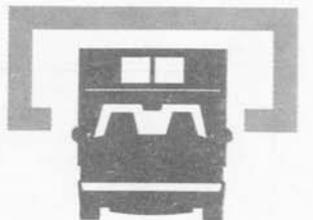


Frontier



YEARS
DEDICATED
TO THE
UNDYING
SPIRIT

Annual Report
2011-2012



FRONTIER
SPRINGS LIMITED

FRONTIER SPRINGS LIMITED

ANNUAL REPORT 2011-2012

BOARD OF DIRECTORS

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

COMPANY SECRETARY

Shri DEEPAK BHASIN

AUDITORS

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

BANKERS

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

REGISTRAR AND SHARE TRANSFER AGENT

M/s. ALANKIT ASSIGNMENT LIMITED
ALANKIT HOUSE, 2E/21,
JHANDEWALAN EXTENSION
NEW DELHI-110 055

REGISTERED OFFICE

E-14, PANKI INDUSTRIAL AREA, SITE-1
PANKI, KANPUR-208 022
Website : <http://www.frontiersprings.co.in>

PLANTS

- i) KM 25/4, KALPI ROAD, RANIA,
KANPUR DEHAT - 209 304 (U.P.)
- ii) 91/2, VILLAGE KUNJA, NEAR DENTAL COLLEGE
PAONTA SAHIB (H.P.)
- iii) E-14, PANKI INDUSTRIAL AREA
SITE-I, KANPUR – 208022 (U.P.)

CONTENTS

| | Page No. |
|----------------------------------|----------|
| Notice of AGM | 2 |
| Directors' Report | 15 |
| Corporate Governance Certificate | 16 |
| Management Discussion & Analysis | 18 |
| Report on Corporate Governance | 19 |
| Auditors' Report | 27 |
| Balance Sheet | 30 |
| Profit & Loss Account | 31 |
| Note on Financial Statement | 32 |
| Significant Accounting Policies | 50 |
| Cash Flow Statement | 54 |

THIRTY SECOND ANNUAL REPORT

NOTICE

NOTICE is hereby given that the Thirty Second Annual General Meeting of the Members of FRONTIER SPRINGS LIMITED will be held on Saturday, 22nd September, 2012, at 12.30 p.m. at the Hotel Royal Cliff Opp. Moti Jheel Gate No.1, Kanpur-208 002 to transact the following businesses:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2012 and Profit and Loss Account for the financial year ended on that date together with Directors' and Auditors' Report thereon.
2. To declare dividend on Equity Shares for the financial year ended 31st March, 2012.
3. To appoint a Director in place of Shri. Ramesh Kumar Bhatia who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri. Kapil Bhatia who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri. Prem Sagar who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, and to fix their remuneration, and for the purpose, to consider, and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of SECTION 224 of the companies Act, 1956, M/s Sanjay Nandani & Co., Chartered Accountants, Kanpur, the retiring Auditors be and are hereby reappointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be fixed by the Board of Directors of the Company."

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to section 198, 269, 309, 310, 311 and 317 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to necessary approval of shareholders, consent of the Company be and is hereby accorded for the reappointment of Sh. K.L. Bhatia, Chairman cum Managing Director of the Company with effect from 1st April 2012 for the remainder term of his office up to 31st March 2015,

including payment of remuneration on the terms and conditions set out below, with liberty to the Board of Directors to alter and vary the terms and conditions, not exceeding the limit specified under Schedule XIII of the Companies Act, 1956 or any statutory modification or re-enactment thereof :-

SALARY : Rs. 150,000 per month.

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

PART-A

- (i) **Housing** – The expenditure incurred by the Company on Gas, Electricity, water & furniture subject to maximum of Rs. 25,000/- p.m. and shall be valued as per Income-Tax Rules, 1962.
- (ii) **Medical Reimbursement** – Expenses incurred for self and family subject to a ceiling of one month's salary per year to three months' salary in a block of three years.
- (iii) **Leave Travel Concession** – Actual amount incurred in respect of leave travel for proceeding to any place in India for self and family once in a year shall be reimbursed, subject to ceiling of Rs 200,000/- (Rupees Two Lacs) per annum. The entitlement for one year to the extent not availed shall be allowed to be accumulated up to next two years.
- (iv) **Entertainment expenses and other business expenses** – Reimbursement of entertainment, travelling including foreign travel and all other expenses if any, actually and properly incurred for the business of the Company. Including reimbursement of travelling expenses of the family accompanying the Chairman cum Managing Director on any official trip.
- (v) **Entertainment and Vacations expenses** - Reimbursement of entertainment, stay and travelling expenses associated with vacations spend in any foreign country for self and family in a block of two years shall be reimbursed, subject to ceiling of Rs. 500,000/- (Rupees Five Lacs Only).
- (vi) **Club fee:** Reimbursement of fees of clubs subject to maximum of four clubs. No admission and life membership fees will be paid.
- (vii) **Personal Accident Insurance:** Premium not to exceed Rs.4000/- per annum.

PART-B

- (i) Contribution to (a) Provident Fund (b) Super Annuation Fund or Annuity Fund as per Company's rules. These will not be included in the computation

of the ceiling on perquisites to the extent either singly or put together are not taxable under the Income Tax Act, 1961.

- (ii) Gratuity not exceeding half month's salary for each completed year of service.

PART-C

The Company shall provide a car with driver and telephone at the residence of the Chairman cum Managing Director. Provision of car for use of Company's business and telephone at residence will not be considered as perquisite. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Chairman cum Managing Director.

The Chairman cum Managing Director shall be entitled to leave with pay for a period not exceeding one month for every eleven months of service besides casual and sick leave. However, leave accumulated but not availed of will be allowed to be en-cashed.

INCENTIVE

In addition to salary and perquisites as above, the Chairman cum Managing Director shall without any further approval of the Remuneration Committee, Board of Directors and shareholders of the Company as the case may be, also be entitled to have incentive from the Financial year commencing from 1st April 2012, to be determined in consultation with him at the end of each quarter in the Financial year provided that the aggregate amount of remuneration by way of salary, perquisites and incentive as above shall be subject to ceiling of Rs. 29,00,000/- per annum (Rupees Twenty Nine Lacs) as remuneration in accordance with maximum limit of remuneration as may be permitted under Section II (B) of Part II of Schedule XIII to the Companies Act, 1956.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to alter, amend, vary, enhance or modify the scope and quantum of remuneration of Shri K.L. Bhatia as it may deem proper from time to time as shall be permissible and in conformity with applicable provisions of the Companies Act, 1956."

MINIMUM REMUNERATION

"RESOLVED FURTHER THAT during the currency of tenure of appointment, whenever in any financial year, the Company has no profit or its profit are inadequate, the remuneration by way of Salary, Perquisites and Incentive as above shall be paid to Shri K.L. Bhatia Chairman and Managing Director as minimum Remuneration."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion consider necessary, proper and appropriate for giving effect to this resolution."

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

"RESOLVED THAT pursuant to section 198, 269, 309, 310, 311 and 317 and read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to necessary approval of shareholders, consent of the Company be and is hereby accorded for the reappointment of Sh. Kapil Bhatia, Managing Director of the Company with effect from 5th January 2012 for the remainder term of his office up to 4th January 2015 including payment of remuneration on the terms and conditions set out below, with liberty to the Board of Directors to alter and vary the terms and conditions, not exceeding the limit specified under Schedule XIII of the Companies Act, 1956 or any statutory modification or re-enactment thereof :-

SALARY : Rs. 125,000 per month.

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

PART-A

- (i) **Housing** – The expenditure incurred by the Company on Gas, Electricity, water & furniture subject to maximum of Rs. 25,000/- p.m. and shall be valued as per Income-Tax Rules, 1962.
- (ii) **Medical Reimbursement** – Expenses incurred for self and family subject to a ceiling of one month's salary per year to three months' salary in a block of three years.
- (iii) **Leave Travel Concession** – Actual amount incurred in respect of leave travel for proceeding to any place in India for self and family once in a year shall be reimbursed, subject to ceiling of Rs. 200,000/- (Rupees Two Lacs) per annum. The entitlement for one year to the extent not availed shall be allowed to be accumulated up to next two years.
- (iv) **Entertainment expenses and other business expenses** – Reimbursement of entertainment, travelling including foreign travel and all other expenses if any, actually and properly incurred for the business of the Company. Including reimbursement of travelling expenses of the family accompanying the Managing Director on any official trip.
- (v) **Entertainment and Vacations expenses** - Reimbursement of entertainment, stay and travelling expenses associated with vacations spend in any foreign country for self and family in a block of two years shall be reimbursed, subject to ceiling of Rs. 500,000/- (Rupees Five Lacs Only).

THIRTY SECOND ANNUAL REPORT

- (vi) **Education Allowances** – Reimbursement of Education expenses and all other related expenses for the purposes of education of the Children shall be reimbursed if any, actually and properly incurred.
- (vii) **Club fee:** Reimbursement of fees of clubs subject to maximum of four clubs. No admission and life membership fees will be paid.
- (viii) **Personal Accident Insurance:** Premium not to exceed Rs.4000/- per annum.

PART-B

- (i) Contribution to (a) Provident Fund (b) Super Annuation Fund or Annuity Fund as per Company's rules. These will not be included in the computation of the ceiling on perquisites to the extent either singly or put together are not taxable under the Income Tax Act, 1961.
- (ii) Gratuity not exceeding half month's salary for each completed year of service.

PART-C

The Company shall provide a car with driver and telephone at the residence of the Managing Director. Provision of car for use of Company's business and telephone at residence will not be considered as perquisite. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Managing Director.

The Managing Director shall be entitled to leave with pay for a period not exceeding one month for every eleven months of service besides casual and sick leave. However, leave accumulated but not availed of will be allowed to be en-cashed.

INCENTIVE

In addition to salary and perquisites as above, the Managing Director shall without any further approval of the Remuneration Committee, Board of Directors and shareholders of the Company as the case may be, also be entitled to have incentive from the Financial year commencing from 01st April 2012, to be determined in consultation with him at the end of each quarter in the Financial year provided that the aggregate amount of remuneration by way of salary, perquisites and incentive as above shall be subject to ceiling of Rs. 29,00,000/- per annum (Rupees Twenty Nine Lacs) as remuneration in accordance with maximum limit of remuneration as may be permitted under Section II (B) of Part II of Schedule XIII to the Companies Act, 1956.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to alter, amend, vary, enhance or modify the scope and quantum of remuneration of Shri Kapil Bhatia as it may deem proper from time to time as shall be permissible and in

conformity with applicable provisions of the Companies Act, 1956."

MINIMUM REMUNERATION

"RESOLVED FURTHER THAT during the currency of tenure of appointment, whenever in any financial year, the Company has no profit or its profit are inadequate, the remuneration by way of Salary, Perquisites and Incentive as above shall be paid to Shri Kapil Bhatia, Managing Director as minimum Remuneration."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion consider necessary, proper and appropriate for giving effect to this resolution."

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

"RESOLVED THAT pursuant to section 198, 269, 309, 310, 311 and read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to necessary approval of shareholders, consent of the Company be and is hereby accorded for reappointment of Sh. Neeraj Bhatia, Whole Time Director of the Company with effect from 1st April 2012 for the remainder term of his office up to 31st March 2015 including payment of remuneration on the terms and conditions set out below, with liberty to the Board of Directors to alter and vary the terms and conditions, not exceeding the limit specified under Schedule XIII of the Companies Act, 1956 or any statutory modification or re-enactment thereof : -

SALARY : Rs. 125,000 per month.

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

PART-A

- (i) **Housing** – The expenditure incurred by the Company on Gas, Electricity, water & furniture subject to maximum of Rs. 25,000/- p.m. and shall be valued as per Income-Tax Rules, 1962.
- (ii) **Medical Reimbursement** – Expenses incurred for self and family subject to a ceiling of one month's salary per year to three months salary in a block of three years.
- (iii) **Leave Travel Concession** – Actual amount incurred in respect of leave travel for proceeding to any place in India for self and family once in a year shall be reimbursed, subject to ceiling of Rs 200,000/- (Rupees Two Lacs) per annum. The entitlement for

one year to the extent not availed shall be allowed to be accumulated up to next two years.

- (iv) **Entertainment expenses and other business expenses** – Reimbursement of entertainment, travelling including foreign travel and all other expenses if any, actually and properly incurred for the business of the Company. Including reimbursement of travelling expenses of the family accompanying the Whole Time Director on any official trip.
- (v) **Entertainment and Vacations expenses** - Reimbursement of entertainment, stay and travelling expenses associated with vacations spend in any foreign country for self and family in a block of two years shall be reimbursed, subject to ceiling of Rs. 500,000/- (Rupees Five Lacs Only).
- (vi) **Education Allowances** – Reimbursement of Education expenses and all other related expenses for the purposes of education of the Children shall be reimbursed if any, actually and properly incurred.
- (vii) **Club fee:** Reimbursement of fees of clubs subject to maximum of four clubs. No admission and life membership fees will be paid.
- (viii) **Personal Accident Insurance:** Premium not to exceed Rs.4000/- per annum.

PART-B

- (i) Contribution to (a) Provident Fund (b) Super Annuation Fund or Annuity Fund as per Company's rules. These will not be included in the computation of the ceiling on perquisites to the extent either singly or put together are not taxable under the Income Tax Act, 1961.
- (ii) Gratuity not exceeding half month's salary for each completed year of service.

PART-C

The Company shall provide a car with driver and telephone at the residence of the Whole Time Director. Provision of car for use of Company's business and telephone at residence will not be considered as perquisite. Personal long distance call on telephone and use of car for private purpose shall be billed by the Company to the Whole Time Director.

The Whole Time Director shall be entitled to leave with pay for a period not exceeding one month for every eleven months of services besides casual and sick leave. However, leave accumulated but not availed of will be allowed to be en-cashed.

INCENTIVE

In addition to salary and perquisites as above, the Whole-Time Director shall without any further approval of the of the Remuneration Committee, Board of Directors

and shareholders of the Company as the case may be, also be entitled to have incentive from the Financial year commencing from 1st April 2012, to be determined in consultation with him at the end of each quarter in the Financial year provided that the aggregate amount of remuneration by way of salary, perquisites and incentive as above shall be subject to ceiling of Rs. 29,00,000/- per annum (Rupees Twenty Nine Lacs) as remuneration in accordance with maximum limit of remuneration as may be permitted under Section II (B) of Part II of Schedule XIII to the Companies Act, 1956.

“RESOLVED FURTHER THAT the Board of Director of the Company be and hereby authorized to alter, amend, vary, enhance or modify the scope and quantum of remuneration of Sh. Neeraj Bhatia as it may deem proper from time to time as shall be permissible and in conformity with applicable provisions of the Companies Act, 1956.”

MINIMUM REMUNERATION

“RESOLVED FURTHER THAT during the currency of tenure of appointment, whenever in any financial year, the Company has no profit or its profit are inadequate, the remuneration by way of Salary, Perquisites and Incentive as above shall be paid to Sh. Neeraj Bhatia Whole Time Director as minimum Remuneration.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion consider necessary, proper and appropriate for giving effect to this resolution.”

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

“RESOLVED THAT pursuant to section 198, 269, 309, 310, 311 and read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to necessary approval of shareholders, con-sent of the company be and is hereby accorded hereby accorded for the reappointment of Smt. Sushma Bhatia Whole-Time Director of the Company with effect from 05th January 2012 for the remainder term of her office up to 4th January 2015 including payment of remuneration on the terms and conditions set out below, with liberty to the Board of Directors to alter and vary the terms and conditions, not exceeding the limit specified under Schedule XIII of the Companies Act,1956 or any statutory modification or re-enactment thereof : -

SALARY : Rs. 100,000 per month.

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

THIRTY SECOND ANNUAL REPORT

PART-A

- (i) **Housing** – The expenditure incurred by the Company on Gas, Electricity, water & furniture subject to maximum of Rs. 25,000/- p.m. and shall be valued as per Income-Tax Rules, 1962.
- (ii) **Medical Reimbursement** – Expenses incurred for self and family subject to a ceiling of one month's salary per year to three months salary in a block of three years.
- (iii) **Leave Travel Concession** – Actual amount incurred in respect of leave travel for proceeding to any place in India for self and family once in a year shall be reimbursed, subject to ceiling of Rs. 200,000/- (Rupees Two Lacs) per annum. The entitlement for one year to the extent not availed shall be allowed to be accumulated up to next two years.
- (iv) **Entertainment expenses and other business expenses** – Reimbursement of entertainment, travelling including foreign travel and all other expenses if any, actually and properly incurred for the business of the Company. Including reimbursement of travelling expenses of the family accompanying the Whole Time Director on any official trip.
- (v) **Entertainment and Vacations expenses** - Reimbursement of entertainment, stay and travelling expenses associated with vacations spend in any foreign country for self and family in a block of two years shall be reimbursed, subject to ceiling of Rs. 500,000/- (Rupees Five Lacs Only).
- (vi) **Club fee:** Reimbursement of fees of clubs subject to maximum of four clubs. No admission and life membership fees will be paid.
- (vii) **Personal Accident Insurance:** Premium not to exceed Rs. 4000/- per annum.

PART-B

- (i) Contribution to (a) Provident Fund (b) Super Annuation Fund or Annuity Fund as per Company's rules. These will not be included in the computation of the ceiling on perquisites to the extent either singly or put together are not taxable under the Income Tax Act, 1961.
- (ii) Gratuity, not exceeding half month's salary for each completed year of service.

PART-C

The Company shall provide a car with driver and telephone at the residence of the Whole Time Director. Provision of car for use of Company's business and telephone at residence will not be considered as perquisite. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Whole Time Director.

The Whole Time Director shall be entitled to leave with pay for a period not exceeding one month for every eleven months of service besides casual and sick leave. However, leave accumulated but not availed of will be allowed to be en-cashed.

INCENTIVE

In addition to salary and perquisites as above, the Whole-Time Director shall without any further approval of the of the Remuneration Committee, Board of Directors and shareholders of the Company as the case may be, also be entitled to incentive from the Financial year commencing from 1st April 2012, to be determined in consultation with him at the end of each quarter in the financial year provided that the aggregate amount of remuneration by way of salary, perquisites and incentive as above shall be subject to ceiling of Rs. 20,00,000/- per annum (Rupees Twenty Lacs) as remuneration in accordance with maximum limit of remuneration as may be permitted Section II (A) of Part II of Schedule XIII to the Companies Act, 1956.

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to alter, amend, vary, enhance or modify the scope and quantum of remuneration of Smt. Sushma Bhatia as it may deem proper from time to time as shall be permissible and in conformity with applicable provisions of the Companies Act, 1956.”

MINIMUM REMUNERATION

“RESOLVED FURTHER THAT during the currency of tenure of appointment, whenever in any financial year, the Company has no profit or its profit are inadequate, the remuneration by way of Salary, Perquisites and Incentive as above shall be paid to Smt. Sushma Bhatia Whole-Time Director as minimum Remuneration.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion consider necessary, proper and appropriate for giving effect to this resolution.”

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

“RESOLVED THAT pursuant to section 198, 269, 309, 310 and read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to necessary approval of shareholders, consent of the company be and is hereby accorded for the increase in remuneration payable to Smt. Mamta Bhatia Whole-Time Director of the Company with effect from 01st April 2012 for the remainder term of her office up to 13th May 2014

including payment of remuneration on the terms and conditions set out below, with liberty to the Board of Directors to alter and vary the terms and conditions, not exceeding the limit specified under Schedule XIII of the Companies Act, 1956 or any statutory modification or re-enactment thereof :-

SALARY : Rs. 120,000 per month.

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

PART-A

- (i) **Housing** – The expenditure incurred by the Company on Gas, Electricity, water & furniture subject to maximum of Rs. 25,000/- p.m. and shall be valued as per Income-Tax Rules, 1962.
- (ii) **Medical Reimbursement** – Expenses incurred for self and family subject to a ceiling of one month's salary per year to three months salary in a block of three years.
- (iii) **Leave Travel Concession** – Actual amount incurred in respect of leave travel for proceeding to any place in India for self and family once in a year shall be reimbursed, subject to ceiling of Rs. 200,000/- (Rupees Two Lacs) per annum. The entitlement for one year to the extent not availed shall be allowed to be accumulated up to next two years..
- (iv) **Entertainment expenses and other business expenses** – Reimbursement of entertainment, travelling including foreign travel and all other expenses if any, actually and properly incurred for the business of the Company. Including reimbursement of travelling expenses of the family accompanying the Whole Time Director on any official trip.
- (v) **Entertainment and Vacations expenses** - Reimbursement of entertainment, stay and travelling expenses associated with vacations spend in any foreign country for self and family in a block of two years shall be reimbursed, subject to ceiling of Rs. 500,000/- (Rupees Five Lacs Only).
- (vi) **Club fee** : Reimbursement of fees of clubs subject to maximum of four clubs. No admission and life membership fees will be paid.
- (vii) **Personal Accident Insurance** : Premium not to exceed Rs.4000/- per annum.

PART-B

- (i) Contribution to (a) Provident Fund (b) Super Annuation Fund or Annuity Fund as per Company's rules. These will not be included in the computation of the ceiling on perquisites to the extent either sin-

gly or put together are not taxable under the Income Tax Act, 1961.

- (ii) Gratuity, not exceeding half month's salary for each completed year of service.

PART-C

The Company shall provide a car with driver and telephone at the residence of the Whole Time Director. Provision of car for use of Company's business and telephone at residence will not be considered as perquisite. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Whole Time Director.

The Whole Time Director shall be entitled to leave with pay for a period not exceeding one month for every eleven months of service besides casual and sick leave. However, leave accumulated but not availed of will be allowed to be en-cashed.

INCENTIVE

In addition to salary and perquisites as above, the Whole-Time Director shall without any further approval of the of the Remuneration Committee, Board of Directors and shareholders of the Company as the case may be, also be entitled to incentive from the Financial year commencing from 1st April 2012, to be determined in consultation with him at the end of each quarter in the financial year provided that the aggregate amount of remuneration by way of salary, perquisites and incentive as above shall be subject to ceiling of Rs. 20,00,000/- per annum (Rupees Twenty Lacs) as remuneration in accordance with maximum limit of remuneration as may be permitted Section II (A) of Part II of Schedule XIII to the Companies Act, 1956.

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to alter, amend, vary, enhance or modify the scope and quantum of remuneration of Smt. Mamta Bhatia as it may deem proper from time to time as shall be permissible and in conformity with applicable provisions of the Companies Act, 1956.”

MINIMUM REMUNERATION

“RESOLVED FURTHER THAT during the currency of tenure of appointment, whenever in any financial year, the Company has no profit or its profit are inadequate, the remuneration by way of Salary, Perquisites and Incentive as above shall be paid to Smt. Mamta Bhatia Whole-Time Director as minimum Remuneration.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion consider necessary, proper and appropriate for giving effect to this resolution.

THIRTY SECOND ANNUAL REPORT

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

“RESOLVED THAT pursuant to section 198, 269, 309, 310 and read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to necessary approval of shareholders, consent of the company be and is hereby accorded for the increase in remuneration payable to Smt. Sonia Bhatia Whole-Time Director of the Company with effect from 01st April 2012 for the remainder term of her office up to 13th May 2014 including payment of remuneration on the terms and conditions set out below, with liberty to the Board of Directors to alter and vary the terms and conditions, not exceeding the limit specified under Schedule XIII of the Companies Act, 1956 or any statutory modification or re-enactment thereof :-

SALARY : Rs. 100,000 per month.

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

PART-A

- (viii) **Housing** – The expenditure incurred by the Company on Gas, Electricity, water & furniture subject to maximum of Rs. 25,000/- p.m. and shall be valued as per Income-Tax Rules, 1962.
- (ix) **Medical Reimbursement** – Expenses incurred for self and family subject to a ceiling of one month’s salary per year to three months salary in a block of three years.
- (x) **Leave Travel Concession** – Actual amount incurred in respect of leave travel for proceeding to any place in India for self and family once in a year shall be reimbursed, subject to ceiling of Rs. 200,000/- (Rupees Two Lacs) per annum. The entitlement for one year to the extent not availed shall be allowed to be accumulated up to next two years..
- (xi) **Entertainment expenses and other business expenses** – Reimbursement of entertainment, travelling including foreign travel and all other expenses if any, actually and properly incurred for the business of the Company. Including reimbursement of travelling expenses of the family accompanying the Whole Time Director on any official trip.
- (xii) **Entertainment and Vacations expenses** - Reimbursement of entertainment, stay and travelling expenses associated with vacations spend in any foreign country for self and family in a block of two years shall be reimbursed, subject to ceiling of Rs. 500,000/- (Rupees Five Lacs Only).

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

(xiv) **Personal Accident Insurance:** Premium not to exceed Rs.4000/- per annum.

PART-B

- (i) Contribution to (a) Provident Fund (b) Super Annuation Fund or Annuity fund as per Company’s rules. These will not be included in the computation of the ceiling on perquisites to the extent either singly or put together are not taxable under the Income Tax Act, 1961.
- (ii) Gratuity, not exceeding half month’s salary for each completed year of service.

PART-C

The Company shall provide a car with driver and telephone at the residence of the Whole Time Director. Provision of car for use of Company’s business and telephone at residence will not be considered as perquisite. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Whole Time Director.

The Whole Time Director shall be entitled to leave with pay for a period not exceeding one month for every eleven months of service besides casual and sick leave. However, leave accumulated but not availed of will be allowed to be en-cashed.

INCENTIVE

In addition to salary and perquisites as above, the Whole-Time Director shall without any further approval of the of the Remuneration Committee, Board of Directors and shareholders of the Company as the case may be, also be entitled to incentive from the Financial year commencing from 1st April 2012, to be determined in consultation with him at the end of each quarter in the financial year provided that the aggregate amount of remuneration by way of salary, perquisites and incentive as above shall be subject to ceiling of Rs. 20,00,000/- per annum (Rupees Twenty Lacs) as remuneration in accordance with maximum limit of remuneration as may be permitted Section II (A) of Part II of Schedule XIII to the Companies Act, 1956.

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to alter, amend, vary, enhance or modify the scope and quantum of remuneration of Smt. Sonia Bhatia as it may deem proper from time to time as shall be permissible and in conformity with applicable provisions of the Companies Act, 1956.”

MINIMUM REMUNERATION

“RESOLVED FURTHER THAT during the currency

of tenure of appointment, whenever in any financial year, the Company has no profit or its profit are inadequate, the remuneration by way of Salary, Perquisites and Incentive as above shall be paid to Smt. Sonia Bhatia Whole-Time Director as minimum Remuneration.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion consider necessary, proper and appropriate for giving effect to this resolution”

Registered Office : By order of the Board
E-14, Panki Industrial Area,
Site-1, Panki,
Kanpur-208022 DEEPAK BHASIN
Dated : 13.08.2012 *Company Secretary*

NOTES :

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. The proxy in order to be effective must be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting.
- The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business under item nos. 7 to 12 is annexed herewith.
- The Register of Members and the Share Transfer Books of the Company will be closed from 16th September to 22nd September, 2012 (both dates inclusive) for the purpose of payment of dividend. The dividend, if declared, will be paid on or after 27th September, 2012 but within the statutory time limit of 30 days, to those Members entitled thereto whose names appear in the Register of Members of the Company as on 16th September, 2012. In respect of shares held in dematerialized form in the Depository System, dividend thereon will be paid to the beneficial owners as per the list to be provided by the Depositories.
- Members holding shares in identical order of names in more than one folio are requested to write to the Company, enclosing the Share Certificates for consolidation of their holding into one folio.
- Members holding Shares in physical form may write to the Company for change in their address, if any, under their signature clearly quoting their folio numbers, old address along with the changed address with Pin Code, and Members holding Shares in electronic form may inform any change in address to their Depository Participants.
- Members holding Shares in electronic form are requested to provide their Client-ID and DP-ID numbers at the meeting for easy identification.
- Members desirous of obtaining any information/clarification concerning the Accounts and Operation of the Company are requested to address their queries in writing to the Company Secretary at least seven days before the Annual General Meeting, so that the desired information may be made available at the Annual General Meeting, if the Chairman permits to do so.
- The Shares of the Company are compulsorily tradable in demat form. The equity Shares of the Company have been assigned ISIN INE572D01014. Members are requested to get their Shares dematerialized at the earliest to make them tradable.
- Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956 as amended, read with the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules 2001, dividend which remains unpaid or unclaimed for a period of 7(seven) years will be transferred to the Investor Education and Protection Fund. Shareholders/Investors who have not encashed the dividend warrant(s) so far are requested to make their claim by specifying their Folio No./DP ID and Client ID to the Secretarial Department, E-14, Panki Industrial Area Site-I, Kanpur 208022 (U.P.) Shareholders are requested to please note that once the unclaimed dividend is transferred to the Investor Education and Protection Fund as above, no claim shall lie in respect thereof.
- Corporate Members intending to send their Authorized Representative to attend the Meeting are requested to send a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the Meeting.
- The relevant details in respect of Directors seeking appointment and reappointment pursuant to Clause 49 of the Listing Agreement are enclosed herewith marked as Annexure 'A' to this Notice.

THIRTY SECOND ANNUAL REPORT

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

Item No. 7

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 the Directors of the Company at its meeting held on 30th May, 2009 had re-appointed him as a Chairman cum Managing Director of the Company with effect from 1st April, 2009 in accordance with the provisions of the Companies Act, 1956. The Shareholders in their Twenty Ninth Annual General Meeting held on 31st July 2009 had approved the appointment and remuneration payable to Shri K.L. Bhatia.

It is now proposed to re appoint Shri K.L.Bhatia, Chairman cum Managing Director with effect from 1st April 2012, on an increased remuneration, after obtaining shareholders approval for remaining term of his appointment up to 31st March 2015. The enhanced remuneration payable to Shri K.L. Bhatia is within the permissible limits specified in Schedule XIII of the Companies Act, 1956 which has been duly approved by remuneration committee and Board of Directors in their meetings held on 04.02.2012 respectively. The management believes that the proposed remuneration is comparable with respect to industry, size of the Company, profile of the position and person and is commensurate with the responsibility being shouldered in the Company and the size and extent of business operations.

INFORMATION PURSUANT TO CLAUSE B(iv) OF SECTION II OF PART II OF SCHEDULE XIII TO THE COMPANIES ACT, 1956.

I. GENERAL INFORMATION :

(1) Nature of industry :-

Manufacturer of Railway Springs, and Other Springs

(2) Date or expected date of commencement of commercial production :-

Existing unit for more than 31 years.

(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus :-

Not applicable.

(4) Financial performance based on given indicators:-

| Financial Parameter | (Rs.in Lacs) | | |
|----------------------------|--------------|-----------|---------|
| | Years | | |
| | 2009-2010 | 2010-2011 | 2011-12 |
| Turnover | 3383.44 | 4295.71 | 3519.91 |
| Net Profit (before Tax) | 465.97 | 628.75 | 374.67 |

(5) Export performance and net foreign exchange collaborations:-

Nil

(6) Foreign investments or collaborators, if any :-

Nil

II. INFORMATION ABOUT THE APPOINTEE :

(1) Background details :-

Mr. K.L. Bhatia is an Electrical Engineer and having more than 42 years of industrial experience in managing the operations of Frontier Group.

(2) Past remuneration :-

Rs. 24,00,000/- p.a.

(3) Recognition or awards :-

National Award for outstanding Entrepreneur awarded by the Sh. Zail Singh, Hon'ble President of India, in the year 1984.

Udyog Patra awarded by the Dr. S.D. Sharma, Hon'ble President of India, in the year 1995

(4) Job profile and his suitability :-

Subject to the overall control, supervision, directions and instructions of the Board of Directors of the Company, he looks after the day to day management of the Company.

(5) Remuneration proposed :-

Salary plus Incentives based on performance Rs. 29,00,000/- p.a.

(6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin) :-

The proposed remuneration is in line with prevailing industry remuneration structure.

(7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any :-

Apart from remuneration, he will be receiving dividends, if any, declared by the Company in respect of Shares held by him. He is also related to some of the Directors of the Company.

III. OTHER INFORMATION :

(1) Reasons of loss or inadequate profits :-

The Company is making reasonable profits. The minimum remuneration clause is only to cover

a situation of inadequate profits to cover the proposed remuneration.

(2) Steps taken or proposed to be taken for improvement :-

There is continuous efforts to improve the performance of the Company.

(3) Expected increase in productivity and profits in measurable terms :-

There is adequate production capacity. Since competition is becoming more and more severe, steps are being taken to improve the cost efficiency.

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 appointments of Chairman, Managing director and Whole-Time Director within the meaning of Section 302 of the Companies Act, 1956.

Item No. 8

Shri Kapil Bhatia has been associated with the Company since last twenty five 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 the Directors of the Company at its meeting held on 30th May, 2009 had re-appointed him as a Managing Director of the Company with effect from 5th January, 2009 in accordance with the provisions of the Companies Act, 1956. The Shareholders in their Twenty Ninth Annual General Meeting held on 31st July 2009 had approved the appointment and remuneration payable to Mr. Kapil Bhatia.

It is now proposed to re appoint Shri Kapil Bhatia, Managing Director with effect from 5th January,2012 on an increased remuneration, after obtaining shareholders approval for remaining term of his appointment up to 4th January, 2015. The enhanced remuneration payable to Shri Kapil Bhatia is within the permissible limits specified in Schedule XIII of the Companies Act, 1956 which has been duly approved by remuneration committee and Board of Directors in their meetings held on 04.02.2012 respectively. The management believes that the proposed remuneration is comparable with respect to industry, size of the Company, profile of the position and person and is commensurate with the responsibility being shouldered in the Company and the size and extent of business operations.

INFORMATION PURSUANT TO CLAUSE B(iv) OF SECTION II OF PART II OF SCHEDULE XIII TO THE COMPANIES ACT, 1956.

I. GENERAL INFORMATION :

(1) Nature of industry :-

Manufacturer of Railway Springs, and Other Springs

(2) Date or expected date of commencement of commercial production :-

Existing unit for more than 31 years.

(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus :-

Not applicable.

(4) Financial performance based on given indicators:-

| Financial Parameter | (Rs.in Lacs) | | |
|-------------------------|--------------|-----------|---------|
| | 2009-2010 | 2010-2011 | 2011-12 |
| Turnover | 3383.44 | 4295.71 | 3519.91 |
| Net Profit (before Tax) | 465.97 | 628.75 | 374.67 |

(5) Export performance and net foreign exchange collaborations:-

Nil

(6) Foreign investments or collaborators, if any:-

Nil

II. INFORMATION ABOUT THE APPOINTEE :

(1) Background details :-

Mr. Kapil Bhatia is MBA and having more than 25 years of industrial experience in managing the operations of Frontier Group.

(2) Past remuneration :-

Rs. 24,00,000/- p.a.

(3) Recognition or awards :-

Nil

(4) Job profile and his suitability :-

Subject to the overall control, supervision, directions and instructions of the Board of Directors of the Company, he looks after the day to day management of the Company.

(5) Remuneration proposed :-

Salary plus Incentives based on performance Rs. 29,00,000/- p.a.

THIRTY SECOND ANNUAL REPORT

(6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin) :-

The proposed remuneration is in line with prevailing industry remuneration structure.

(7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any :-

Apart from remuneration, he will be receiving dividends, if any, declared by the Company in respect of Shares held by him. He is also related to some of the Directors of the Company.

III. OTHER INFORMATION :

(1) Reasons of loss or inadequate profits :-

The Company is making reasonable profits. The minimum remuneration clause is only to cover a situation of inadequate profits to cover the proposed remuneration.

(2) Steps taken or proposed to be taken for improvement :-

There is continuous efforts to improve the performance of the Company.

(3) Expected increase in productivity and profits in measurable terms :-

There is adequate production capacity. Since competition is becoming more and more severe, steps are being taken to improve the cost efficiency.

Your Directors recommend the proposed resolution for your approval.

Save and except Shri Kapil Bhatia himself and Shri Neeraj Bhatia and Smt. Mamta 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 Chairman, Managing director and Whole-Time Director within the meaning of Section 302 of the Companies Act, 1956.

Item No. 9

Shri Neeraj Bhatia has been associated with the Company since last twenty two years and is looking for 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 the Directors of the Company at its meeting held on 30th May, 2009 had re-appointed him as a Whole time Director of the Company with effect from 1st April, 2009 in accordance with the provisions of the Companies Act, 1956. The Shareholders in their Twenty Ninth Annual General Meeting held on 31st July 2009 had approved the appointment and remuneration payable to Shri. Neeraj Bhatia.

It is now proposed to re appoint Shri Neeraj Bhatia, Whole time Director with effect from 01st April,2012 on an increased remuneration, after obtaining shareholders approval for remaining term of his appointment up to 31st March, 2015. The enhanced remuneration payable to Shri Neeraj Bhatia is within the permissible limits specified in Schedule XIII of the Companies Act, 1956 which has been duly approved by remuneration committee and Board of Directors in their meetings held on 04.02.2012 respectively. The management believes that the proposed remuneration is comparable with respect to industry, size of the Company, profile of the position and person and is commensurate with the responsibility being shouldered in the Company and the size and extent of business operations.

INFORMATION PURSUANT TO CLAUSE B(iv) OF SECTION II OF PART II OF SCHEDULE XIII TO THE COMPANIES ACT, 1956.

I. GENERAL INFORMATION :

(1) Nature of industry :-

Manufacturer of Railway Springs, and Other Springs

(2) Date or expected date of commencement of commercial production :-

Existing unit for more than 31 years.

(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus :-

Not applicable.

(4) Financial performance based on given indicators:-

| Financial Parameter | (Rs.in Lacs) | | |
|----------------------------|--------------|-----------|---------|
| | 2009-2010 | 2010-2011 | 2011-12 |
| Turnover | 3383.44 | 4295.71 | 3519.91 |
| Net Profit (before Tax) | 465.97 | 628.75 | 374.67 |

(5) Export performance and net foreign exchange collaborations:-

Nil

(6) Foreign investments or collaborators, if any :-

Nil

II. INFORMATION ABOUT THE APPOINTEE :**(1) Background details :-**

Mr. Neeraj Bhatia is Post Graduate in Commerce and having more than 22 years of industrial experience in managing the operations of the Company.

(2) Past remuneration :-

Rs. 24,00,000/- p.a.

(3) Recognition or awards :-

Nil

(4) Job profile and his suitability :-

Subject to the overall control, supervision, directions and instructions of the Board of Directors of the Company, he looks after the day to day management of the Company.

(5) Remuneration proposed :-

Salary plus Incentives based on performance Rs. 29,00,000/- p.a.

(6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin) :-

The proposed remuneration is in line with prevailing industry remuneration structure.

(7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any :-

Apart from remuneration, he will be receiving dividends, if any, declared by the Company in respect of Shares held by him. He is also related to some of the Directors of the Company.

III. OTHER INFORMATION :**(1) Reasons of loss or inadequate profits :-**

The Company is making reasonable profits. The minimum remuneration clause is only to cover a situation of inadequate profits to cover the proposed remuneration.

(2) Steps taken or proposed to be taken for improvement :-

There is continuous efforts to improve the performance of the Company.

(3) Expected increase in productivity and profits in measurable terms :-

There is adequate production capacity. Since competition is becoming more and more severe, steps are being taken to improve the cost efficiency.

Your Directors recommend the proposed resolution for your approval.

Save and except Shri Neeraj Bhatia himself and Shri Kapil Bhatia and Smt. Mamta 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 Chairman, Managing director and Whole-Time Director within the meaning of Section 302 of the Companies Act, 1956.

Item No. 10

Smt. Sushma Bhatia has been associated with the Company since its inception. The Board of the Directors of the Company at its meeting held on 30th May, 2009 had re-appointed her as a Whole time Director of the Company with effect from 5th January, 2009 in accordance with the provisions of the Companies Act, 1956. The Shareholders in their Twenty Ninth Annual General Meeting held on 31st July 2009 had approved the appointment and remuneration payable to Smt. Sushma Bhatia.

It is now proposed to re appoint Smt. Sushma Bhatia, Whole time Director with effect from 5th January, 2012 on an increased remuneration, after obtaining shareholders approval for remaining term of his appointment up to 4th January, 2015. The enhanced remuneration payable to Smt. Sushma Bhatia is within the permissible limits specified in Schedule XIII of the Companies Act, 1956 which has been duly approved by remuneration committee and Board of Directors in their meetings held on 04.02.2012 respectively. The management believes that the proposed remuneration is comparable with respect to industry, size of the Company, profile of the position and person and is commensurate with the responsibility being shouldered in the Company and the size and extent of business operations.

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

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

THIRTY SECOND ANNUAL REPORT

Item No. 11

Smt. Mamta Bhatia is a graduate and has a vast experience as a commercial tax / law advisor. The Board of the Directors of the Company at its meeting held on 14th May, 2011 had appointed her as an Additional Director of the Company with effect from 14th May, 2011 in accordance with the provisions of the Companies Act, 1956. The Shareholders in their Thirty First Annual General Meeting held on 30th September, 2011 had approved the appointment as Whole time Director along with the remuneration payable to Smt. Mamta Bhatia.

It is now proposed to increase the remuneration payable to Smt. Mamta Bhatia Whole Time Director of the Company on the remuneration payable after obtaining shareholders approval for her appointment with the effect from with effect from 01st April 2012 for the remainder term of her office up to 13th May 2014. The remuneration payable to Smt. Mamta Bhatia is within the permissible limits specified in Schedule XIII of the Companies Act, 1956, which has been duly approved by remuneration committee and the Board of directors in their meetings held on 04.02.2012 respectively. The management believes that the proposed remuneration is comparable with respect to industry, size of the Company, profile of the position and person and is commensurate with the responsibility being shouldered in the Company and the size and extent of business operation.

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

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

Item No. 12

Smt. Sonia Bhatia is a graduate and has a vast

experience as a marketing and sales promotion advisor. The Board of the Directors of the Company at its meeting held on 14th May, 2011 had appointed her as an Additional Director of the Company with effect from 14th May, 2011 in accordance with the provisions of the Companies Act, 1956. The Shareholders in their Thirty First Annual General Meeting held on 30th September, 2011 had approved the appointment as Whole time Director along with the remuneration payable to Smt. Sonia Bhatia.

It is now proposed to increase the remuneration payable to Smt. Sonia Bhatia Whole Time Director of the Company on the remuneration payable after obtaining shareholders approval for her appointment with the effect from with effect from 01st April 2012 for the remainder term of her office up to 13th May 2014. The remuneration payable to Smt. Sonia Bhatia is within the permissible limits specified in Schedule XIII of the Companies Act, 1956, which has been duly approved by remuneration committee and the Board of directors in their meetings held on 04.02.2012 respectively. The management believes that the proposed remuneration is comparable with respect to industry, size of the Company, profile of the position and person and is commensurate with the responsibility being shouldered in the Company and the size and extent of business operation.

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

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

Registered Office :
E-14, Panki Industrial Area,
Site-1, Panki,
Kanpur-208022
Dated : 13.08.2012

By order of the Board

DEEPAK BHASIN
Company Secretary

DIRECTORS' REPORT

Dear Shareholders,

Your directors have pleasure in presenting the Thirty Second Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March 2012.

FINANCIAL RESULTS

| Particulars | (Rs. in Lacs) | |
|---|-----------------|----------|
| | 2011-12 | 2010-11 |
| Income from Operation | 3,591.92 | 4,295.71 |
| Profit Before Int., Dep. & Tax | 516.74 | 774.92 |
| Interest | 58.43 | 45.32 |
| Depreciation | 83.64 | 100.84 |
| Profit/(Loss) Before Tax | 374.67 | 628.75 |
| Income Tax : | | |
| Current year Tax | -76.42 | -131.78 |
| Deferred Tax | -13.85 | 1.19 |
| Income Tax for earlier year | -0.27 | -0.25 |
| Profit/(Loss) After Tax | 284.13 | 497.91 |
| Profit/(Loss) B/f from P.Y. | 992.32 | 633.79 |
| Balance available for appropriation | 1,276.45 | 1,131.70 |
| General Reserve | 100.00 | 100.00 |
| Proposed Dividend / | | |
| Dividend Tax Paid | 45.78 | 39.39 |
| Profit/(Loss) transferred to Reserves & Surplus | 1,130.67 | 992.31 |

OPERATIONS

The operation of the Company during the financial year under review decreased with turnover of Rs. 3591.92 Lacs as against Rs. 4295.71 Lacs in preceding year. The net profit during the year was lower at Rs. 284.13 Lacs as against Rs. 497.91 Lacs in the preceding year. The recessionary conditions, flagging demand coupled with depressed price realization brought the overall turnover and profitability of the Company under pressure. However, best possible efforts are being made to increase the production as the market is indicating revival signs. Therefore, we are confident for a better performance in near future.

DIVIDEND

In spite of the lower profit, the Board has decided to maintain the dividend and approved an equity dividend of Re.1 (10%) per share of Rs. 10 face value (on the paid-up equity share capital) for the approval of the members for the financial year 2011-2012. The dividend, if approved, at the 32nd Annual General Meeting by the members, will be paid to all those equity shareholders whose names appear in the Register of Members as on 16th September, 2012 and also to those, whose names, as beneficial owners, are furnished by the National Se-

curities Depository Limited and the Central Depository Services (India) Limited.

EXPANSION

As already reported in the previous year's Directors' Report your company has completed the setting up of forging plant at its own land and building at E-14, Panki Industrial Area, Site-I, Kanpur in the vicinity of Kanpur District in the State of Uttar Pradesh for manufacturing of forging items for supply to Indian Railways and other Heavy Industries that would add to the profitability of the company in near future. The Company has installed two hammer capacity of 2 Ton & 3 Ton each with total production capacity of 300 MT p.m. The company has invested Rs. 448.06 Lacs as on 31.03.2012. Your Company has completed all the formalities for obtaining approval of Research Design & Standard Organization (R.D.S.O.) and will be obtaining the same within a month.

DIRECTORS

Pursuant to the provisions of the Companies Act, 1956 and Articles of Association of the Company, Shri. Ramesh Kumar Bhatia, Shri. Kapil Bhatia and Shri Prem Sagar 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 Nandani & Co., Chartered Accountants, Kanpur, expires at the conclusion of this Annual General Meeting and being eligible they have confirmed their willingness to accept office, if re-appointed. The Board recommends their appointment.

AUDITORS' REPORT

Explanation to point (vi) (i)

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 (vi) (ii)

Since in our Company the costs are variable according to drawing and design of springs and it is not possible to ascertain the cost of each spring. Hence the Company values the finished goods as net realizable cost since past and Income Tax and Excise department also accept this method.

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,

THIRTY SECOND ANNUAL REPORT

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, 2012 that: -

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

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

As per the requirements of Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the particulars relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are annexed hereto-forming part of this Report.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement, Management Discussion and Analysis, Corporate Governance Report together with the Auditors' Certificate on compliance of the conditions of Corporate Governance form part of this Annual Report.

LISTING INFORMATION

The Company's Shares are presently listed at 'U.P. Stock Exchange Ltd.', Kanpur, being the Regional Stock Exchange, as well as the 'BSE Ltd.', Mumbai. The delisting 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.

Place : Kanpur
Date : 13.08.2012

For and on behalf of the Board
K. L. BHATIA

Chairman and Managing Director

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,
The Members of Frontier Springs Limited,

We have examined the compliance of the conditions of the Corporate Governance by Frontier Springs Limited for the Financial year ended 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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.

Place : Kanpur
Date : 13.08.2012

For S. K. GUPTA & CO.
Company Secretaries

S. K. GUPTA
Managing Partner
FCS 2589

ANNEXURE-I

INFORMATION AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF DIRECTORS) RULES, 1988 FOR THE YEAR ENDED 31ST MARCH, 2012.

I. CONSERVATION OF ENERGY

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

- | | |
|--|---|
| (a) Energy Conservation Measures Taken | Optimum utilization of Heat treatment furnace. The Company is also pursuing for an Agreement with Gas Authority of India (GAIL) for supply of CNG for its plant situated at Rania, which will not only reduce the energy consumption but will also help in preserving and maintaining ecological balance and promoting environmental protection. The company has entered into an agreement with Central UP Gas Limited for supply of CNG at its new plant situated at Kanpur and has also installed gas base furnaces at the plant. |
| (b) Additional Investment and proposals, | The Company is constantly on the watch for if any, being implemented for reduction for various modes and areas of conservation of consumption of energy. Energy investments, therefore, will be considered after identification of such areas. |
| (c) Impact of the measures taken above | The Adoption of energy conservation measures as mentioned above have resulted in substantial saving of energy and has consequently caused a reduction in the cost of goods produced. |
| (d) Total energy consumption and energy | As the Company is not engaged in any Scheduled industry, the detail relating to conservation in the prescribed Form 'A' being inapplicable is not given. |

FORM 'B'

II. TECHNOLOGY ABSORPTION RESEARCH & DEVELOPMENT

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

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

(b) Expenditure on R & D

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

(c) Technology Absorption, Adaptation and Innovation

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

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

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

Keeping in view the prospects and demand of Indian

Railways, the Company has been successful in obtaining the ISO 14001:2004 certificate from QSI America, certifying the establishment of 'Environment Management System' for both of its unit at Kanpur Dehat and Paonta Sahib.

(III) *Technology Imported – NIL*

FOREIGN EXCHANGE EARNING AND OUTGO

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

| | | |
|------------------------------|-----------------------|-----------------|
| | <i>(Rs. in Lacs)</i> | |
| | Current Period | Previous Period |
| | (2011-12) | (2010-11) |
| a) Foreign Exchange Earnings | 45.29 | NIL |
| b) Foreign Exchange Outgo | 26.12 | 39.21 |

Place : Kanpur
Date : 13.08.2012

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 Springs, Leaf Springs and Forging Items. 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, BHEL, BEML and other heavy industries 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.

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.

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :

Corporate governance guidelines and best practices have evolved over a period of time. We, at Frontier Springs believe that sound corporate governance is critical in enhancing and retaining investor trust. Accordingly, we always seek to ensure that we attain our performance goals with integrity. Our Board exercises its fiduciary responsibilities in the widest sense of the term. We always ensure timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the Company. All our steps help in protecting the long-term interests of all our stakeholders.

BOARD OF DIRECTORS

Composition of the Board (F.Y. 2011-12) :

| 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 |
| Smt. Mamta Bhatia | Whole Time Director | Promoter/ Executive | 37938 | 0.96 |
| Smt. Sonia Bhatia | Whole Time Director | Promoter/ Executive | 69840 | 1.77 |
| Sh. Ramesh Narayan Trivedi | Director | Independent | 500 | 0.012 |
| Sh. Narinder Pal Singh | Director | Independent | Nil | Nil |

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

| Name of Director | Attendance Particulars | | Number of other Directorships ¹ and Committee Membership/ Chairmanship | | |
|------------------------|------------------------|-------------------|---|----------------------|------------------------|
| | No. of Board Meetings | Last AGM Attended | Other Directorship | Committee Membership | Committee Chairmanship |
| K. L. Bhatia | 4 | YES | 1 | – | – |
| Kapil Bhatia | 4 | YES | – | – | – |
| Neeraj Bhatia | 4 | YES | – | – | – |
| Sushma Bhatia | 4 | YES | – | – | – |
| Prem Sagar | 4 | YES | 1 | 3 | 3 |
| Pradeep K. Goenka | 4 | YES | 3 | 5 | 3 |
| R. K. Bhatia | 4 | YES | – | – | – |
| Yashpal | 4 | YES | – | – | – |
| Mamta Bhatia | 4 | YES | – | – | – |
| Sonia Bhatia | 4 | YES | – | – | – |
| Ramesh Narayan Trivedi | 3 | YES | 1 | 4 | 1 |
| Narinder Pal Singh | 4 | YES | – | – | – |

1 Number of Directorship excludes Directorship in private limited companies.

THIRTY SECOND ANNUAL REPORT

Details of Board Meetings held during the year 2011-2012 :

| Date of Meeting | No. of Directors Present |
|-----------------|--------------------------|
| 14.05.2011 | 12 |
| 10.08.2011 | 12 |
| 11.11.2011 | 12 |
| 04.02.2012 | 11 |

The time gap between any two meetings did not exceed four months.

The last AGM was held on 30.09.2011.

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 2011-12 |
|-----------------------------|----------|--|------------------------------------|
| 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 | 4 |
| Shri Ramesh Narayan Trivedi | Member | Independent and Non Executive Director | 2 |
| Shri. Narinder Pal Singh | Member | Independent and Non Executive Director | 3 |

The Company Secretary acts as Secretary to the Audit Committee. During the year 2011-2012 the Committee met four times on 14th May, 2011, 10th Aug, 2011, 11th Nov, 2011 and 4th Feb 2012 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 2011-12 |
|-----------------------------|----------|--|------------------------------------|
| Shri Yashpal | Chairman | Independent and Non Executive Director | 2 |
| Shri P. K. Goenka | Member | Independent and Non Executive Director | 2 |
| Shri R. K. Bhatia | Member | Independent and Non Executive Director | 2 |
| Shri Ramesh Narayan Trivedi | Member | Independent and Non Executive Director | 1 |
| Shri Narinder Pal Singh | Member | Independent and Non Executive Director | 2 |

The Company Secretary acts as Secretary to the Remuneration Committee. During the year 2011-2012, the Committee met two times on 14th May, 2011 and 4th February, 2012 respectively

The details of remuneration paid to all Directors during the year 2011-12 :

| Sr. No. | Name of Director | Remuneration (Rs. in lacs) | | | |
|---------|-----------------------------|----------------------------|--------|-------------|-----------|
| | | Sitting Fees | Salary | Perquisites | Incentive |
| 1. | Shri K. L. Bhatia | — | 19.50 | 0.98 | 5.02 |
| 2. | Shri Kapil Bhatia | — | 16.25 | 0.70 | 8.30 |
| 3. | Shri Neeraj Bhatia | — | 16.25 | 0.70 | 8.30 |
| 4. | Smt. Sushma Bhatia | — | 13.00 | 0.98 | — |
| 5. | Shri Yashpal | 0.40 | — | — | — |
| 6. | Shri Pradeep K. Goenka | 0.40 | — | — | — |
| 7. | Shri Prem Sagar | 0.40 | — | — | — |
| 8. | Shri R. K. Bhatia | 0.40 | — | — | — |
| 9. | Shri Ramesh Narayan Trivedi | 0.30 | — | — | — |
| 10. | Shri. Narinder Pal Singh | 0.40 | — | — | — |
| 11. | Smt. Mamta Bhatia | — | 13.73 | — | — |
| 12. | Smt Sonia Bhatia | — | 11.45 | 5.00 | — |

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 2011-12 |
|-----------------------------|----------|--|------------------------------------|
| 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 | 4 |
| Shri Ramesh Narayan Trivedi | Member | Independent and Non Executive Director | 3 |
| Shri. Narinder Pal Singh | Member | Independent and Non Executive Director | 4 |

The Company Secretary acts as Secretary to the Investors' Grievance Committee. During the year 2011-2012 the Committee met four times on 14th May, 2011, 10th Aug, 2011, 11th Nov, 2011 and 4th Feb 2012 respectively.

THIRTY SECOND ANNUAL REPORT

CODE OF BUSINESS CONDUCT AND ETHICS FOR DIRECTORS AND SENIOR MANAGEMENT

The Board 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 2011-2012.

K. L. Bhatia
Chairman & Managing Director

CEO/CFO CERTIFICATION

We, Kundan Lal Bhatia, Chairman & Managing Director and Neeraj Bhatia, Chief Financial Officer of the Frontier Springs Ltd. hereby certify that :-

- (a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief :
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee
 - i) significant changes in internal control over financial reporting during the year;
 - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) there are no instances of significant fraud which we have to become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Frontier Springs Limited

Place : Kanpur
Date : 13.08.2012

KUNDAN LAL BHATIA
Chairman & Managing Director

NEERAJ BHATIA
Chief Financial Officer

GENERAL BODY MEETINGS

Last three Annual General Meetings :

| No. of AGM & F.Y. | Date & Time | Location | Special Resolution(s) Passed |
|-----------------------|---------------------------|---|--|
| 29th AGM 2008-2009 | 31-07-09 at 12.30 p.m. | E-14, Panki Industrial Area Site-I , Kanpur - 02 | No special resolution was passed |
| 30th AGM 2009-2010 | 30-09-10 at 12.30 p.m. | E-14, Panki Industrial Area Site-I , Kanpur - 02 | (1) Increase in Remuneration payable to Executive Directors of the Company. (2) Appointment of Manager Commercial under provisions of section 314 of the Companies Act, 1956. |
| 31st AGM 2010-2011 | 30-09-11 at 12.30 p.m. | Hotel Royal Cliff Kanpur | No special resolution was passed |

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.

DETAILS OF SHAREHOLDERS' COMPLAINTS DURING THE YEAR 2011-2012

The total numbers of complaints/ queries received and replied to the satisfaction of shareholders during the year 2011-2012 were 142. There were no outstanding complaint/ queries as on 31st March 2012.

There were no pending share transfers in physical as well as in Demat category. All the requests received up to 31st March 2012 for share transfer have been processed within stipulated time.

COMPLIANCE OFFICER

Shri Deepak Bhasin is the Compliance Officer for complying with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992 and the listing agreements with the stock exchanges of India.

SHARE TRANSFER AGENTS

M/s ALANKIT ASSIGNMENTS LIMITED, New Delhi are the Share Transfer Agents.

NOMINATION FACILITY

Shareholders holding physical shares may file nominations in prescribed Form 2B of the Companies (Central Government's General Rules and Forms), 1956 to the Registrar and Transfer Agents of the Company. Those holding shares in dematerialized form may contact their respective Depository Participant (DP) to avail the nomination facility.

DEMATERIALIZATION OF SHARES AND LIQUIDITY

The shares of the Company are under the category of compulsory delivery in dematerialized mode by all categories of investors. The shares are available for trading with both the depositories namely, National Securities Depository Limited and Central Depository Services (India) Limited. As on March 31, 2012, over 60.52% of the shares of the Company are already dematerialized. The status of the equity shares of the Company is furnished below :

| | |
|----------------------------|-----------|
| Total No. of Equity Shares | : 3938511 |
| Total No. of Shareholders | : 4902 |

THIRTY SECOND ANNUAL REPORT

RECONCILIATION OF SHARE CAPITAL AUDIT

A Practicing Company Secretary of the Institute of Company Secretaries of India, has carried out the Reconciliation of Share Capital Audit every quarter to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/ paid-up capital is in agreement with the aggregate total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

DISTRIBUTION OF HOLDING

The table below shows the distribution of shareholding of various groups as on March 31, 2012

| Shares holding value of | | Shareholders | | | | | | | | | | |
|-------------------------|-------------|-----------------|-------------|-------------|--------------|------------|-------------------|------------------|---------------|------------------|------------|--|
| Rs. | Rs. | Physical Number | NSDL Number | CSDL Number | Total Number | % | Physical (in Rs.) | NSDL (in Rs.) | CSDL (in Rs.) | Total (in Rs.) | % | |
| 1 | to 100 | 1931 | 647 | 228 | 2806 | 57.242 | 1,88,607 | 55,660 | 16,398 | 2,60,665 | 6.618 | |
| 101 | to 500 | 914 | 492 | 196 | 1602 | 32.681 | 2,44,823 | 1,45,186 | 61,001 | 4,51,010 | 11.451 | |
| 501 | to 1,000 | 75 | 123 | 50 | 248 | 5.059 | 67,130 | 1,08,893 | 43,940 | 2,19,963 | 5.585 | |
| 1,001 | to 5,000 | 37 | 95 | 36 | 168 | 3.427 | 78,440 | 2,25,488 | 69,145 | 3,73,073 | 9.472 | |
| 5,001 | to 10,000 | 5 | 12 | 5 | 22 | 0.449 | 38,110 | 92,596 | 34,407 | 1,65,113 | 4.192 | |
| 10,001 | to 20,000 | 0 | 6 | 2 | 8 | 0.163 | 0 | 89,410 | 31,612 | 1,21,022 | 3.073 | |
| 20,001 | to 30,000 | 8 | 2 | 1 | 11 | 0.224 | 2,09,449 | 50,210 | 20,489 | 2,80,148 | 7.113 | |
| 30,001 | to 40,000 | 14 | 1 | 0 | 15 | 0.306 | 4,61,557 | 36,438 | 0 | 4,97,995 | 12.644 | |
| 40,001 | to 50,000 | 3 | 3 | 0 | 6 | 0.122 | 1,31,564 | 1,36,298 | 0 | 2,67,862 | 6.801 | |
| 50,001 | to 1,00,000 | 2 | 11 | 0 | 13 | 0.265 | 1,35,160 | 7,77,813 | 0 | 9,12,973 | 23.181 | |
| 1,00,001 | to 5,00,000 | 0 | 3 | 0 | 3 | 0.061 | 0 | 3,88,687 | 0 | 3,88,687 | 9.869 | |
| 5,00,001 | to ABOVE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| TOTAL | | 2989 | 1395 | 518 | 4902 | 100 | 15,54,840 | 21,06,679 | 276992 | 39,38,511 | 100 | |

The table below shows the distribution of promoter and non-promoter shareholding as on March 31, 2012

| Category | No. of share held | Percentage of Holding |
|-----------------------------------|-------------------|-----------------------|
| A. Promoter's Holding | 2029485 | 51.529 |
| B. Non Promoter's Holding | | |
| I. Institutional Investors | | |
| Financial Institutions / Banks | 400 | 0.01 |
| II. Others | | |
| Bodies Corporate | 293189 | 7.444 |
| Individuals | 1599011 | 40.599 |
| Non Resident Indians | 16426 | 0.417 |
| GRAND TOTAL | 3938511 | 100 |

STOCK PRICE DATA

| Month | Open Price | High Price | Low Price | Close Price | No. of Shares | No. of Trades | Total Turnover (Rs.) | Spread High-Low | Spread Close-Open |
|-------------|------------|------------|-----------|-------------|---------------|---------------|----------------------|-----------------|-------------------|
| Apr. - 2011 | 49.15 | 60.75 | 49.15 | 59.55 | 33,241 | 382 | 18,59,976 | 11.6 | 10.4 |
| May - 2011 | 59.75 | 59.8 | 48 | 50.4 | 12,869 | 192 | 6,83,439 | 11.8 | -9.35 |
| Jun. - 2011 | 51 | 55.45 | 41 | 49.35 | 16,464 | 288 | 7,82,192 | 14.45 | -1.65 |
| Jul. - 2011 | 52.85 | 54.35 | 42.25 | 43.3 | 14,247 | 235 | 6,59,807 | 12.1 | -9.55 |
| Aug. - 2011 | 44.95 | 50 | 32.15 | 36 | 13,959 | 325 | 5,26,395 | 17.85 | -8.95 |
| Sep. - 2011 | 33.5 | 39 | 28.6 | 32.1 | 29,114 | 386 | 9,79,207 | 10.4 | -1.4 |
| Oct. - 2011 | 35.75 | 37.5 | 31 | 34.5 | 15,489 | 249 | 5,02,830 | 6.5 | -1.25 |
| Nov. - 2011 | 34.9 | 37 | 27.15 | 29.15 | 21,706 | 157 | 6,19,735 | 9.85 | -5.75 |
| Dec. - 2011 | 29.15 | 32.65 | 26.9 | 29.85 | 7,862 | 180 | 2,33,194 | 5.75 | 0.7 |
| Jan. - 2012 | 32 | 37.7 | 23.55 | 30.15 | 32,721 | 412 | 10,16,065 | 14.15 | -1.85 |
| Feb. - 2012 | 30.05 | 31.65 | 28.15 | 29.05 | 14,807 | 198 | 4,40,702 | 3.5 | -1 |
| Mar. - 2012 | 28.1 | 32 | 26.25 | 26.4 | 24,825 | 259 | 7,06,050 | 5.75 | -1.7 |

DISSEMINATION OF INFORMATION

The Company has established systems and procedures to disseminate relevant information to its stakeholders including shareholders, auditors, suppliers, customers, employees and financiers. The primary source of information regarding the operations of the Company, including the quarterly results, can be viewed on the Company's website www.frontiersprings.co.in.

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 Financial Express, Aaj, Rashtriya Sahara and Business Standard.

GENERAL SHAREHOLDERS INFORMATION**32nd Annual General Meeting**

| | |
|--|---|
| Day, Date, Time and Venue | Saturday, 22nd September, 2012 at 12.30 p.m. at the Hotel Royal Cliff, Opp. Moti Jheel Gate No.1, Kanpur |
| Dates of Book Closure | From 16th September to 22nd September 2012 (both days inclusive) |
| Dividend payment date | The dividend, if declared, will be paid on or after 27th September, 2012 but within the statutory time limit of 30 days |
| Registered Office | E-14, Panki Industrial Area Site-I, Kanpur-2080 22 U.P. |
| Plant Location | <ul style="list-style-type: none"> - KM 25/4, Kalpi Road, Rania, Kanpur Dehat. - Village Kunja, Near Dental College, Paonta Sahib, (H.P.) - E-14, Panki Industrial Area Site-I, Kanpur-2080 22 (U.P.) |
| Compliance Officer | Shri Deepak Bhasin- Company Secretary Tele: (0512) 2691207, (0512) 2691208 Fax: (0512) 2691209 Email ID: c.s@frontiersprings.co.in, Website: www.frontiersprings.co.in |
| Share Transfer Agent | M/s ALANKIT ASSIGNMENTS LIMITED Alankit House, 2E/21, Jhandewalan Extension, New Delhi – 110 055. Email : lalitap@alankit.com |
| Share Transfer System | The Share transfers in physical form are presently processed and the Share Certificates returned within a period of 25 days from the date of receipt, if the documents being valid and complete in all respects. |
| Tentative dates for considering Financial Results | Quarter ending June 30, 2012 – 2nd week of August 2012 Quarter ending September 30, 2012 – 2nd week of November 2012 Quarter ending December 31, 2012 – 2nd week of February 2013 For the year ending March 31, 2013 – 3rd week of May 2013 |
| Listing on Stock Exchanges & Stock Code | STOCK CODE BSE : 522195 <ol style="list-style-type: none"> 1. BSE Limited, PJ Towers, Dalal Street, Fort, Mumbai - 400 001 2. U.P. Stock Exchange Limited, Kanpur (Regional Stock Exchange) 14/113, Civil Lines, Padam Tower, Kanpur-208 001 |
| Listing fee | Listing fees for the year 2011-2012 has been paid to the stock exchanges, within the stipulated period, where the equity shares of the Company are listed. Delisting Certificate from Calcutta Stock Exchange is awaited. |
| ISIN No | INE572D01014 for NSDL and CDSL. |

ANNEXURE 'A'

Details of the Directors seeking appointment / re-appointment in forthcoming Annual General Meeting (in pursuance of Clause 49 of the Listing Agreement)

| | | | |
|--|-----------------------------------|---|---|
| Name of Director | Shri. R. K. Bhatia | Shri Kapil Bhatia | Shri. Prem Sagar |
| Date of Birth | 10/7/1954 | 7/10/1965 | 08.02.1937 |
| Date of Last Re-Appointment | 31/07/2009 | 31/07/2009 | 30/09/2010 |
| Expertise in specific functional areas | Wide experience in Administration | Wide experience in overall Management and Finance | Wide Technical Experience |
| Qualifications | BMS | MBA | B.Sc (Mech. Engg.), PGD in Metallurgy and Business Mgt. |
| Directorship held in other public companies (excluding foreign companies) | NIL | NIL | 1.TAI INDUSTRIES LTD. |
| Shareholdings in the Company | NIL | Ordinary Shares – 50728 | NIL |

AUDITORS' REPORT

Auditors' Report to the Members of Frontier Springs Limited

We have audited the attached Balance Sheet of Frontier Springs Limited as at 31.03.2012, 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 (Auditors Report) order, 2003 as amended by the Companies (Auditors 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 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 31/03/2012 and taken on record by the Board of directors, we report that none of the director is prima facie disqualified as on 31/03/2012 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 together with the significant accounting Policies and notes thereon give 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:
 - i) Balance of sundry debtors, sundry creditors and sundry advances are subject to confirmation from respective parties (referred note no. of Note on Accounts).
 - ii) Inventory of finished goods are valued at net realisable value (referred Note no. J 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 31/03/2012;
 - 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 Nandani & Co.
229, IInd Floor,
City Centre, The Mall,
Kanpur
Date : 28.05.2012

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

THIRTY SECOND ANNUAL REPORT

ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph III of the Auditor's Report to the Shareholders of Frontier Springs Limited on the financial statement for the year ended 31st March, 2012.

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 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. 20,15,000.00 balance outstanding Rs.1,03,15,000.00 from corporate body listed in the register maintained under Section 301 of the Companies Act,1956 and has repaid amounting Rs.9,72,528.00 towards interest. 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. According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of sections 58A and 58AA of the Companies Act, 1956 and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. The Central Government has prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 in respect to the manufacturing activities of the Company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, carried out a detailed examination of the records.
9. (a) According to the records of the Company, undisputed statutory dues including Provident Fund, Employees State Insurance, Excise Duty, Service tax, Income tax, Sales tax and any other statutory dues have been generally regularly deposited with the appropriate authorities within the stipulated time except some delay in deposit of T.D.S., Excise, & Service Tax. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were 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) The disputed statutory dues aggregating Rs.2.19 lacs, that have not been deposited on account of disputed matters pending before appropriate authorities are as under:

| Sl. No. | Name of Statute | Nature of dues | Amount (in Lacs) | Period to which the amount relates | Forum where dispute is pending |
|---------|--|----------------|------------------|------------------------------------|--------------------------------|
| 1. | Central sales tax Act,1956 and Sales tax Act of U.P. | Penalty | 2.19 | 2000-01 2001-02 | High Court Allahabad |

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 in the 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 4(xiii) of the Companies (Auditors 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 not utilising any term loan facility for Plant & Machinery. However, there are Car loans as found by us and as explained and informed to us by management.
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 Nandani & Co.
229, IInd Floor,
City Centre, The Mall,
Kanpur
Date : 28.05.2012

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

THIRTY SECOND ANNUAL REPORT

BALANCE SHEET AS ON 31ST MARCH, 2012

| | Note No. | Figure as at 31st March, 2012 Rs. | Figure as at 31st March, 2011 Rs. |
|---|------------------|---|---|
| I. Equity & Liabilities | | | |
| 1. Shareholder Funds | | | |
| Share Capital | 1 | 3,96,32,110.00 | 3,96,32,110.00 |
| Reserves and Surplus | 2 | 15,50,95,142.65 | 13,12,59,920.38 |
| 2. Non-current Liabilities | | | |
| Long-term Borrowings | 3 | 1,28,59,226.82 | 1,68,91,655.34 |
| Other Long-term Liabilities | 4 | 0.00 | 0.00 |
| Long-term Provisions | 5 | 0.00 | 0.00 |
| Deferred Tax Liabilities (Net) | 6 | 95,54,855.00 | 81,69,711.00 |
| 3. Current Liabilities | | | |
| Short-term Borrowings | 7 | 5,11,50,074.52 | 2,93,83,219.00 |
| Trade Payables | 8 | 5,98,52,213.17 | 4,42,45,276.77 |
| Other Current Liabilities | 9 | 29,97,249.00 | 15,47,336.00 |
| Short-term Provisions | 10 | 1,17,13,641.31 | 1,06,99,567.17 |
| Total | | <u>34,28,54,512.47</u> | <u>28,18,28,795.66</u> |
| II Assets | | | |
| 1. Non-current Assets | | | |
| Fixed Assets | | | |
| Tangible Assets | 11 | 13,97,00,062.61 | 10,81,92,582.76 |
| Intangible Assets | | | |
| Capital Work in Progress | 11 | 71,75,407.19 | 79,82,560.00 |
| Intangible Assets Under Development | 11 | 0.00 | 18,996.00 |
| Non-current Investments | 12 | 31,43,825.06 | 44,43,825.06 |
| Long-term Loans & Advances | 13 | 82,33,305.00 | 1,23,93,365.00 |
| 2. Current Assets | | | |
| Inventory | 14 | 8,05,30,343.72 | 5,66,72,753.48 |
| Trade Receivables | 15 | 8,44,34,653.40 | 7,20,75,339.40 |
| Cash and Cash Equivalents | 16 | 1,42,14,694.77 | 1,78,57,884.03 |
| Short-term Loans and Advances | 17 | 10,76,890.30 | 13,10,266.97 |
| Other Current Assets | 18 | 43,45,330.42 | 8,81,222.96 |
| Total | | <u>34,28,54,512.47</u> | <u>28,18,28,795.66</u> |
| Significant Accounting Policies and Notes on Financial Statements | A to W & 1 to 32 | | |

As per our Report of even date.

For SANJAY NANDANI & CO.
Chartered Accountants
Firm Registration No. 006941 C
SANJAY MALHOTRA
Partner
Membership No. 71140

Place : Kanpur
Date : 28.05.2012

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, 2012

| | Note No. | Figure as at 31st March, 2012 Rs. | Figure as at 31st March, 2011 Rs. |
|--|------------------|---|---|
| INCOME | | | |
| I. Revenue From Operations | 19 | 35,91,91,199.00 | 42,95,70,693.00 |
| II. Other Income | 20 | 15,14,934.50 | 22,13,829.22 |
| III. Total Revenue (I + II) | | 36,07,06,133.50 | 43,17,84,522.22 |
| IV. Expenditure : | | | |
| Cost of Material Consumed | 21 | 19,25,32,848.27 | 20,80,17,214.66 |
| Changes In Inventories of Finished Goods and Stock-in-process | 22 | (1,92,20,462.49) | 13,12,524.42 |
| Employee Benefits Expenses | 23 | 1,20,99,663.00 | 1,11,48,264.48 |
| Finance Cost | 24 | 58,43,069.00 | 45,27,650.00 |
| Depreciation and Amortisation Expenses | 25 | 83,63,849.42 | 1,00,84,310.86 |
| Other Expenses | 26 | 12,36,20,589.03 | 13,38,19,288.70 |
| Total Expenses | | 32,32,39,556.23 | 36,89,09,253.12 |
| V. Profit Before Exceptional and Extraordinary Items And Tax (III- IV) | | 3,74,66,577.27 | 6,28,75,269.10 |
| VI. Exceptional Items | | 0.00 | 0.00 |
| VII. Profit Before Extraordinary Items and Tax (V - VI) | | 3,74,66,577.27 | 6,28,75,269.10 |
| VIII. Extraordinary Items | | 0.00 | 0.00 |
| IX. Profit Before Tax (VII- VIII) | | 3,74,66,577.27 | 6,28,75,269.10 |
| X. Tax Expenses | | | |
| (1) Current Tax | | (76,68,514.00) | (1,32,03,540.00) |
| (2) Deferred Tax | | (13,85,144.00) | 1,19,342.00 |
| XI. Profit (Loss) for the Period From Continuing Operations (X- XI) | | 2,84,12,919.27 | 4,97,91,071.10 |
| XII. Profit (Loss) for Discontinuing Operations | | 0.00 | 0.00 |
| XIII. Tax Expenses of Discontinuing Operations | | 0.00 | 0.00 |
| XIV. Profit (Loss) for Discontinuing Operations (After Tax) (XII- XIII) | | 0.00 | 0.00 |
| XV. Profit (Loss) for the Period (XI + XIV) | | 2,84,12,919.27 | 4,97,91,071.10 |
| XVI. Earning Per Equity Share of Face Value of Rs.10 Each | 27 | | |
| (1) Basic | | 7.22 | 12.64 |
| (1) Diluted | | | |
| Significant Accounting Policies and Notes on Financial Statements | A to W & 1 to 32 | | |

As per our Report of even date.
For SANJAY NANDANI & CO.
Chartered Accountants
Firm Registration No. 006941 C
SANJAY MALHOTRA
Partner
Membership No. 71140

Place : Kanpur
Date : 28.05.2012

For and on behalf of Board of Directors

K. L. BHATIA
Chairman & Managing Director

DEEPAK BHASIN
Company Secretary

KAPIL BHATIA
Managing Director

THIRTY SECOND ANNUAL REPORT

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

The previous year figures have been regrouped/reclassified, wherever necessary to conform to the current year presentation.

| Particulars | Figure as at 31st March, 2012 Rs. | Figure as at 31st March, 2011 Rs. |
|--|---|---|
| 1. Share Capital | | |
| Authorised Share Capital: | | |
| 50,00,000 Equity Shares of Rs.10/- each | 5,00,00,000.00 | 500,00,000.00 |
| 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>510,00,000.00</u> |
| 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 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> |

The Company has Only one Class of Shares Referred to as Equity Shares having a par Value of Rs. 10/-. Each Holder of Equity Shares is entitled to one vote per Share.

The Company declares and pays Dividends in Indian Rupees. The Dividend proposed by the Board of Directors is Subject to the approval of the Shareholders in the ensuing Annual General Meeting.

The Board of Directors, in their meeting held on May 28, 2012, proposed a Final Dividend of Re. 1/- Per Equity Share.

The Proposal is Subject to the Approval of Shareholders at the Forthcoming Annual General Meeting of the Company.

In the Event of Liquidation of the Company, the Share Holders of Equity Shares will be entitled to receive any of the remaining Assets of the Company, after distribution of all Preferential Amounts. However, no Such Preferential amounts exist currently. The Proportion to the number of Equity Shares held by the Shareholders.

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

| Particulars | Figure as at 31st March, 2012 Rs. | Figure as at 31st March, 2011 Rs. |
|---|---|---|
| 2. RESERVES AND SURPLUS | | |
| Capital Reserve | | |
| Opening Balance | 0.00 | 0.00 |
| Add : Transferred From Surplus | 0.00 | 0.00 |
| Closing Balance | 0.00 | 0.00 |
| Securities Premium Account | | |
| (On 22,27,500 Equity Shares of Rs.10/- Each Per Share Including Premium Received @ 5/- on 49,400 Shares Forfeited) | | |
| Opening Balance | 2,20,28,000.00 | 2,20,28,000.00 |
| Add : On Issue of Shares | 0.00 | 0.00 |
| Closing Balance | 2,20,28,000.00 | 2,20,28,000.00 |
| General Reserve | | |
| Opening Balance | 1,00,00,000.00 | 0.00 |
| Add : Transferred From Surplus | 1,00,00,000.00 | 1,00,00,000.00 |
| Closing Balance | 2,00,00,000.00 | 1,00,00,000.00 |
| Surplus | | |
| Opening Balance | 9,92,31,920.38 | 6,33,79,360.28 |
| Add : Net Profit After Tax Transferred From Statement of Profit and Loss | 2,84,12,919.27 | 4,97,91,071.10 |
| Amount available for appropriation | 12,76,44,839.65 | 11,31,70,431.38 |
| Appropriations | | |
| Amount Transferred to General Reserve | 1,00,00,000.00 | 1,00,00,000.00 |
| Proposed Dividend | 39,38,511.00 | 39,38,511.00 |
| Dividend Tax | 6,39,185.00 | 0.00 |
| Closing Balance | 11,30,67,142.65 | 9,92,31,920.38 |
| Total | 15,50,95,142.65 | 13,12,59,920.38 |
| 3. LONG-TERM BORROWINGS | | |
| (I) Term Loans | | |
| H.D.F.C. USB Car Loan A/c | 2,18,245.82 | 5,61,393.34 |
| Kotak Mahindra Prim. Ltd. Car Loan | 1,41,584.00 | 5,40,535.00 |
| State Bank of India (Car)Term Loan A/c | 16,26,551.00 | 24,15,616.00 |
| State Bank of India (Car)Term Loan A/c (All Car Loan Against Hypothecation of Cars) | 5,57,846.00 | 10,01,041.00 |
| State Bank of India Term Loan A/c (Against Hypothecation of Plant & Machinery) | 0.00 | 40,73,070.00 |
| Total | 25,44,226.82 | 85,91,655.34 |
| (II) Deposits | | |
| (Inter Corporate Body Deposits) Vishpa Rail Equipments Pvt. Ltd. | 1,03,15,000.00 | 83,00,000.00 |
| Total | 1,03,15,000.00 | 83,00,000.00 |
| Total | 1,28,59,226.82 | 1,68,91,655.34 |

THIRTY SECOND ANNUAL REPORT

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

| Particulars | | Figure as at 31st March, 2012 Rs. | Figure as at 31st March, 2011 Rs. |
|--|-------|---|---|
| 4. OTHER LONG-TERM LIABILITIES | | | |
| | Total | 0.00 | 0.00 |
| 5. LONG-TERM PROVISIONS | | | |
| | Total | 0.00 | 0.00 |
| 6. DEFERRED TAX LIABILITIES (NET) | | | |

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 | As At 31 st March, 2012 | | As At 31 st March, 2011 | |
|-------|---|---------------------------------------|--|---------------------------------------|--|
| | | Accumulated Deferred tax Assets | Accumulated Deferred tax Liability | Accumulated Deferred tax Assets | Accumulated Deferred tax Liability |
| 1. | Unabsorbed depreciation and losses | — | — | — | — |
| 2. | Amount Add back u/s 43B Employee's share of ESI & Provident Fund & Leave encashment payable | 3,904.00 | — | — | — |
| | | 1,41,104.00 | — | — | — |
| 3. | Difference between book and tax depreciation | — | 96,99,863.00 | — | 81,69,711.00 |
| | Total | 1,45,008.00 | 96,99,863.00 | 0.00 | 81,69,711.00 |
| | Net Deferred Tax Liability | | 95,54,855.00 | | 81,69,711.00 |

The difference Deferred Tax Liability for the year ended 31st March, 2012 Rs. 13,85,144.00 has been debited to Profit & Loss Account.

7. SHORT-TERM BORROWING

| Particulars | Figure as at 31st March, 2012 Rs. | Figure as at 31st March, 2011 Rs. |
|---|---|---|
| Working Capital Loan | | |
| State Bank of India C/C A/C (Against Hypothecation of Stock) | 3,08,79,622.52 | 1,92,61,607.00 |
| State Bank of India Book Debts A/C (Against Hypothecation of Book Debts) | 2,02,70,452.00 | 1,01,21,612.00 |
| | | |
| TOTAL | 5,11,50,074.52 | 2,93,83,219.00 |

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.

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

| Particulars | Figure as at 31st March, 2012 Rs. | Figure as at 31st March, 2011 Rs. |
|--|---|---|
| 8. TRADE PAYABLES | | |
| (I) Payables for Raw Material & Stores | 5,54,28,741.41 | 4,13,57,746.10 |
| (II) Payables for Services | 44,23,471.76 | 28,93,956.67 |
| Total | <u>5,98,52,213.17</u> | <u>4,42,51,702.77</u> |
| 9. OTHER CURRENT LIABILITIES | | |
| Security Recd. Against Rent | 0.00 | 98,436.00 |
| (I) Statutory Liabilities | 2,10,65,68.00 | 14,48,900.00 |
| (II) Income Tax Payable | 4,99,654.00 | 0.00 |
| (III) Un-claimed Dividend | 3,91,027.00 | 0.00 |
| Total | <u>29,97,249.00</u> | <u>15,47,336.00</u> |
| 9.1 Company has Refunded the Security Amount Rs. 98,436.00 to Reliance Industries Ltd. after vacation of the premises. | | |
| 10. SHORT - TERM PROVISIONS | | |
| (I) Provisions For Employee Benefits | | |
| Gratuity Insurance Payable | 2,98,152.00 | 70,000.00 |
| Leave Encashment Payable | 15,33,338.00 | 10,98,436.00 |
| (II) Provisions | | |
| Proposed Dividend | 39,38,511.00 | 39,38,511.00 |
| Other Provisions | 59,43,640.31 | 55,92,620.17 |
| Total | <u>1,17,13,641.31</u> | <u>1,06,99,567.17</u> |

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

11. FIXED ASSETS

| Name of Assets | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|-------------------------------------|---------------------------------|---------------------------------------|--|---------------------------------|---------------------------|---------------------|---|----------------------------------|---------------------------------------|---------------------------------------|
| | Cost as on 01.04.2011 Rs. | Addition during the year Rs. | Trf./Adjustment during the year Rs. | Total as on 31.3.2012 Rs. | Upto 31.03.2010 Rs. | For the Year Rs. | Trf. / Adjustment For year Rs. | Total as on 31.03.2012 Rs. | Balance as on 31.03.2012 Rs. | Balance as on 31.03.2011 Rs. |
| Lease Hold Land | 1,65,621.02 | | | 1,65,621.02 | 0.00 | 0.00 | 0.0 | 0.0 | 1,65,621.02 | 1,65,621.02 |
| Free Hold Land | 1,84,69,971.00 | | | 1,84,69,971.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,84,69,971.00 | 1,84,69,971.00 |
| Building | 2,77,96,405.47 | 11,03,755.00 | | 2,89,00,160.47 | 59,02,903.30 | 9,27,391.79 | 0.00 | 68,30,295.09 | 2,20,69,865.38 | 2,18,93,502.17 |
| Plant & Machinery | 8,42,57,278.15 | 3,00,96,987.27 | 30,00,000.00 | 11,13,54,265.42 | 4,17,51,707.16 | 43,04,916.75 | 0.00 | 4,60,56,623.91 | 6,52,97,641.51 | 4,25,05,570.99 |
| Tools Moulds & Rolls (Iron) | 28,12,382.00 | 23,61,664.00 | | 51,74,046.00 | 12,24,599.27 | 3,56,343.25 | 0.00 | 15,80,942.52 | 35,93,103.48 | 15,87,782.73 |
| Generator | 26,55,000.00 | 24,03,800.00 | | 50,58,800.00 | 3,88,618.64 | 1,45,227.41 | 0.00 | 5,33,846.05 | 45,24,953.95 | 22,66,381.36 |
| Lab & Testing Equipments | 44,27,464.75 | 21,86,349.00 | | 66,13,813.75 | 4,96,442.81 | 2,72,450.13 | 0.00 | 7,68,892.94 | 58,44,920.81 | 39,31,021.94 |
| Office Equipments | 17,35,877.00 | 3,81,043.00 | | 21,16,920.00 | 1,52,143.59 | 93,222.54 | 0.00 | 2,45,366.13 | 18,71,553.87 | 15,83,733.41 |
| Electric Equipments | 22,33,835.75 | 27,35,024.00 | | 49,68,859.75 | 1,59,061.39 | 1,28,991.91 | 0.00 | 2,88,053.30 | 46,80,806.45 | 20,74,774.36 |
| Furniture & Fixture | 29,09,173.26 | 82,997.00 | | 29,92,170.26 | 21,65,392.32 | 1,85,685.87 | 0.00 | 23,51,078.19 | 6,41,092.07 | 7,43,780.94 |
| Vehicles | 1,57,02,047.60 | 16,32,416.00 | 8,43,055.00 | 1,64,91,408.60 | 39,03,633.26 | 15,49,846.63 | 2,81,412.00 | 51,72,067.89 | 1,13,19,340.71 | 1,17,98,414.34 |
| Computer | 22,65,322.00 | 4,48,937.00 | | 27,14,259.00 | 10,93,293.50 | 3,99,773.14 | 0.00 | 14,93,066.64 | 1221192.36 | 11,72,028.50 |
| Total | 16,54,30,378.00 | 4,34,32,972.27 | 38,43,055.00 | 20,50,20,295.27 | 5,72,37,795.24 | 83,63,849.42 | 2,81,412.00 | 6,53,20,232.66 | 13,97,00,062.61 | 10,81,92,582.76 |
| Previous Year | 14,99,36,173.62 | 1,61,39,311.38 | 6,45,107.00 | 16,54,30,378.00 | 47,385,864.38 | 1,00,84,310.86 | 2,32,380.00 | 5,72,37,795.24 | 10,81,92,582.76 | 0.00 |
| Capital Work In Progress | | | | | | | | | 71,75,407.19 | 79,82,560.00 |
| Intangible Assets Under Development | | | | | | | | | 0.00 | 18,996.00 |

11.1 Capital Work-in-Progress and Intangible Assets under development include:

- i) Rs. 35,15,510.44 on account of office Building Work-in-Progress situated at 91/02, Kunja Paonta Sahib-H.P. and Rs.1,79,587.00 on account of Building Work-in-Progress situated at E-14, Panki Industrial Area, Kanpur and Rs.34,80,309.75 on account of Plant & Machinery Work-in-Progress at Paonta Sahib - H.P.

(Previous Year Rs. 2,36,167.00 on account of office Building work-in-Progress and Rs.45,95,620.00 on account of Plant & Machinery Work-in-Progress at E-14,Panki Industrial Area, Kanpur. and Rs. 15,15,897.00 on account of office building work-in-progress and Rs.16,34,876.00 on account of Plant & Machinery Work-in-Progress at Paonta Sahib-H.P.

- ii) Rs. NIL

(Previous Year Rs. 18,996.00 on account of pre-operative expenses for new Forging unit.)

11.2 Capital subsidy amounting Rs.30.00 lacs for Plant & Machinery granted by Himachal Pradesh Govt. from office of Director of Industry, Shimla for new plant established at Paonta Sahib,H.P.

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

| Particulars | Figure as at 31st March, 2012 Rs. | Figure as at 31st March, 2011 Rs. |
|--|---|---|
| 12. NON-CURRENT INVESTMENTS | | |
| (LONG TERM INVESTMENT) | | |
| Trade Investment | | |
| (A) IN PEFERENCE SHARES - UNQUOTED, FULLY PAID UP : | | |
| 8000 FRONTIER ALLOY STEELS LTD. | 8,00,000.00 | 8,00,000.00 |
| (8000) Rs.10/- Each | | |
| (B) IN EQUITY SHARES - UNQUOTED : | | |
| 145000 CHARIOT AUTO ACCESSORIES LTD. | 3,00,000.00 | 3,00,000.00 |
| (145000) Rs.10/- Each | | |
| (C) IN EQUITY SHARES - QUOTED, FULLY PAID UP | | |
| 180 S.B.I. | 79,810.00 | 79,810.00 |
| (180) Rs.10/- Each | | |
| 150 I.D.B.I. | 48,750.00 | 48,750.00 |
| (150) Rs.10/- Each | | |
| 230 IDEA-IPO | 17,250.00 | 17,250.00 |
| (230) Rs.10/- Each | | |
| 500 INDIAN HOTELS | 50,781.00 | 50,781.00 |
| (500) Rs.10/- Each | | |
| 175 B.E.M.L. | 1,76,593.33 | 1,76,593.33 |
| (175) Rs. 8/- Each | | |
| 150 B.H.E. L. | 3,32,386.52 | 3,32,386.52 |
| (150) Rs. 8.33- Each | | |
| 150 BHARTI AIRTEL LTD. | 68,030.29 | 68,030.29 |
| (150) Rs. 5/- Each | | |
| 100 H.C.L.TECHNOLOGIES | 32,371.38 | 32,371.38 |
| (100) Rs. 2/- Each | | |
| 2500 I.F.C.I. | 1,45,968.14 | 1,45,968.14 |
| (2500) Rs.10/- Each | | |
| 75 INFOSYS | 1,27,661.56 | 1,27,661.56 |
| (75) Rs. 5/- Each | | |
| 500 M.R.P.L. | 40,280.00 | 40,280.00 |
| (500) Rs.10/- Each | | |
| 300 NTPC LTD. | 70,382.68 | 70,382.68 |
| (300) Rs.10/- Each | | |

THIRTY SECOND ANNUAL REPORT

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

| Particulars | Figure as at 31st March, 2012 Rs. | Figure as at 31st March, 2011 Rs. |
|--|---|---|
| 12. NON-CURRENT INVESTMENTS (Continued) | | |
| 400 OMAXE LTD. (400) Rs.10/- Each | 1,24,940.67 | 1,24,940.67 |
| 75 RELIANCE COMMUNICATION LTD. (75) Rs.10/- Each | 54,635.96 | 54,635.96 |
| 25 RELIANCE INFRASTRUCTURE LTD (25) Rs.10/- Each | 43,110.41 | 43,110.41 |
| 230 RELIANCE INDUSTRIES LTD. (230) Rs. 4.34/- Each | 2,89,454.71 | 2,89,454.71 |
| 320 RELIANCE POWER LTD. (320) Rs.6.25/- Each | 89,271.48 | 89,271.48 |
| 200 TATA MOTORS (200) Rs.10/- Each | 1,47,742.92 | 1,47,742.92 |
| 25 TATA POWER (25) Rs.10/- Each | 32,673.26 | 8,00,000.00 |
| 50 TATA STEELS LTD. (50) Rs.10/- Each | 42,115.11 | 42,115.11 |
| 300 WIRE AND WIRELESS (INDIA) LTD. (300) Rs.10/- Each | 29,615.64 | 29,615.64 |
| (D) IN MUTUAL FUND - QUOTED, FULLY PAID UP | | |
| 0 S.B.I. PSU FUND (50000) Rs.10/- Each | 0.00 | 5,00,000.00 |
| 0 MAGNUM MULTIPLERPLUS SCHEME-1993 (13713) Rs.10/- Each | 0.00 | 8,00,000.00 |
| TOTAL | 31,43,825.06 | 44,43,825.06 |

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 investment cannot be ascertained and the same are valued at cost.
- (ii) The increase /decrease in market value of Share/Mutual Fund has not been regarded as permanent by the Company, hence no revaluation has been made in the books of account.

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

| Particulars | Figure as at 31st March, 2012 Rs. | Figure as at 31st March, 2011 Rs. |
|--|---|---|
| 13. LONG -TERM LOANS AND ADVANCES | | |
| (Unsecured and Considered Good) | | |
| (A) Advance for Capital Items | 53,68,962.00 | 86,61,509.00 |
| (B) Security Deposits | 28,64,343.00 | 37,31,856.00 |
| Total | 82,33,305.00 | <u>1,23,93,365.00</u> |

13.1 Advance for Capital items include as under :

- i) Rs.31,52,877.00 advance to Unitech Limited on account of booking of a flat at Gurgaon, Rs. 8,80,050.00 given as advance for building material to suppliers for construction of office and Rs.5,82,225.00 given as advance to B.K. Furnitures on account of purchase of office furniture.
- ii) Rs. 7,53,810.00 given as advance to Nikita Marketing, A.K. Singh Associates and Mishra Hydrolic Pneumatic (India) on account of purchase of Plant & Machinery.

13.2 Security deposit include as under:

- i) Rs.11,02,038.00 deposit for Electricity, U.P.S.E.B. (Prev. Yr. Rs. 5,62,038.00), Rs.3,54,432.00 deposit for GAS, CUGL.
- ii) Rs.11,99,736.00 deposit to Indian Railway against warranty(Prev.Yr. Rs. 26,32,181.00), Rs.1,11,202.00 deposit to Sales Tax deptt. (Prev. Yr. Rs. 4,41,202.00), Rs. 27,450.00 deposit to IOC (Prev. Yr. Rs. 27,450.00).
- iii) Rs.69,485.00 deposit for Telephone (Prev. Yr.68,985.00)

14. INVENTORIES

| | | |
|----------------------|-----------------------|-----------------------|
| 1. Raw Material | 3,12,13,577.83 | 2,99,82,136.75 |
| 2. Stock-in-process | 2,81,31,909.14 | 36,26,464.13 |
| 3. Finished Goods | 1,12,08,371.36 | 1,65,22,255.73 |
| 4. Scrap | 7,09,396.53 | 6,80,494.68 |
| 5. Furnace Oil | 6,44,946.29 | 4,89,537.33 |
| 6. Diesel Oil | 87,734.08 | 3,98,950.00 |
| 7. Consumable Stores | 52,62,135.49 | 49,72,914.86 |
| 8. Packing Material | 4,47,500.00 | 0.00 |
| 9. Stock In Transit | 28,24,773.00 | 0.00 |
| Total | 8,05,30,343.72 | <u>5,66,72,753.48</u> |

14.1 Stock-in-Transit of Rs. 28,24,773.00 (includes Raw material of Rs. 27,17,707.00 and Consumable stores of Rs.1,07,066.00) are entered in books as stock-in-transit due to non receipt of goods on dt. 31.03.2012 to reconcile the account of supplier. The materials are received on dt. 05.04.2012.

15. SUNDRY DEBTORS

| | | |
|------------------------------------|-----------------------|-----------------------|
| (Unsecured but Considered Good) | | |
| Debts due for less than six months | 7,78,26,722.00 | 6,81,45,396.00 |
| Debts due for more than six months | 66,07,931.40 | 39,29,943.40 |
| Total | 8,44,34,653.40 | <u>7,20,75,339.40</u> |

THIRTY SECOND ANNUAL REPORT

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

| Particulars | Figure as at 31st March, 2012 Rs. | Figure as at 31st March, 2011 Rs. |
|--|---|---|
| 16. CASH AND CASH EQUIVALENTS | | |
| (A) Cash on Hand | 3,76,153.03 | 5,09,420.90 |
| (B) Balance With H.D.F.C. Bank Ltd. | 1,64,219.21 | 20,74,810.71 |
| (C) Balance With S.B.I. SME Power Pack A/c | 1,03,630.93 | 52,00,377.89 |
| (D) Balance With P.N.B. Current A/C (Gratuity) | 11,919.00 | 11,974.00 |
| (E) Balance With S.B.I. SME Power Pack (Paonta) | 6,891.62 | 63,991.53 |
| (F) Balance With S.B.I. SME Power Pack (Forging) | 1,63,544.98 | 0.00 |
| (G) Balance With Yes Bank Ltd. | 3,91,027.00 | 0.00 |
| (G) S.T.D.R. With S.B.I. agst. Sales Tax | 50,000.00 | 50,000.00 |
| (H) S.T.D.R. With S.B.I. agst. L/C & B.G. | 1,29,41,809.00 | 99,41,809.00 |
| (I) S.T.D.R. With W. Rly. agst. Security | 5,500.00 | 5,500.00 |
| Total | <u>1,42,14,694.77</u> | <u>1,78,57,884.03</u> |
| 16.1 Balance with YES Bank Ltd. of Rs. 3,91,027.00 is on account of Unclaimed Dividend for the period 2010-11. | | |
| 17. SHORT-TERM LOANS AND ADVANCES | | |
| LOANS & ADVANCES | | |
| (Unsecured but Considered Good) | | |
| i) Advance to Trade Supplier | 3,87,456.47 | 3,04,378.47 |
| ii) Advance to Staff Agst. Salary | 3,57,870.00 | 4,94,123.00 |
| iii) Advances for Expenses | 9,068.50 | 2,113.50 |
| iv) Prepaid Expenses | 3,22,495.33 | 509,652.00 |
| Total | <u>10,76,890.30</u> | <u>13,10,266.97</u> |
| 18. OTHER CURRENT ASSETS | | |
| Accrued Interest on STDR | 11,08,782.42 | 79,112.42 |
| Cenvat Recov. (Input) | 1,54,076.00 | 8,856.00 |
| Cenvat Recov. (C. Goods) | 12,13,339.00 | 3,515.00 |
| Cenvat Deferred (C. Goods) | 14,12,505.00 | 6,06,320.00 |
| Cess Duty Recov. (C. Goods) | 20,004.00 | 413.00 |
| Cess Duty Deferred (C. Goods) | 23,931.00 | 12,061.00 |
| Cess Duty Recov. Input | 3,720.00 | 123.00 |
| Cess on Service Tax on Input Services | 4,170.00 | 2,705.00 |
| S.H.E. Cess Duty Deferred (C. Goods) | 11,943.00 | 6,021.00 |
| S.H.E. Cess Duty Recov. (C. Goods) | 9,993.00 | 230.00 |
| S.H.E. Cess Duty Recov. (Input) | 2,313.00 | 310.00 |
| S.H.E. Cess on Service Tax on Input Services | 2,229.00 | 1,735.00 |
| Personal Ledger Account (Excise & Cess) | 29,268.00 | 43,027.00 |
| Service Tax on Input Services | 1,97,653.00 | 1,15,742.00 |
| Service Tax on Freight (Advance) Deposit | 3,075.00 | 0.00 |
| Vat Recov. Raw Material & Other Purchase | 1,48,329.00 | 1,052.54 |
| Total | <u>43,45,330.42</u> | <u>8,81,222.96</u> |

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

| Particulars | Figure as at 31st March, 2012 Rs. | Figure as at 31st March, 2011 Rs. |
|---|---|---|
| 19. REVENUE FROM OPERATIONS | | |
| GROSS SALES | | |
| Sales Central (Coil agst. C Form) | 24,22,40,438.00 | 26,81,06,930.00 |
| Sales Central (Coil agst. Full Tax) | 9,61,84,665.00 | 14,51,58,492.00 |
| Sales Central (L/B agst. C Form) | 0.00 | 5,84,000.00 |
| Sales Central (L/B agst. Full Tax) | 0.00 | 26,04,461.00 |
| Sales Central (Scrap agst. C Form) | 0.00 | 9,67,909.00 |
| Sales Central (Grinding Dust Full Tax) | 18,795.00 | 32,949.00 |
| Sales U.P. (Round/Flat/Assembly agst. Full Tax) | 0.00 | 22,12,846.00 |
| Sales U.P. (Coil agst. Full Tax) | 3,48,63,310.00 | 3,81,89,677.00 |
| Sales U.P. (Scrap agst. Full Tax) | 22,35,763.00 | 16,95,723.00 |
| Sales U.P. (Forging Items agst. Full Tax) | 22,49,624.00 | 0.00 |
| Sales H.P. (Scrap agst. Vat) | 9,50,355.00 | 11,16,577.00 |
| Sales Export | 45,29,177.00 | 0.00 |
| | 38,32,72,127.00 | 46,06,69,564.00 |
| Less : Sales Return | (18,39,803.00) | (5,78,697.00) |
| Total | 38,14,32,324.00 | 46,00,90,867.00 |
| Less : Central Excise Duty | (2,22,41,125.00) | (3,05,20,174.00) |
| Total | 35,91,91,199.00 | 42,95,70,693.00 |
| 20. OTHER INCOME | | |
| Interest on S.T.D.R. | 11,57,386.00 | 7,08,940.42 |
| Dividend Received | 27,510.50 | 21,300.00 |
| Input Service Tax Credit on Bank Charges | 0.00 | 6,76,241.00 |
| Rent on Shed Received | 3,30,038.00 | 7,90,751.80 |
| Misc. Income | 0.00 | 16,596.00 |
| Total | 15,14,934.50 | 22,13,829.22 |
| 21. COST OF MATERIAL CONSUMED | | |
| RAW MATERIAL CONSUMED | | |
| Opening Stock | 2,99,82,136.75 | 2,39,29,017.95 |
| Add : Purchases (Including freight, Intt.on L/C & Entry Tax) | 19,37,64,289.35 | 21,40,70,333.46 |
| Less : Closing Stock | 31213577.83 | 2,99,82,136.75 |
| Total | 19,25,32,848.27 | 20,80,17,214.66 |

THIRTY SECOND ANNUAL REPORT

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

| Particulars | Figure as at 31st March, 2012 Rs. | Figure as at 31st March, 2011 Rs. |
|--|---|---|
| 22. CHANGES IN INVENTORIES OF FINISHED GOODS AND STOCK-IN-PROCESS | | |
| Inventories (At Closing) | | |
| Finished Goods | 1,12,08,371.36 | 1,65,22,255.73 |
| Stock-in-Process | 2,81,31,909.14 | 36,26,464.13 |
| Scrap | 7,09,396.53 | 6,80,494.68 |
| | <u>4,00,49,677.03</u> | <u>2,08,29,214.54</u> |
| Inventories (At Commencement) | | |
| Finished Goods | 1,65,22,255.73 | 1,48,65,885.78 |
| Stock-in-Process | 36,26,464.13 | 56,73,410.24 |
| Scrap | 6,80,494.68 | 16,02,442.94 |
| | <u>2,08,29,214.54</u> | <u>2,21,41,738.96</u> |
| Total | <u>(1,92,20,462.49)</u> | <u>13,12,524.42</u> |
| 23. EMPLOYEES BENEFIT EXPS. | | |
| Apprenticeship Fee | 18,600.00 | 0.00 |
| Bonus | 9,02,565.00 | 12,69,678.00 |
| E.S.I. | 3,68,950.00 | 3,13,920.80 |
| Gratuity Insurance | 10,53,152.00 | 6,74,590.00 |
| House Rent Allowance | 10,31,770.00 | 7,80,480.00 |
| Incentive Expenses & Compensation | 6,65,122.00 | 5,96,820.00 |
| Leave Encashment | 6,94,778.00 | 6,52,062.31 |
| Retainership Fee | 1,61,500.00 | 2,18,500.00 |
| Provident Fund | 12,50,253.00 | 11,53,965.00 |
| Salary | 52,64,052.00 | 47,19,189.37 |
| Medical Expenses | 2,85,210.00 | 2,47,912.00 |
| Staff Fooding & Welfare | 3,99,211.00 | 4,98,399.00 |
| Staff Training Exps. | 4,500.00 | 22,748.00 |
| Total | <u>1,20,99,663.00</u> | <u>1,11,48,264.48</u> |
| 24. FINANCE COST | | |
| Interest To Bank | 48,70,541.00 | 36,82,863.00 |
| Interest To Unsecured Loan | 9,72,528.00 | 8,44,787.00 |
| Total | <u>58,43,069.00</u> | <u>45,27,650.00</u> |
| 25. DEPRECIATION AND AMORTISATION EXPENSES | | |
| Depreciation Expenses | 83,63,849.42 | 1,00,84,310.86 |
| Total | <u>83,63,849.42</u> | <u>1,00,84,310.86</u> |

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

| Particulars | Figure as at 31st March, 2012 Rs. | Figure as at 31st March, 2011 Rs. |
|--|---|---|
| 26. OTHER EXPENSES | | |
| (A) Manufacturing Expenses | | |
| Electric Power & Fuel | 3,05,23,833.55 | 2,98,25,616.16 |
| Consumable Stores Consumed | 86,01,660.39 | 1,10,44,739.27 |
| Generator Repairing & Maintenance | 2,01,656.40 | 1,07,066.00 |
| Jobwork Paid | 30,10,502.00 | 29,36,675.00 |
| Lab. Expenses | 24,220.00 | 24,477.00 |
| Labour Fooding & Welfare | 1,32,731.00 | 3,12,985.00 |
| Machinery Maintenance | 72,55,185.99 | 96,09,158.58 |
| Freight & Cartage Local | 35,991.00 | 60,025.00 |
| Wages & Salary | 1,57,81,065.65 | 1,60,50,192.34 |
| Watch & Ward | 12,37,790.00 | 7,79,956.00 |
| Workshop Maintenance | 13,15,058.45 | 35,70,787.57 |
| Weight & Measurement | 10,540.00 | 16,610.00 |
| Total | 6,81,30,234.43 | 7,43,38,287.92 |
| (B) Administrative Expenses | | |
| Audit Fee (Statutory) | 65,000.00 | 70,000.00 |
| Audit Fee (Internal) | 2,81,872.00 | 3,83,480.00 |
| Bank Charges | 26,13,407.40 | 29,04,683.45 |
| Board Meeting Expenses | 1,23,503.00 | 93,845.00 |
| Building Repair & Maintenance | 1,63,781.50 | 10,25,593.50 |
| Business Promotion | 34,742.00 | 0.00 |
| Car Running Expenses | 5,57,868.09 | 4,95,514.19 |
| Certification Fee | 55,150.00 | 14,500.00 |
| Computer Expenses | 2,41,210.00 | 2,41,790.00 |
| Conveyance | 10,20,921.00 | 8,72,285.17 |
| Director's Remuneration | 83,24,667.00 | 60,00,000.00 |
| Director's Sitting Fee | 2,30,000.00 | 72,000.00 |
| Donation | 1,46,100.00 | 79,200.00 |
| Guest House Exps. | 3,43,583.00 | 3,96,724.00 |
| Hire Charges on Vehicle | 3,17,940.48 | 1,13,056.34 |
| Hotel Boarding & Lodging Exps. | 55,528.00 | 61,330.00 |
| Incentive to Director | 21,60,693.00 | 19,89,129.00 |
| Pension Plan Premium for Director | 2,00,000.00 | 2,00,000.00 |
| Perquisites to Director | 3,37,687.00 | 2,96,772.00 |
| ISO (ISO-9002) Certificate Exps. | 43,724.00 | 1,28,198.00 |
| Interest on Service Tax / Excise / TDS | 5,905.96 | 4,831.00 |
| Inspection Charges | 5,76,002.00 | 7,03,323.00 |
| Insurance | 5,19,710.00 | 2,93,177.00 |
| Internet Expenses | 26,945.00 | 6,543.00 |
| Leave Encashment Director | 6,93,333.00 | 0.00 |
| Leave Travelling Concession Director | 6,28,217.00 | 0.00 |
| Legal Expenses | 63,112.00 | 82,833.00 |
| <i>Carried Forward</i> | 1,98,30,602.43 | 1,65,28,807.65 |

THIRTY SECOND ANNUAL REPORT

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

| Particulars | Figure as at 31st March, 2012 Rs. | Figure as at 31st March, 2011 Rs. |
|--|---|---|
| Brought Forward | 1,98,30,602.43 | 1,65,28,807.65 |
| Loss on Sale of Car | 2,28,310.00 | 2,17,489.00 |
| Long Term Capital Loss | 3,29,958.50 | 69,758.57 |
| Licence Fee (Factory Act & Others) | 14,400.00 | 36,800.00 |
| Festival Exps. | 2,23,628.00 | 6,96,492.00 |
| Registration & Filing Fee | 19,060.00 | 21,420.00 |
| Share/ Stock Listing Fee | 23,823.00 | 19,750.00 |
| Share Connectivity/ Maint.charges | 92,508.00 | 80,351.40 |
| Sales Tax Demand | 0.00 | 1,51,393.00 |
| Sales Tax Form Fee | 5,000.00 | 0.00 |
| Pooja Expenses | 16,081.00 | 15,419.00 |
| Membership Fee | 52,000.00 | 61,542.50 |
| Misc. Expenses | 83,074.40 | 95,785.14 |
| News Paper & Periodicals | 32,710.50 | 20,380.00 |
| Office Maintenance | 2,45,439.50 | 3,55,211.85 |
| Postage & Stamp | 1,99,706.00 | 2,08,623.00 |
| Printing & Stationery | 3,41,261.00 | 3,23,566.00 |
| Professional Charges | 1,97,165.00 | 5,94,106.00 |
| Purchase Tax | 130.00 | 2,636.00 |
| Rebate & Trade Discount | 0.00 | 23,612.00 |
| Demurrage & Other Deduction | 14,33,399.00 | 55,62,370.53 |
| Rates & Taxes | 1,83,405.00 | 1,66,844.00 |
| Sundry Balance W/Off | 46.93 | 469.44 |
| Security Transaction Tax | 2,426.00 | 2,076.00 |
| Telephone Expenses | 8,33,676.19 | 8,11,195.18 |
| Travelling Expenses | 8,27,113.00 | 8,92,604.50 |
| Travelling Expenses (Director) | 13,91,324.77 | 10,84,583.48 |
| Travelling Expenses (Foreign) | 6,31,312.01 | 0.00 |
| Vehicle Repair & Maintenance | 4,48,216.00 | 2,85,859.00 |
| Total | <u>2,76,85,776.23</u> | <u>2,83,29,145.24</u> |
| (C) Selling & Distribution Exp. | | |
| Advertisement & Publication | 8,45,775.00 | 10,05,644.00 |
| Central Sales Tax Exps. | 88,73,892.00 | 1,18,66,390.00 |
| Vat Exps. | 18,98,545.00 | 20,41,244.00 |
| Commission | 12,26,510.00 | 21,74,853.00 |
| Freight & Cartage Outward | 79,82,875.00 | 97,98,187.00 |
| Service Tax On Freight | 2,08,740.00 | 2,59,609.50 |
| Freight & Insurance Export | 21,500.00 | 0.00 |
| Packing Expenses | 66,33,899.37 | 36,53,286.04 |
| Sales Promotion | 53,711.00 | 2,72,397.00 |
| Sample | 6,991.00 | 72,699.00 |
| Tender Fees | 52,140.00 | 7,546.00 |
| Total | <u>2,78,04,578.37</u> | <u>3,11,51,855.54</u> |
| Total (A+B+C) | <u>12,36,20,589.03</u> | <u>13,38,19,288.70</u> |

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

| Particulars | Figure as at 31st March, 2012 Rs. | Figure as at 31st March, 2011 Rs. |
|--|---|---|
| 26.1 VALUE OF POWER, FURNACE OIL, DIESEL OIL, GAS, STORES AND PACKING MATERIAL CONSUMED | | |
| Power and Fuel :- | | |
| Electric Power Used | 1,28,44,637.00 | 1,35,49,027.00 |
| PNG Gas Used | 3,13,621.00 | 0.00 |
| Furnace Oil Consumed | 1,53,08,795.04 | 1,28,85,858.56 |
| Diesel For Generator Consumed | 20,56,780.51 | 33,90,730.60 |
| Total | 3,05,23,833.55 | 2,99,25,616.16 |
| (i) FURNACE OIL CONSUMED | | |
| Opening Stock | 4,89,537.33 | 2,14,178.89 |
| Add : Purchase (Including Freight & Entry Tax) | 1,54,64,204.00 | 1,31,61,217.00 |
| Less : Closing Stock | 6,44,946.29 | 4,89,537.33 |
| Total | 1,53,08,795.04 | 1,28,85,858.56 |
| (ii) DIESEL FOR GENERATOR CONSUMED | | |
| Opening Stock | 3,98,950.00 | 56,793.60 |
| Add : Purchase (Including Freight & Entry Tax) | 17,45,564.59 | 37,32,887.00 |
| Less : Closing Stock | 87,734.08 | 398950.00 |
| Total | 20,56,780.51 | 3390730.60 |
| (iii) CONSUMABLE STORES CONSUMED | | |
| Opening Stock | 49,72,914.86 | 37,44,402.76 |
| Add : Purchase | 88,90,881.02 | 1,22,73,251.37 |
| Less : Closing Stock | 52,62,135.49 | 49,72,914.86 |
| Total | 86,01,660.39 | 1,10,44,739.27 |
| (iv) PACKING MATERIAL CONSUMED | | |
| Opening Stock | 0.00 | 0.00 |
| Add : Purchase | 70,81,399.37 | 36,53,286.04 |
| Less : Closing Stock | 4,47,500.00 | 0.00 |
| Total | 66,33,899.37 | 36,53,286.04 |

THIRTY SECOND ANNUAL REPORT

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

| Particulars | 2011-12 | 2010-11 |
|--|---------------|---------------|
| 26.2 PAYMENT TO STATUTORY AUDITORS: | | |
| Audit fee | Rs. 65,000.00 | Rs. 70,000.00 |
| Service Tax | 6,695.00 | 7,210.00 |
| Income Tax fee | Nil | Nil |
| Management consultancy fee | Nil | nil |

26.3 EXPENDITURE IN FOREIGN CURRENCY :

| | 2011-12 | 2010-11 |
|-------------------------------|------------------|-----------------|
| Advance for Plant & Machinery | RS. NIL | Rs.64,28,613.00 |
| Travelling Expenses (Foreign) | Rs. 6,31,312.01 | NIL |
| Leave travelling concession | Rs. 5,00,000.00 | NIL |
| Purchase of Plant & Machinery | Rs. 78,88,105.00 | NIL |
| Freight & insurance on export | Rs. 21,500.00 | NIL |
| Professional fee | NIL | Rs. 3,90,644.00 |
| Drawing | NIL | Rs. 24.00 |

27. EARNING PER SHARE (EPS)

| | 2011-12 | 2010-11 |
|--|--------------------|--------------------|
| N/P after tax available for Share holder | Rs. 2,84,39,623.27 | Rs. 4,97,91,071.10 |
| Weighted average No. of Equity Share Outstanding during the year | Nos. 39,38,511 | Nos. 39,38,511 |
| Basic/Diluted earning per share | Rs.7.22 | Rs.12.64 |

28. EARNING IN FOREIGN CURRENCY:

| | 2011-12 | 2010-11 |
|-------|------------------|---------|
| Sales | Rs. 45,29,177.00 | NIL |

29. REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND

The Company has paid dividend in respect of shares held by Non-Residents on repatriation basis. The exact amount of dividend remitted in foreign currency cannot be ascertained. The total amount remittable in this respect is given herein below:

| | 2011-12 (Final Dividend) | 2010-11 (Final Dividend) |
|--|-----------------------------|-----------------------------|
| a) Number of Non Resident Shareholders | 9 | NIL |
| b) Number of Equity Shares held by them | 1,300.00 | NIL |
| c) (i) Amount of Dividend Paid (Gross) (Rs.) | 1,300.00 | NIL |
| (ii) Tax Deducted at Source (Rs.) | 260.00 | NIL |

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012
30. Related party disclosure :

| Related Party | Relationship | Nature of transaction | Value (Amount Rs.) | Amount outstanding Receivable/Payable |
|---------------------------------------|-----------------------|--|-----------------------|--|
| Mr. Kundan Lal Bhatia | Key Management Person | Remuneration, LTC, Perquisites, E. Leave & Incentive | Cr. 26,35,478.00 | Cr. 3,12,941.00 |
| Mr. Kapil Bhatia | —do— | —do— | Cr. 26,25,000.00 | Cr. 93,702.11 |
| Mr. Neeraj Bhatia | —do— | —do— | Cr. 26,25,000.00 | Cr. 1,04,949.68 |
| Smt. Sushma Bhatia | —do— | —do— | Cr. 14,41,118.00 | Cr. 3,71,800.00 |
| Smt. Mamta Bhatia | —do— | —do— | Cr. 13,73,000.00 | Cr. 1,76,400.00 |
| Smt. Sonia Bhatia | —do— | —do— | Cr. 16,45,000.00 | Cr. 1,58,933.00 |
| M/s. Frontier Alloy Steels Ltd | Associate Concern | Sales | Dr. 2,71,82,097.00 | Dr. 81,26,958.40 |
| —do— | —do— | Purchase of Plant & Machinery | Cr. 6,17,878.00 | NIL |
| —do— | —do— | Investment in Preference shares | Dr. 8,00,000.00 | Dr. 8,00,000.00 |
| M/s. Frontier Engineering Corporation | —do— | Purchase | Cr. 33,76,369.00 | NIL |
| M/s. Vishpa Rail Equipments Pvt. Ltd | —do— | Jobwork | Cr. 30,10,502.00 | NIL |
| M/s. Vishpa Rail Equipments Pvt. Ltd | —do— | Rent Received | Cr. 66,180.00 | NIL |
| M/s. Vishpa Rail Equipments Pvt. Ltd | —do— | Interest on Deposits | Dr. 9,72,528.00 | Dr. 1,03,15,000.00 |

31. Payment made to/provided for Chairman, Managing Director / Whole Time Directors

| | 2011-2012 | 2010-2011 |
|----------------------------------|--------------|--------------|
| Remuneration : | | |
| Chairman & Managing Directors | 18,00,000.00 | 18,00,000.00 |
| Other Directors | 65,24,667.00 | 42,00,000.00 |
| Incentives : | | |
| Chairman & Managing Directors | 5,01,620.00 | 5,14,098.00 |
| Other Directors | 16,59,073.00 | 14,75,031.00 |
| Perquisites : | | |
| Chairman & Managing Directors | 98,380.00 | 85,902.00 |
| Other Directors | 2,39,307.00 | 4,10,870.00 |
| Leave Travel Concession : | | |
| Chairman & Managing Directors | 85,478.00 | NIL |
| Other Directors | 5,42,739.00 | NIL |
| Earn Leave : | | |
| Chairman & Managing Directors | 1,50,000.00 | NIL |
| Other Directors | 5,43,333.00 | |
| Pension plan premium : | | |
| Chairman & Managing Directors | NIL | NIL |
| Other Directors | 2,00,000.00 | 2,00,000.00 |

THIRTY SECOND ANNUAL REPORT

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

| | 2011-12 | 2010-11 |
|--|--|---|
| i. Licensed Capacity (As certified by the management) | Not Applicable | Not Applicable |
| ii. Installed Capacity (As certified by the management) | 9200 Mt. per annum on single shift of eight hour Coil spring, Leaves Spring Forging items | 8000 Mt. per annum on single shift of eight hour Coil spring, Leaves Spring |
| iii. Production in Nos. | 2,41,699 | 2,29,753 |
| iv. Particulars in respect of sales (refer notes below) | | |

| Class of Goods | U/N | 31.03.2012 | | 31.03.2011 | |
|----------------|------|------------|-----------------|------------|-----------------|
| | | Qty. | Amount | Qty. | Amount |
| Coil springs | Nos. | 2,57,981 | 38,14,32,324.00 | 2,43,335 | 4,60,09,0867.00 |
| 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 | 31.03.2012 | | 31.03.2011 | |
|--------------------------------------|---------------|-----------------|---------------|-----------------|
| | Qty. (Mt.) | Amount (Rs.) | Qty. (Mt.) | Value (Rs.) |
| a) Indigenous Springs Steel Round | 3261.579 | 19,25,32,848.27 | 3,825.578 | 20,80,17,214.66 |
| b) Imported | Nil | Nil | Nil | Nil |

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

| | 2011-12 | 2010-11 |
|---------------------------------|---------|---------|
| Raw Materials imported | Nil | Nil |
| Spare Parts & Sets (Indigenous) | 100% | 100% |
| Raw Materials Indigenous | 100% | 100% |

vii. Quantitative details of finished goods

| Particulars | 2011-12 Nos. | 2010-11 Nos. |
|-------------------------|-----------------|-----------------|
| Opening Stock (in Nos.) | 20,064 | 2,21,700 |
| Closing Stock (in Nos.) | 12,139 | 20,064 |
| Turnover | 2,57,981 | 2,43,335 |

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.

For SANJAY NANDANI & CO.
Chartered Accountants
Firm Registration No. 006941 C
SANJAY MALHOTRA
Partner
Membership No. 71140
Place : Kanpur
Date : 28.05.2012

For and on behalf of Board of Directors

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

SIGNIFICANT ACCOUNTING POLICIES

Company overview

FRONTIER SPRINGS LTD. is a Listed Public Limited Company having its registered office at E-14, Panki Industrial Area Site-1, Kanpur and is mainly engaged in the production of L.B.Springs and Hot Coiled Compression Spring for Wagon, Locomotives and Carriage and are regularly supplying to Railways, Bogie Manufacturers, Chittaranjan Locomotive Works, Diesel Locomotive Works, Integrated Coach Factory, Rail Coach Factory. In addition to the supply to the Railways, the Unit is also supplying the Springs to Heavy Engineering Industries & original Earth Movers Equipment manufacturers i.e. BEML, TELCON, Bharat Heavy Electricals Ltd.

Since last about 30 years FRONTIER SPRINGS LTD. is registered with RDSO (Ministry of Railways) for supply of springs to Indian Railways and the unit has developed large number of springs as per the latest specification of the RDSO.

The Company has set up three plants to meet the demand requirements of the above stated Industries at 1. Km 25/4, Rania Ramabai Nagar, 2. 91/2, Kunja, Paonta Sahib, Sirmor Himanchal Pradesh, 3. Forging Plant at E-14, Panki Industrial Area, Kanpur.

A. Basis of Preparation of Financial Statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed by the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

B. Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/ materialised.

C. Own Fixed Assets

Fixed Assets are stated at cost net of recoverable taxes and includes amounts added on revaluation, less accumulated depreciation and impairment loss, if any. All costs, including financing costs till commencement of commercial production, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the fixed assets are capitalized.

D. Leased Assets

As informed by the Management, the Company has a lease hold land allotted by U.P.S.I.D.C. situated at E-14, Panki Industrial Area, Site No. I, Kanpur

E. Intangible Assets

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

F. Depreciation and Amortisation

Depreciation on fixed assets is provided on the straight-line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased / sold during a period is proportionately charged. Individual low cost assets (acquired for Rs. 5,000/- or less) are depreciated as per the

rates prescribed in Schedule XIV of the Companies Act, 1956, over a period of one year from the date of acquisition.

G. Impairment of Assets

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 expected to arise from the continuing use of the assets and its eventual disposal).

H. Foreign Currency Transactions

Foreign-currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Statement of profit and loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

I. Investments

Trade investments are the investments made to enhance the Company's business interests. Investments are either classified as current or long-term based on Management's intention at the time of purchase. Long term investments are carried at cost less provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment.

J. Inventories

(i) Value of Raw Materials, Stores & Spares and packing material 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.

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

Closing stock of Finished goods & Scrap amounting to Rs.1,19,17,767.89 (Pre.Yr.Rs.1,72,02,750.41) includes the amount of Excise duty, education & higher secondary education cess on excise amounting to Rs.7,67,407.00 (Pre.Yr.Rs.10,32,782.00). 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.

K. Revenue Recognition

Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection. Revenue from operations includes sale of goods, sales tax, service tax, excise duty and sales during trial run period, adjusted for discounts (net), Value Added Tax (VAT) and gain / loss on corresponding hedge contracts. Dividend income is recognized when right to receive is established. Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

L. Excise Duty / Service Tax and Sales Tax / Value Added Tax

Excise duty / Service tax / Sales tax are accounted on the basis of both, payments made in respect of goods cleared / services provided as rental income received. Sales tax / Value added tax paid is charged to Profit and Loss account.

M. Retirement benefits to employees Gratuity

In accordance with the Payment of Gratuity Act, 1972, the Company provides for gratuity, a defined benefit retirement plans ('the Gratuity Plan') covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company.

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation at each Balance Sheet date using the projected unit credit method. The Company fully contributes all ascertained liabilities to the Frontier Springs Limited Employees' Gratuity Fund Trust (the Trust). Trustees administer contributions made to the Trust and contributions are invested in specific investments as permitted by the law. The Company recognizes the premium payable on account of said policy is charged to profit & loss account, respectively in accordance with Accounting Standard (AS) 15, 'Employee Benefits'.

Provident fund

Eligible employees receive benefits from a provident fund, which is a defined benefit plan. Both the employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The Company's contribution to Provident Fund and Family Pension Fund is charged to profit & loss account.

N. Employee Separation Costs

Compensation to employees who have opt for retirement from the Company is charged to the Profit and Loss account in the year of exercise of option.

O. Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to Profit and Loss account.

P. Financial Derivatives and Commodity Hedging Transactions

In respect of derivative contracts, premium paid, gains / losses on settlement and losses on restate-ment are recognised in Balance sheet except in case where they relate to the acquisition or construction of fixed assets, in which case, they are adjusted to the carrying cost of such assets.

Q. Accounting for Oil and Gas Activity

The Company has adopted Full Cost Method of accounting for consumption of furnace oil, Diesel oil and Gas as well as the expenditure is accounted on the basis of available information on line by line basis in the Company's financial statements, according to the participating interest of the Company.

R. Provision for Current and Deferred Tax

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961. Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. Deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the asset will be realised in future.

S. Premium on Redemption of Bonds / Debentures

Company has not issued any Bonds / Debentures, since its incorporation.

T. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a

present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

- (a) The Company is contingently liable towards bank guarantee provided to the tune of Rs.103.48 lacs in favour of Indian Railways and contingently liable towards Letter of Credit provided to the tune of Rs.308.06 lacs in favour of M/s Sunflag Iron & Steel Co. Ltd. (Prev. Yr. bank guarantee of Rs. 127.29 lacs in favour of Indian Railways and Letter of Credit of Rs.328.85 lacs in favour of M/s Sunflag Iron & Steel Co. Ltd.).
- (b) The disputed statutory dues aggregating Rs.2.19 lacs, that have not been deposited on account of disputed matters pending before appropriate authorities are as under:

| Sl. No. | Name of Statute | Nature of dues | Amount (in Lacs) | Period to which the amount | Forum where dispute is pending relates |
|---------|---|----------------|------------------|----------------------------|--|
| 1. | Central sales tax Act, 1956 and Sales tax Act of U.P. | Penalty | 2.19 | 2000-01 | High Court Allahabad 2001-02 |

U. Earnings per share

Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value which is the average market value of the outstanding shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

V. Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks and corporations. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

W. Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

THIRTY SECOND ANNUAL REPORT

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

| | As at 31.03.2012 | (Rs. in Lacs) As at 31.03.2011 |
|---|---------------------|--------------------------------------|
| A) Cash Flow From Operating Activities | | |
| Net Profit Before Tax | 374.67 | 628.75 |
| Item Adjustment For :- | | |
| Depreciation & Amortisation Expenses | 83.64 | 100.84 |
| Rental Income | (3.30) | (7.91) |
| Interest Expenditure (Bank & Loan) | 58.43 | 45.28 |
| Interest Income | (11.57) | (7.09) |
| Dividend Income | (0.28) | (0.21) |
| Service Input Tax Credit On Bank Charges | 0.00 | (6.93) |
| Loss on Sale of Car Taken as Extra Ordinary Item | 2.28 | 2.18 |
| Long Term Capital Loss | 3.30 | 0.69 |
| Hire Charges | 3.18 | 1.13 |
| Operating Profit Before Working Capital Changes | 510.35 | 756.73 |
| Adjustment For :- | | |
| Inventories | (238.58) | (65.87) |
| Sundry Debtors | (123.59) | (35.56) |
| Loan & Advances | 9.29 | (78.35) |
| Sundry Creditors | 170.57 | (46.22) |
| Sundry Provisions | 10.14 | 3.30 |
| Cash Generated From Operations | 338.18 | 534.03 |
| Extra Ordinary Items | (5.58) | (2.87) |
| Tax Paid | (76.69) | (132.03) |
| Net Cash (Used In) From Operation Activities (A) | 255.91 | 399.13 |
| (B) Cash Flow From Investing Activiting : | | |
| Increase in Fixed Assets | (396.08) | (227.46) |
| Investment | 13.00 | (5.88) |
| Sale of Fixed Assets | 5.63 | 4.13 |
| Interest Received | 11.57 | 7.09 |
| Dividend Received | 0.28 | 0.21 |
| Service Input Tax Credit on Bank Charges | 0.00 | 6.93 |
| Extraordinary Items | | |
| Rent Received | 3.30 | 7.91 |
| Net Cash (Used In) From Investing Activities (B) | (362.30) | (207.07) |
| C) Cash Flow From Financing Activities | | |
| Proceeds From Share Capital | 0.00 | 0.00 |
| Proceeds (Adjustment) From Capital Subsidy | 0.00 | 0.00 |
| Proceeds/(Repayment) From Short Term Borrowings | 217.67 | (4.15) |
| Proceeds/(Repayment) of Unsecured Loan | (40.32) | 0.92 |
| Dividend Paid (Including Dividend Distribution Tax) | (45.78) | (39.39) |
| Interest Paid (Bank & Loan) | (58.43) | (45.28) |
| Hire Charges | (3.18) | (1.13) |
| Net Cash(Used In)/From Financing Activities (C) | 69.96 | (89.03) |
| Net (Decrease)/Increase in Cash and Cash Equivalents (A+B+C) | (36.43) | 103.03 |
| Cash and Cash Equivalents-Opening | 178.58 | 75.55 |
| Cash and Cash Equivalents-Closing | 142.15 | 178.58 |

For and on behalf of the Board

Place : Kanpur
Date : 28.05.2012

K. L. BHATIA
Chairman & Managing Director

KAPIL BHATIA
Managing Director

DEEPAK BHASIN
Company Secretary

AUDITORS' CERTIFICATE

We have examined the above cash flow statement of Frontier Springs Limited for the year ended 31st March, 2012. 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.

Place : Kanpur
Date : 28.05.2012

For SANJAY NANDANI & Co.
Chartered Accountants
SANJAY MALHOTRA
Partner

FRONTIER SPRINGS LIMITED

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

ATTENDANCE SLIP

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

| | |
|-----------|--|
| DP-ID No. | |
|-----------|--|

| | |
|---------------|--|
| Client ID No. | |
|---------------|--|

Name of the Shareholder.....

Name of the Proxy (in Block letters).....
(to be filled in if the Proxy attends instead of the member)

I hereby record my presence at the 32nd Annual General Meeting held on Saturday, 22nd September, 2012 at 12.30 P.M. at the Hotel Royal Cliff Opp. Moti Jheel Gate No. 1, Kanpur-208 002

Member/Proxy's Signature

.....

FRONTIER SPRINGS LIMITED

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

PROXY FORM

I/We ofbeing

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/ on my/our behalf at the 32nd Annual General Meeting held on Saturday, 22nd September, 2012 at 12.30 P.M. at the Hotel Royal Cliff Opp. Moti Jheel Gate No.1, Kanpur- 208 002 and at any adjournment thereof.

Signed this day of 2012

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| Folio No. | |
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| DP-ID No. | |
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| Client ID No. | |
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| Affix Re. 1/- Revenue Stamp |
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Note : This proxy form must be deposited at the Registered Office of the company at E-14, Panki Industrial Area, Site-I, Kanpur- 208 022 not less than forty-eight hours before the time fixed for holding the aforesaid meeting. The proxy need not be a member of the Company.

Cut Here

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E-14, Panki Industrial Area,
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