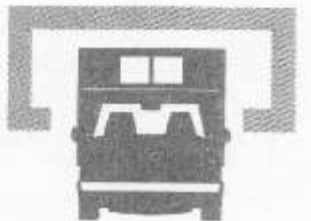
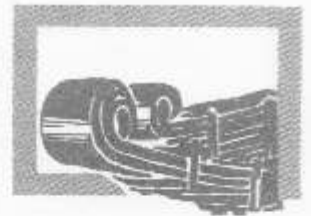


# Frontier

YEARS  
DEDICATED  
TO THE  
UNDYING  
SPIRIT

*Annual Report  
2008-2009*



**FRONTIER  
SPRINGS LIMITED**

# FRONTIER SPRINGS LIMITED

## ANNUAL REPORT 2008-2009

### 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

### COMPANY SECRETARY

Shri DEEPAK BHASIN

### 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>

### PLANTS

i) KM 25/4, KALPI ROAD, RANIA,  
KANPUR DEHAT - 209 304 (U.P.)

ii) 91/2, VILLAGE KUNJA, NEAR DENTAL COLLEGE  
PAONTA SAHIB (H.P.)

### CONTENTS

	Page No.
Notice of AGM	2
Directors' Report	8
Corporate Governance Certificate	9
Management Discussion & Analysis	11
Report on Corporate Governance	12
Auditors' Report	18
Balance Sheet	22
Profit & Loss Account	23
Schedules to the Accounts	24
Notes forming part of Accounts	33
Cash Flow Statement	42

## TWENTY NINTH ANNUAL REPORT

### NOTICE

NOTICE is hereby given that the Twenty Ninth Annual General Meeting of the Members of FRONTIER SPRINGS LIMITED will be held on Friday, 31st July 2009 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 2009 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 Sh. Kapil Bhatia, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sh. R.K. Bhatia, 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, 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, 310, 311 and 317 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 for the re-appointment of Sh. K.L. Bhatia, Chairman cum Managing Director of the Company with effect from 1st April 2009 for the remainder term of his office up to 31st March 2012, including payment of remuneration on the terms and conditions set out below, with liberty to the Board of Directors to alter and vary the terms and conditions, not exceeding the limit specified under Schedule XIII of the Companies Act, 1956 or any statutory modification or re-enactment thereof : -

**SALARY** : Rs 72,500 per month.

**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

**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.

**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.

**Leave Travel Concession** : Actual amount incurred in respect of leave travel for proceeding to any place in India for self and family once in a year shall be reimbursed, subject to ceiling of Rs 2,00,000/- (Rupees Two Lacs) per annum. The entitlement for one year to the extent not availed shall be allowed to be accumulated up to next two years.

**Entertainment expenses and other business expenses** : Reimbursement of entertainment, travelling including foreign travel and all other expenses if any, actually and properly incurred for the business of the Company including reimbursement of travelling expenses of the family accompanying the Chairman cum Managing Director on any official trip.

**Club Fee** : Reimbursement of fees of clubs subject to maximum of four clubs. No admission and life membership fees will be paid.

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

#### PART - B

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.

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 encashed.



**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 2009, to be determined in consultation with him at the end of each quarter in the Financial year provided that the aggregate amount of remuneration by way of salary, perquisites and incentive as above shall be subject to ceiling of Rs. 15,00,000/- per annum (Rupees Fifteen Lacs) as remuneration in accordance with maximum limit of remuneration as may be permitted under Section II (A) 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 section 198, 309, 310, 311 and 317 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 for the re-appointment of Sh. Kapil Bhatia Managing Director of the Company with effect from 5th January 2009 for the remainder term of his office up to 4th January 2012 including payment of remuneration on the terms and conditions set out below, with liberty to the Board of Directors to alter and vary the terms and conditions, not exceeding the limit specified under Schedule XIII of the Companies Act, 1956 or any statutory modification or re-enactment thereof : -

**SALARY** : Rs 57,500 per month.

**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**

**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.

**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.

**Leave Travel Concession** : Actual amount incurred in respect of leave travel for proceeding to any place in India for self and family once in a year shall be reimbursed, subject to ceiling of Rs 2,00,000/-(Rupees Two Lacs) per annum. The entitlement for one year to the extent not availed shall be allowed to be accumulated up to next two years.

**Entertainment expenses and other business expenses** : Reimbursement of entertainment, travelling including foreign travel and all other expenses if any, actually and properly incurred for the business of the Company including reimbursement of travelling expenses of the family accompanying the Managing Director on any official trip.

**Education Allowances** : Reimbursement of Education expenses and all other related expenses for the purposes of education of the Children shall be reimbursed if any, actually and properly incurred.

**Club Fee** : Reimbursement of fees of clubs subject to maximum of four clubs. No admission and life membership fees will be paid.

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

**PART - B**

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.

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 encashed.

## TWENTY NINTH ANNUAL REPORT

### 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 2009, to be determined in consultation with him at the end of each quarter in the financial year provided that the aggregate amount of remuneration by way of salary, perquisites and incentive as above shall be subject to ceiling of Rs. 15,00,000/- per annum (Rupees Fifteen Lacs) as remuneration in accordance with maximum limit of remuneration as may be permitted under Section II (A) 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 Sh. 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 profits are inadequate, the remuneration by way of Salary, Perquisites and Incentive as above shall be paid to Sh. 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 section 198, 309, 310, 311 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 for the re-appointment of Sh. Neeraj Bhatia, Whole Time Director of the Company with effect from 1st April 2009 for the remainder term of his office up to 31st March 2012 including payment of remuneration on the terms and conditions set out below, with liberty to the Board of Directors to alter and vary the terms and conditions, not exceeding the limit specified under Schedule XIII of the Companies Act, 1956 or any statutory modification or re-enactment thereof : -

**SALARY** : Rs 57,500 per month.

**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

**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.

**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.

**Leave Travel Concession** : Actual amount incurred in respect of leave travel for proceeding to any place in India for self and family once in a year shall be reimbursed, subject to ceiling of Rs 2,00,000/-(Rupees Two Lacs) per annum. The entitlement for one year to the extent not availed shall be allowed to be accumulated up to next two years.

**Entertainment expenses and other business expenses** : Reimbursement of entertainment, travelling including foreign travel and all other expenses if any, actually and properly incurred for the business of the Company including reimbursement of travelling expenses of the family accompanying the Whole Time Director on any official trip.

**Education Allowances** : Reimbursement of Education expenses and all other related expenses for the purposes of education of the Children shall be reimbursed if any, actually and properly incurred.

**Club Fee** : Reimbursement of fees of clubs subject to maximum of four clubs. No admission and life membership fees will be paid.

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

### PART - B

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.

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 encashed.

### 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 2009, to be determined in consultation with him at the end of each quarter in the financial year provided that the aggregate amount of remuneration by way of salary, perquisites and incentive as above shall be subject to ceiling of Rs. 15,00,000/- per annum (Rupees Fifteen Lacs) as remuneration in accordance with maximum limit of remuneration as may be permitted under Section II (A) of Part II of Schedule XIII to the Companies Act, 1956 "RESOLVED FURTHER THAT the Board of Directors of the Company be and hereby authorized to alter, amend, vary, enhance or modify the scope and quantum of remuneration of Sh. 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 Sh. Neeraj 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."

8. 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, 310, 311 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 hereby accorded for the re-appointment of Smt. Sushma Bhatia Whole-Time Director of the Company with effect from 5th January 2009 for the remainder term of her office up to 4th January 2012 including payment of remuneration on the terms and conditions set out below, with liberty to the Board of Directors to alter and vary the terms and conditions, not exceeding the limit specified under Schedule XIII of the Companies Act, 1956 or any statutory modification or re-enactment thereof : -

**SALARY** : Rs 37,500 per month.

**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**

**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.

**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.

**Leave Travel Concession** : Actual amount incurred in respect of leave travel for proceeding to any place in India for self and family once in a year shall be reimbursed, subject to ceiling of Rs. 2,00,000/-(Rupees Two Lacs) per annum. The entitlement for one year to the extent not availed shall be allowed to be accumulated up to next two years.

**Entertainment expenses and other business expenses** : Reimbursement of entertainment, travelling including foreign travel and all other expenses if any, actually and properly incurred for the business of the Company. Including reimbursement of travelling expenses of the family accompanying the Whole Time Director on any official trip.

**Club Fee** : Reimbursement of fees of clubs subject to maximum of four clubs. No admission and life membership fees will be paid.

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

#### **PART - B**

Contribution to (a) Provident Fund (b) Super Annuity 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.

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 be allowed to be encashed.

#### **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

## TWENTY NINTH ANNUAL REPORT

from 1st April 2009, to be determined in consultation with her at the end of each quarter in the financial year provided that the aggregate amount of remuneration by way of salary, perquisites and incentive as above shall be subject to ceiling of Rs. 9,00,000/- per annum (Rupees Nine Lacs) as remuneration in accordance with maximum limit of remuneration as may be permitted under Section II (A) 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, DEEPAK BHASIN  
Kanpur-208022  
Dated : 30.05.2009 (Company Secretary)

### 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 THE 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 2009 (both dates inclusive).
- 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 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 Director of the Company and he has been instrumental in turning around the Company. The Board of 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 Seventh Annual General Meeting held on 31st July 2007 had approved the appointment

and remuneration payable to Shri K.L. Bhatia and subsequently remuneration payable to Shri K.L. Bhatia has been increased w.e.f. 01st November, 2006 for remainder term of office up to 31st March 2009 by the shareholders in their 27th Annual General Meeting held on 31st July 2007.

Your Directors recommend the proposed resolution for your approval.

None of the Directors of the Company except Shri K.L. Bhatia himself and Smt. Sushma Bhatia being related to him may be considered or interested in the resolution.



The resolution along with Explanatory Statement should be treated as abstracts of the variation in terms and conditions of appointment of Chairman cum Managing Director within the meaning of Section 302 of the Companies Act, 1956

#### **Item No. 6**

Sh. 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 had 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 and subsequently remuneration payable to Shi. Kapil Bhatia has been increased w.e.f. 01st November, 2006 for remainder term of office up to 4th January 2009 by the shareholders in their 27th Annual General meeting held on 31st July 2007.

Your Directors recommend the proposed resolution for your approval.

Save and except Sh. Kapil Bhatia himself and Sh. Neeraj Bhatia being related to him, none of the other Director 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 Managing Director within the meaning of Section 302 of the Companies Act, 1956.

#### **Item No. 7**

Sh. Neeraj Bhatia has been associated with the Company since last twenty years and is looking the 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 Whole Time 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 Sh. Neeraj Bhatia and subsequently remuneration payable to Sh. Neeraj Bhatia has been increased w.e.f. 01st November, 2006 for remainder term of office up to 31st March 2009 by the shareholders in their 27th Annual General Meeting held on 31st July 2007.

Your Directors recommend the proposed resolution for your approval.

Save and except Sh. Neeraj Bhatia himself and Sh. Kapil Bhatia being related to him, none of the other Director 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 appointment of Whole-Time Director within the meaning of Section 302 of the Companies Act, 1956.

#### **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 Smt. Sushma Bhatia and subsequently remuneration payable to Smt. Sushma Bhatia has been increased w.e.f. 01st November, 2006 for remainder term of office up to 04th January 2009 by the shareholders in their 27th Annual General Meeting held on 31st July 2007.

Your Directors recommend the proposed resolution for your approval.

Save and except Smt. 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 appointment of Whole-Time Director within the meaning of Section 302 of the Companies Act, 1956.

Registered Office :  
E-14, Panki Industrial Area,  
Site-1, Panki,  
Kanpur-208022  
Dated : 30.05.2009

By order of the Board  
  
DEEPAK BHASIN  
(Company Secretary)



## TWENTY NINTH ANNUAL REPORT

### DIRECTORS' REPORT

Dear Shareholders,

Your directors have pleasure in presenting the Twenty Ninth Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March 2009.

### FINANCIAL RESULTS

	<i>(Rs. in Lacs)</i>	
Particulars	2008-09	2007-08
Turnover	<b>3019.73</b>	2834.74
Profit Before Int., Dep., & Tax	<b>233.59</b>	283.02
Interest	<b>35.82</b>	23.89
Depreciation	<b>38.95</b>	36.39
Profit/(loss) Before Tax	<b>158.82</b>	222.74
Income Tax :		
Current year Tax	<b>58.16</b>	79.38
Fringe Benefit Tax	<b>2.94</b>	3.28
Deferred Tax	<b>(6.86)</b>	(2.51)
Income Tax for previous year	<b>3.63</b>	(.26)
Profit/(Loss) After Tax	<b>100.94</b>	142.85
Profit/(Loss) B/F from P.Y.	<b>236.32</b>	93.47
Profit/(Loss) transferred to Reserves & Surplus	<b>337.27</b>	236.32

### OPERATIONS

The operation of the Company during the financial the year under review improved with turnover of Rs. 3019.73 Lacs as against Rs. 2834.74 Lacs in preceding year. But the net profit during the year was lower at Rs. 158.82 Lacs as against Rs. 222.74 Lacs in the preceding year due to increase in the input cost. The improvement in the turnover had been mainly on account of improvement in the operational efficiency.

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

As already reported in the previous year's Directors' Report, your Company has almost completed the setting up of new unit at Paonta Sahib, Himachal Pradesh with the total estimated cost of Rs. 584.00 Lacs out of which Rs. 266.00 Lacs is already being infused by the Promoters and through the Internal Accruals of the Company and only Rs.72.00 Lacs is used from the External borrowings from Bank, although the sanctioned amount from Bank is Rs.400.00 Lacs, that will not be availed by the company for completion of the project, as the remaining cost of the project i.e. Rs. 246.00 Lacs will be met through the internal accruals of the Company and its promoters contribution. The unit being set up will give an increase to the profitability of the Company, as the Company will be able to avail the benefits of the Excise exemption for 10 years and Income Tax exemption for 5 years. The unit is likely to

commence production by the end of month of July therefore 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 finalizing Technical know-how agreement with M/s Chenguang Rubber Co. Ltd. China to obtain the foreign technology for manufacturing of 'Air Suspension Springs' for Indian Railways.
- (2) Second plan of the Company is to set up the fabrication unit for manufacturing of Fabricated Components such as Break Beam & Liners for locomotive, coaches and wagons. For this purpose the Company has been discussing with R.D.S.O. Lucknow, the primary visit for approval is already done and the approval will be obtained in a month.

### DIRECTORS

Pursuant to the provisions of the Companies Act, 1956 and Articles of the Association of the Company, Sh. Kapil Bhatia and Sh. R.K. 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, 2009 :-

- 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.

- (d) That they have prepared Annual Accounts on going concern basis.

#### **INFORMATION/ EXPLANATION ON ADVERSE REMARKS IN AUDITORS' REPORT**

##### **Explanation to point (1)**

Since our customers are Indian Railways and other 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 as net realizable cost since past. And Income Tax and Excise department also accept this method.

#### **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**

Your 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

Place : Kanpur

K. L. BHATIA

Date : 30.05.09 (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, 2009.

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

Date : 30th May, 2009