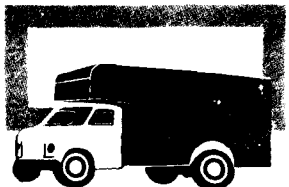
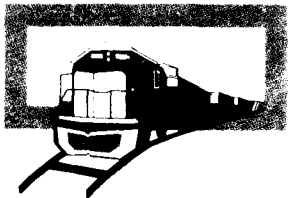
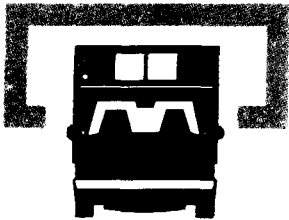
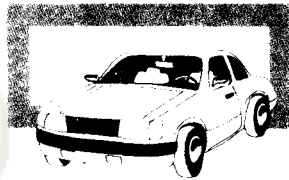
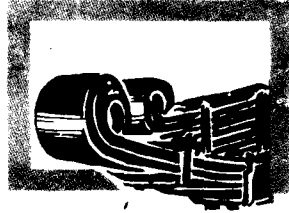


Frontier

YEARS
DEDICATED
TO THE
UNDYING
SPIRIT

Annual Report
2006-2007



**FRONTIER
SPRINGS LIMITED**

FRONTIER SPRINGS LIMITED

ANNUAL REPORT 2006-2007

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 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

Report Junction.com

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 - 209 304 (U.P.)

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TWENTY SEVENTH ANNUAL REPORT

NOTICE

NOTICE is hereby given that the Twenty Seventh Annual General Meeting of the Members of FRONTIER SPRINGS LIMITED will be held on Tuesday, 31st July 2007 at 12 :30 p.m. at the Registered Office of the Company at E-14, Panki industrial Area, Site-1, Panki, Kanpur-208022, to transact the following business :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2007 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 re-appointment.
3. To appoint a Director in place of Smt. Sushma Bhatia, who retires by rotation and being eligible, offers herself 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, M/s Sanjay Nandini & Co., Chartered Accountants, Kanpur, the retiring Auditors be and are hereby reappointed 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."

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 section 198,309 and 310 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to necessary approval, consent of the Company be and is hereby accorded to the payment of increased remuneration to Shri K.L. Bhatia, Chairman cum Managing Director of the Company with effect from 1st November 2006 for the remainder term of his office up to 31st March 2009 as under : -
SALARY : Rs.50,000/- p.m. - 7,500-Rs.72,500/-p.m.
PERQUISITES : In addition to the salary, the Chairman cum Managing Director shall be entitled to following perquisites categorized in three Parts A, B & C as follows :

PART-A

- (i) **Housing** - The expenditure incurred by the Company on Gas, Electricity, Water & Furniture subject to maximum of Rs.25, 000/- p.m. and 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 to three months' salary in a block of three years.

- (iii) **Leave Travel Concession** - Reimbursement of leave/Holiday travel expenses (like travel fare, lodging, boarding, conveyance and other expenses) incurred on one or more occasion in a year whether in India or abroad in respect of himself and family subject to the condition that total reimbursement shall not exceed Rs. 100,000/- per annum. The entitlement for one year to the extent not availed shall be allowed to be accumulated up to next two years.
- (iv) **Club fee** : Fees of clubs subject to maximum of two clubs further subject to the condition that total reimbursement shall not exceed Rs.8, 500/- p.a. No admission and life membership fees will be paid.
- (v) **Personal Accident Insurance** : Premium not to exceed Rs.4000/- per annum.

PART -B

- (i) 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.
- (ii) Gratuity not exceeding half month's salary for each completed year of service.

PART - C

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

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

INCENTIVE

In addition to salary and perquisites as above, the Chairman cum Managing Director shall without any further approval of the Remuneration Committee, Board of Directors and shareholders of the Company as the case may be, also be entitled to have incentive from the Financial year commencing from 1st April 2007, to be determined in consultation with him at the end of the Financial year provided that the aggregate amount of remuneration by way of salary, perquisites and incentive as above shall not exceed the maximum limit of remuneration as may be permitted under Section II of Part II of Schedule XIII to the Companies Act, 1956.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to alter, amend, vary, enhance or modify the scope and quantum of remuneration of Shri K.L. Bhatia as it may deem proper from time to time as shall be permissible and in conformity with applicable provisions of the Companies Act, 1956."

MINIMUM REMUNERATION

"RESOLVED FURTHER THAT during the currency of tenure of appointment, whenever in any financial year, the Company has no profit or its profit are inadequate,

the remuneration by way of Salary, Perquisites and Incentive as above shall be paid to Shri K.L. Bhatia Chairman and Managing Director as minimum Remuneration."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion consider necessary, proper and appropriate for giving effect to this resolution."

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

"RESOLVED THAT pursuant to sec 198, 309,310 and read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to necessary approval, consent of the Company be and is hereby accorded to the payment of increased remuneration to Shri Kapil Bhatia Managing Director of the Company with effect from 1st November 2006 for the remainder term of his office up to 4th January 2009 as under :-

SALARY : Rs.35,000/- p.m. - 7,500-Rs.57,500/-p.m.

PERQUISITES : In addition to the salary, the Managing Director shall be entitled to following perquisites categorized in three Parts A, B & C as follows :

PART-A

- (i) **Housing** - The expenditure incurred by the Company on Gas, Electricity, water & furniture subject to maximum of Rs.25, 000/- p.m. and 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 to three months salary in a block of three years.
- (iii) **Leave Travel Concession** - Reimbursement of leave/Holiday travel expenses (like travel fare, lodging, boarding, conveyance and other expenses) incurred on one or more occasion in a year whether in India or abroad in respect of himself and family subject to the condition that total reimbursement shall not exceed Rs. 100,000/- per annum. The entitlement for one year to the extent not availed shall be allowed to be accumulated up to next two years.
- (iv) **Club fee** : Fees of clubs subject to maximum of two clubs further subject to the condition that total reimbursement shall not exceed Rs.8, 500/- p.a. No admission and life membership fees will be paid.
- (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 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.
- (ii) Gratuity not exceeding half month's salary for each completed year of service.

PART - C

The Company shall provide a car with driver and telephone at the residence of the Managing Director. Provision of car for use of Company's business and telephone at residence will not be considered as perquisite. Personal long distance calls on telephone and use of car for private

purpose 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 services besides casual and sick leave. However, leave accumulated but not availed will be allowed to be en-cashed.

INCENTIVE

In addition to salary and perquisites as above, the Managing Director shall without any further approval of the Remuneration Committee, Board of Directors and shareholders of the Company as the case may be, also be entitled to incentive from the Financial year commencing from 1st April 2007, to be determined in consultation with him at the end of the financial year provided that the aggregate amount of remuneration by way of salary, perquisites and incentive as above shall not exceed the maximum limit of remuneration as may be permitted under Section II of Part II of Schedule XIII to the Companies Act, 1956.

"RESOLVED FURTHER THAT the Board of Director of the Company be and is hereby authorized to alter, amend, vary, enhance or modify the scope and quantum of remuneration of Shri Kapil Bhatia as it may deem proper from time to time as shall be permissible and in conformity with applicable provisions of the Companies Act, 1956."

MINIMUM REMUNERATION

"RESOLVED FURTHER THAT during the currency of tenure of appointment, whenever in any financial year, the Company has no profit or its profit are inadequate, the remuneration by way of Salary, Perquisites and Incentive as above shall be paid to Shri Kapil Bhatia Managing Director as minimum Remuneration."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion consider necessary, proper and appropriate for giving effect to this resolution."

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

"RESOLVED THAT pursuant to sec 198, 309, 310 and read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to necessary approval of shareholders, consent of the Company be and is hereby accorded to the payment of increased remuneration to Shri Neeraj Bhatia, whole time Director of the Company with effect from 1st November 2006 for the remainder term of his office up to 31st March 2009 as under :-

SALARY : Rs.35,000/- p.m. - 7,500-Rs.57,500/- p.m.

PERQUISITES : In addition to the salary, the Whole Time Director shall be entitled to following perquisites categorized in three Parts A, B & C as follows :

PART-A

- (i) **Housing** - The expenditure incurred by the Company on Gas, Electricity, Water & Furniture subject to maximum of Rs.25, 000/- p.m. and 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

TWENTY SEVENTH ANNUAL REPORT

salary per year to three months salary in a block of three years.

- (iii) **Leave Travel Concession** – Reimbursement of leave/Holiday travel expenses (like travel fare, lodging, boarding, conveyance and other expenses) incurred on one or more occasion in a year whether in India or abroad in respect of himself and family subject to the condition that total reimbursement shall not exceed Rs. 100,000/- per annum. The entitlement for one year to the extent not availed shall be allowed to be accumulated up to next two years.
- (iv) **Club fee** : Fees of clubs subject to maximum of two clubs further subject to the condition that total reimbursement shall not exceed Rs.8, 500/- p.a. No admission and life membership fees will be paid.
- (v) **Personal Accident Insurance** : Premium not to exceed Rs.4000/- per annum.

PART – B

- (i) 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.
- (ii) Gratuity not exceeding half month's salary for each completed year of service.

PART – C

The Company shall provide a car with driver and telephone at the residence of the Whole Time Director. Provision of car for use of Company's business and telephone at residence will not be considered as perquisite. Personal long distance call on telephone and use of car for private purpose shall be billed by the Company to the Whole Time Director.

The Whole Time Director shall be entitled to leave with pay for a period not exceeding one month for every eleven months of services besides casual and sick leave. However, leave accumulated but not availed will be allowed to be en-cashed.

INCENTIVE

In addition to salary and perquisites as above, the Whole-Time Director shall without any further approval of the Remuneration Committee, Board of Directors and shareholders of the Company as the case may be, also be entitled to incentive from the Financial year commencing from 1st April 2007, to be determined in consultation with him at the end of the financial year provided that the aggregate amount of remuneration by way of salary, perquisites and incentive as above shall not exceed the maximum limit of remuneration as may be permitted under Section II of Part II of Schedule XIII to the Companies Act, 1956.

"RESOLVED FURTHER THAT the Board of Director of the Company be and hereby authorized to alter, amend, vary, enhance or modify the scope and quantum of remuneration of Shri Neeraj Bhatia as it may deem proper from time to time as shall be permissible and in conformity with applicable provisions of the Companies Act, 1956."

MINIMUM REMUNERATION

"RESOLVED FURTHER THAT during the currency of tenure of appointment, whenever in any financial year, the Company has no profit or its profit are inadequate, the remuneration by way of Salary, Perquisites and Incentive as above shall be paid to Shri Neeraj Bhatia Managing Director as minimum Remuneration."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion consider necessary, proper and appropriate for giving effect to this resolution."

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

"RESOLVED THAT pursuant to sec 198, 309, 310 and read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of shareholders, consent of the company be and is hereby accorded to the payment of increased remuneration to Smt. Sushma Bhatia Whole-Time Director of the Company with effect from 1st November 2006 for the remainder term of his office up to 4th January 2009 as under : -

SALARY : Rs.22,500/- p.m. – 5,000- Rs. 37,500/- p.m.

PERQUISITES : In addition to the salary, the Whole Time Director shall be entitled to following perquisites categorized in three Parts A, B & C as follows:

PART-A

- (i) **Housing** – The expenditure incurred by the Company on Gas, Electricity, water & furniture subject to maximum of Rs.25, 000/- p.m. and 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 to three months salary in a block of three years.
- (iii) **Leave Travel Concession** – Reimbursement of leave/Holiday travel expenses (like travel fare, lodging, boarding, conveyance and other expenses) incurred on one or more occasion in a year whether in India or abroad in respect of herself and family subject to the condition that total reimbursement shall not exceed Rs. 100,000/- per annum. The entitlement for one year to the extent not availed shall be allowed to be accumulated up to next two years.
- (iv) **Club fee** : Fees of clubs subject to maximum of two clubs further subject to the condition that total reimbursement shall not exceed Rs.8,500/- p.a. No admission and life membership fees will be paid.
- (v) **Personal Accident Insurance** : Premium not to exceed Rs.4000/- per annum.

PART – B

- (i) 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.
- (ii) Gratuity, not exceeding half month's salary for each completed year of service.

PART – C

The Company shall provide a car with driver and telephone at the residence of the Whole Time Director. Provision of car for use of Company's business and telephone at residence will not be considered as perquisite. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Whole Time Director.

The Whole Time Director shall be entitled to leave with pay for a period not exceeding one month for every eleven months of services besides casual and sick leave. However, leave accumulated but not availed of will allowed to be en-cashed.

INCENTIVE

In addition to salary and perquisites as above, the Whole-Time Director shall without any further approval of the Remuneration Committee, Board of Directors and shareholders of the Company as the case may be, also be entitled to incentive from the Financial year commencing from 1st April 2007, to be determined in consultation with her at the end of the financial year provided that the aggregate amount of remuneration by way of salary, perquisites and incentive as above shall not exceed the maximum limit of remuneration as may be permitted under Section II of Part II of Schedule XIII to the Companies Act, 1956.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to alter, amend, vary, enhance or modify the scope and quantum of remuneration of Smt. Sushma Bhatia as it may deem proper from time to time as shall be permissible and in conformity with applicable provisions of the Companies Act, 1956."

MINIMUM REMUNERATION

"RESOLVED FURTHER THAT during the currency of tenure of appointment, whenever in any financial year, the Company has no profit or its profit are inadequate, the remuneration by way of Salary, Perquisites and Incentive as above shall be paid to Smt. Sushma Bhatia Whole-Time Director as minimum Remuneration."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion consider necessary, proper and appropriate for giving effect to this resolution."

Registered Office : By order of the Board
E-14, Panki Industrial Area,
Site-1, Panki, KUNDAN LAL BHATIA
Kanpur-208022 (Chairman cum
Dated : 31.05.2007 Managing Director)

NOTES :

- * 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 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.

- * The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business under item nos. 5 to 8 is annexed herewith.
- * The Register of Members and Share Transfer Books of the Company shall remain closed from 25th July to 31st July 2007 (both inclusive date)
- * Members holding shares in identical order of names in more than one folio are requested to write to the Company, enclosing the Shares Certificate for consolidation of their holding into one folio.
- * Members holding Shares in physical form may write to the Company for change in their address, if any, under their signature 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.
- * Members holding Shares in electronic form are requested to provide their Client-ID and DP-ID numbers at the meeting for easy identification.
- * Members desirous of obtaining any information/clarification concerning the Accounts and Operation 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.
- * 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.
- * 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.
- * Corporate Members intending to send their Authorised Representative 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.

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

Item No.5

Shri K.L. Bhatia is one of the founder Directors of the Company and he has been instrumental in turning around the Company. The Board of the Directors of the Company at its meeting held on 30th January, 2004 had re-appointed him as a Chairman cum Managing Director of the Company with effect from 1st April, 2004 in accordance with the provisions of the Companies Act, 1956. The Shareholders in their Twenty Fourth Annual General Meeting held on 30th July 2004 had approved the appointment and remuneration payable to Shri K.L. Bhatia.

It is now proposed to increase the remuneration, payable to Shri K.L.Bhatia, Chairman cum Managing

Director after obtaining shareholders approval for remaining term of his appointment with effect from 1st November 2006. The enhanced remuneration payable to Shri K.L.Bhatia is within the permissible limits specified in Schedule XIII of the Companies Act, 1956 which has been duly approved by remuneration committee and Board of Directors. The management believes that the proposed remuneration is comparable with respect to industry, size of the Company, profile of the position and person and is commensurate with the responsibility being shouldered in the Company and the size and extent of business operations.

Your Director recommends the proposed resolution for your approval.

TWENTY SEVENTH ANNUAL REPORT

Save and except Shri K.L. Bhatia himself and Smt. Sushma Bhatia being related to him none of the other directors is in any way concerned or interested in proposed resolution.

Item No. 6

Shri Kapil Bhatia has been associated with the Company since last twenty years and has rich experience in handling the financial as well as marketing operations of the Company. He streamlined the whole support organization, made it responsive, cost effective, profitable and scalable. The Board of Directors of the Company in its meeting held on 30th January, 2004 has reappointed him as Managing Director of the Company with the effect from 4th January 2004 in accordance with the provisions of the Companies Act, 1956. The shareholders in their 24th Annual General meeting held on 30th July 2004 had approved the appointment and remuneration payable to Mr. Kapil Bhatia.

It is now proposed to increase the remuneration, payable to Shri Kapil Bhatia, Managing Director after obtaining shareholders approval for remaining term of his appointment with effect from 1st November 2006. The enhanced remuneration payable to Shri Kapil Bhatia is within the permissible limits specified in Schedule XIII of the Companies Act, 1956, which has been duly approved by remuneration committee and Board of Directors. The management believes that the proposed remuneration is comparable with respect to industry, size of the Company, profile of the position and person and is commensurate with the responsibility being shouldered in the Company and the size and extent of business operation.

Your Directors recommend the proposed resolution for your approval.

Save and except Shri Kapil Bhatia himself and Shri Neeraj Bhatia being related to him, none of the 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 seventeen years and is looking for manufacturing operations of the Company. He is very strong in the area of process implementation, methodologies, management training, cost control and building organizations. He is looking after all the Manufacturing activities of the Company and other related activities. The Board of Directors of the Company in its meeting held on 30th January 2004 had reappointed him as a Whole Time Director of the Company with effect from 1st April 2004 in accordance with the provisions of the Companies Act, 1956. The Shareholders in their twenty fourth Annual General meeting held on 30th July 2004, had approved the appointment and remuneration payable to Mr. Neeraj Bhatia.

It is now proposed to increase the remuneration, payable to Shri Neeraj Bhatia, after obtaining shareholders approval for remaining term of his appointment with effect from 1st November 2006. The enhanced remuneration payable to Shri Neeraj Bhatia is within the permissible limits specified in Schedule XIII of the Companies Act, 1956, which has been duly approved by remuneration committee and the Board of directors. The management believes that the proposed remuneration is comparable with respect to industry, size of the Company, profile of the position and person and is commensurate with the responsibility being shouldered in the Company and the size and extent of business operation.

Your Directors recommend the proposed resolution for your approval.

Save and except Shri Neeraj Bhatia himself and Shri Kapil Bhatia being related to him, none of the other Directors is, in any way, concerned or interested in the proposed resolution.

Item No.8

Smt. Sushma Bhatia has been associated with the Company since its inception. The Board of the Directors of the Company in its meeting held on 30th January, 2004 had re-appointed her as a Whole Time Director of the Company with effect from 1st April, 2004 in accordance with the provisions of the Companies Act, 1956. The shareholders in their twenty fourth Annual General Meeting held on 30th July 2004 had approved the appointment and remuneration payable to Mrs. Sushma Bhatia.

It is now proposed to increase the remuneration, payable to Smt. Sushma Bhatia, Whole Time Director after obtaining shareholders approval for remaining term of her appointment with the effect from 1st November 2006. The enhanced remuneration payable to Smt. Sushma Bhatia is within the permissible limits specified in Schedule XIII of the Companies Act, 1956, which has been duly approved by remuneration committee and the Board of directors. The management believes that the proposed remuneration is comparable with respect to industry, size of the Company, profile of the position and person and is commensurate with the responsibility being shouldered in the Company and the size and extent of business operation.

Your Directors recommend the proposed resolution for your approval.

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

The resolution along with Explanatory Statement should be treated as abstracts of the variation in terms and conditions of appointments of Chairman cum Managing director, Managing director and Whole-Time Directors within the meaning of Section 302 of the Companies Act, 1956.

Registered Office :
E-14, Panki Industrial Area,
Site - I, Kanpur - 208 022
Date : 31.05.07

By Order of the Board
For Frontier Springs Limited
KUNDAN LAL BHATIA
Chairman cum Managing Director

DIRECTORS' REPORT

Dear Shareholders,

Your directors have pleasure in presenting the Twenty Seventh Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March 2007.

FINANCIAL RESULTS

Particulars	2006-07	2005-06
Turnover	2786.05	1754.26
Profit Before Int., Dep., & Tax	203.00	97.51
Interest	25.26	28.14
Depreciation	32.50	29.33
Profit/(loss) Before Tax	145.24	40.04
Income Tax		
Current year Tax	(56.88)	(18.52)
Fringe Benefit Tax	(2.25)	(2.24)
Deferred Tax	3.90	5.52
Income Tax for previous year	0.26	(0.20)
Profit/(Loss) After Tax	90.23	24.60
Profit/(Loss) b/f from P.Y.	3.24	(21.36)
Profit/(Loss) transferred to		
Reserves & surplus	93.47	3.24

OPERATIONS

The operation of the Company during the financial year under review improved with turnover of Rs. 2786.05 Lacs as against Rs. 1754.26 Lacs in preceding year. The net profit during the year was higher at Rs. 90.23 Lacs as against Rs. 24.6 Lacs in the preceding year despite increasing in the input cost. The improvement in the performance had been mainly on account of improvement in the operational efficiency and better margin in sales.

The Performance of the Company during the current financial year has further improved and barring unforeseen circumstances, your Directors expect your Company to turn even better results during the current year as well.

DIVIDEND

With view to conserve resources for expansion, general corporate needs and to consolidate the financial position of the Company, your Directors consider it prudent not to recommend any dividend for the year.

EXPANSION

- (1) For the expansion of the business, the company has two plans. One is that the Company is planning to enter into area of manufacturing 'Air Suspension Springs'. For this purpose it has approached to Research Design & Standard Organization (R.D.S.O.) for obtaining its approval. The company is intending to enter into Foreign Collaboration with some coun-

tries of Europe & China to obtain the foreign technology for indigenously procurement of 'Air Suspension Springs'

- (2) Second plan of the Company is to set up the fabrication unit for manufacturing of 'Fabricated Bogies' for locomotive & coaches. For this purpose the Company has been discussing with R.D.S.O. Lucknow and planning to visit abroad for finalization of technology transfer for the same.

DIRECTORS

Pursuant to the provisions of the Companies Act, 1956 and Articles of the Association of the Company, Shri Neeraj Bhatia and Smt. Sushma Bhatia, 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 auditor of the Company, M/s Sanjay Nandini & Co., Chartered Accountants, Kanpur, expires at the conclusion of this Annual General Meeting and being eligible they have confirmed their willingness to accept office, if re-appointed. The Board recommends their appointment.

PARTICULARS OF EMPLOYEES

As none of the employees of the Company was in receipt of remuneration in excess of limit 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 the term of the Section 217(2AA) of the Companies, 1956, the Directors of the company state in respect of the year ended 31st March, 2007 that :-

- That in preparation of Annual Account, the applicable Accounting Standards have been followed along with proper explanation relating to material departure.
- That they have 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 at the end of the Financial year and of the Profit of the Company for that year.
- That they have taken proper and sufficient care for the maintenance of adequate Accounting Records in accordance with the provision of the Companies Act, 1956, for safeguarding the Assets of the Company and for preventing and detecting the fraud and other irregularities.
- That they have prepared Annual Accounts on going concern basis.

INFORMATION/ EXPLANON ON ADVERS REMARK IN AUDITOR REPORT**Explanation to point (1)**

Since our customers are Indian railways and other

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government department, hence it is not possible to have confirmation of reconciliation statement from them because they follow the practice of acceptance of goods and payment of bills. However our accounts are still reconciled with the books and invoice.

In case of creditors our major creditors are reconciled and some are not reconciled because of non-availability of account statement.

Explanation to point (2)

Since in our Company costing system is not followed because costs are variable according to drawing and design and it is not possible to adopt the same. Hence the Company values the finished goods at net realizable cost since past. And Income Tax and Excise department also accept this method.

Explanation to point (3)

On accounts of exceptional nature of diminution in value of inventory of goods in process due to sudden change/modification made in drawing and design of springs by our customers, our inventory become obsolete thereby considered as non-moving stock and no more required to make finished product hence the management has decided to treat the inventory as scrap and valued accordingly.

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 de-listed from the Delhi Stock Exchange Association Limited, New Delhi, Ahmedabad Stock Exchange; de-listing certificate from Calcutta Stock Exchange is awaited. The Listing fees to the Stock Exchanges have been paid up to date.

ACKNOWLEDGEMENTS

Yours Directors take this opportunity to place on record their appreciation for the co-operation 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.

For and on behalf of the Board
K.L. BHATIA

Place : Kanpur (Chairman and 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, 2007.

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.

For S. K. GUPTA & CO.
Company Secretaries

S. K. GUPTA
Managing Partner
FCS 2589

Place : Kanpur
Date : 31st May, 2007

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, 2007.****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 as follow.

	2005-06	2006-07
Production	1950.83	2923.09 Mt.
Power Consumed	729802 unit	970876 unit
Consumption of energy per Mt.	374.09	332.14
Hence savings in energy	: about 41.95 unit per Mt. of production which is 11.21% of power consumed.	

(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 (2006-07)	Previous Period (2005-06)
A) Foreign Exchange Earnings	—	—
B) Foreign Exchange Outgo	4.49	2.55

Place : Kanpur
Date : 31.07.2006

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