

# FRONTIER SPRINGS LIMITED

## ANNUAL REPORT 2007-2008

### 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

Mrs. DIPTI GUPTA

### 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>

### PLANT

KM 25/4, KALPI ROAD, RANIA,

KANPUR DEHAT - 209 304 (U.P.)

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**NOTICE**

NOTICE is hereby given that the Twenty Eighth Annual General Meeting of the Members of FRONTIER SPRINGS LIMITED will be held on Thursday, 31st July 2008 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, 2008 and Profit and Loss Account for the financial year ended on that date together with Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Shri P.K.Goonka who retires by rotation and being eligible, offers himself for re-appointment
3. To appoint a Director in place of Shri Yashpal, 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 Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, and to fix their remuneration, and for the purpose, to consider, and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Section 224 of the Companies Act, 1956, M/s Sanjay 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."

Registered Office : By order of the Board  
E-14, Panki Industrial Area,  
Site-1, Panki, KUNDAN LAL BHATIA  
Kanpur-208022  
Dated : 29.05.2008 (Chairman cum Managing Director)

**NOTES :**

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE

COMPANY. The proxy in order to be effective must be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the Meeting.

- The Register of Members and Share Transfer Books of the Company shall remain closed from 25th July to 31st July 2008 (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

**DIRECTORS' REPORT**

Dear Shareholders,

Your directors have pleasure in presenting the Twenty Eighth Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March 2008.

**FINANCIAL RESULTS**

Particulars	(Rs. in Lacs)	
	2007-08	2006-07
Turnover	2834.74	2786.05
Profit Before Int., Dep., & Tax	283.02	203.00
Interest	23.89	25.26
Depreciation	36.39	32.50
Profit/(Loss) Before Tax	222.74	145.24
Income Tax		
Current year Tax	79.12	56.62
Fringe Benefit Tax	3.28	2.28
Deferred Tax	(2.51)	(3.89)
Profit/(Loss) After Tax	142.85	90.23
Profit/(Loss) b/f from P.Y.	93.47	3.24
Total	236.32	93.47
Transfer to General Reserve	200.00	0.00
Balance carried to Balance Sheet	36.32	93.47

**OPERATIONS**

The operation of the Company during the financial year under review improved with turnover of Rs. 2834.74 Lacs as against Rs. 2786.05 Lacs in preceding year. The net profit during the year was higher at Rs. 142.85 Lacs as against Rs. 90.23 Lacs in the preceding year despite increase in the input cost. The improvement in the performance had been mainly on account of improvement in the operational efficiency and better margin in sales.

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

**DIVIDEND**

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

**EXPANSION**

For the expansion of the business, the company is setting up one new unit in Poantasahib, H.P. for manufacturing coil springs for Railways & other heavy industries with capacity of 500 tonnes for which land has already

been purchased. Order for plant & machinery will be placed shortly and production is likely to commence in April 2009.

**DIRECTORS**

Pursuant to the provisions of the Companies Act, 1956 and Articles of the Association of the Company, Shri P.K.Goenka and Shri Yashpai, 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, 2008 that :-

- That in preparation of Annual Account, the applicable Accounting Standards have been followed along with proper explanation relating to material departure.
- That they have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the State of Affairs of the Company at the end of the Financial year and of the Profit of the Company for that year.
- That they have taken proper and sufficient care for the maintenance of adequate Accounting Records in accordance with the provision of the Companies Act, 1956, for safeguarding the Assets of the Company and for preventing and detecting the fraud and other irregularities.
- That they have prepared Annual Accounts on going concern basis.

**INFORMATION/ EXPLANATION ON ADVERSE REMARK 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.

## TWENTY EIGHTH ANNUAL REPORT

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 'Practising Company Secretaries' 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 Governments, Financial Institutions, Banks 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 : 29.05.08 (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, 2008.

The compliance of the conditions of the Corporate Governance is the responsibility of the Management. Our examination was limited to review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance as stipulated in the said Clause. It is neither audit nor an expression of the opinion on Financial Statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S. K. GUPTA & CO.  
Company Secretaries

S. K. GUPTA

Managing Partner

FCS 2589

Place : Kanpur

Date : 29th May, 2008

**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, 2008.**

**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 (2007-08)	Previous Period (2006-07)
A) Foreign Exchange Earnings	—	—
B) Foreign Exchange Outgo	1.06	4.45

For and on behalf of the Board

K.L.BHATIA

*Chairman & Managing Director*

Place Kanpur

Date : 29.05.2008

**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 backdrop 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.

**REPORT ON CORPORATE GOVERNANCE**

**COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :**

The Company is committed to compliance with global best practices of Corporate Governance and disclosure. The Company looks upon good corporate governance practices as a key driver of sustainable corporate growth and long-term shareholder value creation. The company's philosophy on corporate governance envisages the attainment of the highest levels of transparency, accountability and equity in all facets of its operations and in all its interactions with Shareholders, Employees, Government, Financial Institutions and lenders etc. The Company is committed to pursue a policy of appropriate disclosures and communications.

**BOARD OF DIRECTORS**

**Composition and Category**

The composition of the Board of Directors of the Company is in conformity with Clause 49 of the Listing agreement entered into with the Stock exchanges. It has total eight Directors on its Board consisting of

- Executive Directors
- Independent Non Executive Directors

The Company has an executive Chairman and number of Independent Directors constitutes half of the Board of Directors of the Company. The non-executive Directors with their diverse knowledge, experience and expertise bring in their independent judgment in the deliberation and decisions of the board.

The Company has no pecuniary relationship or transactions with its Non Executive Directors other than payment of sitting fees to them for attending Board and Committee Meetings. The Company pays fees to a non-executive Director who is rendering his services of a professional nature.

**Attendance of each Director at the Board Meetings/Annual General Meeting**

During the year 2007-08, 4 meetings of the Board of Directors were held on 31st May 2007, 31st July 2007, 31st October 2007 and 24th January 2008 respectively. The Company has held one meeting in every three months and the maximum time gap between any two meetings was not more than four months.

The twenty-seventh Annual General Meeting of the company was held on 31st July 2007. There was no extra ordinary general meeting of the shareholders of the Company held during the year 2007-08.

None of the directors of the Board serve as Members of more than 10 Committees nor are they Chairman of more than 5 Committees, as per the requirements of the Listing Agreement.

**Attendance record of each Director at the Board Meetings and annual General Meeting during the year 2007-08 and number of other Directorship and Chairmanship / Membership of each Director in various Companies**

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

CMD : Chairman & Managing Director; MD : Managing Director; WTD : Whole Time Director; INED : Independent Non-Executive Director.

**Board Procedure**

The Company's Board Meetings are governed by a structured Agenda. The Board Meetings are generally scheduled well in advance and the notice of each Board Meeting is given in writing to each Director. The Board members, in consultation with the Chairman, may bring up any matter for the consideration of the Board.

## TWENTY EIGHTH ANNUAL REPORT

The Board's role, functions, responsibility and accountability are clearly defined. In addition to matters statutorily requiring Board's approval, all major decisions involving formulation, strategy and business plans, annual operating and capital expenditure budgets, new investments, compliance with statutory/ regulatory requirements, major accounting provisions, etc. are considered by the Board.

### 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 2007-08
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	3

The Company Secretary acts as Secretary to the Audit Committee. During the year 2007-08, the Committee met four times on 31st May, 2007, 31st July, 2007, 31st Oct., 2007 and 24th January 2008 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.

#### Composition, Number of meetings and Attendance

Name	Position	Category	Attendance during the year 2007-08
Shri Yashpal	Chairman	Independent and Non Executive Director	1
Shri Pradeep K. Goenka	Member	Independent and Non Executive Director	1
Shri R. K. Bhatia	Member	Independent and Non Executive Director	-

The Company Secretary acts as Secretary to the Remuneration Committee. During the year, one Meeting of Remuneration Committee was held on 31st May 2007.



The details of remuneration paid to all Directors during the year 2006-07 :

Sr. No.	Name of Director	Remuneration (Rs. in lacs)			
		Salary	Perquisites	Incentive	Sitting Fees
1.	Shri K. L. Bhatia	6.90	0.77	7.33	—
2.	Shri Kapil Bhatia	5.10	0.56	3.90	—
3.	Shri Neeraj Bhatia	5.10	0.56	3.90	—
4.	Smt. Sushma Bhatia	3.78	0.77	2.22	—
5.	Shri Yashpal	—	—	—	0.12
6.	Shri Pradeep K. Goenka	—	—	—	0.20
7.	Shri Prem Sagar	—	—	—	0.12
8.	Shri R. K. Bhatia	—	—	—	0.12

#### 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 2007-08
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	3

The Company Secretary acts as Secretary to the Investors' Grievance Committee. The committee met four times during the year 2007-08 on 31st May, 2007, 31st July, 2007, 31st Oct., 2007, 24th January, 2008 respectively.

##### Details of shareholders' complaints during the year 2007-08

The total numbers of complaints/ queries received and replied to the satisfaction of shareholders during the year 2007-08 were 36. There were no outstanding complaint/ queries as on 31st March 2008.

There were no pending share transfers in physical as well as in Demat category. All the requests received up to 31st March 2008 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 2007-08.

K.L.Bhatia

(Chairman & Managing Director)

**GENERAL BODY MEETINGS**

Location and time for last three Annual General Meetings :

Year	Date	Location	Time
2004-05	28.07.2005	Regd. Office- Kanpur	12:30 P.M
2005-06	31.08.2006	Regd. Office- Kanpur	12:30 P.M
2006-07	31.07.2007	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.	2004-05	28.07.2005	NIL
2.	2005-06	31.08.2006	NIL
3.	2006-07	31.07.2007	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 'Q' 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 (Provisional) 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 the same had also been published within 48 hours in the Times of India, Dainik Jagran, Amar Ujala. Management Discussion and Analysis forms part of the Annual report.

**SHAREHOLDERS' INFORMATION**

**A. Date, Time and Venue of the Annual General Meeting :**

Date - 31st July, 2008  
 Time - 12:30 P.M.  
 Venue - Regd. Off. being E-14, Park Industrial Area, Site-1, Kanpur-208022.

**B. Particulars of Financial Calendar**

Financial Year - 1st April to 31st March  
 First Quarter - 1st April to 30th June  
 Second Quarter - 1st July to 30th September  
 Third Quarter - 1st October to 31st December  
 Fourth & Final Quarter - 1st January to 31st March

**C. Date of Book Closure : From 25th July to 31st July, 2008 (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 2007-08 (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.

**G. DISTRIBUTION OF HOLDING**

Shares holding of nominal value of		Shareholders		Shares Amount	
Rs.	Rs.	Number	% to Total	Total (in Rs.)	% to total
1	5,000	4450	91.753	7025100	17.837
5,001	10,000	187	3.856	1588580	4.034
10,000	20,000	71	1.464	1015100	2.577
20,001	30,000	31	.639	828000	2.102
30,001	40,000	17	0.351	594000	1.508
40,001	50,000	14	.289	653400	1.659
50,001	100,000	23	0.474	1604700	4.075
100,001	& above	57	1.175	26076250	66.208
		4850	100.00	39385110	100.00

**H. CATEGORIES OF SHAREHOLDING**

Category	Total Shares	% to Total Shares
Promoters	2035815	51.69
Banks	400	.01
Body Corporate	359550	9.13
Indian Public	1529646	38.84
NRIs / OCBs	13100	.33
<b>TOTAL</b>	<b>39,38,511</b>	<b>100.00</b>

**I. SHARE PRICE DATA**

Month	BSE	
	High (Rs.)	Low (Rs.)
April 2007	18.10	14.55
May 2007	16.00	13.70
June 2007	15.55	12.40
July 2007	16.10	12.05
August 2007	15.75	13.15
September 2007	16.93	13.75
October 2007	19.00	14.15
November 2007	23.90	15.25
December 2007	26.10	20.15
January 2008	34.25	18.00
February 2008	19.80	15.60
March 2008	18.90	15.85

**J. DEMATERIALISATION OF SHARES AND LIQUIDITY**

- No. of Shares in Electronic Mode - 2153256 (54.67 % of Total Paid Up Capital)
- Days taken for Dematerialisation - 15 days (Approx.)

**K. Plant Location** : KM 25/4, Kalpi Road, Rama, Kanpur Dehat.

**L. Address for Correspondence** : The Company Secretary, Frontier Springs Ltd.,  
E-14, Panki Industrial Area, Site-1, Kanpur- 208 022.

**M. Registrar & Share Transfer Agent (for Electronic Connectivity)** : M/s ALANKIT ASSIGNMENTS LIMITED  
205-208, Anarkali Market,  
Jhandewalan Extension,  
New Delhi-110055.

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 P. K. Goenka	15.09.1954	Accounts and Finance	Chartered Accountants	<ol style="list-style-type: none"> <li>1. Ganesh Polytex Ltd.</li> <li>2. Kanpur Plastipack Ltd.</li> <li>3. Abhyudaya Infrastructures Ltd.</li> <li>4. M. P. Chini Industries Ltd.</li> <li>5. Motilal Padampat Udyog Ltd.</li> </ol>	4	Non-Executive Independent Director	20.03.2003	Retiring by rotation at the forthcoming Annual General Meeting.
Shri Yashpal	01.04.1934	Administration	I.A.S.	-	-	Non-Executive Independent Director	20.03.2003	Retiring by rotation at the forthcoming Annual General Meeting.

**AUDITORS' REPORT**

Auditors' Report to the Members of Frontier Springs Limited

We have audited the attached Balance Sheet of Frontier Springs Limited as at 31.03.2008, 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 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 those 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

account 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 31/03/2008 and taken on record by the Board of directors, we report that none of the directors is prima facie disqualified as on 31/03/2008 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 31/03/2008 ;
- 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 : 29.05.2008

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

## TWENTY EIGHTH ANNUAL REPORT

### 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, 2008.

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 & 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 is 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. (a) The Company has not granted any loans, secured or unsecured loan from Companies, firm or other parties listed in the register maintained under Sec. 301 of the Companies Act, 1956 as on 31.03.2008, however during the year the Company has accepted deposits amounting Rs. 35,00,000.00 from 8 nos. of parties listed in the register maintained under Section 301 of the Companies Act, 1956 and has repaid Rs. 2,16,000.00 (Rs. 2,05,557.00 towards interest and Rs. 10,443.00 towards principal). In our opinion para 4(iii) (b)(c)(d) of the Companies (Auditor's Report) Order, 2003 is not applicable.
- (b) According to the information and explanation given to us, the term and condition of such loan are not prima-facie prejudicial to the interest of the Company.
- (c) As found by us part-repayment of loan during the year has been made by the Company.
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 for the purchases of inventory and fixed assets and also the

sales of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control systems

5. It has been explained and informed to us by the Company that all the transaction are made at cash on prevailing market prices and are duly entered into a register in pursuance of Section 301 of the Act.
6. The Company has accepted deposits from the public during the year and the same are in compliance with the provision of section 58A and 58AA or any other relevant provision of the Companies Act, 1956.
7. In our opinion, the Company has build up in-house internal audit system commensurate with the size and nature of its business
8. According to the 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. 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 and explanation & information given to us, the statutory dues disputed pending are as follows :

Name of the Statute	A/Y	Nature of Dues	Amount Rs.	Forum where dispute is pending
Sales Tax	1991-92	Rate of Tax on Springs Leaves 4%	*	Sales Tax Tribunal, Kanpur

\* Amount not involved, as dispute is in-respect of rate of tax on springs leaves

10. The Company does not have accumulated losses at the end of the financial year. The Company has not incurred any cash losses during the financial year covered by the audit and in the immediately preceding financial year.
11. In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of dues to a Financial Institution or Bank. There are no term liabilities of Financial Institution or Bank except car loans.

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 (xiii) paragraph 4 of the order are 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 not utilising any term loan facility except 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 of the Company, we are of the opinion that there are no funds raised on short-term basis that have been used for long-term investment.
18. The Company has not made the preferential allotment of shares to parties or Companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not raised any monies by way of debentures during the year.
20. The Company has not raised any monies by way of public issue during the year.
21. In our opinion and according to information and explanation given to us, no material fraud on or by the Company has been noticed or reported during the year.

Sanjay Nandini & Co.  
229, 11nd Floor,  
City Centre, The Mall,  
Kanpur  
Date : 29.05.2008

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

## TWENTY EIGHTH ANNUAL REPORT

### BALANCE SHEET AS ON 31ST MARCH, 2008

	Schedule No.	Current Year Rs.	Previous Year Rs.
<b>I. SOURCES OF FUNDS</b>			
<b>1. Share Holder's Fund :</b>			
a) Share Capital	A	3,96,32,110.00	3,96,32,110.00
b) Reserve & Surplus	B	4,73,24,039.83	3,30,38,899.85
<b>2. Loan Funds :</b>			
Secured Loans	C	2,41,91,165.75	2,09,25,935.99
Unsecured Loans	D	34,89,557.00	-
	Total	<u>11,46,36,872.58</u>	<u>9,35,96,945.84</u>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets :</b>			
Gross Block	E	8,73,14,078.89	6,68,20,380.76
Less: Depreciation		3,94,24,927.91	3,59,59,266.48
<b>Net Block</b>		<b>4,78,89,150.98</b>	<b>3,08,61,114.28</b>
Capital Work in Progress			
Building work in progress		16,87,818.00	5,87,958.00
Pre-Operative Expenses		6,32,559.00	-
<b>2. Investments :</b>			
Investment (At Cost)	F	38,08,479.69	12,18,460.00
<b>3. Current Assets, Loans &amp; Advances</b>			
A) Inventory		3,87,91,054.10	3,50,13,389.12
B) Sundry Debtors		4,48,30,614.17	3,96,62,619.89
C) Cash & Bank Balances		27,72,653.52	50,61,417.54
D) Other Current Assets		6,23,263.31	6,90,138.43
E) Loans & Advances		20,99,274.32	18,62,760.58
<b>Less : Current Liabilities &amp; Provision</b>			
A) Current Liabilities		1,86,58,390.85	1,19,13,606.46
B) Provisions		57,16,610.66	53,65,052.54
<b>4. Net Current Assets</b>		<b>6,47,41,857.91</b>	<b>6,50,11,666.56</b>
<b>5. Deferred Tax Liabilities</b>		<b>(47,06,081.00)</b>	<b>(49,56,881.00)</b>
<b>MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)</b>			
Deferred Revenue Expenses	I	5,83,088.00	8,74,628.00
	Total	<u>11,46,36,872.58</u>	<u>9,35,96,945.84</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.

For and on behalf of Board of Directors

Chartered Accountants

Place : Kanpur

SANJAY MALHOTRA

K. L. BHATIA

KAPIL BHATIA

Date : 29.05.2008

Partner

Chairman & Managing Director

Managing Director



## TWENTY EIGHTH ANNUAL REPORT

### SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31.03.2008

		Current Year Rs.	Previous Year Rs.
<b>SCHEDULE A : CAPITAL</b>			
<b>1. AUTHORISED CAPITAL</b>			
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		<u>5,10,00,000.00</u>	<u>5,10,00,000.00</u>
<b>2. ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>			
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		<u>3,96,32,110.00</u>	<u>3,96,32,110.00</u>
<b>SCHEDULE B : RESERVES &amp; SURPLUS</b>			
<b>CAPITAL RESERVE :</b>			
Capital Subsidy		16,63,810.00	16,63,810.00
<b>GENERAL RESERVE :</b>			
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 share forfeited)			
Profit & Loss		2,36,32,229.83	93,47,089.85
Total		<u>4,73,24,039.83</u>	<u>3,30,38,899.85</u>
<b>SCHEDULE C : SECURED LOANS</b>			
State Bank of India C/C A/c (Against hypothecation of stock)		1,93,79,849.96	1,40,76,251.77
State Bank of India Book Debts a/c (Against Hypothecation of Book Debts)		40,02,823.00	55,33,276.00
Citibank N.A. Car Loan		12,907.00	12,907.00
Fast track Standard Chartered Bank Car Loan		-	29,536.30
ICICI Bank Ltd. Car Loan		3,87,676.00	-
ICICI Bank Ltd. Car Loan		-	4,21,156.30
ICICI Bank Ltd. Car Loan		1,74,809.00	4,23,054.00
ICICI Bank Ltd. Car Loan (All Car Loan Against Hypothecation of Car)		2,33,100.79	4,29,754.62
Total		<u>2,41,91,165.75</u>	<u>2,09,25,935.99</u>

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31.03.2008**

	Current Year Rs.	Previous Year Rs.
<b>SCHEDULE D : UNSECURED LOANS</b>		
<b>(Fixed Deposits from Shareholders)</b>		
Ridhu Bhatia Beneficiary Trust	4,63,595.00	-
Ridhu Bhatia Marriage Beneficiary Trust	5,21,115.00	-
Shantanu Bhatia Beneficiary Trust	5,58,514.00	-
Shantanu Bhatia Marriage Beneficiary Trust	3,30,043.00	-
Vansika Bhatia Beneficiary Trust	4,63,134.00	-
Vansika Bhatia Marriage Beneficiary Trust	4,24,379.00	-
Yasihma Bhatia Marriage Beneficiary Trust	3,71,899.00	-
Yasihma Bhatia Beneficiary Trust	3,56,878.00	-
Total	<u>34,89,557.00</u>	<u>-</u>

**SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008**  
**SCHEDULE 'E' OF FIXED ASSETS**

Name of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as on 01.04.2007	Addition during the year	Tri./Adjustment during the year	Total as on 31.3.2008	Up to 31.03.2007	For the Year	Tri./Adjustment For year	Total as on 31.03.2008	Balance as on 31.03.2008	Balance as on 31.03.2007
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land	8,50,865.02	-	-	8,50,865.02	-	-	-	-	8,50,865.02	8,50,865.02
Land (Poanta Sahib)	-	1,27,40,582.00	-	1,27,40,582.00	-	-	-	-	1,27,40,582.00	-
Building	93,44,205.59	5,26,165.00	-	98,70,370.59	37,84,828.75	3,20,907.50	-	41,05,736.25	57,64,634.34	55,59,376.54
Building (Poanta Sahib)	-	1,60,547.00	-	1,60,547.00	-	-	-	-	1,60,547.00	-
Plant & Machinery	4,73,80,834.02	24,85,210.00	-	4,98,66,044.02	2,79,52,484.75	22,91,876.55	-	3,02,44,361.30	1,96,19,382.72	1,94,26,149.27
Tools Moulds & Rolls	15,32,593.00	2,68,961.00	-	18,01,554.00	1,93,284.63	2,56,285.92	-	4,49,570.55	13,51,873.45	13,39,308.37
Generator	-	15,30,000.00	-	15,30,000.00	-	3,185.75	-	3,185.75	15,26,814.25	-
Lab & Testing Equipments	-	10,15,117.00	-	10,15,117.00	-	396.31	-	396.31	10,14,720.69	-
Office Equipments	-	3,59,182.00	-	3,59,182.00	-	11,712.36	-	11,712.36	3,47,469.64	-
Office Equipments (Poanta Sahib)	-	95,265.00	-	95,265.00	-	-	-	-	95,265.00	-
Furniture & Fixture	19,28,093.53	2,02,593.13	-	21,30,686.66	15,64,169.71	1,29,891.72	-	16,93,861.43	4,36,825.23	3,03,923.82
Furniture & Fixture (Poanta Sahib)	-	63,895.00	-	63,895.00	-	-	-	-	63,895.00	-
Vehicles	53,00,068.60	8,43,053.00	3,87,482.00	67,45,603.60	23,02,683.62	5,25,556.76	1,73,291.00	26,54,949.38	30,90,690.22	29,97,394.98
Computer	4,83,921.00	4,32,790.00	-	9,16,711.00	1,51,815.02	99,239.55	-	2,61,054.58	6,55,666.42	3,22,105.98
Misc. Fixed Assets (Poanta Sahib)	-	1,61,830.00	-	1,61,830.00	-	-	-	-	1,61,830.00	-
<b>Total</b>	<b>6,68,20,380.76</b>	<b>20,891,180.13</b>	<b>3,97,482.00</b>	<b>8,73,14,078.89</b>	<b>3,59,59,266.48</b>	<b>36,98,952.43</b>	<b>1,73,291.00</b>	<b>3,94,24,927.91</b>	<b>4,78,89,150.98</b>	<b>3,08,61,114.28</b>
Prev. year	6,05,73,130.85	68,56,074.91	6,08,625.00	6,69,20,380.76	3,30,93,021.85	32,49,672.63	3,63,428.00	3,59,59,266.48	3,08,61,114.28	-

Capital Work In Progress :

Building Work In Progress (Kanpur, U.P.)	2,12,940.00
Building Work In Progress (Poanta Sahib)	14,74,878.00
<b>Total</b>	<b>16,87,818.00</b>

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31.03.2008**

	Current Year Rs.	Previous Year Rs.
<b>SCHEDULE F : INVESTMENTS</b>		
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	32,110.00
I.D.B.I.	48,750.00	48,750.00
IDEA-IPO	17,250.00	17,250.00
B.E.M.L.	1,12,094.04	-
B.H.E. L.	3,14,041.52	-
Bharti Airtel Ltd.	68,030.29	-
H.C.L. Technologies	32,371.38	-
I.F.C.I.	38,929.99	-
infosys	1,27,661.56	-
M.R.P.L.	40,280.00	-
NTPC Ltd.	70,382.68	-
Omaxe Ltd.	1,24,940.67	-
Reliance Communication Ltd.	54,635.96	-
Reliance Energy	43,110.41	-
Reliance Industries Ltd.	2,74,422.78	-
Reliance Power Ltd.	89,271.48	-
Tata Motors	1,47,742.92	-
Tata Power	32,673.26	-
Tata Steels Ltd.	42,115.11	-
Wire And Waireless (India) Ltd.	29,615.64	-
Investment in Mutual Fund :		
J. M. Basic Fund	3,00,000.00	-
Reliance Diversified Power Sector Fund	6,00,000.00	-
Total	<u>38,08,479.69</u>	<u>12,18,460.00</u>

**SCHEDULE G : CURRENT ASSETS, LOANS & ADVANCES**

<b>(A) Inventories</b>		
<b>(Taken as valued and Certified by the Management)</b>		
1. Raw Material	1,80,48,897.48	94,31,090.72
2. Work in Process	43,94,744.75	61,46,336.14
3. Finished Goods	1,12,26,975.66	1,04,51,442.95
4. Scrap	30,41,168.00	74,82,596.78
5. Furnace Oil	3,58,055.60	2,41,396.43
6. Diesel Oil	59,133.48	1,25,159.85
7. Consumable Stores	16,62,079.13	11,35,366.25
Total	<u>3,87,91,054.10</u>	<u>3,50,13,389.12</u>
<b>(B) Sundry Debtors</b>		
<b>(Unsecured but Considered Good Holding No Security other than Debtors Personal Security)</b>		
Debts due for less than six months	4,09,57,818.73	3,53,08,320.75
Debts due for more than six months	38,72,795.44	43,54,299.14
Total	<u>4,48,30,614.17</u>	<u>3,96,62,619.89</u>

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31.03.2008**

	Current Year Rs.	Previous Year Rs.
<b>(C) Cash &amp; Bank Balances</b>		
Cash on Hand	1,38,677.02	24,003.70
Cheque in Hand	13,99,534.05	44,35,193.63
S.B.I. Market Yard,Pune	-	16,963.21
S.B.I. SME Power Pack	5,14,995.45	-
S.T.D.R.with S.B.I.	7,11,760.00	5,77,200.00
P.N.B. Current A/C (Gratuity)	7,687.00	8,057.00
Total	<u>27,72,653.52</u>	<u>50,61,417.54</u>
<b>(D) Other Current Assets</b>		
Accrued Interest On STDR	17,855.31	3,879.43
C.S.T. Recov. on goods Return (07-08)	96,506.00	-
Cenvat Recov.(input)	50,003.00	1,347.00
Cenvat Recov.(C.goods)	9,633.00	74.00
Cenvat Deferred (C.goods)	3,96,474.00	6,02,694.00
Cess Duty Recov.(C.goods)	207.00	-
Cess Duty Deferred (C.goods)	7,903.00	12,027.00
Cess Duty Recov. Input	4,895.00	5,254.00
S.H.E. Cess Duty Deferred (C. Goods)	3,841.00	66.00
S.H.E. Cess Duty Recov. (C. Goods)	104.00	-
S.H.E. Cess Duty Recov.(input)	687.00	-
Personal Ledger Account (Excise & Cess)	728.00	64,730.00
Advance Service Tax	-	67.00
Service Tax on Input Services	33,474.00	-
Cess on Service Tax on Input Services	698.00	-
S.H.E. Cess on Service Tax on Input Services	255.00	-
Total	<u>6,23,263.31</u>	<u>690138.43</u>
<b>E) Loans &amp; Advances</b>		
(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	5,89,258.43	7,36,550.90
ii) Advance to Staff agst. salary	1,69,575.00	1,01,665.67
iii) Security Deposits	9,66,388.00	7,24,834.00
iv) Other Advances	3,74,052.89	2,99,710.01
Total	<u>20,99,274.32</u>	<u>18,62,760.58</u>
<b>SCHEDULE H : CURRENT LIABILITIES &amp; PROVISIONS :</b>		
<b>(A) Sundry Creditors &amp; Advances Recd.</b>		
(i) Trade Creditors	1,58,27,281.61	90,69,838.97
(ii) Creditors for Services	26,07,691.24	20,05,493.99
(iii) Security Recd.	2,08,450.00	8,20,637.50
(iv) Advance from Customers	14,968.00	17,636.00
Total	<u>1,86,58,390.85</u>	<u>1,19,13,606.46</u>
<b>(B) Provisions &amp; Outstanding Liability</b>		
(i) Statutory Liability	11,06,225.00	3,79,644.45
(ii) Provisions & Other Liability	46,10,385.66	49,85,408.09
Total	<u>57,16,610.66</u>	<u>53,65,052.54</u>

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31.03.2008**

	Current Year Rs.	Previous Year Rs.
<b>SCHEDULE I : MISCELLANEOUS EXPENDITURE</b>		
(To the extent not written off or adjusted As on 31.03.2008)		
Deferred Revenue Expenses	8,74,628.00	11,66,168.00
Less : Exps.amortised during the year	2,91,540.00	2,91,540.00
Total	5,83,088.00	8,74,628.00
<b>SCHEDULE J : SALES</b>		
Sales Central (Coil Agst. C & D Form)	14,45,30,964.00	22,95,00,033.00
Sales Central (Coil Agst. Full Tax)	8,34,38,273.00	15,06,853.00
Sales U.P. (Coil 3-D Form)	52,19,698.00	1,52,78,375.00
Sales U.P. (Coil Agst. 3-B Form)	1,72,67,592.00	80,36,971.00
Sales U.P. (Coil Agst. Full Tax)	1,07,77,317.00	-
Sales U.P. (Coil Agst. Vat)	1,06,40,808.00	-
Sales U.P. (Flat/Strip Agst. 3-B Form)	4,42,476.00	46,78,396.00
Sales U.P. (Flat/Strip Agst. VAT)	9,59,019.00	-
Sales U.P. (Scrap)	66,53,308.00	60,44,970.00
Sales U.P. (Scrap agst. VAT )	22,52,293.00	-
Total	28,21,81,748.00	26,50,45,598.00
Sales Deemed Export	-	8,41,920.00
Sales Depot (Coil Agst. F Form)	62,24,382.00	1,44,54,436.18
	28,84,06,130.00	28,03,41,954.18
Less : Sales Return	49,32,931.75	17,36,762.28
Total	28,34,73,198.25	27,86,05,191.90
<b>SCHEDULE K : INCREASE(+)/(-)DECREASE IN STOCK</b>		
Opening Stock-		
Finished Goods	1,04,51,442.95	74,21,692.02
Work in Process	61,46,336.14	2,31,54,478.92
Scrap	74,82,596.78	17,33,616.00
	2,40,80,375.87	3,23,09,786.94
Less : Closing 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
	1,86,62,888.41	2,40,80,375.87
Increase(+)/Decrease (-) in Net Inventory	-54,17,487.46	-82,29,411.07
<b>SCHEDULE L : MISCELLANEOUS INCOME</b>		
Interest on S.T.D.R.	24,562.88	20,098.43
Dividend Received	5,810.00	-
Interest on Income Tax Refund	-	2,850.00
Rent on Shed Received	9,13,806.00	7,91,652.00
Jobwork Received	0.00	4,03,125.00
Profit on Sale of Shares	66,072.41	-
Total	10,10,251.29	12,17,725.43
<b>SCHEDULE M : RAW MATERIAL CONSUMED</b>		
Opening Stock	94,31,090.72	1,04,41,287.89
Add : Purchases (Including Freight & Intt. on L/C)	13,35,94,530.77	13,12,50,299.27
Less : Closing Stock	1,80,48,897.48	94,31,090.72
Total	12,49,76,724.01	13,22,60,496.44

## TWENTY EIGHTH ANNUAL REPORT

### SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31.03.2008

	Current Year Rs.	Previous Year Rs.
<b>SCHEDULE N : MANUFACTURING EXPENSES</b>		
Power and Fuel Consumed	1,82,98,225.43	1,96,57,649.47
Consumable Stores Consumed	81,32,683.04	77,02,930.05
Generator Repairing & Maintenance	47,148.00	2,55,712.10
Jobwork Paid	22,76,973.00	-
Lab. expenses	4,950.00	8,372.00
Labour Food & Beverage	1,54,776.00	1,62,524.00
Machinery Maintenance	46,75,173.57	74,47,145.82
Wages & Salary	87,52,522.15	74,95,268.77
Watch & Ward	4,12,694.43	3,01,744.05
Weight & Measurement Exp.	-	3106.00
Workshop Maintenance	16,09,572.01	22,46,156.37
<b>Total</b>	<b>4,43,64,717.63</b>	<b>4,52,80,608.63</b>
<b>SCHEDULE O : ADMINISTRATIVE EXPENSES</b>		
Appeal Fee	2,000.00	5,950.00
Audit Exps.(ISO 9002)	21,497.00	38,666.00
Audit Fee (Statutory)	50,000.00	56,180.00
Bank Charges	30,55,760.74	18,03,908.05
Bank Transaction Tax	8,435.00	10,345.60
Board Meeting Expenses	90,430.00	64,050.00
Building Repair & Maintenance	16,36,554.15	1381448.64
Bad Debts	23,74,926.16	-
Car Running Expenses	3,18,189.26	3,15,001.91
Certification Fee	7,400.00	12,650.00
Computer Expenses	69,193.00	34,349.00
Conveyance	6,25,544.46	6,14,674.58
Consultation Fee	60,906.00	34,060.00
Director's Remuneration	20,88,000.00	15,55,000.00
Director's Sitting Fee	56,000.00	56,000.00
Donation	55,775.00	59,950.00
Demat Charges	39,607.00	21,923.00
Depot Rent	7,200.00	7,200.00
Hire Charges on Vehicle	93,741.57	90,385.86
Hotel, Boarding & Lodging Exps.	3,04,363.92	-
Hotel, Boarding & Lodging Exps.(foreign)	38,370.00	-
Incentive to Director	17,34,583.00	-
Inspection Charges	1,34,977.00	15,246.00
Insurance	1,56,868.00	1,62,449.00
Internet Expenses	27,381.00	19,044.00
Leave Travelling Concession	2,90,000.00	1,50,000.00
Legal Expenses	92,280.00	1,06,620.00
Loss on Sale of Car	51,191.00	25,397.00
Factory Licence Fee	10,000.00	12,600.00
Festival Exps.	17,270.00	90,907.00

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31.03.2008 (Contd..)**

	Current Year Rs.	Previous Year Rs.
Filing Fee	5,168.00	7,068.00
Stock Listing Fee	19,750.00	19,850.00
Sales Tax Expenses	12,717.00	59,872.00
Pooja Expenses	18,369.00	15,052.50
Membership & Subscription	1,52,529.40	1,35,447.00
Management Services	1,80,000.00	-
Misc.expenses	40,826.20	43,532.15
News Paper & Periodicals	19,334.50	10,939.00
Office Maintenance	5,01,678.20	3,58,585.53
Postage & Stamp	1,36,810.93	1,30,127.13
Printing & Stationery	1,89,187.68	1,60,570.50
Professional Charges	1,05,200.00	1,83,271.00
Rebate & Trade Discount	8,230.00	-
Rejection & Deduction	13,26,427.35	-
Rates & Taxes	26,868.00	36,647.00
Registration Fee	17,286.00	-
State Entry Tax Expenses	70,375.00	-
Telephone Expenses	4,60,949.97	4,24,136.37
Travelling Expenses	2,31,712.11	2,43,035.63
Travelling Expenses (Director)	5,88,630.25	5,14,489.96
Travelling Expenses (Foreign)	68,000.05	4,48,996.60
Vehicle Repair & Maintenance	2,54,538.00	1,50,247.00
Wireless Expenses	-	10,370.00
Total	<u>1,79,53,030.90</u>	<u>96,96,243.01</u>
<b>SCHEDULE P : INTEREST CHARGES</b>		
Interest to Bank	21,83,270.00	22,33,049.00
Interest to Unsecured Loan	2,05,557.00	2,42,916.55
Interest on Sale Tax / Excise / TDS	41.00	50,090.00
Total	<u>23,88,868.00</u>	<u>25,26,055.55</u>
<b>SCHEDULE Q : PERSONNEL EXPENSES</b>		
Bonus	7,58,505.00	5,46,189.00
E.S.I.	2,14,396.05	1,92,445.91
Gratuity Insurance	4,26,383.00	3,01,392.00
House Rent Allowance	2,49,065.00	2,43,830.00
Incentive Expenses & Compensation	83,707.00	5,200.00
Labour Welfare	2,53,989.00	49,739.00
Leave Encashment	2,21,953.00	2,37,659.00
Retainership Fee	47,400.00	38,400.00
Provident Fund	7,43,776.00	6,75,568.00
Salary	23,03,989.53	16,92,139.27
Medical Expenses	3,01,291.60	1,91,927.46
Staff Food & Beverage	67,299.00	75,969.00
Staff Training Exps.	29,678.00	-
Total	<u>57,01,432.18</u>	<u>42,50,438.64</u>



**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31.03.2008**

	Current Year Rs.	Previous Year Rs.
<b>SCHEDULE R : SELLING &amp; DISTRIBUTION EXP.</b>		
Advertisement & Publication	4,93,752.00	5,11,373.00
Central Sales Tax Exps.	74,79,796.00	95,24,354.63
U.P. Trade Tax Exps.	16,72,943.00	9,83,212.00
Commission	8,20,562.00	12,63,513.90
Freight & Cartage Outward	50,82,575.00	55,09,985.00
Service Tax on Freight	1,56,893.00	201727.00
Gift on New Year	1,47,222.00	-
Packing Expenses	32,64,284.02	20,48,937.41
Sales Promotion	5,26,755.93	3,33,634.51
Sample	46,801.00	16,800.00
Tender Fees	1,90,946.00	2,21,213.00
Total	<u>1,98,82,529.95</u>	<u>2,06,14,750.45</u>

**SCHEDULE "S" OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT ATTACHED AND FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH 2008 AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE.**

**Significant Accounting Policies**

**(A) (i) Basis of Accounting :- AS-1**

The financial statements 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 Accounting Standard -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.1,42,68,143.66 (Pre.Yr. Rs. 1,79,34,039.73) includes the amount of Excise duty, education & higher secondary education cess on excise amounting to Rs.17,98,170.00 (Pre.Yr. Rs. 25,37,371.00). 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**

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**

Where ever required the item has been classified as per Accounting Standards.

**(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 also.

**(I) Fixed Assets :- AS-10**

- (i) Fixed assets are stated at cost less depreciation, such cost comprises the 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 accumulated

depreciation is removed 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.68,000.05 and Hotel, Boarding & Lodging expenses of Rs.38,370.00 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 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 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, which is Rs.5,77,591.00 (Pro.Yr. Rs. 5,34,377.00).

**(O) Borrowing cost :- AS-16**

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

**(P) Segment Reporting :- AS-17**

The Company's main business is manufacturing & selling of Coil Springs & Leaf Springs. There are 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. 1,48,197.50
Mr. Kapil Bhatia	—do—	—do—	9,55,593.00	0.00
Mr. Neeraj Bhatia	—do—	—do—	12,30,591.00	0.00
Smt. Sushma Bhatia	—do—	—do—	6,78,416.00	Cr. 1,23,546.83
Shri Subhash Chandra Bhatia	B/O Chairman & Mng. Director	Salary	1,40,000.00	0.00
Miss Shikha Bhatia	N/O Chairman & Mng. Director	Salary	2,00,000.00	0.00
M/s Frontier Alloy Steels Ltd,	Associate Concern	Sales	2,66,22,114.00	
—do—	—do—	Purchase	10,98,363.00	0.00
—do—	—do—	Investment	8,00,000.00	Dr. 8,00,000.00
M/s Frontier Metaprod (India) Pvt. Ltd.	—do—	Purchase	18,160.00	
M/s Frontier Engineering Corporation	—do—	Purchase	26,62,023.00	0.00
M/s Auto Fastner India	—do—	Jobwork	7,47,500.00	0.00

M/s Vishpa Rail Equipments Ltd	—do—	Jobwork	22,76,973.00	—
Ridhu Bhatia Beneficiary Trust	—do—	Interest on Deposits	27,595.00	Cr. 4,63,595.00
Ridhu Bhatia Marriage Beneficiary Trust	—do—	—do—	31,115.00	Cr. 5,21,115.00
Shantanu Bhatia Beneficiary Trust	—do—	—do—	32,514.00	Cr. 5,58,514.00
Shantanu Bhatia Marriage Beneficiary Trust	—do—	—do—	20,043.00	Cr. 3,30,043.00
Vansika Bhatia Beneficiary Trust	—do—	—do—	27,134.00	Cr. 4,63,134.00
Vansika Bhatia Marriage Beneficiary Trust	—do—	—do—	24,379.00	Cr. 4,24,379.00
Yashima Bhatia Beneficiary Trust	—do—	—do—	20,878.00	Cr. 3,56,878.00
Yashima Bhatia Marriage Beneficiary Trust	—do—	—do—	21,899.00	Cr. 3,71,899.00

**(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**

		2007-08	2006-07
N/P after tax availing for share holder	Rs.	1,42,85,139.98	Rs. 90,23,096.91
Weighted average No. of equity shares outstanding during the year	Nos.	39,38,511	Nos. 39,38,511
Basic/diluted earning per share	Rs.	3.63	Rs. 2.29

**(T) Consolidated financial statement :- AS-21**

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

**(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. 2007-08		F.Y. 2006-07	
		Deferred Tax Assets	Deferred Tax Liability	Deferred Tax Assets	Deferred Tax Liability
1.	Unabsorbed depreciation and losses	—	—	—	—
2.	Deferred revenue expenditure	—	1,98,192.00	—	2,94,400.00
3.	Difference between book/and tax depreciation	—	45,07,889.00	—	46,62,481.00
	<b>TOTAL</b>	<b>—</b>	<b>47,06,081.00</b>	<b>—</b>	<b>49,56,881.00</b>
	<b>Net Deferred Tax Liability</b>	<b>—</b>	<b>47,06,081.00</b>	<b>—</b>	<b>49,56,881.00</b>

The difference Deferred tax assets for the year 2007-08 : Rs. 2,50,800.00 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 arises 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

# TWENTY EIGHTH ANNUAL REPORT

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. 17,98,170.00 on finished goods including scrap of Rs. 1,42,68,143.66 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	Profit/ Loss on sale	Market Value as on 31.03.2008 or any date near to
Plantation		20350	20350	—	—	—	—	N/A
Frontier Alloy Steels Ltd. (Preference Share)	(Un.Q.)	8000	800000	800000	—	—	—	Not available
Charrot Auto Accessories Ltd.	(Q.)	145000	1450000	300000	—	—	—	Not available
I.D.B.I.	(Q.)	1500	15000	48750	—	—	—	133675
S.B.I.	(Q.)	180	1800	79810	2100	—	—	287793
IDEA	(Q)	230	2300	17250	—	—	—	23632
B.E.M.L.	(Q)	100	1000	112094	275	—	—	99030
B.H.E.L.	(Q)	125	1250	314042	1725	100	61952	257669
Bharti Airtel Ltd.	(Q)	75	750	68030	—	—	—	61969
H.C.L.Technologies	(Q)	100	200	32371	600	—	—	25325
I.F.C.I.	(Q)	500	5000	38930	—	—	—	22050
INFOSYS	(Q)	75	375	127662	300	—	—	107992
MRPL	(Q)	500	5000	40280	—	—	—	39050
NTPC LTD.	(Q)	300	3000	70383	810	—	—	58980
OMAXE LTD.	(Q)	400	4000	124941	—	—	—	82940
Reliance Communication Ltd.	(Q)	75	750	54936	—	—	—	38231
Reliance Energy	(Q)	25	250	43110	—	—	—	31271
Reliance Industries Ltd.	(Q)	100	1000	274423	—	—	—	226580
Reliance Power Ltd.	(Q)	200	2000	2000	89271	—	—	63600
Tata Motors	(Q)	200	2000	147743	—	100	4120	124540
Tata Power	(Q)	25	250	32673	—	—	—	29288
Tata Steels Ltd.	(Q)	50	500	42115	—	—	—	34717
Wire and Wireless (I). Ltd.	(Q)	300	3000	29615	—	—	—	10785
J.M. Basic Fund	(Q)	8248.760		300000	—	—	—	217941
Reliance D.E.P.S. FUND	(Q)	7646.833		600000	—	—	—	480943

**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**

<b>Remuneration</b>	<b>2007-2008</b>	<b>2006-2007</b>
Managing Directors	6,90,000.00	13,98,000.00
Other Directors	5,44,000.00	10,11,000.00
<b>Incentives :</b>		
Managing Directors	7,33,083.00	10,01,500.00
Other Directors	-	-
<b>Perquisites :</b>		
Managing Directors	76,917.00	1,88,100.00
Other Directors	-	-
<b>Leave Travel Concession :</b>		
Managing Directors	NIL	2,75,000.00
Other Directors	NIL	1,50,000.00
<b>Sitting fee :</b>	NIL	NIL

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

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.	2,43,452	2,42,005
iv. Particulars in respect of sales (refer notes below)		

Class of Goods	U/N	31.03.2008		31.03.2007	
		Qty.	Amount	Qty.	Amount
Coil springs	Nos.	238557	283473198.25	241090	278605191.90
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.

# TWENTY EIGHTH ANNUAL REPORT

## v. Quantitative details of Raw Materials Consumed :

Particulars	31.03.2008		31.03.2007	
	Qty. (Mt.)	Value (Rs.)	Qty. (Mt.)	Value (Rs.)
a) Indigenous Springs Steel Round	2995.583	124976724.01	3266.510	132260495.44
b) Imported	Nil	Nil	Nil	Nil

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

	2007-08	2006-07
Raw Materials imported	Nil	Nil
Spare Parts & Sets (Indigenous)	100%	100%
Raw Materials Indigenous	100%	100%

## vii. Quantitative details of finished goods

Particulars	2006-07 Nos.	2005-06 Nos.
Opening Stock	16295	15380
Closing Stock	21190	16295
Home Consumption for reprocess	3311	1632
Turnover	<u>235246</u>	<u>239456</u>

### Notes :-

- The quantitative details stated above are based on the certification given by the management.
- The installed capacity is not being verified by us as a technical matter and it is taken as certified by the management.
- The quantities have been shown to the nearest units.

	2007-08	2006-07
7. Expenditure in foreign currency		
[Travelling Exps. (Foreign)]	Rs. 68,000.05	Rs. 4,48,996.00
[Hotel, Boarding & Lodging Exps. (Foreign)]	Rs. 38,370.00	—
	<b>Rs. 1,06,370.05</b>	<b>Rs. 4,48,996.00</b>
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 throughout 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 a) The Company is contingently liable towards bank guarantee provided to the tune of Rs. 54.42 lacs in favour of Indian Railways ( Pre.Yr.Rs. 6.30 lacs in favour of Bharat Earth Movers Ltd.).		
b) The Company is contingent liability towards Citi Bank for the interest on delay payment of vehicle finance for Rs.8,181.00.		
11. Sundry debtors include Rs. 22,64,238.24 due from Maharashtra State Road Transport Corporation which is under dispute. This dispute is pending before the Hon'ble Court of Third Additional Civil Judge (Senior Division), Kanpur Nagar since long and if ultimate decision will be unfavourable to the Company then an estimated loss of Rs.22,64,238.24 may fall on the Company.		
12. The Company has paid an Advance Income Tax for current year to the tune of Rs. 75,00,000.00 and the Company has also claim of Rs. 2,156.00 on account of T.D.S. on interest on S.T.D.R. with S.B.I. & Rs.1,97,764.00 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, Poantasahib (H.P.) and has started building construction on it for starting a new unit of same products, which are under production. The Capital Commitments for new unit stand at Rs.1.70 lacs.

**14. Payment to Statutory Auditors :-**

	2007-08	2006-07
Audit fee	50,000.00	50,000.00
Service Tax & Cess	6,120.00	6,120.00
Income Tax Fee	Nil	Nil
Management consultancy charges	Nil	Nil
Total	<u>56,120.00</u>	<u>56,120.00</u>

**15. Details of Loans :-**

**(i) Cash Credit Limit (Stock) :- Rs.1,93,79,849.96 (as on 31.03.2008)**

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, also 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. 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 31.03.2008)**

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, also 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. 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. 40,02,823.00 (as on 31.03.2008)**

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, also 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. 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) Citibank N.A. Car Loan                      Rs.12,907.00  
Primary secured by the hypothecation of Company's vehicle No. UP78-R/1929
- (b) ICICI Bank Ltd. Car Loan of              Rs. 2,33,100.79  
Primary secured by the hypothecation of Company's vehicle No. UP78-BD/7586
- (c) ICICI Bank Ltd. Car Loan of              Rs. 1,74,809.00  
Primary secured by the hypothecation of Company's vehicle No. UP78-BF/3922
- (d) ICICI Bank Ltd. Car Loan of              Rs. 3,87,676.00  
Primary secured by the hypothecation of Company's vehicle No. UP78-BK/6302

16. During the year Company has paid Rs. 41.00 as interest on delayed payment of T.D.S.

17. Bonus as shown in the Profit & Loss Account- Rs.7,58,505.00 (includes provision made during the year Rs.6,50,000.00 and Rs. 1,08,505.00 paid out of provision for the year 2006-07).

18. Cash & Bank Balance includes Rs.7,11,760.00 (Pre. Yr.Rs.5,77,200.00) 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.



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. 59,84,983.00 is being transferred to depot against form "F". The total sale booked through depot during the year is Rs.62,24,382.00 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 : 29.05.2008

For and on behalf of Board of Directors

K. L. BHATIA

*Chairman & Managing Director*

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

For and on behalf of Board of Directors

K. L. BHATIA  
 Chairman & Managing Director

KAPIL BHATIA  
 Managing Director

Place : Kanpur  
 Date : 29.05.2008

**CASH FLOW STATEMENT FOR THE NINE MONTHS ENDED 31ST MARCH, 2008**

	As at 31.03.2008	(Rs. in Lacs) As at 31.03.2007
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax	222.73	145.23
Item Adjustment For :-		
Depreciation	36.39	32.50
Rental Income	(9.14)	(7.92)
Interest Expenditure (Bank & Loan)	23.89	25.26
Interest Income	(0.24)	(0.23)
Dividend Income	(0.06)	-
Jobwork Income	-	(4.03)
Profit on Sale of Share	(0.66)	0.00
Loss on Sale of Car Taken As Extra Ordinary Item	0.51	0.25
Amortisation of Misc.exps	2.91	2.91
Hire Charges	0.94	0.90
Operating Profit Before Working Capital Changes	277.27	194.87
Adjustment For :-		
Inventories	(37.78)	98.21
Sundry Debtors	(51.68)	(124.16)
Loan & Advances	(1.71)	0.67
Sundry Creditors	57.44	1.58
Sundry Provisions	3.52	15.53
Cash Flow Before Extra Ordinary Items	257.06	186.70
Extra Ordinary Items	(0.51)	(0.25)
Tax Paid	(82.36)	(58.89)
Net Cash (Used In)/From Operation Activities (A)	174.19	127.56
<b>(B) Cash Flow From Investing Activiting</b>		
Increase In Fixed Assets	(226.23)	(54.67)
Investment	(25.90)	(0.17)
Sale of Fixed Assets	2.24	2.25
Interest Received	0.24	0.23
Dividend Received	0.06	-
Jobwork Received	-	4.03
Profit on Sale of Shares	0.66	-
Extraordinary Items		
Rent Received	9.14	7.92
Net Cash (Used In)/From Investing Activities (B)	(239.79)	(40.41)
<b>C) Cash Flow From Financing Activities</b>		
Proceeds From Share Capital	-	-
Proceeds/(Repayment) From Short Term Borrowings	32.65	5.34
Proceeds/(Repayment) of Unsecured Loan	34.90	(20.13)
Dividend Paid	-	-
Interest Paid (Bank & Loan)	(23.89)	(25.26)
Hire Charges	(0.94)	(0.90)
Net Cash(used In)/From Financing Activities (C)	42.72	(40.95)
Net(decrease)/Increase in Cash and Cash Equivalents (A+B+C)	(22.88)	46.20
Cash and Cash Equivalents-opening	50.61	4.41
Cash and Cash Equivalents-closing	27.73	50.61

For and on behalf of the Board

Place : Kanpur  
Date : 29.05.2008

K. L. BHATIA  
*Chairman & Managing Director*

KAPIL BHATIA  
*Managing Director*

**AUDITORS' CERTIFICATE**

We have examined the above cash flow statement of Frontier Springs Limited for the year ended 31st March, 2008. 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 : 29.05.2008