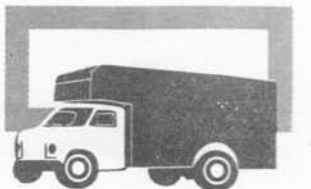
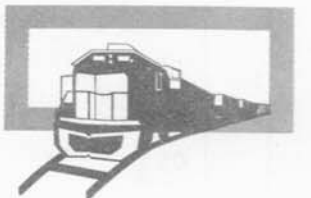
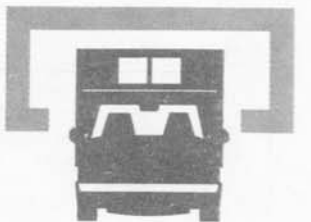
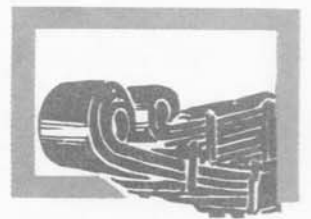


Frontier



FRONTIER
SPRINGS LIMITED

FRONTIER SPRINGS LIMITED

ANNUAL REPORT 2010-2011

BOARD OF DIRECTORS

Shri KUNDAN LAL BHATIA, *Chairman & Managing Director*
Shri KAPIL BHATIA, *Managing Director*
Shri NEERAJ BHATIA
Smt. SUSHMA BHATIA
Smt. MAMTA BHATIA
Smt. SONIA BHATIA
Shri PREM SAGAR
Shri PRADEEP K. GOENKA
Shri R. K. BHATIA
Shri YASHPAL
Shri N.P. SINGH
Shri R.N. TRIVEDI

COMPANY SECRETARY

Shri DEEPAK BHASIN

AUDITORS

M/s. SANJAY NANDANI & Co.
Chartered Accountants
OFF No. 229, 2nd FLOOR,
63/2, CITY CENTRE,
THE MALL,
KANPUR - 208 004

BANKERS

STATE BANK OF INDIA
INDUSTRIAL FINANCE BRANCH,
SARVODAYA NAGAR, KANPUR – 208005 (U.P.)

REGISTRAR AND SHARE TRANSFER AGENT

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.)
- iii) E-14, PANKI INDUSTRIAL AREA
SITE-I, KANPUR – 208022 (U.P.)

CONTENTS

| | Page No. |
|----------------------------------|----------|
| Notice of AGM | 2 |
| Directors' Report | 7 |
| Corporate Governance Certificate | 8 |
| Management Discussion & Analysis | 10 |
| Report on Corporate Governance | 11 |
| Auditors' Report | 19 |
| Balance Sheet | 22 |
| Profit & Loss Account | 23 |
| Schedules to the Accounts | 24 |
| Notes forming part of Accounts | 33 |
| Cash Flow Statement | 43 |

THIRTYFIRST ANNUAL REPORT

NOTICE

NOTICE is hereby given that the Thirty First Annual General Meeting of the Members of FRONTIER SPRINGS LIMITED will be held on Friday, 30th September, 2011 at 12.30 p.m. at the Hotel Royal Cliff Opp. Moti Jheel Gate No.1, Kanpur-208 002 to transact the following businesses :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2011 and Profit and Loss Account for the financial year ended on that date together with Directors' and Auditors' Report thereon.
2. To declare dividend on Equity Shares for the financial year ended 31st March, 2011.
3. To appoint a Director in place of Shri. Neeraj Bhatia who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri. Pradeep K Goenka who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri. Yashpal who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint 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, 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 Nandani & 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

7. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution :
"RESOLVED THAT Shri. Narinder Pal Singh who was appointed under Section 260 of the Companies Act, 1956 as an additional director of the Company w.e.f. 14.05.2011 and who holds office till this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, whose period of office is liable to retire by rotation."
8. To consider and, if thought fit, to pass, with or with-

out modifications, the following resolution as an Ordinary Resolution :

"RESOLVED THAT Shri. Ramesh Narayan Trivedi who was appointed under Section 260 of the Companies Act, 1956 as an additional director of the Company w.e.f. 14.05.2011 and who holds office till this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, whose period of office is liable to retire by rotation."

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

"RESOLVED THAT Smt. Mamta Bhatia who was appointed under Section 260 of the Companies Act, 1956 as an additional director of the Company w.e.f. 14.05.2011 and who holds office till this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, whose period of office is liable to retire by rotation."

10. 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, 269, 309 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 appointment of Smt. Mamta Bhatia Director of the Company with effect from 14th May, 2011 for a period of three years up to 13th May, 2014 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 120,000 per month.

PERQUISITES : In addition to the salary, the 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** – 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 200,000/- (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.
- (iv) **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 Director on any official trip.
- (v) **Club fee** : Reimbursement of fees of clubs subject to maximum of four clubs. No admission and life membership fees will be paid.
- (vi) **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 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 Director.

The 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 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 period commencing from 14th May, 2011, 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. 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 Smt. Mamta 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. Mamta Bhatia, 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.”

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

“RESOLVED THAT Smt. Sonia Bhatia who was appointed under Section 260 of the Companies Act, 1956 as an additional director of the Company w.e.f. 14.05.2011 and who holds office till this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, whose period of office is liable to retire by rotation.”

12. 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, 269, 309 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 appointment of Smt. Sonia Bhatia, Director of the Company with effect from 14th May, 2011 for a period of three years up to 13th May, 2014 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 :

THIRTYFIRST ANNUAL REPORT

SALARY : Rs 100,000 per month.

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

PART - A

- (vii) **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.
- (viii) **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.
- (ix) **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 200,000/- (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.
- (x) **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 Director on any official trip.
- (xi) **Club fee** : Reimbursement of fees of clubs subject to maximum of four clubs. No admission and life membership fees will be paid.
- (xii) **Personal Accident Insurance** : Premium not to exceed Rs.4000/- per annum.

PART – B

- (iii) 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.
- (iv) 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 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 Director.

The 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 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 period commencing from 14th May, 2011, 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. 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 Smt. Sonia 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. Sonia Bhatia 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 :
E-14, Panki Industrial Area,
Site-1, Panki,
Kanpur-208022
Dated : 10.08.2011

By order of the Board
(DEEPAK BHASIN)
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. 7 to 12 is annexed here-with.

- The Register of Members and the Share Transfer Books of the Company will be closed from 24th September to 30th September 2011 (both dates inclusive) for the purpose of payment of dividend. The dividend, if declared, will be paid on or after 5th October, 2011 but within the statutory time limit of 30 days, to those Members entitled thereto whose names appear in the Register of Members of the Company as on 24th September 2011. In respect of shares held in dematerialized form in the Depository System, dividend thereon will be paid to the beneficial owners as per the list to be provided by the Depositories.
- 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.
- Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956 as amended, read with the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules 2001, dividend which remains unpaid or unclaimed for a period of 7(seven) years will be transferred to the Investor Education and Protection Fund. Shareholders/Investors who have not encashed the dividend warrant(s) so far are requested to make their claim by specifying their Folio No./DP ID and Client ID to the Secretarial Department, E-14, Panki Industrial Area Site-I, Kanpur 208022 (U.P.) Shareholders are requested to please note that once the unclaimed dividend is transferred to the Investor Education and Protection Fund as above, no claim shall lie in respect thereof.
- Corporate Members intending to send their Authorized 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.
- The relevant details in respect of Director seeking appointment and reappointment pursuant to Clause 49 of the Listing Agreement are enclosed herewith marked as Annexure 'A' to this Notice.

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

Item No. 7

Shri Narinder Pal Singh was appointed on 14.05.2011 as an Additional Director of the Company under Section 260 of the Companies Act, 1956. He holds office till this Annual General Meeting. A notice u/s 257 of the Companies Act, 1956 has been received from a member of the Company proposing the candidature of Shri. Narinder Pal Singh as Director of the Company.

The Board also considers that it would be in the interest of the Company to have Shri. Narinder Pal Singh on the Board of the Company for his valuable contribution and members are requested to pass the said resolution as an Ordinary resolution.

Save and except Shri Narinder Pal Singh himself, none of the other Directors is, in any way, concerned or interested in the proposed resolution.

Item No. 8

Shri Ramesh Narayan Trivedi was appointed on 14.05.2011 as an Additional Director of the Company under Section 260 of the Companies Act, 1956. He holds office till this Annual General Meeting. A notice u/s 257 of the Companies Act, 1956 has been received from a member of the Company proposing the candidature of Shri. Ramesh Narayan Trivedi as Director of the Company.

The Board also considers that it would be in the interest of the Company to have Shri. Ramesh Narayan Trivedi on the Board of the Company for his valuable contribution and members are requested to pass the said resolution as an Ordinary resolution.

Save and except Shri Ramesh Narayan Trivedi himself, none of the other Directors is, in any way, concerned or interested in the proposed resolution.

THIRTYFIRST ANNUAL REPORT

Item Nos. 9 & 10

Smt. Mamta Bhatia was appointed on 14.05.2011 as an Additional Director of the Company under Section 260 of the Companies Act, 1956. She holds office till this Annual General Meeting. A notice u/s 257 of the Companies Act, 1956 has been received from a member of the Company proposing the candidature of Smt. Mamta Bhatia as Whole Time Director of the Company. Smt. Mamta Bhatia is a graduate and has a vast experience as a commercial tax / law advisor. Smt. Mamta Bhatia has also served the Company as Manager Commercial from 31st August, 2010 till 13th May, 2011. It is now proposed to appoint Smt. Mamta Bhatia as Whole Time Director of the Company on the remuneration payable after obtaining shareholders approval for her appointment with effect from 14th May, 2011. The remuneration payable to Smt. Mamta 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 in their meetings held on 14.05.2011 respectively. 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.

The Board also considers that it would be in the interest of the Company to have Smt. Mamta Bhatia on the Board of the Company for her valuable contribution and members are requested to pass the said resolutions as an Ordinary resolution.

None of the Directors, other than Smt. Mamta Bhatia, herself and Sh. Kapil Bhatia and Sh. Neeraj Bhatia may be considered to be interested in the passing of the proposed resolutions.

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

Item Nos. 11 & 12

Smt. Sonia Bhatia was appointed on 14.05.2011 as an Additional Director of the Company under Section 260 of the Companies Act, 1956. She holds office till this Annual General Meeting. A notice u/s 257 of the Companies Act, 1956 has been received from a member of the Company proposing the candidature of Smt. Sonia Bhatia as Whole Time Director of the Company. Smt. Sonia Bhatia is a graduate and has a vast experience as a marketing and sales promotion advisor. It is now proposed to appoint Smt. Sonia Bhatia as Whole Time Director of the Company on the remuneration payable after obtaining shareholders approval for her appointment with effect from 14th May, 2011. The remuneration payable to Smt. Sonia 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 in their meetings held on 14.05.2011 respectively. 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.

The Board also considers that it would be in the interest of the Company to have Smt. Sonia Bhatia on the Board of the Company for her valuable contribution and members are requested to pass the said resolutions as an Ordinary resolution.

None of the Directors, other than Smt. Sonia Bhatia, herself and Smt. Sushma Bhatia may be considered to be interested in the passing of the proposed resolutions.

The resolution along with Explanatory Statement should be treated as abstracts of the variation in terms and conditions of appointments 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 : 10.08.2011

By order of the Board
(DEEPAK BHASIN)
Company Secretary

DIRECTORS' REPORT

Dear Shareholders,

Your directors have pleasure in presenting the Thiry First Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March 2011.

FINANCIAL RESULTS

| | <i>(Rs. in Lacs)</i> | |
|---|----------------------|----------|
| Particulars | 2010-11 | 2009-10 |
| Turnover | 4600.90 | 3638.90 |
| Profit Before Int., Dep., & Tax | 774.92 | 561.47 |
| Interest | 45.32 | 41.84 |
| Depreciation | 100.84 | 53.67 |
| Profit/(Loss) Before Tax | 628.75 | 465.97 |
| Income Tax : | | |
| Current year Tax | (131.78) | (125.63) |
| Fringe Benefit Tax | 0.00 | 0.00 |
| Deferred Tax | 1.19 | (42.68) |
| Income Tax for earlier year | (0.25) | (1.12) |
| Profit/(Loss) After Tax | 497.91 | 296.53 |
| Profit/(Loss) B/f from P.Y. | 633.79 | 337.27 |
| Balance available for appropriation | 1131.70 | 633.28 |
| General Reserve | 100.00 | — |
| Proposed Dividend | 39.39 | — |
| Profit/(Loss) transferred to Reserves & Surplus | 992.31 | 633.79 |

OPERATIONS

The operation of the Company during the financial year under review improved with turnover of Rs. 4600.90 Lacs as against Rs. 3638.90 Lacs in preceding year. The net profit during the year was higher at Rs. 497.91 Lacs as against Rs. 296.53 Lacs in the preceding year despite 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

Your Directors take pleasure in recommending equity dividend of Rs.1 (10%) per share of Rs. 10 face value (on the paid-up equity share capital) for the approval of the members for the financial year 2010-2011. The dividend, if approved, at the 31st Annual General Meeting by the members, will be paid to all those equity shareholders whose names appear in the Register of Members as on 24th September, 2011, and also to those, whose names, as beneficial owners, are furnished by

the National Securities Depository Limited and the Central Depository Services (India) Limited.

EXPANSION

Your company is in the process of setting of a forging plant at its own land and building at E-14, Panki Industrial Area, Site-I, Kanpur in the vicinity of Kanpur District in the State of Uttar Pradesh for manufacturing of forging items for supply to Indian Railways and other Heavy Industries that would add to the profitability of the company in near future. The Company will install two hammer capacity of 3 Ton & 2 Ton each with total production capacity of 300 Mt p.m. The company has invested Rs. 140.00 Lacs till date. The company will further invest Rs. 110.00 Lacs more on plant and machinery & testing facility in the said forging unit.

DIRECTORS

Pursuant to the provisions of the Companies Act, 1956 and Articles of the Association of the Company, Shri. Neeraj Bhatia, Shri. P.K. Goenka and Shri Yashpal, Directors of the Company retire from the Board by rotation and being eligible they have offered themselves for re-appointment.

Smt. Mamta Bhatia, Smt. Sonia Bhatia, Shri. N.P. Singh and Sh. R.N. Trivedi who were appointed under Section 260 of the Companies Act, 1956 as an additional directors of the Company w.e.f. 14.05.2011 and who hold office till this Annual General Meeting and in respect of them the Company has received a notice under Section 257 of the Companies Act, 1956 proposing their candidature for the office of Director.

AUDITORS

The term of the present auditor of the Company, M/s Sanjay Nandani & 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.

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.

THIRTYFIRST ANNUAL REPORT

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, 2011 that: -

- (a) That in preparation of Annual Account, the applicable Accounting Standards have been followed along with proper explanation relating to material departure.
- (b) 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.
- (c) 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.

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 U. P. Stock Exchange Ltd.', Kanpur, being the Regional Stock Exchange, as well as the BSE Ltd., Mumbai. The 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 : 10.08.2011

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, 2011.

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

Place : Kanpur
Date : 10.08.2011

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, 2011.

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 for its plant situated at Rania, which will not only reduce the energy consumption but will also help in preserving and maintaining ecological balance and promoting environmental protection. The company has entered into an agreement with Central UP Gas Limited for supply of CNG at its new plant situated at Kanpur and has also installed gas base furnaces at the plant. |
| (b) Additional Investment and proposals, If any, being implemented for reduction of consumption of energy. | The Company is constantly on the watch for if any, being implemented for reduction for various modes and areas of conservation of consumption of energy. 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 detail relating to conservation in the prescribed Form 'A' being inapplicable is 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 explorations 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 and 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 obtaining the ISO 14001:2004 certificate from QSI America, certifying the establishment of 'Environment Management System' for both of its unit at Kanpur Dehat and Paonta Sahib.

(III) Technology Imported – NIL

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: -

| | <i>(Rs. in Lacs)</i> | |
|------------------------------|-----------------------|------------------------|
| | Current Period | Previous Period |
| | (2010-11) | (2009-10) |
| a) Foreign Exchange Earnings | NIL | 4.43 |
| b) Foreign Exchange Outgo | 68.40 | 10.11 |

Place : Kanpur
Date : 10.08.2011

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