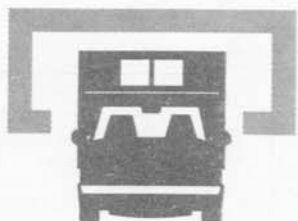
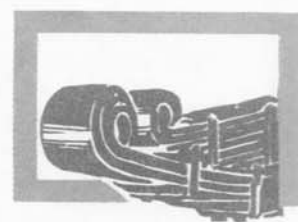


Frontier

YEARS
DEDICATED
TO THE
UNDYING
SPIRIT

Annual Report
2011-2012

FRONTIER
SPRINGS LIMITED



FRONTIER SPRINGS LIMITED

ANNUAL REPORT 2011-2012

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
ALANKIT HOUSE, 2E/21,
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	15
Corporate Governance Certificate	16
Management Discussion & Analysis	18
Report on Corporate Governance	19
Auditors' Report	27
Balance Sheet	30
Profit & Loss Account	31
Note on Financial Statement	32
Significant Accounting Policies	50
Cash Flow Statement	54

THIRTY SECOND ANNUAL REPORT

NOTICE

NOTICE is hereby given that the Thirty Second Annual General Meeting of the Members of FRONTIER SPRINGS LIMITED will be held on Saturday, 22nd September, 2012, 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 2012 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, 2012.
3. To appoint a Director in place of Shri. Ramesh Kumar Bhatia who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri. Kapil Bhatia who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri. Prem Sagar 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 a Special Resolution :

"RESOLVED THAT pursuant to section 198, 269, 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 reappointment of Sh. K.L. Bhatia, Chairman cum Managing Director of the Company with effect from 1st April 2012 for the remainder term of his office up to 31st March 2015,

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. 150,000 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

- (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 Chairman cum Managing Director on any official trip.
- (v) **Entertainment and Vacations expenses** - Reimbursement of entertainment, stay and travelling expenses associated with vacations spend in any foreign country for self and family in a block of two years shall be reimbursed, subject to ceiling of Rs. 500,000/-(Rupees Five Lacs Only).
- (vi) **Club fee:** Reimbursement of fees of clubs subject to maximum of four clubs. No admission and life membership fees will be paid.
- (vii) **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 service besides casual and sick leave. However, leave accumulated but not availed of 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 2012, 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. 29,00,000/- per annum (Rupees Twenty Nine Lacs) as remuneration in accordance with maximum limit of remuneration as may be permitted under Section II (B) 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."

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

"RESOLVED THAT pursuant to section 198, 269, 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 reappointment of Sh. Kapil Bhatia, Managing Director of the Company with effect from 5th January 2012 for the remainder term of his office up to 4th January 2015 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. 125,000 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

- (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 Managing Director on any official trip.
- (v) **Entertainment and Vacations expenses** - Reimbursement of entertainment, stay and travelling expenses associated with vacations spend in any foreign country for self and family in a block of two years shall be reimbursed, subject to ceiling of Rs. 500,000/- (Rupees Five Lacs Only).

THIRTY SECOND ANNUAL REPORT

- (vi) **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.
- (vii) **Club fee:** Reimbursement of fees of clubs subject to maximum of four clubs. No admission and life membership fees will be paid.
- (viii) **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 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 service besides casual and sick leave. However, leave accumulated but not availed of 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 have incentive from the Financial year commencing from 01st April 2012, 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. 29,00,000/- per annum (Rupees Twenty Nine Lacs) as remuneration in accordance with maximum limit of remuneration as may be permitted under Section II (B) 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 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."

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

"RESOLVED THAT pursuant to section 198, 269, 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 reappointment of Sh. Neeraj Bhatia, Whole Time Director of the Company with effect from 1st April 2012 for the remainder term of his office up to 31st March 2015 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. 125,000 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

- (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 Whole Time Director on any official trip.
- (v) **Entertainment and Vacations expenses** - Reimbursement of entertainment, stay and travelling expenses associated with vacations spend in any foreign country for self and family in a block of two years shall be reimbursed, subject to ceiling of Rs. 500,000/- (Rupees Five Lacs Only).
- (vi) **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.
- (vii) **Club fee:** Reimbursement of fees of clubs subject to maximum of four clubs. No admission and life membership fees will be paid.
- (viii) **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 of 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 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 2012, 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. 29,00,000/- per annum (Rupees Twenty Nine Lacs) as remuneration in accordance with maximum limit of remuneration as may be permitted under Section II (B) 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 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."

10. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to section 198, 269, 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, con-sent of the company be and is hereby accorded hereby accorded for the reappointment of Smt. Sushma Bhatia Whole-Time Director of the Company with effect from 05th January 2012 for the remainder term of her office up to 4th January 2015 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. 100,000 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

- (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 Whole Time Director on any official trip.
- (v) **Entertainment and Vacations expenses** - Reimbursement of entertainment, stay and travelling expenses associated with vacations spend in any foreign country for self and family in a block of two years shall be reimbursed, subject to ceiling of Rs. 500,000/- (Rupees Five Lacs Only).
- (vi) **Club fee:** Reimbursement of fees of clubs subject to maximum of four clubs. No admission and life membership fees will be paid.
- (vii) **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 service besides casual and sick leave. However, leave accumulated but not availed of 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 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 2012, 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. 20,00,000/- per annum (Rupees Twenty Lacs) as remuneration in accordance with maximum limit of remuneration as may be permitted 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."

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

"RESOLVED THAT pursuant to section 198, 269, 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 for the increase in remuneration payable to Smt. Mamta Bhatia Whole-Time Director of the Company with effect from 01st April 2012 for the remainder term of her office 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 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** – 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 Whole Time Director on any official trip.
- (v) **Entertainment and Vacations expenses** - Reimbursement of entertainment, stay and travelling expenses associated with vacations spend in any foreign country for self and family in a block of two years shall be reimbursed, subject to ceiling of Rs. 500,000/- (Rupees Five Lacs Only).
- (vi) **Club fee** : Reimbursement of fees of clubs subject to maximum of four clubs. No admission and life membership fees will be paid.
- (vii) **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 sin-

gly 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 service besides casual and sick leave. However, leave accumulated but not availed of 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 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 2012, 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. 20,00,000/- per annum (Rupees Twenty Lacs) as remuneration in accordance with maximum limit of remuneration as may be permitted 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 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.

THIRTY SECOND ANNUAL REPORT

12. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution :

“RESOLVED THAT pursuant to section 198, 269, 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 for the increase in remuneration payable to Smt. Sonia Bhatia Whole-Time Director of the Company with effect from 01st April 2012 for the remainder term of her office 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. 100,000 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

- (viii) **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.
- (ix) **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.
- (x) **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..
- (xi) **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.
- (xii) **Entertainment and Vacations expenses** - Reimbursement of entertainment, stay and travelling expenses associated with vacations spend in any foreign country for self and family in a block of two years shall be reimbursed, subject to ceiling of Rs. 500,000/- (Rupees Five Lacs Only).

- (xiii) **Club fee:** Reimbursement of fees of clubs subject to maximum of four clubs. No admission and life membership fees will be paid.

- (xiv) **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 service besides casual and sick leave. However, leave accumulated but not availed of 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 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 2012, 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. 20,00,000/- per annum (Rupees Twenty Lacs) as remuneration in accordance with maximum limit of remuneration as may be permitted 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 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,
Kanpur-208022 DEEPAK BHASIN
Dated : 13.08.2012 *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 herewith.
- The Register of Members and the Share Transfer Books of the Company will be closed from 16th September to 22nd September, 2012 (both dates inclusive) for the purpose of payment of dividend. The dividend, if declared, will be paid on or after 27th September, 2012 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 16th September, 2012. 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/clari-fication 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 Directors seeking appointment and reappointment pursuant to Clause 49 of the Listing Agreement are enclosed herewith marked as Annexure ‘A’ to this Notice.