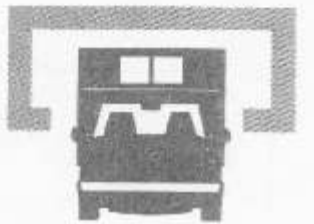
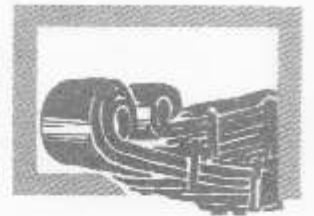


Frontier



*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 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 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

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

- (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.

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

TWENTY NINTH ANNUAL REPORT

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, 2009.

I. CONSERVATION OF ENERGY

The Operations of your Company do not consume high levels of energy. However, wherever possible, adequate measures have been taken to conserve energy :-

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

FORM 'B'

II. TECHNOLOGY ABSORPTION RESEARCH & DEVELOPMENT

(a) Specific Areas in which R & D carried out by the Company

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

(b) Expenditure on R & D

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

(c) Technology Absorption, Adaptation and Innovation

(i) Efforts in brief, made towards technology absorption, adaptation and innovation :

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

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

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

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

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

(iii) Technology Imported – NIL

III. FOREIGN EXCHANGE EARNING AND OUTGO

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

(Rs. in Lacs)

| | Current Period (2008-09) | Previous Period (2007-08) |
|------------------------------|-----------------------------|------------------------------|
| A) Foreign Exchange Earnings | — | — |
| B) Foreign Exchange Outgo | 3.76 | 1.06 |

Place : Kanpur
Date : 30.05.2009

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

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE & DEVELOPMENTS

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

OPPORTUNITIES & THREATS

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

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

PRODUCTWISE PERFORMANCE

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

RISKS AND CONCERNS

Currently, the Company perceives the following main business risks :

- a) High price volatility remains a major cause of concern;

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

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

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

OUTLOOK

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

INTERNAL CONTROL SYSTEM AND ADEQUACY

The Company is committed to maintain internal control systems and procedures designed to provide reasonable assurance for orderly and efficient conduct of business and security of its assets. Actual performance is constantly monitored by the management. The Company has a well-defined Organization Structure and authority level. The internal control system is supplemented by an extensive review by the management and documented policies, guidelines and procedures.

HUMAN RESOURCE

The Company believes that its employees are a vital resource in the current business environment. To ensure that this resource plays important role in the performance of the Company, the Company is pursuing the following :

- It is engaged in providing continuous training and all round exposure to its people.
- It is inviting suggestions from all the employees on regular basis and is also engaged in obtaining feed back in a meaningful way from time to time.
- It is ensuring proper empowerment of employees to foster a sense of ownership among them.

In brief, it is providing an opportunity to all employees to utilize their full potential and grow in the Organization.

TWENTY NINTH ANNUAL REPORT

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :

The Board of Directors and the Management of Frontier Springs Limited commit themselves to attainment of high level of transparency, accountability and equity towards its stake holders, including Shareholders, Bankers/ Financial Institutions, Employees, Lenders and the Government. Your management wishes compliance not just letter of the law but reaching out to the true spirit of the law.

BOARD OF DIRECTORS

Composition of the Board (F.Y. 2008-09) :

| Name of Director (s) | Designation | Category | No. of Shares held in the Company | Share as a percentage of total number of Shares |
|-----------------------|------------------------------|---------------------|-----------------------------------|---|
| Sh. Kundan Lal Bhatia | Chairman & Managing Director | Promoter/ Executive | 130090 | 3.30 |
| Sh. Kapil Bhatia | Managing Director | Promoter/ Executive | 50728 | 1.29 |
| Sh. Neeraj Bhatia | Whole Time Director | Promoter/ Executive | 41705 | 1.06 |
| Smt. Sushma Bhatia | Whole Time Director | Promoter/ Executive | 95782 | 2.43 |
| Sh. Prem Sagar | Director | Independent | Nil | Nil |
| Sh. Pradeep K. Goenka | Director | Independent | Nil | Nil |
| Sh. R. K. Bhatia | Director | Independent | Nil | Nil |
| Sh. Yashpal | Director | Independent | Nil | Nil |

Attendance at Board Meetings and last AGM and details Membership of Directors in other Boards and Board Committees :

| Name of Director | Attendance Particulars | | Number of other Directorships and Committee Membership/ Chairmanship | | |
|-------------------|------------------------|-------------------|--|----------------------|------------------------|
| | No. of Board Meeting | Last AGM Attended | Other Directorship | Committee Membership | Committee Chairmanship |
| K. L. Bhatia | 4 | YES | 1 | 1 | - |
| Kapil Bhatia | 4 | YES | - | 1 | 1 |
| Neeraj Bhatia | 1 | YES | - | - | - |
| Sushma Bhatia | 1 | YES | - | - | - |
| Prem Sagar | 4 | YES | 1 | - | - |
| Pradeep K. Goenka | 4 | YES | 9 | 7 | 2 |
| R. K. Bhatia | 1 | NO | - | 3 | - |
| Yashpal | 4 | YES | - | 3 | 2 |

Details of Board Meetings held during the year 2008-2009 :

| Date of Meeting | No. of Directors Present |
|-----------------|--------------------------|
| 29.05.08 | 5 |
| 31.07.08 | 5 |
| 22.10.08 | 5 |
| 28.01.09 | 6 |

The time gap between any two meetings did not exceed four months.
The last AGM was held on 31.07.2008.

AUDIT COMMITTEE

Terms of reference

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

Oversight of the Company's financial reporting process and disclosure of its financial information.

Recommending the appointment and removal of external auditor, fixation of audit fees and also approval for payment for any other services.

Reviewing with management the annual financial statements before submission to the Board.

Reviewing with the management, external and internal auditors adequacy of internal control systems.

Reviewing of the adequacy of internal audit function.

Discussion with internal auditors on any significant findings and follow up thereof.

Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularities or a failure of internal control systems of a material nature and reporting the matter to the Board.

Discussion with external auditors before the audit commences, nature and scope of the auditors well as post audit discussion to ascertain any area of concern.

Reviewing the Company's financial and risk management policies.

To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

Composition, Number of Meetings and Attendance

| Name | Position | Category | Attendance during the year 2008-09 |
|-------------------|----------|--|------------------------------------|
| Shri P. K. Goenka | Chairman | Independent and Non Executive Director | 4 |
| Shri Yashpal | Member | Independent and Non Executive Director | 4 |
| Shri R. K. Bhatia | Member | Independent and Non Executive Director | 1 |

The Company Secretary acts as Secretary to the Audit Committee. During the year 2008-09, the Committee met four times on 29th May, 2008, 31st July, 2008, 22nd Oct., 2008 and 28th January 2009 respectively.

REMUNERATION COMMITTEE

Terms of reference

The scope of such Committee, inter-alia, includes the determination on behalf of the Board/shareholders with agreed terms of reference, the Company's policies on specific remuneration packages for Executive Directors. No remuneration Committee Meetings were held during the year under review.

The details of remuneration paid to all Directors during the year 2008-09 :

| Sr. No. | Name of Director | Remuneration (Rs. in lacs) | | | |
|---------|------------------------|----------------------------|--------|-------------|-----------|
| | | Sitting Fees | Salary | Perquisites | Incentive |
| 1. | Shri K. L. Bhatia | — | 7.80 | 0.68 | 6.52 |
| 2. | Shri Kapil Bhatia | — | 6.00 | 0.46 | 8.54 |
| 3. | Shri Neeraj Bhatia | — | 6.00 | 0.46 | 8.54 |
| 4. | Smt. Sushma Bhatia | — | 3.90 | 0.93 | 2.17 |
| 5. | Shri Yashpal | 0.16 | — | — | — |
| 6. | Shri Pradeep K. Goenka | 0.16 | — | — | — |
| 7. | Shri Prem Sagar | 0.16 | — | — | — |
| 8. | Shri R. K. Bhatia | 0.04 | — | — | — |

TWENTY NINTH ANNUAL REPORT

INVESTORS' GRIEVANCE COMMITTEE

Terms of reference

The Investors' grievance committee looks into the redressal of Shareholders' complaints/ grievances, non-receipt of Balance Sheet, non-receipt of declared dividend, confirmation of transfer/ transmission of shares etc.

Composition and Attendance at the meeting

| Name | Position | Category | Attendance during the year 2008-09 |
|------------------------|----------|--|------------------------------------|
| Shri Yashpal | Chairman | Independent and Non Executive Director | 4 |
| Shri Pradeep K. Goenka | Member | Independent and Non Executive Director | 4 |
| Shri R. K. Bhatia | Member | Independent and Non Executive Director | 1 |

The Company Secretary acts as Secretary to the Investors' Grievance Committee. The committee met four times during the year 29th May, 2008, 31st July, 2008, 22nd Oct., 2008, 28th January, 2009 respectively.

Details of shareholders' complaints during the year 2008-09

The total numbers of complaints/ queries received and replied to the satisfaction of shareholders during the year 2008-09 were 52. There were no outstanding complaint/ queries as on 31st March 2009.

There were no pending share transfers in physical as well as in Demat category. All the requests received up to 31st March 2009 for share transfer have been processed within stipulated time.

CODE OF BUSINESS CONDUCT AND ETHICS FOR DIRECTORS AND SENIOR MANAGEMENT

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

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

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

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

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

I hereby confirm that :

The Company has obtained from all the members of the Board and Senior Management / Officers of the Company, affirmation that they have complied with the 'Code of Business Conduct and Ethics' for Directors and Senior Management / Officers in respect of the financial year 2008-09.

K.L.Bhatia
(Chairman & Managing Director)

GENERAL BODY MEETINGS

Location and time for last three Annual General Meetings :

| Year | Date | Location | Time |
|---------|------------|----------------------|-----------|
| 2005-06 | 31.08.2006 | Regd. Office- Kanpur | 12:30 P.M |
| 2006-07 | 31.07.2007 | Regd. Office- Kanpur | 12:30 P.M |
| 2007-08 | 31.07.2008 | Regd. Office- Kanpur | 12:30 P.M |

DETAILS OF SPECIAL RESOLUTION PASSED BY THE COMPANY IN THE PRECEDING THREE ANNUAL GENERAL MEETINGS

| S.No. | Year | Date of AGM | Special Resolution passed at the AGM |
|-------|---------|-------------|--------------------------------------|
| 1. | 2005-06 | 31.08.2006 | NIL |
| 2. | 2006-07 | 31.07.2007 | NIL |
| 3. | 2007-08 | 31.07.2008 | NIL |

POSTAL BALLOT

| | |
|--|-----|
| ■ Whether Special Resolutions were put through postal ballot last year | No |
| ■ Details of voting pattern | N.A |
| ■ Person who conducted the Postal ballot exercise | N.A |
| ■ Are proposed to be conducted through postal ballot | N.A |
| ■ Procedure for postal ballot | N.A |

DISCLOSURES

No transaction of materially significant nature with any related parties has been effected during the year under review that may have potential conflict with the interest of the Company at large. However, all the related party transactions are disclosed in Note 'M' of the notes to the Account and are contained in the report.

The Stock Exchanges or SEBI or any statutory authorities on any matter related to Capital market have imposed no penalties or strictures on the Company. The company has complied with the non-mandatory requirements relating to the Remuneration committee to the extent detailed above and has not complied with the other non-mandatory requirements.

MEANS OF COMMUNICATION

The Un-audited Financial Results (Prov.) for every quarter have been communicated to the Stock Exchanges where the Company's shares are listed duly approved and taken on record by the Board of Directors of the Company. Further it had also been published within 48 hours in the Times of India, Poiner, Amar Ujala, Aaj.

SHAREHOLDERS' INFORMATION

- A. Date, Time and Venue of the Annual General Meeting :
- Date – 31st July, 2009
Time – 12:30 P.M.
Venue – Regd. Off. being E-14, Panki Industrial Area, Site-1, Kanpur-208022.
- B. Key Financial Reporting Dates for the year 2009-10
- Unaudited Results for the First
Quarter ended June 30, 2009 : – On or before July 31, 2009
Unaudited Results for the Second
Quarter/Half year ended September 30, 2009 : – On or before October 31, 2009
Unaudited Results for the Third
Quarter ended December 31, 2009 : – On or before January 31, 2010
Audited Results for the
Financial year 2009-10 : – On or before June 30, 2010
- C. Date of Book Closure : From 25th July to 31st July, 2009 (both days inclusive).
- D. Listing of Equity Shares on Stock Exchanges and Payment of Listing Fee :
The U. P. Stock Exchange Association Ltd., Kanpur (Regional Stock Exchange)
The Bombay Stock Exchange Ltd., Mumbai (Stock Code – 522195)
The Annual Listing Fee for the year 2008-09 (as applicable) has been paid by the Company to the Stock Exchanges.
- E. Demat Arrangement with NSDL & CDSL
Demat ISIN – INE572D01014
- F. Share transfer system is in compliance of SEBI requirement. Share Transfer is entertained, both under Demat form and Physical form. Share Transfer in respect of physical stocks is normally affected within a maximum period of 30 days from the date of receipt subject to approval of Share Transfer Committee.

TWENTY NINTH ANNUAL REPORT

G. DISTRIBUTION OF HOLDING

| Shares holding of nominal value of | Shareholders | | Shares Amount | | | | |
|------------------------------------|--------------|------------|----------------------|---------------------------|---------------------------|-------------------|------------|
| | Number | % to Total | Physical (in Rs.) | NSDL Demat (in Rs.) | CDSL Demat (in Rs.) | Total (in Rs.) | % to total |
| 1 to 5,000 | 4425 | 91.577 | 5114550 | 1666950 | 224900 | 7006400 | 17.789 |
| 5,001 to 10,000 | 194 | 4.015 | 282600 | 668510 | 93970 | 1645080 | 4.177 |
| 10,000 to 20,000 | 71 | 1.469 | 378400 | 578690 | 60420 | 1017510 | 2.583 |
| 20,001 to 30,000 | 32 | 0.662 | 290000 | 508980 | 49930 | 848910 | 2.155 |
| 30,001 to 40,000 | 17 | 0.352 | 328000 | 264010 | 0 | 592010 | 1.503 |
| 40,001 to 50,000 | 14 | .29 | 284000 | 332400 | 41000 | 657400 | 1.669 |
| 50,001 to 100,000 | 21 | 0.435 | 999700 | 443000 | 0 | 1442700 | 3.663 |
| 100,001 to above | 58 | 1.2 | 9377300 | 16690800 | 10700 | 26175100 | 66.449 |
| Total | 4832 | 100.00 | 17054550 | 21153340 | 480920 | 39385110 | 100.00 |

H. CATEGORIES OF SHAREHOLDING

| Category | Total Shares | % to Total Shares |
|------------------|--------------|-------------------|
| Promoter | 2035815 | 51.69 |
| Banks | 2200 | .06 |
| Bodies Corporate | 331975 | 8.43 |
| Indian Public | 1555821 | 39.50 |
| NRIs/OCBs | 12700 | 0.32 |
| Total | 3938511 | 100.00 |

I. SHARE PRICE DATA

| Month | BSE | |
|--------------|------------|-----------|
| | High (Rs.) | Low (Rs.) |
| April 08 | 15.19 | 14.96 |
| May 08 | 14.34 | 14.17 |
| June 08 | 14.41 | 14.22 |
| July 08 | 12.86 | 12.85 |
| August 08 | 17.86 | 17.43 |
| September 08 | 20.96 | 20.79 |
| October 08 | 19.73 | 19.43 |
| November 08 | 17.08 | 17.05 |
| December 08 | 17.75 | 17.7 |
| January 09 | 18.24 | 18.22 |
| February 09 | 17.61 | 17.38 |
| March 09 | 14.82 | 14.67 |

J. DEMATERIALISATION OF SHARES AND LIQUIDITY

- No. of Shares in Electronic Mode - 2173056 (55.17 % of Total Paid Up Capital)
- Days taken for Dematerialisation - 15 days (Approx.)

- K. Plant Location** : i) KM 25/4, Kalpi Road, Rania, Kanpur Dehat.
ii) 91/2 Village Kunja, Near Dental College, Paonta Sahib (H.P.).
- L. Address for Correspondence** : E-14, Panki Industrial Area, Site-1, Kanpur- 208 022.
- M. Registrar & Share Transfer Agent** : M/s ALANKIT ASSIGNMENTS LIMITED
205-208, Anarkali Market, Jhandewalan Extension,
New Delhi-110055.
- N. Investors'/Shareholders' Contact Information** : Shri Deepak Bhasin
Company Secretary
Tel. : (0512) 2691207-08, Fax : (0512) 2691209
Designated Email ID : c.s@frontiersprings.co.in

Annexure 'A'

INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING

| Name of Director | Date of Birth | Expertise in specific areas | Qualifications | Directorships in other Public Limited Companies | Membership of Committees in other Public Limited Companies | Other Information | Date of Re-appointment | Remarks |
|-------------------|---------------|-------------------------------|----------------|---|--|------------------------------------|------------------------|---|
| Shri Kapil Bhatia | 07.10.1965 | Finance and Administration | M.B.A. | Nil | Nil | Promoter Director | 03.01.1994 | Retiring by rotation at the forthcoming Annual General Meeting. |
| Shri R. K. Bhatia | 10.07.1954 | Management and Administration | BMS | - | - | Non-Executive Independent Director | 20.03.2003 | Retiring by rotation at the forthcoming Annual General Meeting. |

TWENTY NINTH ANNUAL REPORT

AUDITORS' REPORT

Auditors' Report to the Members of Frontier Springs Limited

We have audited the attached Balance Sheet of Frontier Springs Limited as at 31.03.2009, the annexed Profit & Loss Account and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of financial statement. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) Order 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments in the Annexure referred to above, we report that :-

- i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit ;
- ii) In our opinion, proper Books of Accounts as required by law have been kept by the company, so far as appears from our examination of these books ;
- iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account ;
- iv) In our opinion, the Balance Sheet, Profit & Loss ac-

count and Cash Flow Statement dealt with by this report comply with the applicable Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ;

- v) On the basis of written representations received from the Directors, as on 31/03/2009 and taken on record by the Board of directors, we report that none of the director is prima facie disqualified as on 31/03/2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with significant accounting policies and notes on accounts annexed thereto, subject to the followings :
 - i) Balance of sundry debtors, sundry creditors and sundry advances are subject to confirmation from respective parties (referred note no. 2 of 'Schedule -S' of Note on Accounts).
 - ii) Inventory of finished goods are valued at net realisable value (referred point no. B of 'Schedule -S' of Significant Accounting Policies).

gives the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

- a) In the case of Balance Sheet, of the state of affairs of the Company as at 31/03/2009;
 - b) In the case of Profit & Loss Account, of the profit for the year ended on that date.
- And
- c) In the case of Cash Flow Statement, of the cash flow for the year ended on that date.

Sanjay Nandini & Co.
229, IInd Floor,
City Centre, The Mall,
Kanpur
Date : 30.05.2009

For SANJAY NANDINI & CO.
Chartered Accountants
SANJAY MALHOTRA
Partner
Membership No. 71140

ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph III of the Auditors' Report to the Shareholders of Frontier Springs Limited on the Financial Statement for the year ended on 31st March, 2009.

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
(b) Physical verification of Fixed Assets has been conducted by the management at the end of the year, to the best of our knowledge, no serious discrepancies have been noticed on verification.
(c) No fixed Assets except Car & old Generator have been disposed off and sale of which does not affect the Concept of Going Concern.
2. (a) The stocks of Finished Goods, Stores, Spare Parts & Raw Materials have been physically verified during the year by the management. In our opinion, frequency of verification is reasonable. The Company is maintaining proper records of inventory.
(b) In our opinion, procedures of physical verification of stocks followed by management are reasonable and adequate in relation to the size of the Company and nature of its business.
(c) The discrepancies noticed on verification between the physical stocks and books records were not significant.
3. The Company has not granted any loan secured or unsecured to Companies, firm or other parties listed in the register maintained under Sec. 301 of the Companies Act, 1956 during the year, however during the year, the Company has accepted deposits amounting to Rs. 32,80,000.00 from 19 nos. of parties listed in the register maintained under Section 301 of the Companies Act, 1956 and has repaid to 11 nos. of parties amounting Rs. 5,28,477.00 (Rs. 5,22,111.00 towards interest and Rs. 6,366.00 towards principal). In our opinion rate of interest and other terms and conditions of Loans taken by the Company are not prima-facie prejudicial to the interest of the Company. Further, payment of the principal amount and interest are also regular.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchases of Inventory and Fixed assets and for the sales of Goods. There are no continuing failures to correct major weaknesses on internal control system.
5. According to the information and explanations provided by the management, we are in the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered. It has been further explained and informed to us by the Company that all the transaction are made at cash on prevailing market prices.
6. The Company has accepted deposits from the public during the year and the same are in compliance with the provisions of section 58A and 58AA or any other relevant provisions of the Companies Act, 1956.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. According to explanation and information given to us, maintenance of cost records has not been prescribed by the Central Government under Section 209 (1)(d) of the Companies Act, 1956 in respect to the business of the Company.
9. (a) According to the records of the Company, the Provident Fund, Employees State Insurance, Excise Duty, Service tax, Income tax Sales tax and any other statutory dues have been regularly deposited with the appropriate authorities within the stipulated time except some delay in deposit of T.D.S., Excise, Sales Tax & Entry Tax. There are no dues outstanding as at the last day of financial year concerned for a period of more than six months from the date they become payable.
(b) In our opinion, explanation and information given to us, there is no statutory dues as stated in para 9(a) above pending due to any dispute, hence provisions of para 4 (ix) b) of the said order is not applicable to the Company.
10. The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current year and immediately preceding financial year.
11. Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank.
12. In our opinion and according to the information and explanation given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of share, debentures and other security.
13. In our opinion, the Company is not a Chit Fund or a Nidhi/Mutual Benefit, Fund/ Society, therefore clause

TWENTY NINTH ANNUAL REPORT

- 4(xiii) of the Companies (Auditor's Report) Order, 2004 is not applicable to the Company.
14. The Company is not dealing or trading in shares, securities, debentures and other investments.
 15. In our opinion and according to the information & explanation given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
 16. The Company is utilising term loan facility from State Bank of India for Gen-set and Plant & Machinery including Car Hire Purchase loan as found by us and as explained and informed to us.
 17. According to the information and explanations given to us and on an overall examination of the balance sheet and cash flow statement of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
 18. The Company has not made any preferential allotment of shares to any parties or Companies.
 19. No debentures have been issued during the year.
 20. No public issue has been made during the year.
 21. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

Sanjay Nandini & Co.
229, IInd Floor,
City Centre, The Mall,
Kanpur
Date : 30.05.2009

For SANJAY NANDINI & CO.
Chartered Accountants
SANJAY MALHOTRA
Partner
Membership No. 71140

A C C O U N T S

TWENTY NINTH ANNUAL REPORT

BALANCE SHEET AS ON 31ST MARCH, 2009

| | Schedule No. | Current Year Rs. | Previous Year Rs. |
|--|-----------------|-------------------------------|------------------------|
| I. SOURCES OF FUNDS | | | |
| 1. Share Holders' Fund : | | | |
| a) Share Capital | A | 3,96,32,110.00 | 3,96,32,110.00 |
| b) Reserve & Surplus | B | 5,74,18,516.21 | 4,73,24,039.83 |
| 2. Loan Funds : | | | |
| Secured Loans | C | 2,79,14,378.92 | 2,41,91,165.75 |
| Unsecured Loans | D | 67,63,191.00 | 34,89,557.00 |
| | Total | <u>13,17,28,196.13</u> | <u>11,46,36,872.58</u> |
| II APPLICATION OF FUNDS | | | |
| 1. Fixed Assets : | | | |
| Gross Block | E | 9,12,23,094.19 | 8,73,14,078.89 |
| <i>Less</i> : Depreciation | | 4,23,01,336.97 | 3,94,24,927.91 |
| Net Block | | 4,89,21,757.22 | 4,78,89,150.98 |
| Capital Work In Progress | | | |
| Building Work In Progress | | 1,03,74,754.70 | 16,87,818.00 |
| Pre-operative Expenses | | 21,46,547.50 | 6,32,559.00 |
| 2. Investments | | | |
| Investment (At Cost) | F | 38,76,404.59 | 38,08,479.69 |
| 3. Current Assets, Loans & Advances | | | |
| a) Inventory | G | 3,59,17,345.03 | 3,87,91,054.10 |
| b) Sundry Debtors | | 5,67,30,716.01 | 4,48,30,614.17 |
| c) Cash & Bank Balances | | 54,49,797.50 | 27,72,653.52 |
| d) Other Current Assets | | 8,85,020.00 | 6,23,263.31 |
| e) Loans & Advances | | 1,06,11,237.71 | 20,99,274.32 |
| <i>Less</i> : Current Liabilities & Provisions | H | | |
| a) Current Liabilities | | 3,44,29,975.73 | 1,86,58,390.85 |
| b) Provisions | | 50,26,435.40 | 57,16,610.66 |
| 4. Net Current Assets | | | |
| | | 7,01,37,705.12 | 6,47,41,857.91 |
| 5. Deferred Tax Liabilities | | | |
| | | (40,20,521.00) | (47,06,081.00) |
| MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED) | | | |
| Deferred Revenue Expenses | | 2,91,548.00 | 5,83,088.00 |
| | Total | <u>13,17,28,196.13</u> | <u>11,46,36,872.58</u> |

Significant Accounting Policies and Notes on Accounts as per Schedule "S" attached.

As per our separate Report of even date attached to the Balance Sheet.

For SANJAY NANDINI & CO.

Chartered Accountants

SANJAY MALHOTRA

Partner

Place : Kanpur

Date : 30.05.2009

For and on behalf of Board of Directors

K. L. BHATIA

Chairman & Managing Director

DEEPAK BHASIN
Company Secretary

KAPIL BHATIA
Managing Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

| | Schedule No. | Current Year Rs. | Previous Year Rs. |
|---|-----------------|------------------------|----------------------|
| INCOME | | | |
| Gross Sales | J | 30,19,72,751.00 | 28,34,73,198.25 |
| Less : Central Excise & Cess Duty | | 3,24,26,849.00 | 3,75,94,821.00 |
| Net Sales | | 26,95,45,902.00 | 24,58,78,377.25 |
| Increase /(Decrease) In Stock | K | 12,82,849.21 | (54,17,487.46) |
| Miscellaneous Income | L | 19,46,496.19 | 10,10,251.29 |
| Total Income | | 27,27,75,247.40 | 24,14,71,141.08 |
| Expenditure : | | | |
| Raw Material Consumed | M | 15,27,91,840.46 | 12,49,76,724.01 |
| Manufacturing Expenses | N | 4,78,45,571.58 | 4,43,64,717.63 |
| Administrative Expenses | O | 1,86,43,508.22 | 1,79,53,030.90 |
| Interest Charges | P | 35,81,929.20 | 23,88,868.00 |
| Personnel Expenses | Q | 68,81,746.82 | 57,01,432.18 |
| Selling & Distribution Exps. | R | 2,29,61,179.68 | 1,98,82,529.95 |
| Deferred Revenue Exps. Amortised | | 2,91,540.00 | 2,91,540.00 |
| Total Expenses | | 25,29,97,315.96 | 21,55,58,842.67 |
| Profit Before Depreciation | | 1,97,77,931.44 | 2,59,12,298.41 |
| Depreciation | | (38,95,441.06) | (36,38,952.43) |
| Profit After Depreciation | | 1,58,82,490.38 | 2,22,73,345.98 |
| Adjustments For Taxation : | | | |
| Current Income Tax | | (58,16,111.00) | (79,38,000.00) |
| Deferred Tax | | 6,85,560.00 | 2,50,800.00 |
| Fringe Benefit Tax | | (2,93,825.00) | (3,25,000.00) |
| Income Tax Refund/(Paid) For Earlier Year | | (3,63,238.00) | 26,314.00 |
| Fringe Benefit Tax For Earlier Year | | (400.00) | (2,320.00) |
| Profit After Tax | | 10094476.38 | 1,42,85,139.98 |
| Add : Balance Brought Forward From Prev. year | | 2,36,32,229.83 | 93,47,089.85 |
| Balance Carried to Balance Sheet | | 3,37,26,706.21 | 2,36,32,229.83 |

Significant Accounting Policies and Notes on Accounts as per Schedule "S" attached.
As per our separate Report of even date attached to the Balance Sheet.

For SANJAY NANDINI & CO.
Chartered Accountants
SANJAY MALHOTRA
Partner

Place : Kanpur
Date : 30.05.2009

For and on behalf of Board of Directors

K. L. BHATIA
Chairman & Managing Director

DEEPAK BHASIN
Company Secretary

KAPIL BHATIA
Managing Director

TWENTY NINTH ANNUAL REPORT

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31.03.2009

| | Current Year Rs. | Previous Year Rs. |
|---|-----------------------|-----------------------|
| SCHEDULE A : CAPITAL | | |
| 1. AUTHORISED CAPITAL | | |
| 50,00,000 Equity Shares of Rs. 10/- each | 5,00,00,000.00 | 5,00,00,000.00 |
| 10,000 12% Redeemable Preference Shares of Rs. 100/- each redeemable after 5 years | 10,00,000.00 | 10,00,000.00 |
| Total | 5,10,00,000.00 | 5,10,00,000.00 |
| 2. ISSUED, SUBSCRIBED AND PAID UP CAPITAL | | |
| 39,38,511 Equity Shares of Rs. 10/- each (Including 12,57,500 Shares issued as bonus) | 3,93,85,110.00 | 3,93,85,110.00 |
| 49,400 Add : Share Forfeiture (Paid up Rs. 5/- only) | 2,47,000.00 | 2,47,000.00 |
| Total | 3,96,32,110.00 | 3,96,32,110.00 |
| SCHEDULE B : RESERVES & SURPLUS | | |
| CAPITAL RESERVE : | | |
| Capital Subsidy | 16,63,810.00 | 16,63,810.00 |
| GENERAL RESERVE : | | |
| Share Premium | 2,20,28,000.00 | 2,20,28,000.00 |
| (On 22,27,500 Equity Shares of Rs. 10/- each per share including premium received @ Rs. 5/- on 49,400 shares forfeited) | | |
| Profit & Loss Account | 3,37,26,706.21 | 2,36,32,229.83 |
| Total | 5,74,18,516.21 | 4,73,24,039.83 |
| SCHEDULE C : SECURED LOANS | | |
| State Bank of India C/C A/C (Against Hypothecation of Stock) | 1,45,98,399.92 | 1,93,79,849.96 |
| State Bank of India Book Debts A/C (Against Hypothecation of Book Debts) | 50,70,297.00 | 40,02,823.00 |
| State Bank of India Term Loan A/C (Against Hypothecation of Gen-set) | 8,85,174.00 | 0.00 |
| State Bank of India Term Loan (Paonta Sahib)A/C (Against Hypothecation of Plant & Machinery) | 72,23,719.00 | 0.00 |
| Citibank N.A. Car Loan | 0.00 | 12,907.00 |
| ICICI Bank Ltd. Car Loan (All Car Loan Against Hypothecation of Car) | 1,36,789.00 | 7,95,585.79 |
| Total | 2,79,14,378.92 | 2,41,91,165.75 |

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31.03.2009

| | Current Year Rs. | Previous Year Rs. |
|--|---------------------|----------------------|
| SCHEDULE D : UNSECURED LOANS | | |
| (Fixed Deposits from Shareholders) | | |
| Ridhu Bhatia Beneficiary Trust | 4,65,999.00 | 4,63,595.00 |
| Ridhu Bhatia Marriage Beneficiary Trust | 5,17,424.00 | 5,21,115.00 |
| Shantanu Bhatia Beneficiary Trust | 5,71,803.00 | 5,58,514.00 |
| Shantanu Bhatia Marriage Beneficiary Trust | 3,04,439.00 | 3,30,043.00 |
| Vansika Bhatia Beneficiary Trust | 4,65,485.00 | 4,63,134.00 |
| Vansika Bhatia Marriage Beneficiary Trust | 4,09,594.00 | 4,24,379.00 |
| Yashima Bhatia Marriage Beneficiary Trust | 3,51,095.00 | 3,71,899.00 |
| Yashima Bhatia Beneficiary Trust | 3,47,043.00 | 3,56,878.00 |
| Chandan Shyama Bhatia HUF | 1,06,331.00 | 0.00 |
| K.I. Bhatia HUF | 2,62,638.00 | 0.00 |
| K.I. Chandan Bhatia HUF | 2,10,727.00 | 0.00 |
| K.I. Chandan Manu Bhatia HUF | 2,06,667.00 | 0.00 |
| K.I. Manu Bhatia HUF | 1,10,714.00 | 0.00 |
| K.I. Shyama Bhatia HUF | 1,10,714.00 | 0.00 |
| K.I. Shyama Chandan Bhatia HUF | 1,07,320.00 | 0.00 |
| K.I. Shyama Manu Bhatia HUF | 1,07,320.00 | 0.00 |
| Kapil Bhatia HUF | 2,31,890.00 | 0.00 |
| Kapil Kamla Bhatia HUF | 1,79,593.00 | 0.00 |
| Neeraj Bhatia HUF | 2,27,764.00 | 0.00 |
| Neeraj Kamla Bhatia HUF | 1,85,374.00 | 0.00 |
| P.C. Bhatia HUF | 80,555.00 | 0.00 |
| P.C. Kamla Bhatia HUF | 2,12,282.00 | 0.00 |
| P.C. Kamla Kapil Bhatia HUF | 1,74,533.00 | 0.00 |
| P.C. Kamla Neeraj Bhatia HUF | 2,12,494.00 | 0.00 |
| P.C. Kapil Bhatia HUF | 1,87,113.00 | 0.00 |
| P.C. Kapil Neeraj Bhatia HUF | 2,12,282.00 | 0.00 |
| P.C. Neeraj Bhatia HUF | 2,03,998.00 | 0.00 |
| Total | <u>67,63,191.00</u> | <u>34,89,557.00</u> |

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009
SCHEDULE 'E' OF FIXED ASSETS

| Name of Assets | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|---|-----------------------|--------------------------|---------------------------------|-----------------------|------------------|--------------|--------------------------|------------------------|--------------------------|--------------------------|
| | Cost as on 01.04.2008 | Addition during the year | Trf./Adjustment during the year | Total as on 31.3.2009 | Up to 31.03.2008 | For the Year | Trf./Adjustment For year | Total as on 31.03.2009 | Balance as on 31.03.2009 | Balance as on 31.03.2008 |
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Unit No.1, Kanpur (U.P):- | | | | | | | | | | |
| Land | 8,50,865.02 | - | - | 8,50,865.02 | - | - | - | - | 8,50,865.02 | 8,50,865.02 |
| Building | 98,70,370.59 | 2,75,242.00 | - | 1,01,45,612.59 | 41,05,736.25 | 3,35,849.38 | - | 44,41,585.63 | 57,04,026.96 | 57,64,634.34 |
| Plant & Machinery | 4,98,63,844.02 | 13,68,206.00 | 11,80,170.00 | 5,00,51,880.02 | 3,02,44,461.30 | 23,32,057.32 | 5,97,952.00 | 3,19,78,566.62 | 1,80,73,313.40 | 1,96,19,382.72 |
| Tools Moulds & Rols (Iron) | 18,01,544.00 | 2,17,360.00 | - | 20,18,904.00 | 4,49,570.55 | 2,11,178.39 | - | 6,60,748.94 | 13,58,155.06 | 13,51,973.45 |
| Generator | 15,30,000.00 | - | - | 15,30,000.00 | 3,185.75 | 72,475.89 | - | 75,661.64 | 14,54,338.36 | 15,26,814.25 |
| Lab & Testing Equipments | 10,15,117.00 | 1,94,665.00 | - | 12,09,782.00 | 396.31 | 48,151.35 | - | 48,547.66 | 11,61,234.34 | 10,14,720.69 |
| Office Equipments | 3,59,182.00 | 2,90,325.00 | - | 6,49,507.00 | 11,712.36 | 24,596.40 | - | 36,308.76 | 6,13,198.24 | 3,47,489.64 |
| Furniture & Fixture | 21,30,686.66 | 1,61,028.60 | - | 22,91,715.26 | 16,93,861.43 | 1,41,424.05 | - | 18,35,285.48 | 4,56,429.78 | 4,36,825.23 |
| Vehicles | 57,45,639.60 | 13,67,028.00 | 13,02,710.00 | 58,09,957.60 | 26,54,949.38 | 5,52,888.56 | 4,21,080.00 | 27,86,757.94 | 30,23,199.66 | 30,90,690.22 |
| Computer | 9,16,711.00 | 7,25,735.00 | - | 16,42,446.00 | 2,61,054.58 | 1,76,819.72 | - | 4,37,874.30 | 12,04,571.70 | 6,55,656.42 |
| Unit No.2, Paonta Sahib (H.P):- | | | | | | | | | | |
| Land (Paonta Sahib) | 1,27,40,582.00 | - | - | 1,27,40,582.00 | - | - | - | - | 1,27,40,582.00 | 1,27,40,582.00 |
| Building (Paonta Sahib) | 1,68,547.00 | - | - | 1,68,547.00 | - | - | - | - | 1,68,547.00 | 1,68,547.00 |
| Plant & Machinery (Paonta Sahib) | - | 93,579.00 | - | 93,579.00 | - | - | - | - | 93,579.00 | - |
| Lab & Testing Equipments (Paonta Sahib) | - | 9,03,978.70 | - | 9,03,978.70 | - | - | - | - | 9,03,978.70 | - |
| Office Equipments (Paonta Sahib) | 95,265.00 | 34,037.00 | - | 1,29,302.00 | - | - | - | - | 1,29,302.00 | 95,265.00 |
| Furniture & Fixture (Paonta Sahib) | 63,895.00 | 23,830.00 | - | 87,725.00 | - | - | - | - | 87,725.00 | 63,895.00 |
| Misc. Fixed Assets (Paonta Sahib) | 1,61,830.00 | 7,36,881.00 | - | 8,98,711.00 | - | - | - | - | 8,98,711.00 | 1,61,830.00 |
| Total | 8,73,14,078.89 | 63,91,895.30 | 24,82,880.00 | 9,12,23,094.19 | 3,94,24,927.91 | 38,95,441.06 | 10,19,032.00 | 4,23,01,336.97 | 4,89,21,757.22 | 4,78,89,150.98 |
| Prev.year | 6,68,20,380.76 | 2,08,91,180.13 | 3,97,482.00 | 8,73,14,078.89 | 3,59,59,266.48 | 36,38,952.43 | 1,73,291.00 | 3,94,24,927.91 | 4,78,89,150.98 | - |

Capital Work in Progress :

Building Work in Progress (Unit No. 2, Paonta Sahib-H.P)

Total

1,03,74,754.70

1,03,74,754.70

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31.03.2009

| | Current Year Rs. | Previous Year Rs. |
|--|-----------------------|-----------------------|
| SCHEDULE F : INVESTMENTS | | |
| Investment in Plantation | 20,350.00 | 20,350.00 |
| Investment in Preference Shares : | | |
| Frontier Alloy Steels Ltd. | 8,00,000.00 | 8,00,000.00 |
| Investment in (Listed) Equity Shares : | | |
| Chariot Auto Accessories Ltd. | 3,00,000.00 | 3,00,000.00 |
| S.B.I. | 79,810.00 | 79,810.00 |
| I.D.B.I. | 48,750.00 | 48,750.00 |
| Idea-IPO | 17,250.00 | 17,250.00 |
| B.E.M.L. | 1,46,642.01 | 1,12,094.04 |
| B.H.E. L. | 3,32,386.52 | 3,14,041.52 |
| Bharti Airtel Ltd. | 68,030.29 | 68,030.29 |
| H.C.L. Technologies | 32,371.38 | 32,371.38 |
| I.F.C.I. | 38,929.99 | 38,929.99 |
| Infosys | 1,27,661.56 | 1,27,661.56 |
| M.R.P.L. | 40,280.00 | 40,280.00 |
| NTPC LTD. | 70,382.68 | 70,382.68 |
| Omaxe Ltd. | 1,24,940.67 | 1,24,940.67 |
| Reliance Communication Ltd. | 54,635.96 | 54,635.96 |
| Reliance Infrastructure Ltd | 43,110.41 | 43,110.41 |
| Reliance Industries Ltd. | 2,89,454.71 | 2,74,422.78 |
| Reliance Power Ltd. | 89,271.48 | 89,271.48 |
| Tata Motors | 1,47,742.92 | 1,47,742.92 |
| Tata Power | 32,673.26 | 32,673.26 |
| Tata Steels Ltd. | 42,115.11 | 42,115.11 |
| Wire and Wireless (India) Ltd. | 29,615.64 | 29,615.64 |
| Investment in Mutual Fund : | | |
| J.M. Basic Fund | 3,00,000.00 | 3,00,000.00 |
| Reliance Diversified Power Sector Fund | 6,00,000.00 | 6,00,000.00 |
| Total | <u>38,76,404.59</u> | <u>38,08,479.69</u> |
| SCHEDULE G : CURRENT ASSETS, LOANS & ADVANCES | | |
| (A) Inventories | | |
| (Taken as valued and Certified by the Management) | | |
| 1. Raw Material | 1,47,18,485.24 | 1,80,48,897.48 |
| 2. Work In Process | 4,93,307.27 | 43,94,744.75 |
| 3. Finished Goods | 1,76,79,554.25 | 1,12,26,975.66 |
| 4. Scrap | 17,72,876.10 | 30,41,168.00 |
| 5. Furnace Oil | 85,856.89 | 3,58,055.60 |
| 6. Diesel Oil | 1,02,248.12 | 59,133.48 |
| 7. Consumable Stores | 10,65,017.16 | 16,62,079.13 |
| Total | <u>3,59,17,345.03</u> | <u>3,87,91,054.10</u> |
| (B) Sundry Debtors | | |
| (Unsecured but considered good holding no security other than debtors personal security) | | |
| Debts Due for less than six months | 5,43,86,730.59 | 4,09,57,818.73 |
| Debts Due for less than six months | 23,43,985.42 | 38,72,795.44 |
| Total | <u>5,67,30,716.01</u> | <u>4,48,30,614.17</u> |

TWENTY NINTH ANNUAL REPORT

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31.03.2009

| | Current Year Rs. | Previous Year Rs. |
|---|-----------------------|----------------------|
| (C) Cash & Bank Balances | | |
| Cash on Hand | 7,184.54 | 1,38,677.02 |
| Cheque in Hand | 0.00 | 13,99,534.05 |
| S.B.I. SME Power Pack | 1,46,798.96 | 5,14,995.45 |
| S.B.I. SME Power Pack (Paonta Sahib) | 9,90,080.00 | 0.00 |
| S.T.D.R. with S.B.I. agst. L/C | 29,27,000.00 | 7,11,760.00 |
| S.T.D.R. with S.B.I. agst. B/G | 13,10,600.00 | 0.00 |
| S.T.D.R. with W.Rly. agst. Warantee | 10,660.00 | 0.00 |
| S.T.D.R. To Sales Tax (Paonta Sahib) | 50,000.00 | 0.00 |
| P.N.B. Current A/C (Gratuity) | 7,474.00 | 7,687.00 |
| Total | 54,49,797.50 | 27,72,653.52 |
| (D) Other Current Assets | | |
| Accrued interest on STDR | 1,84,176.00 | 17,855.31 |
| C.S.T. Recov. on goods Return (07-08) | 1,29,390.00 | 96,506.00 |
| Cenvat Recov.(input) | 11,340.00 | 50,003.00 |
| Cenvat Recov.(C.goods) | 7,371.00 | 9,633.00 |
| Cenvat Deferred (C.goods) | 3,86,617.00 | 3,96,474.00 |
| Cess Duty Recov.(C.goods) | 52.00 | 207.00 |
| Cess Duty Deferred (C.goods) | 7,686.00 | 7,903.00 |
| Cess Duty Recov. Input | 859.00 | 4,895.00 |
| Cess on Service Tax on Input Services | 2,416.00 | 698.00 |
| S.H.E. Cess Duty Deferred (C. Goods) | 3,809.00 | 3,841.00 |
| S.H.E. Cess Duty Recov. (C. Goods) | 72.00 | 104.00 |
| S.H.E. Cess Duty Recov.(Input) | 1,206.00 | 687.00 |
| S.H.E. Cess on Service Tax on Input Services | 547.00 | 255.00 |
| Personal Ledger Account (Excise & Cess) | 10,455.00 | 728.00 |
| Purchase Tax (Un-registered) | 3,170.00 | 0.00 |
| Service Tax on Input Services | 1,35,854.00 | 33,474.00 |
| Total | 8,85,020.00 | 6,23,263.31 |
| (E) Loans & Advances | | |
| (Unsecured but considered good holding no security Other than Personal Security) | | |
| Advance recoverable in cash or in kind or for value to be received | | |
| i) Advance to Supplier | 62,80,763.05 | 5,89,258.43 |
| ii) Advance to Staff agst. Salary | 2,34,660.00 | 1,69,575.00 |
| iii) Security Deposits | 35,50,338.00 | 9,66,388.00 |
| iv) Other Advances | 5,45,476.66 | 3,74,052.89 |
| Total | 1,06,11,237.71 | 20,99,274.32 |

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31.03.2009

| | Current Year Rs. | Previous Year Rs. |
|---|------------------------|------------------------|
| SCHEDULE H : CURRENT LIABILITIES & PROVISIONS : | | |
| (A) Sundry Creditors & Advances Recd. | | |
| (i) Trade Creditors | 3,15,78,073.33 | 1,58,27,281.61 |
| (ii) Creditors for Services | 26,43,452.40 | 26,07,691.24 |
| (iii) Security Recd. | 2,08,450.00 | 2,08,450.00 |
| (iv) Advance from Customers | 0.00 | 14,968.00 |
| Total | <u>3,44,29,975.73</u> | <u>1,86,58,390.85</u> |
| (B) Provisions & Outstanding Liability | | |
| (i) Statutory Liability | 7,26,017.00 | 11,06,225.00 |
| (ii) Provisions & Other Liability | 43,00,418.40 | 46,10,385.66 |
| Total | <u>50,26,435.40</u> | <u>57,16,610.66</u> |
| SCHEDULE I : MISCELLANEOUS EXPENDITURE | | |
| (To the extent not written off or adjusted As on 31.03.2009) | | |
| Deferred Revenue Expenses | 5,83,088.00 | 8,74,628.00 |
| Less : Exps.amortised during the year | 2,91,540.00 | 2,91,540.00 |
| Total | <u>2,91,548.00</u> | <u>5,83,088.00</u> |
| SCHEDULE J : SALES | | |
| Sales Central (Coil agst.C & D Form) | 12,86,47,430.00 | 14,45,30,964.00 |
| Sales Central (Coil agst. Full Tax) | 10,64,36,776.00 | 8,34,38,273.00 |
| Sales Central (L/L agst. 2%) | 1,31,21,021.00 | 0.00 |
| Sales U.P.(Coil agst.D- Form) | 0.00 | 52,19,698.00 |
| Sales U.P.(coil agst.3-B Form) | 0.00 | 1,72,67,592.00 |
| Sales U.P. (Coil agst. Full Tax) | 0.00 | 1,07,77,317.00 |
| Sales U.P. (Coil agst. VAT) | 4,29,99,087.00 | 1,06,40,808.00 |
| Sales U.P.(Flat/Stip agst. 3-B Form) | 0.00 | 4,42,476.00 |
| Sales U.P.(Flat/Stip agst. VAT) | 0.00 | 9,59,019.00 |
| Sales U.P.(Scrap) | 0.00 | 66,53,308.00 |
| Sales U.P.(Scrap agst. VAT) | 47,45,259.00 | 22,52,293.00 |
| Total | <u>29,59,49,573.00</u> | <u>28,21,81,748.00</u> |
| Sales Deemed Export | 4,98,771.00 | 0.00 |
| Sales Depot (Coil agst.F Form) | 71,98,322.00 | 62,24,382.00 |
| | 30,36,46,666.00 | 28,84,06,130.00 |
| Less : Sales Return | 16,73,915.00 | 49,32,931.75 |
| Total | <u>30,19,72,751.00</u> | <u>28,34,73,198.25</u> |
| SCHEDULE K : INCREASE(+)/(-)DECREASE IN STOCK | | |
| Opening Stock- | | |
| Finished Goods | 1,12,26,975.66 | 1,04,51,442.95 |
| Work in Process | 43,94,744.75 | 61,46,336.14 |
| Scrap | 30,41,168.00 | 74,82,596.78 |
| | <u>1,86,62,888.41</u> | <u>2,40,80,375.87</u> |
| Less : Closing Stock- | | |
| Finished Goods | 1,76,79,554.25 | 1,12,26,975.66 |
| Work in Process | 4,93,307.27 | 43,94,744.75 |
| Scrap | 17,72,876.10 | 30,41,168.00 |
| | <u>1,99,45,737.62</u> | <u>1,86,62,888.41</u> |
| Increase(+)/Decrease (-) in Net Inventory | <u>12,82,849.21</u> | <u>-54,17,487.46</u> |

TWENTY NINTH ANNUAL REPORT

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31.03.2009

| | Current Year Rs. | Previous Year Rs. |
|--|------------------------|------------------------|
| SCHEDULE L : MISCELLANEOUS INCOME | | |
| Interest on S.T.D.R. | 2,33,837.69 | 24,562.88 |
| Dividend Received | 19,021.50 | 5,810.00 |
| Input Tax Credit on Stock | 7,02,983.00 | 0.00 |
| Rent on Shed Received | 9,52,872.00 | 9,13,806.00 |
| Profit on Sale of Gen-set | 37,782.00 | 66,072.41 |
| Total | <u>19,46,496.19</u> | <u>10,10,251.29</u> |
| SCHEDULE M : RAW MATERIAL CONSUMED | | |
| Opening Stock | 1,80,48,897.48 | 94,31,090.72 |
| Add : Purchases (Including Freight, Intt. on L/C & Entry Tax) | 14,94,61,428.22 | 13,35,94,530.77 |
| Less : Closing Stock | 1,47,18,485.24 | 1,80,48,897.48 |
| Total | <u>15,27,91,840.46</u> | <u>12,49,76,724.01</u> |
| SCHEDULE N : MANUFACTURING EXPENSES | | |
| Power and Fuel Consumed | 2,00,86,855.32 | 1,82,98,225.43 |
| Consumable Stores Consumed | 68,02,290.40 | 81,32,683.04 |
| Generator Repairing & Maintenance | 41,044.00 | 47,148.00 |
| Jobwork Paid | 21,04,647.00 | 22,76,973.00 |
| Lab. expenses | 1,234.72 | 4,950.00 |
| Labour Food & Beverage | 2,56,732.00 | 1,54,776.00 |
| Machinery Maintenance | 57,61,414.00 | 46,75,173.57 |
| Wages & Salary | 99,46,718.67 | 87,52,522.15 |
| Watch & Ward | 4,83,834.00 | 4,12,694.43 |
| Workshop Maintenance | 23,60,801.47 | 16,09,572.01 |
| Total | <u>4,78,45,571.58</u> | <u>4,43,64,717.63</u> |
| SCHEDULE O : ADMINISTRATIVE EXPENSES | | |
| Appeal Fee | 2,010.00 | 2,000.00 |
| Audit Fee (Statutory) | 50,000.00 | 50,000.00 |
| Audit Fee (Internal) | 1,80,000.00 | 1,80,000.00 |
| Bank Charges | 25,52,069.30 | 30,55,760.74 |
| Bank Transaction Tax | 10,698.00 | 8,435.00 |
| Board Meeting Expenses | 98,607.00 | 90,430.00 |
| Building Repair & Maintenance | 5,30,234.92 | 16,36,554.15 |
| Car Running Expenses | 2,56,391.73 | 3,18,189.26 |
| Certification Fee | 8,350.00 | 7,400.00 |
| Computer Expenses | 1,02,760.00 | 69,193.00 |
| Conveyance | 6,34,116.91 | 6,25,544.46 |
| Consultation Fee | 2,87,000.00 | 60,906.00 |
| Directors' Remuneration | 23,70,000.00 | 20,88,000.00 |
| Directors' Sitting Fee | 52,000.00 | 56,000.00 |
| Donation | 85,027.00 | 55,775.00 |
| Demat Charges | 67,110.91 | 39,607.00 |
| Depot Rent | 7,200.00 | 7,200.00 |
| Hire Charges on Vehicle | 54,275.21 | 93,741.57 |
| Hotel, Boarding & Lodging Exps. | 35,878.00 | 31,278.00 |

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31.03.2009 (Contd..)

| | Current Year Rs. | Previous Year Rs. |
|---|-----------------------|-----------------------|
| Hotel, Boarding & Lodging Exps.(Director) | 3,18,297.92 | 2,73,085.92 |
| Hotel, Boarding & Lodging Exps.(Foreign) | 30,619.00 | 38,370.00 |
| Incentive to Director | 25,77,000.00 | 17,34,583.00 |
| ISO (ISO-9002) Certificate Exps. | 18,752.00 | 21,497.00 |
| Inspection Charges | 4,90,546.00 | 1,34,977.00 |
| Insurance | 1,14,500.00 | 1,56,868.00 |
| Internet Expenses | 32,912.00 | 27,381.00 |
| Leave Travelling Concession | 0.00 | 2,90,000.00 |
| Legal Expenses | 43,817.00 | 92,280.00 |
| Loss on Sale of Car | 3,52,784.00 | 51,191.00 |
| Factory Licence Fee | 14,200.00 | 10,000.00 |
| Festival Exps. | 1,09,604.00 | 17,270.00 |
| Filing Fee | 13,802.00 | 5,168.00 |
| Share/ Stock Listing Fee | 29,565.00 | 19,750.00 |
| Sales Tax Expenses | 0.00 | 12,717.00 |
| Pooja Expenses | 17,618.75 | 18,369.00 |
| Membership Fee | 55,911.70 | 1,52,529.40 |
| Misc. Expenses | 60,211.20 | 40,826.20 |
| News Paper & Periodicals | 17,183.50 | 19,334.50 |
| Office Maintenance | 1,29,685.48 | 5,01,678.20 |
| Postage & Stamp | 1,91,116.50 | 1,36,810.93 |
| Printing & Stationery | 2,19,103.27 | 1,89,187.68 |
| Professional Charges | 2,30,993.00 | 1,05,200.00 |
| Rebate & Trade Discount | 0.00 | 8,230.00 |
| Rejection & Deduction | 17,58,745.00 | 1,32,64,27.35 |
| Rates & Taxes | 57,112.00 | 26,868.00 |
| Registration Fee | 36,300.00 | 17,286.00 |
| State Entry Tax Expenses | 0.00 | 70,375.00 |
| Sundry Balance W/Off | 24,16,631.48 | 23,74,926.16 |
| Telephone Expenses | 5,11,830.76 | 4,60,949.97 |
| Travelling Expenses | 2,78,205.94 | 2,31,712.11 |
| Travelling Expenses (Director) | 4,93,224.26 | 5,88,630.25 |
| Travelling Expenses (Foreign) | 3,45,019.48 | 68,000.05 |
| Vehicle Repair & Maintenance | 2,94,488.00 | 2,54,538.00 |
| Total | 1,86,43,508.22 | 1,79,53,030.90 |
| SCHEDULE P : INTEREST CHARGES | | |
| Interest to Bank | 30,52,242.00 | 21,83,270.00 |
| Interest to Unsecured Loan | 5,22,111.00 | 2,05,557.00 |
| Interest on Sale Tax / Excise / TDS | 7,576.20 | 41.00 |
| Total | 35,81,929.20 | 23,88,868.00 |

TWENTY NINTH ANNUAL REPORT

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31.03.2009

| | Current Year Rs. | Previous Year Rs. |
|--|---------------------|----------------------|
| SCHEDULE Q : PERSONNEL EXPENSES | | |
| Bonus | 6,74,006.00 | 7,58,505.00 |
| E.S.I. | 2,41,820.40 | 2,14,396.05 |
| Gratuity Insurance | 4,48,750.00 | 4,26,383.00 |
| House Rent Allowance | 2,82,915.00 | 2,49,065.00 |
| Incentive Expenses & Compensation | 72,036.00 | 83,707.00 |
| Labour Welfare | 1,19,142.00 | 2,53,989.00 |
| Leave Encashment | 3,35,214.00 | 2,21,953.00 |
| Retainership Fee | 74,200.00 | 47,400.00 |
| Provident Fund | 8,74,591.00 | 7,43,776.00 |
| Salary | 34,23,847.71 | 23,03,989.53 |
| Medical Expenses | 2,39,264.71 | 3,01,291.60 |
| Staff Food & Beverage | 95,960.00 | 67,299.00 |
| Staff Training Exps. | 0.00 | 29,678.00 |
| Total | 68,81,746.82 | 57,01,432.18 |

SCHEDULE R : SELLING & DISTRIBUTION EXP.

| | | |
|-----------------------------|-----------------------|-----------------------|
| Advertisement & Publication | 3,69,416.00 | 493752.00 |
| Central Sales Tax Exps. | 73,41,106.00 | 7479796.00 |
| U.P. VAT Exps. | 18,34,525.00 | 1672943.00 |
| Commission | 15,67,965.00 | 820562.00 |
| Freight & Cartage Outward | 50,10,117.00 | 50,82,575.00 |
| Service Tax on Freight | 1,53,209.00 | 1,56,893.00 |
| Gift on New Year | 75,037.50 | 1,47,222.00 |
| Packing Expenses | 58,31,224.18 | 32,64,284.02 |
| Sales Promotion | 4,51,333.00 | 5,26,755.93 |
| Sample | 1,51,981.00 | 46,801.00 |
| Tender Fees | 1,75,266.00 | 1,90,946.00 |
| Total | 2,29,61,179.68 | 1,98,82,529.95 |

SCHEDULE "S" OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT ATTACHED AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2009 AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE.**Significant Accounting Policies****(A) (i) Basis of Accounting AS-1 :**

The financial statement have been prepared under the historical cost and conversion, in accordance with generally accepted accounting principles and the provisions of Companies Act, 1956 as adopted consistently by the Company. The Company generally follows mercantile system of accounting and recognises significant items of income & expenditure on accrual basis.

(ii) Consistency

Accounting policies not specifically referred to otherwise are consistent and are in consonance with generally accepted accounting principles.

(B) Inventories AS-2 :

- (i) Value of Raw Materials, Stores & Spares are ascertained at cost on FIFO basis, Work in Process is valued at conversion cost exclusive of excise duty, Scrap are valued at net realisable value and Finished goods are valued at net realisable value.

The valuation of Raw Material, Store & Spares and Work in process are valued as per AS-2 "Valuation of Inventories" issued by the Institute of Chartered Accountants of India, however Finished goods are valued at net realisable value, which is not as per AS-2, but this method of valuation is being consistently followed in earlier years.

(ii) Valuation of Closing Stock of Finished Goods & Scrap :

Closing stock of Finished goods & Scrap amounting to Rs.1,94,52,430.35 (Pre.Yr.Rs.1,42,68,143.66) includes the amount of Excise duty, education & higher secondary education cess on excise amounting to Rs.14,80,858.00 (Pre.Yr. Rs.17,98,170.00). The Company has provided the excise duty , education cess & higher secondary education cess duty on closing stock of finished goods & Scrap to Profit & Loss account for the Current Year.

(C) Cash Flow AS- 3 : A

AS-3 is applicable to the Company and indirect method has been followed.

(D) Contingent Liabilities AS-4 :

Contingent liabilities are not provided for but are disclosed by way of point No.10 of Notes on Accounts.

(E) Prior period items AS-5 :

Wherever required the item has been classified as per accounting standard.

(F) Depreciation AS-6 :

Depreciation has been charged on straight line method as per the rates given in Schedule XIV of the Companies Act, 1956.

(G) Revenue Recognition AS-9 :

All Income and Expenditure are accounted for on accrual basis.

(H) Sales

Sales are invoiced on completion of sale of goods and include Excise duty, Education cess duty, Secondary higher education cess and Sales Tax.

(I) Fixed Assets AS-10 :

- (i) Fixed assets are stated at cost less depreciation. Such cost comprises of purchase price and any attributable cost of bringing the assets to working conditions for its intended use.
- (ii) Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to Profit and Loss account. When assets are sold or discarded, their cost and accumu-

TWENTY NINTH ANNUAL REPORT

lated depreciation is removed from the account and any gain or loss, resulting from their disposal is included in the Profit and Loss account.

(J) Foreign Currency transaction during the current year AS-11:

The Company has no transaction in foreign currency for the import of material and/or export of finished product. However, travelling expenses of Rs. 3,45,019.48 and Hotel, Boarding & Lodging expenses of Rs. 30,619.00 on foreign tour for attending trade fair has been incurred. There is no exchange gain/loss arising out of the rates prevailing on the date of transaction/remittance, hence not dealt with in Profit & Loss A/c for the year in which remittance is affected.

(K) Cenvat :

The amount of cenvat benefit eligible is reduced for the amount of purchase of raw material and consumption of raw material have been arrived there at accordingly.

(L) Service Tax :

The amount of service tax on input services availed by the Company has been accounted for availing the benefits of credit allowable under the statute.

(M) Investment AS-13 :

Investments have been stated at cost. Temporary increase/decrease in the value of investments have not been recognised by the management of the Company as all investments are considered by the Company as Long Term investment (as shown in note no.4).

(N) Retirement Benefit to employees AS-15 :

- (i) Gratuity liability under Gratuity Act, 1972 covered under LIC Staff Gratuity Policy and premium payable on account of the said policy is charged to the Profit & Loss account.
- (ii) The Company's contribution to Provident Fund and Family Pension Fund is charged to Profit & Loss account.
- (iii) Leave retirement expenses is provided to Profit & Loss Account on accrual basis. Leave encashment in case of retirement as well as on continuing employees is provided for, and the same is at Rs. 7,30,455.00 (Pre.Yr. Rs. 5,77,591.00).

(O) Borrowing Cost AS-16 :

As informed by the Management of Company, there was no borrowing cost occurred for the purpose of acquiring or buildup of Fixed Assets for the preinstallation period.

(P) Segment Reporting AS-17 :

The Company's main business is manufacturing & selling of Coil Springs & Leaf Springs. There is no separate segment within the Company as defined by 'AS-17 Segment Reporting' issued by the Institute of Chartered Accountants of India.

(Q) Related party disclosure :- AS-18 :

| Related Party | Relationship | Nature of transaction | Value (Amount Rs.) | Amount outstanding Receivable/Payable |
|---|----------------------------|-----------------------|--------------------|---------------------------------------|
| Mr. K.L.Bhatia | Key Management Person | Remuneration | 15,00,000.00 | Cr. 42,720.00 |
| Mr. Kapil Bhatia | —do— | —do— | 15,00,000.00 | 0.00 |
| Mr. Neeraj Bhatia | —do— | —do— | 15,00,000.00 | 0.00 |
| Smt. Sushma Bhatia | —do— | —do— | 7,00,000.00 | Cr. 23,955.00 |
| Miss Shikha Bhatia | C. Sister of Mng. Director | Salary | 3,00,000.00 | Dr. 2,060.00 |
| M/s Frontier Alloy Steels Ltd | Associate Concern | Sales | 2,52,26,217.00 | Dr. 95,08,976.00 |
| —do— | —do— | Purchase | 6,23,347.00 | 0.00 |
| —do— | —do— | Investment | 8,00,000.00 | Dr. 8,00,000.00 |
| M/s Frontier Metaprod (India) Pvt. Ltd. | —do— | Purchase | 52,298.00 | 0.00 |

| | | | | |
|--|------|----------------------|--------------|-----------------|
| M/s Frontier Engineering Corporation | —do— | Purchase | 25,46,090.00 | 0.00 |
| M/s Auto Fastners (India) | —do— | Jobwork | 1,36,962.00 | 0.00 |
| M/s Vishpa Rail Equipments Ltd | —do— | Jobwork | 21,04,647.00 | 0.00 |
| Ridhu Bhatia Beneficiary Trust | —do— | Interest on Deposits | 50,404.00 | Cr. 4,65,999.00 |
| Ridhu Bhatia Marriage Beneficiary Trust | —do— | —do— | 56,309.00 | Cr. 5,17,424.00 |
| Shantanu Bhatia Beneficiary Trust | —do— | —do— | 61,289.00 | Cr. 5,71,803.00 |
| Shantanu Bhatia Marriage Beneficiary Trust | —do— | —do— | 34,396.00 | Cr. 3,04,439.00 |
| Vansika Bhatia Beneficiary Trust | —do— | —do— | 50,351.00 | Cr. 4,65,485.00 |
| Vansika Bhatia Marriage Beneficiary Trust | —do— | —do— | 45,215.00 | Cr. 4,09,594.00 |
| Yashima Bhatia Beneficiary Trust | —do— | —do— | 38,165.00 | Cr. 3,47,043.00 |
| Yashima Bhatia Marriage Beneficiary Trust | —do— | —do— | 39,196.00 | Cr. 3,51,095.00 |
| Chandan Shyama Bhatia HUF | —do— | —do— | 7,058.00 | Cr. 1,06,331.00 |
| K.L. Bhatia HUF | —do— | —do— | 8,515.00 | Cr. 2,62,638.00 |
| K.L. Chandan Bhatia HUF | —do— | —do— | 9,729.00 | Cr. 2,10,727.00 |
| K.L. Chandan Mannu Bhatia HUF | —do— | —do— | 1,667.00 | Cr. 2,06,667.00 |
| K.L. Mannu Bhatia HUF | —do— | —do— | 8,600.00 | Cr. 1,10,714.00 |
| K.L. Shyama Bhatia HUF | —do— | —do— | 8,600.00 | Cr. 1,10,714.00 |
| K.L. Shyama Chandan Bhatia HUF | —do— | —do— | 8,160.00 | Cr. 1,07,320.00 |
| K.L. Shyama Mannu Bhatia HUF | —do— | —do— | 8,160.00 | Cr. 1,07,320.00 |
| Kapil Bhatia HUF | —do— | —do— | 13,255.00 | Cr. 2,31,890.00 |
| Kapil Kamla Bhatia HUF | —do— | —do— | 10,695.00 | Cr. 1,79,593.00 |
| Neeraj Bhatia HUF | —do— | —do— | 8,655.00 | Cr. 2,27,764.00 |
| Neeraj Kamla Bhatia HUF | —do— | —do— | 8,221.00 | Cr. 1,85,374.00 |
| P.C. Bhatia HUF | —do— | —do— | 555.00 | Cr. 80,555.00 |
| P.C. Kamla Bhatia HUF | —do— | —do— | 8,118.00 | Cr. 2,12,282.00 |
| P.C. Kamla Kapil Bhatia HUF | —do— | —do— | 8,398.00 | Cr. 1,74,533.00 |
| P.C. Kamla Neeraj Bhatia HUF | —do— | —do— | 8,354.00 | Cr. 2,12,494.00 |
| P.C. Kapil Bhatia HUF | —do— | —do— | 7,930.00 | Cr. 1,87,113.00 |
| P.C. Kapil Neeraj Bhatia HUF | —do— | —do— | 8,118.00 | Cr. 2,12,282.00 |
| P.C. Neeraj Bhatia HUF | —do— | —do— | 3,998.00 | Cr. 2,03,998.00 |

(R) Accounting for Leases :- AS-19

There is no such items to be disclosed as explained by the management.

(S) Earning per Share :- AS-20

| | 2008-09 | 2007-08 |
|---|--------------------|--------------------|
| N/P after tax availing for share holder | Rs. 1,00,94,476.38 | Rs. 1,42,85,139.98 |
| Weighted average No. of equity shares outstanding during the year | Nos. 39,38,511 | Nos. 39,38,511 |
| Basic/diluted earning per share | Rs. 2.56 | Rs. 3.63 |

(T) Consolidated financial statement :- AS-21

AS-21 issued by the Institute of Chartered Accountants of India is not applicable to the Company.

TWENTY NINTH ANNUAL REPORT

(U) Deferred Tax :- AS-22

AS-22 issued by the Institute of Chartered Accountants of India, the major components of accumulated deferred tax assets & accumulated deferred tax liabilities recognised up to the current financial year is as under :-

| S. No. | Particulars | F.Y. 2008-09 | | F.Y. 2007-08 | |
|--------|--|---------------------|------------------------|---------------------|------------------------|
| | | Deferred Tax Assets | Deferred Tax Liability | Deferred Tax Assets | Deferred Tax Liability |
| 1. | Unabsorbed depreciation and losses | — | — | — | — |
| 2. | Deferred revenue expenditure | — | 99,094 | — | 1,98,192 |
| 3. | Difference between book and tax depreciation | — | 39,21,427 | — | 45,07,889 |
| | Total | 0.00 | 40,20,521 | 0.00 | 47,06,081 |
| | Net Deferred Tax Liability | 40,20,521.00 | 47,06,081.00 | | |

The difference Deferred tax assets for the year 2008-09 : Rs. 6,85,560 has been credited to Profit & Loss Account.

(V) Material events occurring after Balance Sheet date has been taken into cognizance.

(W) Interim financial reporting (IFR) :- AS-25

As per clause 41 Listing agreements the Company is publishing its financial results on quarterly basis.

(X) Intangible Assets :- AS-26

As informed by the Management, the Company has no intangible assets.

(Y) Impairment of Assets :- AS-28

As informed by the Management, there is no indication of impairment in assets (as it occurs where carrying value exceeds the present value of future cash flows excepted to arise from the continuing use of the assets and its eventual disposal).

(Z) Deferred revenue expenditure are amortised over a period of ten years.

Particulars of Balance Sheet Abstract and Company's General Business Profile in compliance of notification No. 3/24/94-CL-V (a) of the Ministry of Law, Justice and Company Affairs dt. 15.05.95 is enclosed herewith as annexure I.

Notes on Accounts :

- Excise duty, education cess & higher secondary education cess on excise of Rs. 14,80,858.00 on finished goods including scrap of Rs. 1,94,52,430.35 lying at the factory premises at the end of the year, would be payable at the time of clearance of such stock and the amount has been provided for and considered in the closing stock.
- Balances of sundry debtors, sundry creditors and loans & advances are subject to confirmation and reconciliation from the respective parties/persons.
- In the opinion of the Board, the current assets, loans & advances are approximately of the value stated, if realised in ordinary course of business. Provision for the known liabilities and for all doubtful debts & advances have been provided as reasonably required.

4. Details of Investments (Long term) :-

| Name/title | Quoted or Unquoted Share | No. of Share/ Mutual Fund | Face Value Rs. | Cost Rs. | Dividend Income | No. of Shares Sales | Profit/ Loss on sale | Market Value as on 31.03.2009 or any date near to |
|--|--------------------------|---------------------------|----------------|----------|-----------------|---------------------|----------------------|---|
| Plantation | | | 20350 | 20350 | — | — | — | N/A |
| Frontier Alloy Steels Ltd (Preference Share) | (Un.Q.) | 8000 | 800000 | 800000 | — | — | — | Not available |
| Chariot Auto Accessories Ltd. (Q.) | | 145000 | 1450000 | 300000 | — | — | — | Not available |

| | | | | | | | | |
|-----------------------------|------|----------|-------|--------|------|---|---|--------|
| I.D.B.I. | (Q.) | 1500 | 15000 | 48750 | — | — | — | 68100 |
| S.B.I. | (Q.) | 180 | 1800 | 79810 | 3870 | — | — | 191979 |
| IDEA | (Q) | 230 | 2300 | 17250 | — | — | — | 11535 |
| B.E.M.L. | (Q) | 125 | 1000 | 146642 | 813 | — | — | 38150 |
| B.H.E.L . | (Q) | 150 | 1250 | 332387 | 2288 | — | — | 188044 |
| Bharti Airtel Ltd. | (Q) | 75 | 750 | 68030 | — | — | — | 46935 |
| H.C.L.Technologies | (Q) | 100 | 200 | 32371 | 1000 | — | — | 10175 |
| I.F.C.I. | (Q) | 500 | 5000 | 38930 | — | — | — | 9650 |
| Infosys | (Q) | 75 | 375 | 127662 | 2794 | — | — | 99307 |
| MRPL | (Q) | 500 | 5000 | 40280 | 600 | — | — | 20525 |
| NTPC LTD. | (Q) | 300 | 3000 | 70383 | 1080 | — | — | 54060 |
| Omaxe Ltd. | (Q) | 400 | 4000 | 124941 | 1000 | — | — | 18860 |
| Reliance Communication Ltd. | (Q) | 75 | 750 | 54936 | 56 | — | — | 13095 |
| Reliance Infrastructure Ltd | (Q) | 25 | 250 | 43110 | 158 | — | — | 12884 |
| Reliance Industries Ltd. | (Q) | 115 | 1000 | 289455 | 1300 | — | — | 152320 |
| Reliance Power Ltd. | (Q) | 200 | 2000 | 89271 | — | — | — | 20500 |
| Tata Motors | (Q) | 200 | 2000 | 147743 | 3000 | — | — | 36060 |
| Tata Power | (Q) | 25 | 250 | 32673 | 262 | — | — | 19132 |
| Tata Steels Ltd. | (Q) | 50 | 500 | 42115 | 800 | — | — | 10300 |
| Wire and Wireless (I) Ltd. | (Q) | 300 | 3000 | 29615 | — | — | — | 3717 |
| J.M. Basic Fund | (Q) | 8248.760 | | 300000 | — | — | — | 68382 |
| Reliance D.E.P.S. Fund | (Q) | 7646.833 | | 600000 | — | — | — | 308859 |

Note :-

- (i) Since the market value of 1,45,000 equity shares of Chariot Auto Accessories Ltd. and the market value of 8,000 Preference shares of Frontier Alloy Steels Ltd. is not available with the Company the gain/loss on these investments can not be ascertained and the same are valued at cost.
- (ii) The increase/decrease in market value of Shares/Mutual Fund has not been regarded as permanent by the Company, hence no revaluation has been made in the books of account.

5. Payment made to/provided for Managing Director/Whole Time Directors

| Remuneration | 2008-2009 | 2007-2008 |
|----------------------------------|---------------------|------------------|
| Managing Directors | 7,80,000.00 | 6,90,000.00 |
| Other Directors | 15,90,000.00 | 13,98,000.00 |
| Incentives : | | |
| Managing Directors | 6,51,698.00 | 7,33,083.00 |
| Other Directors | 19,25,302.00 | 10,01,500.00 |
| Perquisites : | | |
| Managing Directors | 68,302.00 | 76,917.00 |
| Other Directors | 1,84,698.00 | 1,88,100.00 |
| Leave Travel Concession : | | |
| Managing Directors | NIL | NIL |
| Other Directors | NIL | 2,75,000.00 |
| Sitting fee : | | |
| | NIL | NIL |

TWENTY NINTH ANNUAL REPORT

6. Other additional information pursuant to provisions of paragraphs 3 & 4 of Part II of Schedule VI of the Companies Act, 1956.

| | 2008-09 | 2007-08 |
|--|---|--|
| i. Licensed Capacity (As certified by the management) | Not Applicable | Not Applicable |
| ii. Installed Capacity (As certified by the management) | 5000 Mt.per annum on single shift of eight hour Leaves spring and coil spring | 5000 Mt. per annum on single shift of eight hour Leaves spring and coil spring |
| iii. Production in Nos. | 1,87,723 | 2,43,452 |
| iv. Particulars in respect of sales (refer notes below) | | |

| Class of Goods | U/N | 31.03.2009 | | 31.03.2008 | |
|----------------|------|---------------|---------------------|------------|--------------|
| | | Qty. | Amount | Qty. | Amount |
| Coil springs | Nos. | 181659 | 301972751.00 | 238557 | 283473198.25 |
| Leaf springs | Nos. | Nil | Nil | Nil | Nil |

Notes :-

The value of sales is stated :-

(A) Inclusive of sales tax and inclusive of excise duty.

(B) Inclusive items manufactured and sold only.

(C) Net of goods returned.

v. Quantitative details of Raw Materials Consumed :

| Particulars | 31.03.2009 | | 31.03.2008 | |
|---------------------------------------|-----------------|---------------------|---------------|----------------|
| | Qty. (Mt.) | Value (Rs.) | Qty. (Mt.) | Value (Rs.) |
| a) Indigenous Spirings Steel Round | 2694.864 | 152791840.46 | 2995.583 | 124976724.01 |
| b) Imported | Nil | Nil | Nil | Nil |

vi. Percentage of imported & indigenous Raw Material, Spares, Components and Stores Consumed.

| | 2008-09 | 2007-08 |
|---------------------------------|----------------|---------|
| Raw Materials imported | Nil | Nil |
| Spare Parts & Sets (Indigenous) | 100% | 100% |
| Raw Materials Indigenous | 100% | 100% |

vii. Quantitative details of finished goods

| | 2008-09 | 2007-08 |
|--------------------------------|----------------|---------|
| Particulars | Nos. | Nos. |
| Opening Stock | 21190 | 16295 |
| Closing Stock | 30602 | 21190 |
| Home Consumption for reprocess | — | 3311 |
| Turnover | 181659 | 235246 |

Notes :-

(i) The quantitative details stated above are based on the certification given by the management.

(ii) The installed capacity is not being verified by us as a technical matter and it is taken as certified by the management.

(iii) The quantities have been shown to the nearest units.

| | 2008-09 | 2007-08 |
|---|------------------------|------------------------|
| 7. Expenditure in foreign currency | | |
| [Travelling Exps. (Foreign)] | Rs. 3,45,019.48 | Rs. 68,000.05 |
| [Hotel, Boarding & Lodging Exps. (Foreign)] | Rs. 30,619.00 | <u>38,370.00</u> |
| | Rs. 3,75,638.48 | <u>Rs. 1,06,370.05</u> |

8. Earnings in foreign currency **Rs. Nil** Rs. Nil

9. Number of employees who are getting remuneration in aggregate of not less than Rs. 24,00,000/- per annum if employed through out the year or if employed for part of the year were in receipt of remuneration in aggregate of not less than of Rs.2,00,000/- per month – NIL.

10. The Company is contingently liable towards bank guarantee provided to the tune of Rs. 121.80 lacs in favour of Indian Railways (Prev.Yr.Rs. 54.42 lacs in favour of Indian Railways).

11. During the year ended 31st March, 2008, profit of the Company has reduced substantially due to irrecoverable sundry debtors of Rs. 22,64,238.24 due from Maharashtra State Road Transport Corporation has been written off. However, This dispute is still pending before the Hon'ble Court of Third Additional Civil Judge (Senior Division), Kanpur Nagar. Hence this may be considered as contingent asset.

12. The Company has paid an Advance Income Tax for current year to the tune of Rs. 56,00,000.00 and the Company has also claim of Rs. 52,151.00 on account of T.D.S. on interest on S.T.D.R. with S.B.I. & Rs. 2,02,174.00 on account of T.D.S. deducted on rent of shed for the current year under consideration.

13. The Company has purchased Land at 91/2 Kunja, Paonta Sahib (H.P.) and has started building construction on it for starting a new unit of same products, which are under construction. The Capital Commitments are estimated for new unit stand at Rs.61.69 lacs.

14. Payment to Statutory Auditors :-

| | 2008-09 | 2007-08 |
|--------------------------------|-------------------------|------------------|
| Audit fee | 50,000.00 | 50,000.00 |
| Service Tax & Cess | 5,150.00 | 6,120.00 |
| Income Tax Fee | Nil | Nil |
| Management consultancy charges | Nil | Nil |
| Total | <u>55,150.00</u> | <u>56,120.00</u> |

15. Details of Loans :-

(i) Cash Credit Limit (Stock) : Rs. 1,45,98,399.92 (as on 31.03.2009)

Primary secured by the hypothecation of Company's entire current assets (both present and future) and the first charge on entire fixed assets of the Company inclusive of equitable mortgage of factory land & building situated at E-14, Panki Industrial Area, Kanpur, and first charge on entire fixed assets of the Company inclusive of equitable mortgage of factory land & building situated at KM-25/4, Kalpi Road, Rania Kanpur, also first charge on entire fixed assets of the Company inclusive of equitable mortgage of factory land & building situated at 91/2, Kunja, Paonta Sahib (H.P.). Loans are guaranteed by Directors Shri K.L. Bhatia, Shri Kapil Bhatia, Shri Neeraj Bhatia & Smt.Sushma Bhatia and third party being Smt. Shyama Bhatia.

(ii) Cash Credit Limit (Bills) : Rs. Nil (as on 31.03.2009)

Primary secured by the hypothecation of bills accompanied by IBA approved transporters receipt, invoice, bills of exchange & excise copy of invoice. The first charges on Company's entire fixed assets (both present and future) inclusive of equitable mortgage of factory land & building situated at E-14, Panki Industrial Area, Kanpur, and first charge on entire fixed assets of the Company inclusive of equitable mortgage of factory land & building situated at KM-25/4, Kalpi Road, Rania Kanpur, also first charge on entire fixed assets of the Company inclusive of equitable mortgage of factory land & building situated at 91/2, Kunja, Paonta Sahib (H.P.). Loans are guaranteed by Directors Shri K.L. Bhatia, Shri Kapil Bhatia, Shri Neeraj Bhatia & Smt.Sushma Bhatia and third party being Smt.Shyama Bhatia.

(iii) Cash Credit Limit (Book Debts) Rs. 50,70,297.00 (as on 31.03.2009)

Primary secured by the hypothecation of Company's entire current assets (both present and future) and the

TWENTY NINTH ANNUAL REPORT

first charge on entire fixed assets of the Company inclusive of equitable mortgage of factory land & building situated at E-14, Panki Industrial Area, Kanpur, and first charge on entire fixed assets of the Company inclusive of equitable mortgage of factory land & building situated at KM-25/4, Kalpi Road, Rania Kanpur, also first charge on entire fixed assets of the Company inclusive of equitable mortgage of factory land & building situated at 91/2, Kunja, Paonta Sahib (H.P.) Loans are guaranteed by Directors Shri K.L. Bhatia, Shri Kapil Bhatia, Shri Neeraj Bhatia & Smt. Sushma Bhatia and third party being Smt. Shyama Bhatia.

(iv) Term Loan (Gen-Set) Rs. 8,85,174.00 (as on 31.03.2009)

Primary secured by the hypothecation of Company's entire current assets (both present and future) and the first charge on entire fixed assets of the Company inclusive of equitable mortgage of factory land & building situated at E-14, Panki Industrial Area, Kanpur, and first charge on entire fixed assets of the Company inclusive of equitable mortgage of factory land & building situated at KM-25/4, Kalpi Road, Rania Kanpur, also first charge on entire fixed assets of the Company inclusive of equitable mortgage of factory land & building situated at 91/2, Kunja, Paonta Sahib (H.P.). Loans are guaranteed by Directors Shri K.L. Bhatia, Shri Kapil Bhatia, Shri Neeraj Bhatia & Smt. Sushma Bhatia and third party being Smt. Shyama Bhatia.

(v) Term Loan (Plant & Machinery) Rs. 72,23,719.00 (as on 31.03.2009)

Primary secured by the hypothecation of Company's entire current assets (both present and future) and the first charge on entire fixed assets of the Company inclusive of equitable mortgage of factory land & building situated at E-14, Panki Industrial Area, Kanpur, and first charge on entire fixed assets of the Company inclusive of equitable mortgage of factory land & building situated at KM-25/4, Kalpi Road, Rania Kanpur, also first charge on entire fixed assets of the Company inclusive of equitable mortgage of factory land & building situated at 91/2, Kunja, Paonta Sahib (H.P.). Loans are guaranteed by Directors Shri K.L. Bhatia, Shri Kapil Bhatia, Shri Neeraj Bhatia & Smt. Sushma Bhatia and third party being Smt. Shyama Bhatia.

(iv) Car Loan :-

(a) ICICI Bank Ltd. Car Loan of Rs. 1,36,789.00

Primary secured by the hypothecation of Company's vehicle No. UP78-BK/6302

16. During the year Company has paid Rs. 7,576.20 as interest on delayed payment of T.D.S., Excise, Entry Tax & Sales tax.
17. Bonus as shown in the Profit & Loss Account Rs. 6,74,006.00 (includes provision made during the year Rs.6,69,306.00 and Rs. 4,700.00 paid out of provision for the previous year 2007-08).
18. Cash & Bank Balance includes Rs.42,98,260.00 (Pre. Yr. Rs. 7,11,760.00) as a Short Term Deposit Receipt with S.B.I. against Letter of Credit Limit, Bank Guarantee against purchase order from customer i. e. Indian Railway & Sales Tax deptt.
19. Liability on account of interest on delayed payment to small scale and ancillary industrial undertakings under the Small Scale and Industrial Undertakings Act, 1993 cannot be ascertained as desired details are not available with Company.
20. Previous year's figures have been regrouped/recasted/reclassified to make them comparable wherever required.
21. The Company has its depot at 40/2 Bama Charan Roy Road, Post office Behala, Kolkata. The stock amounting Rs. 69,21,464.00 is being transferred to depot against form "F". The total sale booked through depot during the year is Rs.71,98,322.00 with local sales against VAT.
22. Schedules 'A' to 'S' form an integral part of the Balance Sheet and Profit & Loss account.

For SANJAY NANDINI & CO.
Chartered Accountants
SANJAY MALHOTRA
Partner

Place : Kanpur
Date : 30.05.2009

For and on behalf of Board of Directors

K. L. BHATIA
Chairman & Managing Director

DEEPAK BHASIN
Company Secretary

KAPIL BHATIA
Managing Director

**Additional information as required under Part-IV of Schedule VI to the Companies Act, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

1. Registration Details

Registration No. State Code
Balance Sheet Date
Date Month Year

2. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue Rights Issue
Bonus Issue Private Placement

3. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities Total Assets

Sources of Funds

Paid-up Capital Reserves and Surplus
Secured Loans Unsecured Loans

Application of Funds

Net Fixed Assets Investments
Net Current Assets Misc. Expenditure
Accumulated Losses

4. Performance of Company (Amount in Rs. Thousands)

Total Income Total Expenditure
Profit/Loss Before Tax Profit/Loss After Tax

(Please tick appropriate Box (+) for Profit (-) for Loss)

(+) (-) Earning per Share in Rs. Dividend Rate

5. Generic Names of Three Principal Products/ Services of the Company (As per monetary terms)

Item Code No.
Product Description
Item Code No. (ITC Code)
Product Description

For SANJAY NANDINI & CO.
Chartered Accountants
SANJAY MALHOTRA
Partner

Place : Kanpur
Date : 30.05.2009

For and on behalf of Board of Directors

K. L. BHATIA
Chairman & Managing Director
DEEPAK BHASIN
Company Secretary
KAPIL BHATIA
Managing Director

TWENTY NINTH ANNUAL REPORT

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

| | As at 31.03.2009 | (Rs. in Lacs) As at 31.03.2008 |
|---|---------------------|--------------------------------------|
| A) CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit Before Tax | 158.82 | 222.73 |
| Item Adjustment For :- | | |
| Depreciation | 38.95 | 36.39 |
| Rental Income | (9.53) | (9.14) |
| Interest Expenditure (Bank & Loan) | 35.82 | 23.89 |
| Interest Income | (2.34) | (0.24) |
| Dividend Income | (0.19) | (0.06) |
| Input Tax Credit on Stock | (7.03) | 0.00 |
| Profit on Sale of Share/Assets | (0.38) | (0.66) |
| Loss on Sale of Car Taken as Extra Ordinary Item | 3.53 | 0.51 |
| Amortisation of Misc.exps | 2.91 | 2.91 |
| Hire Charges | 0.54 | 0.94 |
| Operating Profit Before Working Capital Changes | 221.10 | 277.27 |
| Adjustment For :- | | |
| Inventories | 28.74 | (37.78) |
| Sundry Debtors | (119.00) | (51.68) |
| Loan & Advances | (87.74) | (1.71) |
| Sundry Creditors | 157.72 | 67.44 |
| Sundry Provisions | (6.51) | 3.52 |
| Cash Flow before Extra Ordinary Items | 194.31 | 257.06 |
| Extra Ordinary Items | (3.53) | (0.51) |
| Tax Paid | (64.73) | (82.36) |
| Net Cash (Used In)/From Operation Activities (A) | 126.05 | 174.19 |
| (B) CASH FLOW FROM INVESTING ACTIVITIES | | |
| Increase In Fixed Assets | (165.93) | (226.23) |
| Investment | (0.68) | (25.90) |
| Sale of Fixed Assets | 14.26 | 2.24 |
| Interest Received | 2.34 | 0.24 |
| Dividend Received | 0.19 | 0.06 |
| Input Tax Credit on Stock | 7.03 | 0.00 |
| Profit on Sale of Shares/Assets | 0.38 | 0.66 |
| Extraordinary Items | | |
| Rent Received | 9.53 | 9.14 |
| Net Cash (Used In)/From Investing Activities (B) | (132.88) | (239.79) |
| (C) CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds From Share Capital | 0.00 | 0.00 |
| Proceeds/(Repayment) from Short Term Borrowings | 37.23 | 32.65 |
| Proceeds/(Repayment) of Unsecured Loan | 32.73 | 34.90 |
| Dividend Paid | 0.00 | 0.00 |
| Interest Paid (Bank & Loan) | (35.82) | (23.89) |
| Hire Charges | (0.54) | (0.94) |
| Net Cash(used In)/from Financing Activities (C) | 33.60 | 42.72 |
| Net(decrease)/Increase in Cash and Cash Equivalents (A+B+C) | 26.77 | (22.88) |
| Cash and Cash Equivalents-opening | 27.73 | 50.61 |
| Cash and Cash Equivalents-closing | 54.50 | 27.73 |

For and on behalf of the Board

Place : Kanpur

K. L. BHATIA

KAPIL BHATIA

DEEPAK BHASIN

Date : 30.05.2009

Chairman & Managing Director

Managing Director

Company Secretary

AUDITORS' CERTIFICATE

We have examined the above cash flow statement of Frontier Springs Limited for the year ended 31st March, 2009. The Statement has been prepared by the Company in accordance with the requirements of listing agreement clause 32 with Stock Exchange and is based on and in agreement with books and records of the Company and also the Profit and Loss Account and Balance Sheet of the Company covered by our report of even date to the members of Company.

FOR SANJAY NANDINI & Co.

Chartered Accountants

SANJAY MALHOTRA

Partner

Place : Kanpur

Date : 30.05.2009

FRONTIER SPRINGS LIMITED

E-14, Panki Industrial Area, Site - I, Panki, Kanpur-208 022

ATTENDANCE SLIP

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

| | |
|---------|--|
| DP. Id* | |
|---------|--|

| | |
|-----------|--|
| Folio No. | |
|-----------|--|

| | |
|------------|--|
| Client Id* | |
|------------|--|

NAME AND ADDRESS OF THE SHAREHOLDER _____

No. of Shares held : _____

I hereby record my presence at the TWENTY NINTH ANNUAL GENERAL MEETING of the Company to be held on Friday, 31st July, 2009 at 12.30 P.M. at E-14, Panki Industrial Area, Site-I, Panki, Kanpur-208 022.

* Applicable for Investors holding Shares in electronic form.

** Strike out whichever is not applicable

SIGNATURE OF THE SHAREHOLDER OR PROXY**

CUT HERE

FRONTIER SPRINGS LIMITED

E-14, Panki Industrial Area, Site - I, Panki, Kanpur-208 022

PROXY FORM

| | |
|---------|--|
| DP. Id* | |
|---------|--|

| | |
|-----------|--|
| Folio No. | |
|-----------|--|

| | |
|------------|--|
| Client Id* | |
|------------|--|

I/We _____

being a Member/Members of Frontier Springs Limited hereby appoint

_____ of _____

(or failing him) _____ of _____

(or failing him) _____ of _____

as my/our Proxy to attend and vote for me/us and on my/our behalf at the Twenty Ninth Annual General Meeting of the Company to be held on Friday, 31st July, 2009 at 12.30 P.M. and at any adjournment thereof.

AS WITNESS I/we set my/our hands this _____ day of _____ 2009.

Signature _____

| |
|-----------------------------|
| Revenue Stamp Re. 1/- |
|-----------------------------|

*Applicable for Investors holding Shares in electronic form.

Note : The Proxy to be valid must be deposited at the Registered Office of the Company at E-14, Panki Industrial Area, Site-I, Panki, Kanpur not less than 48 hours before the time for holding the Meeting. The Proxy need not be a member of the Company.

CUT HERE

