts :

Keeping in view the prospects and demand of Indian Railways, the Company has been successful in development of Air Suspension Springs. The

Company has also engaged the services of M/s K.P.S. Consultants & Impex Private Limited, New Delhi to identify a suitable collaborator for the Products in Foreign Markets.

The Company has successfully developed springs for LBH Coaches which is a import substitution product. The product has already been supplied to Indian Railways on test basis and Company expects to receive further orders in future.

(iii) Technology Imported – NIL**III. FOREIGN EXCHANGE EARNING AND OUTGO**

The Company is exploring the possibilities of exporting its products to other Countries for which due studies are being conducted. The details relating to foreign exchange earnings and outgo are as under :-

(Rs. in Lacs)

	Current Period (2005-06)	Previous Period (2004-05)
A) Foreign Exchange Earnings	—	—
B) Foreign Exchange Outgo	2.55	(0.87)

Place : Kanpur
Date : 31.07.2006

For and on behalf of the Board
K. L. BHATIA
Chairman & Managing Director

TWENTY SIXTH ANNUAL REPORT

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE & DEVELOPMENTS

The Company is engaged in manufacture of Coil and Leaf springs. During the year under review, the Company has responded to the challenges by enhancing Customer focus and expanded its business by procuring the profitable orders by building the efficient sales and prompt delivery. The Company is optimistic about the long term opportunities while at the same time meeting the short term challenges hence best internal preparedness is being made to aggressively grab the opportunities and to take maximum advantage of such opportunities.

OPPORTUNITIES & THREATS

During the year under review, the Company has procured some profitable orders from Indian Railways and other parties and is expected to continue with the same. In the emerging competitive scenario, there is a compelling need to improve the global competitiveness of the various businesses to handle the competitive forces and to secure the customer base hence apart from others, Company is emphasizing on stringent quality control measure to accelerate continuous growth in supply orders of the Company's product.

High level of steel production in China and other countries has resulted in additional outflow of support ingredients. Keeping this in view, the Company is making continuous efforts to develop new export market and expand the existing ones. The Company believes that over a period of time, its thrust on exports will yield good results.

PRODUCTWISE PERFORMANCE

The Company's position as the market leader is due to its persistent efforts and emphasis in the areas like product quality, introduction of new products through in-house development, competitive pricing and extremely competitive cost structure, continuous product improvement and dynamic approach to situation. In future, Company is firm, with its object of serving the end user of Company's product in an efficient and timely manner.

RISKS AND CONCERNS

- Currently, the Company perceives the following main business risks :
 - a) High price volatility remains a major cause of concern;

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

Company is trying to work out long term contracts with suppliers with a view to ensure uninterrupted supply of input feed mix.

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

OUTLOOK

In the back of significant market, opportunities described earlier, the outlook for the coming year is extremely promising. Your Directors are of view that if conscious strategy to reduce production cost and development of new products is being followed, coupled with the supportive markets, financial performance of the Company shall stage a turnaround.

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 Organization 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 utilize their full potential and grow in the Organization.

REPORT ON CORPORATE GOVERNANCE**COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :**

The Company is committed to compliance with global best practices of Corporate Governance and disclosure. The Company looks upon good corporate governance practices as a key driver of sustainable corporate growth and long term Shareholder value creation. The Company's philosophy on Corporate Governance envisages the attainment of the highest levels of transparency, accountability and equity in all facets of its operations and in all its interactions with Shareholders, Employees, Government, Financial Institutions and lenders etc. The Company is committed to pursue a policy of appropriate disclosures and communications.

BOARD OF DIRECTORS**Composition and Category**

The Composition of the Board of Directors of the Company is in conformity with Clause 49 of the Listing Agreement entered into with the Stock Exchanges. It has total Eight Directors on its Board consisting of :

- Executive Directors
- Independent Non Executive Directors

The Company has an executive Chairman and the number of Independent Directors constitutes half of the Board of Directors of the Company. The non-executive Directors with their diverse knowledge, experience and expertise bring in their independent judgment in the deliberation and decisions of the Board.

The Company has no pecuniary relationship or transactions with its Non-Executive Directors other than payment of sitting fees to them for attending Board and Committee Meetings. The Company pays fees to a Non-executive Director who is rendering his services of a professional nature.

Attendance of each Director at the Board Meetings / Annual General Meeting

During the year 2005-06, 4 meetings of the Board of Directors were held on 31st May, 2005, 28th July, 2005, 29th October, 2005 and 31st January, 2006 respectively. The Company has held one Meeting in every three months and the maximum time gap between any two meetings was not more than four months.

The Twenty – fifth Annual General Meeting of the Company was held on 28th July, 2005. There was no Extraordinary General Meeting of the Shareholders of the Company held during the year 2005-06.

None of the Directors of the Board serve as Members of more than 10 Committees nor are they Chairman of more than 5 Committees, as per the requirements of the Listing Agreement.

Attendance record of each Director at the Board Meetings and Annual General Meeting during the year 2005 – 06 and number of other Directorship and Chairmanship/Membership of each Director in various Companies

Name of Director	Attendance Particulars			Number of other Directorships and Committee Membership/ Chairmanship		
	Category	Board Meeting	Last AGM	Other Directorship	Committee Membership	Committee Chairmanship
K.L. Bhatia	CMD	4	YES	1	1	1
Kapil Bhatia	MD	4	YES	–	1	–
Neeraj Bhatia	WTD	4	YES	–	–	–
Sushma Bhatia	WTD	4	YES	–	–	–
Yashpal	INED	3	YES	1	1	2
Pradeep K. Goenka	INED	4	YES	5	4	1
R.K. Bhatia	INED	2	YES	–	3	–
Prem Sagar	INED	2	YES	4	1	2

CMD: Chairman & Managing Director; M: Managing Director, WTD: Whole-time Director; INED: Independent Non-Executive Director.

Board procedure

The Company's Board Meetings are governed by a structured Agenda. The Board Meetings are generally scheduled well in advance and the notice of each Board Meeting is given in writing to each Director. The Board Members, in consultation with the Chairman, may bring up any matter for the consideration of the Board.

TWENTY SIXTH ANNUAL REPORT

The Board's role, functions, responsibility and accountability are clearly defined. In addition to matters statutorily requiring Board's approval, all major decisions involving formulation, strategy and business plans, annual operating and capital expenditure budgets, new investments, compliance with statutory / regulatory requirements, major accounting provisions etc. are considered by the Board.

AUDIT COMMITTEE

Terms of reference

The terms of reference stipulated by the Board to the Audit Committee as are contained under clause 49 of the Listing Agreement :

- Oversight of the Company's financial reporting process and disclosure of its financial information.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the annual financial statements before submission to the Board.
- Reviewing with the management, external and internal auditors, adequacy of internal control systems.
- Reviewing the adequacy of internal audit function
- Discussion with internal auditors on any significant findings and follow up thereof.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with external auditors before the audit commences nature and scope of the auditors well as post audit discussion to ascertain any area of concern.
- Reviewing the Company's financial and risk management policies.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.

Composition, Number of Meetings and Attendance

Name	Position	Category	Attendance during the year 2005-06
Shri Pradeep K. Goenka	Chairman	Independent and Non Executive Director	4
Shri Yashpal	Member	Independent and Non Executive Director	4
Shri R. K. Bhatia	Member	Independent and Non Executive Director	3

The Company Secretary acts as Secretary to the Audit Committee. During the year 2005-06, the Committee met four times on 31st May, 2005, 28th July, 2005, 29th October, 2005 and 31st January, 2006 respectively.

REMUNERATION COMMITTEE

Terms of reference

The scope of the such Committee, inter-alia, includes the determination on behalf of the Board / Shareholders with agreed terms of reference, the Company's policy on specific remuneration packages for Executive Directors.

Composition, Number of Meetings and Attendance

Name	Position	Category	Attendance during the year 2005-06
Shri Yashpal	Chairman	Independent and Non Executive Director	1
Shri Pradeep K. Goenka	Member	Independent and Non Executive Director	1
Shri R. K. Bhatia	Member	Independent and Non Executive Director	1

The Company Secretary acts as Secretary to the Remuneration Committee. During the year, One Meeting of Remuneration Committee was held on 31st May, 2005.

The details of Remuneration paid to all Directors during the year 2005-06 :

Sr. No.	Name of Director	Remuneration (Rs. in lacs)		
		Salary	Perquisites	Sitting Fees
1.	Shri K. L. Bhatia	4.80	—	—
2.	Shri Kapil Bhatia	3.00	—	—
3.	Shri Neeraj Bhatia	3.00	—	—
4.	Smt. Sushma Bhatia	2.40	—	—
5.	Shri Yashpal	—	—	0.12
6.	Shri Pradeep K. Goenka	—	—	0.12
7.	Shri Prem Sagar	—	—	0.06
8.	Shri R. K. Bhatia	—	—	0.04

INVESTORS' GRIEVANCE COMMITTEE

Terms of reference

The Investors' Grievance Committee looks into the redressal of Shareholders' Complaints / Grievances, non - receipt of Balance Sheet, non receipt of declared dividends, confirmation of transfer / transmission of Shares etc. There are no complaints pending with the Company.

Composition and Attendance at the Meeting

Name	Position	Category	Attendance during the year 2005-06
Shri Yashpal	Chairman	Independent and Non Executive Director	4
Shri Pradeep K. Goenka	Member	Independent and Non Executive Director	4
Shri R. K. Bhatia	Member	Independent and Non Executive Director	1

The Company Secretary acts as Secretary to the Investors' Grievance Committee. The Committee met four times during the year 2005-06 on 31st May, 2005, 28th July, 2005, 29th October, 2005, 31st January, 2006 respectively.

Details of Shareholder's Complaints during the year 2005-06

The total number of complaints/queries received and replied to the satisfaction of shareholders during the year 2005-06 were 21. There were no outstanding complaints / queries as on 31st March, 2006.

There were no pending share transfers in physical as well as in Demat category. All the requests received upto 31st March, 2006 for Share transfers have been processed within stipulated time.

CODE OF BUSINESS CONDUCT AND ETHICS FOR DIRECTORS AND SENIOR MANAGEMENT

The Board at its Meeting held on 29th October, 2005, has adopted the 'Code of Business Conduct and Ethics for Directors and Senior Management' ('the Code') as recommended by the Corporate Governance Shareholders' Committee. This Code is a comprehensive Code applicable to all Directors, Executive as well as Non-Executive as well as the members of Senior Management / officers of the Company. The Code while laying down, in detail, the standards of business conduct, ethics and governance, centres around the following theme :-

"The Company's Board of Directors and Officers are expected to act in accordance with the highest standards of personal and professional integrity, honesty and ethical conduct, while working on the Company's premises, at offsite locations where the Company's business is being conducted, at Company sponsored business and social events, or at any other place where officers are representing the Company.

Honest and ethical conduct free from fraud or deception and conforming to the accepted professional standards of conducts and as also to reflect corporate, legal and regulatory developments.

This Code should be adhered to in letter and in spirit."

The Code has been circulated to all the members of the Board and Senior Management / Officers of the Company and the compliance of the same has been affirmed by them. A declaration signed by the Chairman and Managing Director is given below :

I hereby confirm that :

The Company has obtained from all the Members of the Board and Senior Management / Officers of the Company, affirmation that they have complied with the 'Code of Business Conduct and Ethics' for Directors and Senior Management / Officers in respect of the financial year 2005-06.

K. L BHATIA

Chairman & Managing Director