

# Frontier Leasing & Finance Limited

Regd. Off.: 7<sup>th</sup> Floor, Peninsula Techno Park, Equinox Bldg, LBS Marg, Kurla (West), Mumbai- 400 070

## 28<sup>th</sup> Annual Report 2011-12

<b>Board of Directors</b>	:	Mr. V. G. Raghavan Mr. N. B. Vyas Mr. Manish Kedia Mr. Sandeep Soni
<b>Company Secretary</b>	:	Arun Ranga
<b>Auditor</b>	:	<b>Nisar &amp; Kumar</b> Chartered Accountants, 1301, Arcadia Building, Next to Earnest House, NCPA Marg, Nariman Point Mumbai- 400 021
<b>Banker</b>	:	State Bank of Mysore
<b>Registered Office</b>	:	Peninsula Technopark, Tower-1, 7th floor, Off Bandra-Kurla Complex, Lbs marg, Kurla (West), Mumbai – 400 070. Tel.: +91 22 33826000 Fax: +91 22 67101503 Visit us at: <a href="http://www.flflindia.com">www.flflindia.com</a>
<b>Registrar &amp; Transfer Agent</b>	:	<b>Sharex Dynamic (India) Pvt. Ltd.</b> Unit no.1, Luthra Ind.Premises, Safed Pool, Andheri Kurla Road, Andheri (East), Mumbai - 400072 Tel: 2851 5606/ 5644/ 6338., Fax: 2851 2885 e-mail: <a href="mailto:investor@sharexindia.com">investor@sharexindia.com</a>

# Frontier Leasing & Finance Limited

Regd. Off.: 7<sup>th</sup> Floor, Peninsula Techno Park, Equinox Bldg, LBS Marg, Kurla (West), Mumbai - 400 070

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty Eighth Annual General Meeting of the member of Frontier Leasing & Finance Limited will be held on 28<sup>th</sup> September, 2012 at 11.00 a.m. at the registered office of the Company at 7th Floor, Tower 1, Equinox Business Park, Peninsula Techno Park, Off Bandra Kurla Complex, LBS Marg, Kurla (West), 400070, Mumbai to transact the following business.

### ORDINARY BUSINESS:-

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2012 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To consider and, if thought fit, to pass with or without modification, the following as an Ordinary Resolution:

RESOLVED THAT a final Dividend for the year ended 31<sup>st</sup> March 2012 of Rs. 1/- per Equity share of Rs. 10 each/-

3. To consider and, if thought fit, to pass, with or without modification the following as an Ordinary Resolution.

"RESOLVED THAT Shri. N. B. Vyas who retires by rotation and who is eligible for re-election be and is hereby re-appointed a Director."

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

"RESOLVED THAT M/s. Nisar & Kumar, Chartered Accountants, (Firm Registration No.127820 W) be and are hereby appointed Auditors of the Company to hold office from the conclusion of this Meeting, till the conclusion of the next Annual General Meeting.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to fix the remuneration payable and the reimbursement of out-of-pocket expenses, if any, to the said Auditors."

### SPECIAL BUSINESS

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

"RESOLVED THAT Shri. Sandeep Soni, who was appointed as an Additional Director of the Company by the Board of Directors under Article 86 of the Articles of Association of the Company with effect from 7<sup>th</sup> March, 2012 and who holds office under the said Articles and pursuant to Section 260 of the Companies Act, 1956 up to the date

# Frontier Leasing & Finance Limited

Regd. Off. : 7<sup>th</sup> Floor, Peninsula Techno Park, Equinox Bldg, LBS Marg, Kurla (West), Mumbai - 400 070

of this Annual General Meeting, and who is eligible for re-appointment under the relevant provisions of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing from a member signifying his intention to propose him as a candidate for the office of the Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

By Order of the Board

Sd/-

Arun Ranga

Company Secretary

Date:- 8<sup>th</sup> August 2012

Registered Office:

7th Floor, Tower 1,  
Equinox Business Park,  
Peninsula Techno Park,  
Off Bandra Kurla Complex,  
LBS Marg, Kurla (West), 400070,

## **NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE ANNUAL GENERAL MEETING.
2. The 'Register of Members' and 'Share Transfer Books' of the Company shall remain closed from 26<sup>th</sup> September, 2012 to 27<sup>th</sup> September, 2012 (both days inclusive).
3. The relevant Explanatory Statement in respect of Item Nos. 5 of the Notice is annexed to and forms part of the Notice.
4. All documents referred in the accompanying notice are open for inspection at the registered office of the Company on all working days between 11.00 am to 1.00 pm upto the date of the Annual General Meeting.
5. Members are requested to notify immediately changes, if any, in their address to the Company's to the Registrar & Share Transfer Agents, Sharex Dynamic (India) Pvt.Ltd., Unit No. 1, Luthra Ind. Premises, Safeed Poolm Andheri Kurla Road, Andheri (East), Mumbai 400 072
6. Members are requested to register their email ID with the Company at [frontierleasing1984@gmail.com](mailto:frontierleasing1984@gmail.com) or with the Share Transfer Agent to facilitate the

# Frontier Leasing & Finance Limited

Regd. Off: 7<sup>th</sup> Floor, Peninsula Techno Park, Equinox Bldg, LBS Marg, Kurla (West), Mumbai - 400 070

company to dispatch all eligible statutory communications at their registered email ID.

7. Dividend on Equity Shares as recommended by the Board of Directors, if approved at this Annual General Meeting will be paid to those who are member as on 26<sup>th</sup> September, 2012 being the record date fixed for the purpose of payment of dividend or their mandates.
8. Members/ Proxy are requested to bring their copies of Annual Report and produce Attendance slip duly filled in for attending the meeting.
9. Members seeking any information or clarifications on the Annual Report are requested to send in written queries to the Company at least one week before the date of the Meeting. This would enable the Company to compile the information and provide replies at the Meeting.
10. Mr. N. B. Vyas, was elected to the Board in 2010 and offers himself for re-election at the Annual General Meeting. He is a Senior Executive with more than 30 years of experience at corporate level. He is a Chartered Accountant and Company Secretary. He is at present Senior Vice President & Group Head-Compliance of Essar Group. He is Director in many companies of Essar Group. Mr. N. B. Vyas was one of the top 50 students in India passing CA Final Examination as per merit list published by the Institute of Chartered Accountants of India.

The Board recommends Mr. N. B. Vyas's re-election as a Director. None of the Directors of the Company except Mr. N. B. Vyas is interested in the said resolution.

**By order of the Board**

Arun Ranga  
Company Secretary

# Frontier Leasing & Finance Limited

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## ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956:-

### Note to Resolution No. 5

Mr. Sandeep Soni was appointed as an Additional Director on the Board of the Company with effect from 7<sup>th</sup> March, 2012 to hold office till the conclusion of the ensuing Annual General Meeting. The Company has received a notice in writing pursuant to the provisions of Section 257 of the Companies Act, 1957 from a member signifying his intention to propose Mr. Sandeep Soni as a candidate for the office of Directors of the Company. Particulars of Mr. Sandeep Soni are as follows:

Date of Birth (Age):- 1<sup>st</sup> August, 1970 (42yrs) Education: - BE, MBA Experience: - Over 15 years

Present Occupation: Business

Other Directorships:-

- a. First Trust Advisors Private Limited
- b. Lifeone Advisors Private Limited
- c. AMW Finance Limited

Mr. Sandeep Soni is not holding any share of the company either in his name or held by/for other persons on a beneficial basis in the Company. He does not have any relation with any other Director of the Company.

Yours Directors, therefore recommend for approval of members for the appointment of Mr. Sandeep Soni, as a Director of the Company by passing the resolution set out at Item No. 5 of the notice as an Ordinary Resolution.

None of the Directors of the Company except Mr. Sandeep Soni is interested in the said resolution.

By Order of the Board

Sd/-  
Arun Ranga  
Company Secretary

Date:- 8<sup>th</sup> August, 2012

# Frontier Leasing & Finance Limited

Regd. Off.: 7<sup>th</sup> Floor, Peninsula Techno Park, Equinox Bldg, LBS Marg, Kurla (West), Mumbai - 400 070

Registered Office:

7th Floor, Tower 1,  
Equinox Business Park,  
Peninsula Techno Park,  
Off Bandra Kurla Complex,  
LBS Marg, Kurla (West), 400070,

Note:- Your Company has made a special effort to produce this report in a format that would cause minimal environmental impact, without compromising on its contents. A soft copy of the report will be provided by email upon request. We also request you to register your email ID at [frontierleasing1984@gmail.com](mailto:frontierleasing1984@gmail.com) for all communications, thereby further reducing the environmental impact and reducing waste.

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# Frontier Leasing & Finance Limited

Regd. Off.: 7<sup>th</sup> Floor, Peninsula Techno Park, Equinox Bldg, LBS Marg, Kurla (West), Mumbai - 400 070

## PROXY FORM

Folio No. \_\_\_\_\_  
Client ID No. \_\_\_\_\_

No. of Shares held \_\_\_\_\_  
DP ID No. \_\_\_\_\_

I/ We \_\_\_\_\_ of  
\_\_\_\_\_ being member/  
members of Frontier Leasing and Finance Limited, hereby  
appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him  
\_\_\_\_\_ of \_\_\_\_\_ as my / our proxy  
to attend and vote for me / our behalf at the Twenty Eighth ANNUAL GENERAL MEETING of the  
Company to be held on Friday 28<sup>th</sup> September, 2012 at 11.00 a.m. at Peninsula Technopark, Tower-1,  
7th floor, Off Bandra-Kurla Complex, LBS Marg, Kurla (West), Mumbai - 400 070 and at any  
adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012

Note: Proxy in order to be effective must be deposited at the  
Registered office of the Company not less than 48 hours  
before the commencement of the meeting.

AFFIX 1 RUPEE REVENUE STAMP
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\_\_\_\_\_  
SIGNATURE

# Frontier Leasing & Finance Limited

Regd. Off.: 7<sup>th</sup> Floor, Peninsula Techno Park, Equinox Bldg, LBS Marg, Kurla (West), Mumbai - 400 070

## ATTENDANCE SLIP

(TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL)

I hereby record my presence at the Twenty Eighth ANNUAL GENERAL MEETING of the Company at Peninsula Technopark, Tower-1, 7th floor, Off Bandra-Kurla Complex, LBS Marg, Kurla (West), Mumbai - 400 070 on Friday, 28<sup>th</sup> September, 2012 at 11.00 a.m.

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NAME OF THE MEMBER ATTENDING MEETING (IN BLOCK LETTERS)

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NAME OF THE PROXY (To be filed in if the proxy has been duly deposited with the Company)

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SIGNATURE OF THE MEMBER / PROXY

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Member's Folio Number / Client ID and DP ID

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No. of Shares



# Frontier Leasing & Finance Limited

Regd. Off.: 2<sup>nd</sup> Floor, Peninsula Techno Park, Equinox Bldg, 1BS Marg, Kurla (West), Mumbai - 400 070

## E Mail Registration

To,

M/s Sharex Dynamic (India) Pvt. Ltd.  
Unit No.1, Luthra Indl. Premises,  
Safed Pool, Andheri Kurla Road,  
Andheri (East), Mumbai - 400 072

Dear Sir

### SUB:- Registration of email ID for receiving communication in electronic form

I am a shareholder of the Company. I want to receive all communication from the Company including AGM and other General Meeting notices and explanatory statement(s), Balance Sheets, Director's Reports, Auditor's Report etc. through email. Please register my email ID, set out below, in your records for sending communication through email:

Folio No.\* : \_\_\_\_\_

Name of 1<sup>st</sup> Registered Holders\* : \_\_\_\_\_

Name of Joint Holder(s) : \_\_\_\_\_

Address : \_\_\_\_\_

Pin Code : \_\_\_\_\_

Email id (to be registered)\* : \_\_\_\_\_

Contact Tel. Nos. : \_\_\_\_\_  
Mobile : \_\_\_\_\_  
Landline : \_\_\_\_\_

Date

Signature of the first holder\*

### Important Notes :

1. Field marked\* are mandatory for registration of the email ID.
2. On registration, all the communication will be sent to the e-mail ID registered in the Folio
3. The Form is also available on the website of the Company [www. fflindia.com](http://www.fflindia.com)
4. Any change in email ID, from time to time, may please be registered in the records of the Company.

# Frontier Leasing & Finance Limited

Regd. Off.: 7<sup>th</sup> Floor, Peninsula Techno Park, Equinox Bldg, LBS Marg, Kurla (West), Mumbai - 400 070

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting the Twenty Eighth Annual Report of the Company, together with the Audited Accounts thereon for the year ended 31<sup>st</sup> March, 2012.

### 1. Financial Results:

Particulars	(Amt in Rs.)	
	For the Year ended on 31 <sup>st</sup> March, 2012	For the Year ended on 31 <sup>st</sup> March, 2011
Income	2,64,02,894	1,21,83,504
Less: Expenses	73,37,101	35,91,618
Profit / (Loss) before tax	1,90,65,793	85,91,886
Less: Provision for Taxation		
• Current Tax	(67,67,305)	(31,10,000)
• Deferred Tax	43,267	(2,92,509)
Profit / (loss) After Taxation	1,23,41,755	51,89,377
Less: Proposed Dividend	2,45,000	2,45,000
Less: Corporate Dividend Tax	39,745	39,745
Less: Transfer to Statutory Reserve	24,68,351	10,37,875
Add: Balance Brought Forward from Last Year	58,83,661	20,16,904
Balance Carried Forward to Balance Sheet	1,54,72,320	58,83,661

During the year the Company has stock on hire of Rs. 16.84 Crs, gross finance charges of 2.54 Crs. and earned a profit before tax of Rs.1.90 Crs. Product consolidation and efficiency in business operations have resulted in an improved profitability of your Company during the year. Even in the difficult market, the Company has continued to book a profit as a result of better management, cost efficiencies thus resulting in decent net interest margins.

Going forward the company is planning to capitalize and raise debt to build retail loan book of commercial vehicle and construction equipment finance. The priority sector portfolio with prudent lending shall further improve the profitability of the business.

### 2. Dividend:

After considering the Company's profitability as well as working capital requirement for its growth plans, your directors are pleased to recommend a final dividend at the rate of 10% i.e. Re. 1/- per equity share. The dividend will be declared in the ensuing Annual General Meeting based on approval by the Shareholders. The total payment on account of dividend (including Dividend Distribution Tax @ 16.225%) shall be Rs.2,84,745/-.

# Frontier Leasing & Finance Limited

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### 3. Auditors:

M/s. Nisar & Kumar, Chartered Accountants, Auditors of your Company retire from the office of the Auditors and are eligible for re-appointment. The Company has received a certificate from them to the effect that the re-appointment if made will be within the limits prescribed under Section 224(1) of the Companies Act, 1956.

The observations made by the auditors are self-explanatory.

### 4. Directors:

In accordance with the provisions of the Companies Act, 1956 and the provision of the Article of Association of the Company Mr. N.B. Vyas, being director is liable to retire by rotation and being eligible offers himself for reappointment at the ensuing Annual General Meeting.

During the year, Mr. Sandeep Soni was appointed as an Additional Director of the Company. Now he is proposed to be appointed as Director and the management of the Company welcomes him on board. He would act in the capacity of Chief Executive officer of the Company.

Except the above, there has been no other change in the Board of Directors of your Company.

### 5. Subsidiary Company:

On February 14<sup>th</sup> 2012, your Company acquired 100% stake in AMW Finance Limited. The main objects of the said wholly owned company is hire purchase, leasing and all types of loans for vehicle financing.

As required under the provisions of Section 212 of the Companies Act, 1956 statement of the holding company's interest in the subsidiary companies is attached as 'Annexure 1' and forms part of this report.

In terms of approval granted by the Central Government under Section 212(8) of the Companies Act, 1956, a copy of the Balance Sheet, Profit and Loss Account, Report of the Board of Directors and the Report of the Auditors of the Subsidiary Company has not been attached with the Balance Sheet of the Company. The Company will make available these documents/details upon request by any investor of the Company or its subsidiaries.

The Annual Accounts of the subsidiary is available for inspection by the investors at the registered office of the Company.

### 6. Corporate Governance Report:

The provisions related with the corporate governance pursuant to clause 49 of the Listing Agreement are not applicable to the Company. However, as a measure of good governance, the Company complies with most of the requirements specified under clause 49.

# Frontier Leasing & Finance Limited

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## 7. Director's Responsibility Statement:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 your Directors state:

- that in the preparation of the annual accounts for the financial period ended 31<sup>st</sup> March, 2012, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were 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 loss of the Company for the year under review;
- that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- That the Directors had prepared the accounts for the financial period ended 31<sup>st</sup> March, 2012 on a going concern basis.

## 8. Conservation of energy, technology absorption, foreign exchange earnings and outgo:

Information pertaining to section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988 with respect to conservation of energy, technology absorption may be treated as NIL since your Company is not a manufacturing Company. As regards Foreign Exchange earnings, the Board wishes to state that there has been no inflow or outflow of foreign exchange earnings.

## 9. Public Deposits

During the year under review, the Company has neither invited nor accepted any deposits from the public and there are no unclaimed deposits lying with the Company as on March 31, 2012.

## 10. Particulars of Employees:

The disclosures as required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, is not required as there are no employees covered by it.

# Frontier Leasing & Finance Limited

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## 11. Disclosures:

The Company has made adequate disclosures regarding related party transactions, contingent liabilities, and significant accounting policy in the Notes to Accounts as an integral part of the Balance Sheet and Profit & Loss Accounts.

## 12. Stock Exchanges – Compliance of Listing Agreements

The Company's shares are listed at The Bombay Stock Exchange and the Company has paid the listing fees to the Stock Exchange. Further, the Company has demat connectivity with both the Depositories, NSDL and CDSL and paid Annual Fees to both the Depositories.

## 13. Acknowledgement:

Your Directors wish to place on record their gratitude for the co-operation and assistance received from the RBI, shareholders and various departments of Central and State Governments and thank them for their continued cooperation and support.

By order of the Board

Sd/-  
Mr. V.G. Raghavan  
Director

Sd/-  
Mr. Sandeep Soni  
Director

Date: 8<sup>th</sup> August, 2012

Place: Mumbai

**ANNEXURE**  
**STATEMENT PURSUANT TO SECTION 212(3) OF THE COMPANIES ACT, 1956 RELATING TO**  
**SUBSIDIARY COMPANIES**

1. Name of the subsidiary company : **AMW Finance Limited**
2. For the year ended on : **31<sup>st</sup> March 2012**
3. Shares of the subsidiary held by Frontier Leasing And Finance Limited on the above date
  - (a) Number of shares and face value : **50, 000 Equity shares of Rs.10 each**
  - (b) Extent of holding including shares held through subsidiary companies : **100%**
4. Net aggregate amount the profit/(loss) of the subsidiary so far as they concern members of Frontier Leasing And Finance Limited
  - (a) Dealt within the accounts of Frontier Leasing And Finance Limited year ended 31.3.2012 : **(Rs. 11,587)**
  - (b) Not dealt within accounts of Frontier Leasing And Finance Limited for year ended 31.3.2012 : **Nil**
5. Net aggregate amount of Profit/(loss) for previous financial year of the subsidiary since it became the subsidiary so far as they concern members of Frontier Leasing And Finance Limited
  - (a) Dealt within the accounts of Frontier Leasing And Finance Limited for the year ended 31.03.2012 : **(Rs.2,25,730)**
  - (b) Not dealt within accounts of Frontier Leasing And Finance Limited for the year ended 31.03.2012 : **Nil**

**For and on behalf of the board**

**Sd/-**  
**Director**

**Sd/-**  
**Director**

**Date : 08/08/2012**  
**Place : Mumbai**

## AUDITORS' REPORT TO THE MEMBERS OF FRONTIER LEASING & FINANCE LIMITED

We have audited the attached Balance Sheet of Frontier Leasing & Finance Limited, as at March 31, 2012 and also the Statement of Profit and Loss for the year ended on that date annexed thereto 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. These 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, 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 account as required by law have been kept by the company so far as it appears from our examination of those books.
- (iii) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (iv) On the basis of written representations received from the directors as on March 31, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (v) In our opinion, the Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 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, 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. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
  - ii. in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
  - iii. in the case of cash flow statement, of the cash flows of the Company for the year ended on that date.

For NISAR & KUMAR  
Chartered Accountants  
Firm Regn. No.127820 W

Sd/-

K. M. Mahadik  
Partner  
M. No. 48453

Place: Mumbai  
Date: May 30, 2012

**ANNEXURE REFERRED TO THE REPORT OF EVEN DATE FOR THE YEAR ENDED MARCH 31, 2012 OF FRONTIER LEASING & FINANCE LIMITED**

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have been physically verified by the management during the year as per programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. As informed to us, no discrepancies were noticed on such verification.
- (c) During the year, the company has not disposed off substantial part of the fixed asset.
- (ii) Since the company do not have inventory (other stock on hire), the clause (ii) is not applicable to the company for the year.
- (iii) (a) The company has not granted any loans to companies, firms and other parties covered in the Register maintained under Section 301 of the Companies Act, 1956:
- (b) In view of clause (iii) (a) above, clause (iii) (b) is not applicable.
- (c) In view of clause (iii) (a) above, clause (iii) (c) is not applicable.
- (d) In view of clause (iii) (a) above, clause (iii) (d) is not applicable.
- (e) The company has not taken any loans from companies, firms and other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (f) In view of clause (iii) (e) above, clause (iii) (f) is not applicable.
- (g) In view of clause (iii) (e) above, clause (iii) (g) is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business. During the course of our audit, no major weakness has been noticed in the internal controls system.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that there are no transactions during the year that need to be entered into the register maintained under section 301.
- (b) In view of clause (v) (a) above, clause (v) (b) is not applicable.
- (vi) During the year the company has not accepted any public deposits.
- (vii) In our opinion, during the year the company does not have formal internal audit system.
- (viii) As informed to us, the maintenance of cost records have not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956.



- (ix) (a) According to the records of the company, there were delays in deposit of undisputed statutory dues of income taxes with the Income tax authorities. As per the books of account and according to information and explanations given to us there are no undisputed dues of provident fund, Investor Education and Protection Fund, Employees' State Insurance, Sales Tax, wealth tax, Service Tax, Custom Duty, Excise Duty and Cess. There were no arrears of statutory dues outstanding as at March 31, 2012 for a period of more than six months from the date they became payable.
- (b) According to the records of the company, there are no dues Income Tax, Sales Tax of Wealth Tax, Service Tax, Custom duty and excise duty/cess which have not been deposited on account of dispute.
- (x) The company does not have accumulated losses at the end of the financial year and the company has not incurred any cash losses during the financial year covered by our audit and also in the immediately preceding financial year.
- (xi) Based on our audit procedures and according to the books of account and information and explanations given by the management, we state that there are no dues to banks, financial institutions or debentureholders.
- (xii) Based on our examination of documents and records, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) Provisions of Chit Fund Nidhi/ Mutual Benefit Fund/Societies are not applicable.
- (xiv) The company is not engaged in dealing or trading in shares, securities, debentures and other investments.
- (xv) The company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) During the year the company has not borrowed any term loan.
- (xvii) During the year the company has not raised any short term funds.
- (xviii) During the year the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) During the year, the company has not issued secured debentures.
- (xx) During the year, the company has not raised money by public issues.
- (xxi) Based upon the audit procedures performed and 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.

For NISAR & KUMAR  
Chartered Accountants  
Firm Regn. No. 127820 W

Sd/-  
K. M. Mahadik  
Partner  
M. No. 48453

Place: Mumbai  
Date: May 30, 2012

FRONTIER LEASING & FINANCE LIMITED

BALANCE SHEET AS AT MARCH 31, 2012

	Note No.	As at	As at
		March 31, 2012	March 31, 2011
		Rs	Rs
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Shareholders' Funds</b>			
Share Capital	2	24,50,000	24,50,000
Reserves and Surplus	3	2,06,12,196	85,55,186
		<b>2,30,62,196</b>	<b>1,10,05,186</b>
Share Application Money Pending Allotment	4	15,00,00,000	20,03,86,945
<b>Non Current Liabilities</b>			
Deferred Tax Liability (net)	5	-	5,743
<b>Current Liabilities</b>			
Short Term Borrowings	6	-	33,14,500
Trade payables	7	1,51,01,124	2,44,22,858
Other Current Liabilities	8	1,05,00,206	2,10,229
Short Term Provisions	9	55,49,593	34,51,989
		<b>3,11,50,923</b>	<b>3,13,99,576</b>
<b>TOTAL</b>		<b>20,42,13,119</b>	<b>24,27,97,450</b>
<b><u>ASSETS</u></b>			
<b>Non Current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	10	9,03,845	12,26,898
Intangible Assets		4,42,454	9,25,129
Non-Current Investments	11	8,00,000	3,00,000
Deferred tax assets (net)	5	37,524	-
Long Term Loans and Advances	12	18,667	18,667
		<b>22,02,490</b>	<b>24,70,694</b>
<b>Current Assets</b>			
Inventories - Stock on Hire Purchase (Net)	13	16,84,01,628	17,71,96,590
Trade Receivables	14	2,16,54,555	35,09,186
Cash and cash equivalents	15	1,19,23,622	4,94,24,173
Short term loans and advances	16	-	1,01,96,807
Other current assets	17	30,824	-
		<b>20,20,10,629</b>	<b>24,03,26,756</b>
<b>TOTAL</b>		<b>20,42,13,119</b>	<b>24,27,97,450</b>

Significant Accounting Policies (Note No.23 to 29 forms integral part of accounts)

1

As per our attached report of even date

For Nisar & Kumar  
Chartered Accountants

For & on behalf of the Board

sd/-  
K. M. Mahadik  
Partner  
Place: Mumbai  
Date: May 30, 2012

sd/-  
V.G.Raghavan  
Director  
Place: Mumbai  
Date: May 30, 2012

sd/-  
S. Soni  
Director

sd/-  
Arun Ranga  
Company Secretary

FRONTIER LEASING & FINANCE LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

	Note No.	For the year ended	For the year ended
		March 31, 2012	March 31, 2011
		Rs.	Rs.
<b>REVENUE</b>			
Revenue from operations	18	2,53,67,745	1,12,76,932
Other Income	19	10,35,149	9,06,572
<b>Total Revenue</b>		<b>2,64,02,894</b>	<b>1,21,83,504</b>
<b>EXPENSES</b>			
Administrative & Other Expenses	20	65,31,373	30,86,195
Depreciation / amortisation	21	8,05,728	5,05,423
<b>Total</b>		<b>73,37,101</b>	<b>35,91,618</b>
Profit before tax		1,90,65,793	85,91,886
<b>Tax Expenses:</b>			
a) Current Tax		(67,67,305)	(31,10,000)
b) Deferred Tax		43,267	(2,92,509)
Profit after tax		1,23,41,755	51,89,377
Basic & Diluted Earning per share of ` 10 each	22	50.37	21.18

Significant accounting policies  
(Note No.23 to 29 forms integral part of accounts)

1

As per our attached report of even date

For Nisar & Kumar  
Chartered Accountants

For & on behalf of the Board

Sd/-  
K. M. Mahadik  
Partner  
Place: Mumbai  
Date: May 30, 2012

Sd/-  
V.G. Raghavan  
Director  
Place: Mumbai  
Date: May 30, 2012

Sd/-  
S. Soni  
Director

Sd/-  
Arun Ranga  
Company Secretary

**FRONTIER LEASING & FINANCE LIMITED**  
**Cash Flow Statement for the year ended March 31, 2012**

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
	Rs	Rs
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	1,90,65,793	85,91,886
Adjustments for :		
Profit on sale of Investments	-	(1,70,236)
Fixed Assets Written off	-	11,360
Provision for non performing assets	-	10,929
Bad debts / Advances written off / (written back)	17,91,871	(1,441)
Investments written off	-	2,499
Depreciation / amortisation	8,05,728	5,05,423
Interest income	(10,35,149)	(7,34,895)
<b>Operating Profit before working Capital Changes</b>	<b>2,06,28,243</b>	<b>82,15,525</b>
Adjustment for :		
(Increase)/Decrease in Stock on Hire Purchase	87,94,962	(17,71,96,590)
(Increase)/Decrease in Receivables	(99,26,950)	(12,65,497)
Increase/(Decrease) in Payables	(90,31,757)	74,32,880
<b>Cash generated from operations</b>	<b>1,04,64,498</b>	<b>(16,28,13,882)</b>
Taxes on income paid	(44,83,184)	(1,29,273)
<b>Net Cash Generated From Operational Activities</b>	<b>59,81,314</b>	<b>(16,29,42,855)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Interest received	10,04,325	7,34,895
Purchase of investments	(5,00,000)	-
Proceeds from sale / redemption of Investments	-	1,45,20,146
<b>Net Cash Generated From Investing Activities</b>	<b>5,04,325</b>	<b>1,52,55,041</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	-	17,23,500
Repayment of borrowings	(33,14,500)	(50,00,000)
Dividend paid	(2,84,745)	-
Advance received / (repaid) against issue of preference shares	(4,03,86,945)	20,03,86,945
<b>Net Cash (Used) / Generated From Financing Activities</b>	<b>(4,39,86,190)</b>	<b>19,71,10,445</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(3,75,00,551)</b>	<b>4,94,22,531</b>
<b>Cash and Cash equivalents at the beginning of the year</b>	<b>4,94,24,173</b>	<b>1,642</b>
<b>Cash and Cash equivalents at the end of the year</b>	<b>1,19,23,622</b>	<b>4,94,24,173</b>

**Note:** Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard -3 "Cash Flow Statements "

As per our attached report of even date

For Nisar & Kumar  
Chartered Accountants

For and on behalf of Board

sd/-  
K. M. Mahadik  
Partner  
Place: Mumbai  
Date: May 30, 2012

sd/-  
V.G. Raghavan  
Director  
Place: Mumbai  
Date: May 30, 2012

sd/-  
S.Soni  
Director

sd/-  
Arun Ranga  
Company Secretary

**FRONTIER LEASING & FINANCE LIMITED**

Significant Accounting Policies and Notes forming part of Accounts for the year ended March 31, 2012

**1 Significant Accounting Policies**

The Financial statements have been prepared on accrual basis and in accordance with applicable accounting standards. A summary of the important accounting policies, which have been applied is set out below:

**1.1 Basis of Accounting:**

The financial statements are prepared in accordance with the historical cost convention.

**1.2 Investments:**

Long term investments are stated at cost. Incidental expenses incurred in acquiring the investments are added to the cost. Decline in carrying amount of investments, if any, other than of temporary nature is provided for in the Statement of Profit and Loss.

**1.3 Fixed Assets:**

Fixed Assets are recorded at cost inclusive of all incidental cost of acquisition and other incidental costs.

**1.4 Depreciation / Amortisation:**

Goodwill is amortised over the period of its estimated useful life of 2.5 years. Depreciation on other fixed assets is provided on Written Down Value Method at the rates prescribed under the Schedule XIV of the Companies Act, 1958 on pro rata basis from the date of addition / upto the date of deletion.

**1.5 Stock on Hire**

Stock on hire is reflected at total receivables comprising of total value of hire purchase instalments falling due after end of the accounting year net of Finance charges receivable on balance instalments.

**1.6 Revenue Recognition:**

i) In respect of Finance Charges on Hire Purchase agreements, Income is accounted by applying implicit rate of return in the transaction on the declining balance of the amount financed for the period of the agreement. No income is recognised in respect of non-performing assets as specified in the directions issued by the Reserve Bank of India in terms of the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

ii) Income interest is recognised on time accrual basis.

**1.7 Taxation:**

The provision for current tax, if any, is computed in accordance with the relevant tax regulations. Deferred Tax is recognised on timing difference between accounting and taxable income for the year by applying applicable tax rates as per Accounting Standard-22 on "Accounting for Taxes on Income". Deferred Tax Assets is recognised wherever there is reasonable certainty that future taxable income will be available against which such Deferred Tax Assets can be realised.

**1.8 Provisions and Contingent Liabilities:**

Provisions are recognised in the accounts for present probable obligations arising out of past events that require outflow of resources, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company, unless likelihood of an outflow of resources is remote. Contingent assets are not recognised in the accounts, unless there is virtual certainty as to its realisation.

**2 Share Capital****Authorised**

250,000 (P.Y. 250,000) Equity Shares of Rs 10 each

**Issued, Subscribed and Paid-up**

245,000 (P.Y. 245,000) Equity Shares of Rs 10 each fully paid up

**Total****Notes:**

- Number of shares held by the holding company viz. Essar Capital Finance Pvt. Ltd.: 176,610 (P.Y. 176,610)
- There are no changes in the number of shares outstanding as at March 31, 2011 and March 31, 2012.
- There are no shareholders (other than holding company) holding more than 5% shares.

	As at March 31, 2012	As at March 31, 2011
	Rs	Rs
Authorised		
250,000 (P.Y. 250,000) Equity Shares of Rs 10 each	25,00,000	25,00,000
Issued, Subscribed and Paid-up		
245,000 (P.Y. 245,000) Equity Shares of Rs 10 each fully paid up	24,50,000	24,50,000
<b>Total</b>	<b>24,50,000</b>	<b>24,50,000</b>

**FRONTIER LEASING & FINANCE LIMITED**

Significant Accounting Policies and Notes forming part of Accounts for the year ended March 31, 2012

**3 Reserves and Surplus**

Surplus in Statement of Profit and Loss

Balance at the beginning of the year  
 Add: Profit / (Loss) for the year  
 Less: Proposed Dividend (including corporate dividend tax)  
 Less: Transfer to Statutory Reserve  
 Balance at the end of the year

General Reserve

Balance as per last balance sheet

Statutory Reserve

Balance at the beginning of the year  
 Add: Transfer from surplus in statement of profit & loss  
 Balance at the end of the year

**Total**

	As at March 31, 2012	As at March 31, 2011
	Rs	Rs
	58,83,661	20,16,904
	1,23,41,755	51,89,377
	(2,84,745)	(2,84,745)
	(24,68,351)	(10,37,875)
	1,54,72,320	58,83,661
	11,85,650	11,85,650
	14,85,875	4,48,000
	24,68,351	10,37,875
	39,54,226	14,85,875
<b>Total</b>	<b>2,06,12,186</b>	<b>85,55,186</b>

**4 Share Application Money Pending Allotment**

During the previous year the company had received Rs 200,386,945 advance against issue of preference shares of which the company has refunded Rs 4,0386,945 during the year and Rs 10,000,000 has been refunded subsequently after balance sheet date. As per the agreed terms the company will issue preference shares of such face value at such a price which may be mutually agreed between the company and the applicant against the said application money on or before March 31, 2013. The company has yet to increase its authorised capital comprising preference shares of such face value to cover issue of preference shares to be issued.

**5 Deferred Tax (Liability) / Asset (net)**

The deferred tax assets of Rs 37,524 [P.Y. liability Rs 5,743] represents timing difference on account of depreciation.

**6 Short Term Borrowings**

Unsecured - Advance against issue of debentures from a company ( P.Y. outstanding)  
 Total

**7 Trade Payables**

Trade Payables  
 Total

**8 Other Current Liabilities**

Payable on purchase of investments  
 Share application money refundable (refer Note 4)  
 Advances from customers  
 Statutory liabilities  
 Total

**9 Short Term Provisions**

Provision for income tax (net of taxes paid)  
 Proposed dividend  
 Corporate dividend tax  
 Provision for Non Performing Assets  
 Total

**10 Fixed Assets**

**A. Tangible Assets**

**Gross Block**

Computers  
 Vehicles

**Accumulated Depreciation**

Computers  
 Vehicles

**Net Block**

**B. Intangible Assets**

**Gross Block**

Goodwill

**Accumulated Depreciation**

Goodwill

**Net Block**

	As at March 31, 2012	As at March 31, 2011
	Rs	Rs
	-	33,14,500
	-	33,14,500
	1,51,01,124	2,44,22,858
	1,51,01,124	2,44,22,858
	5,00,000	-
	1,00,00,000	-
	-	1,86,189
	208	24,040
	1,06,00,206	2,10,229
	52,64,848	29,80,727
	2,45,000	2,45,000
	39,745	39,745
	-	1,86,517
	55,49,593	34,51,989
	50,000	50,000
	14,00,000	14,00,000
	14,60,000	14,50,000
	27,000	11,867
	5,18,155	2,11,435
	5,48,155	2,23,102
	9,03,845	12,26,898
	12,08,690	12,08,690
	7,81,236	2,81,561
	4,42,454	9,25,129

**FRONTIER LEASING & FINANCE LIMITED**

Significant Accounting Policies and Notes forming part of Accounts for the year ended March 31, 2012

	As at March 31, 2012 Rs	As at March 31, 2011 Rs
<b>11 Non current Investments</b>		
<u>Long Term Investments</u> (Unquoted, Non -Trade, At cost)		
<u>a. Equity shares of Subsidiary company</u>		
50,000 (P.Y. Nil) Equity shares of AMW Finance Ltd of Rs 10 each fully paid	5,00,000	-
<u>b. Government Securities</u>		
6.85% GOI Bonds 2012	3,00,000	3,00,000
<b>Total</b>	<b>8,00,000</b>	<b>3,00,000</b>
<b>12 Long term loans and advances</b>		
Tax Deducted at source	18,667	18,667
<b>Total</b>	<b>18,667</b>	<b>18,667</b>
<b>13 Inventories</b>		
Stock on hire purchase (net of unmatured finance charges)	16,84,01,628	17,71,96,590
<b>Total</b>	<b>16,84,01,628</b>	<b>17,71,96,590</b>
<b>14 Trade Receivables</b> (Unsecured, Considered Good)		
Debts outstanding for period exceeding six months	-	22,81,266
Other debts (Note: Trade receivables are towards Hire purchase transactions)	2,16,54,555	12,27,920
<b>Total</b>	<b>2,16,54,555</b>	<b>35,09,186</b>
<b>15 Cash and Cash equivalents</b>		
Balances with Scheduled Banks in current accounts	14,67,798	4,94,24,173
Balances with Scheduled Banks in deposit accounts	1,04,55,824	-
<b>Total</b>	<b>1,19,23,622</b>	<b>4,94,24,173</b>
<b>16 Short term loans and advances</b> (Unsecured, Considered Good)		
Loans & advances to related parties	-	1,01,84,046
Prepaid expenses	-	12,761
<b>Total</b>	<b>-</b>	<b>1,01,96,807</b>
<b>17 Other Current Assets</b>		
Interest receivable	30,824	-
<b>Total</b>	<b>30,824</b>	<b>-</b>

**FRONTIER LEASING & FINANCE LIMITED**

Significant Accounting Policies and Notes forming part of Accounts for the year ended March 31, 2012

	Year ended March 31, 2012	Year ended March 31, 2011
	Rs	Rs
<b>18 Revenue from operations</b>		
Finance Charges on Hire Purchase	2,53,87,745	1,12,76,932
<b>Total</b>	<b>2,53,87,745</b>	<b>1,12,76,932</b>
<b>19 Other income</b>		
Profit on Sale of Investments	-	1,70,236
Interest income	10,35,149	7,34,895
Balances no longer payable written back (net)	-	1,441
<b>Total</b>	<b>10,35,149</b>	<b>9,06,572</b>
<b>20 Administrative &amp; Other Expenses</b>		
Office and Other Expenses	78,300	40,827
Listing & Custodial Fees	76,980	31,915
Professional Fees	11,66,134	5,76,067
Printing & Stationary	19,474	36,063
Postage & Communication expenses	1,52,677	2,53,890
Donations	71,000	2,15,000
Travelling and conveyance expenses	11,64,949	6,94,389
Business Promotion / AGM expenses	2,68,649	3,79,476
Membership & Subscriptions	9,51,752	-
Advertisement Expenses	1,50,949	1,46,226
<u>Auditors' Remuneration</u>		
Audit Fees	89,868	88,240
Tax audit fees	22,472	22,060
Repairs & Maintenance Expenses	5,11,510	5,58,584
Insurance Expenses	12,761	10,882
Bank charges	2,007	7,788
Investments written off	-	2,499
Fixed Assets written off	-	11,360
Bad-debts written off	17,91,871	-
Provisions for Non-performing assets	-	10,929
<b>Total</b>	<b>65,31,373</b>	<b>30,86,195</b>
<b>21 Depreciation / amortisation</b>		
Computers	15,333	11,667
Vehicles	3,07,720	2,11,435
Furniture & Fixtures	-	2
Office equipments	-	97
Plant & Machinery	-	661
Goodwill Amortised	4,82,675	2,81,561
<b>Total</b>	<b>8,05,728</b>	<b>5,05,423</b>
<b>22 Earning per Share</b>		
There are no potential equity shares and hence the basic and diluted earning per share, are same. The calculation of the basic and diluted earning per share is based on following data.		
Earnings [Net profit for the year after tax (Rs)]	1,23,41,765	51,89,377
Weighted average number of equity shares for the purpose of calculating earnings per share	2,45,000	2,45,000
Basic & Diluted Earnings per share of face value of Rs 10 each (Rs)	50.37	21.18

**23 Related Party Disclosures**

a) Related parties where control exists:

 i. Holding Company:

Essar Capital Finance Pvt. Ltd

 ii. Subsidiary Company:

AMW Finance Limited

 iii. Individual owning indirectly an interest in the voting power that gives control:

Mr. A S Ruia

b) Other related parties, where there have been transactions:

Enterprises controlled or significantly influenced by individual or relatives:

Essar Investments Ltd, Imperial Consultants &amp; Securities Private Ltd, India Securities Ltd, Futura Travels Ltd



FRONTIER LEASING & FINANCE LIMITED

Significant Accounting Policies and Notes forming part of Accounts for the year ended March 31, 2012

c) Transactions with related parties are summarised as under:

Particulars	Holding Company	Enterprises controlled or significantly influenced by individual or relatives	Total March 31, 2012
	Rs	Rs	Rs
<u>Advance received against issue of preference shares</u> (Essar Capital Finance Pvt. Ltd)	(20,03,86,945)	-	(20,03,86,945)
<u>Advance received against issue of debentures</u> (Imperial Consultants & Securities Private Ltd)	-	(33,14,500)	(33,14,500)
<u>Purchase of Undertaking</u> (India Securities Ltd)	-	(48,50,00,000)	(48,50,00,000)
<u>Subscription to Investments</u> (Imperial Consultants & Securities Pvt Ltd)	-	-	-
<u>Sale of Investments</u> (Essar Capital Finance Pvt Ltd)	-	(91,49,000)	(91,49,000)
<u>Advances Given</u>	(91,49,000)	-	(91,49,000)
India Securities Ltd	-	(1,84,046)	(1,84,046)
Essar Investments Limited	-	(1,61,498)	(1,61,498)
<u>Refund of advances taken</u> (Imperial Consultants & Securities Private Ltd)	-	(22,548)	(22,548)
<u>Refund of advances received against issue of preference shares</u> (Essar Capital Finance Pvt. Ltd)	-	33,14,500	33,14,500
<u>Refund of advances given</u>	4,03,86,945	(50,00,000)	(50,00,000)
Essar Investments	(-)	1,84,046	1,84,046
India Securities Ltd	-	-	-
<u>Travelling Expenses</u> (Futura Travels Ltd)	-	22,548	22,548
<u>Interest Income</u> (Imperial Consultants & Securities Private Ltd)	-	1,61,498	1,61,498
d) Balances outstanding at the end of the year:	-	-	-
<u>Debit balances</u>	-	(2,40,450)	(2,40,450)
<u>Credit balances</u>	16,00,00,000	(6,17,559)	(6,17,559)
	(20,03,86,945)	(1,84,046)	(1,84,046)
		-	16,00,00,000
		(33,14,500)	(20,37,01,445)

Notes:

a. The names of the related parties are disclosed under each nature of transaction where the transaction with single party is 10% or more of relevant nature of transactions.

b. The figures in bracket pertain to previous year

**FRONTIER LEASING & FINANCE LIMITED**

Significant Accounting Policies and Notes forming part of Accounts for the year ended March 31, 2012

- 24 The company has single business segments of Hire Purchase Finance Activities and Geographical location in India.
- 25 The company does not have any dues to micro, small and medium enterprises.
- 26 The company does not have any commitment or contingent liability.
- 27 Provision for non-performing assets in previous year is against trade receivables.
- 28 Information as required in terms of paragraph 13 of Non Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007:
- a. Disclosures regarding loans and advances availed by the Company and break up investments are given in the related schedules forming part of accounts.
- b. Borrower group-wise classification of all leased assets, stock-on-hire (net) and loans given:

**1. Related Parties**

- (a) Subsidiaries  
(b) Companies in the same group  
(c) Other related parties

**2. Other than related parties****TOTAL**

- c. Investments of Rs 500,000 in subsidiary company pertains to related party.  
d. Other Information:

March 31, 2012	
Rs	
Unsecured	
-	-
-	-
-	-
16,84,01,628	16,84,01,628
16,84,01,628	16,84,01,628

**1. Gross Non - Performing Assets**

- (a) Related parties  
(b) Other than related parties

**2. Net Non-Performing Assets**

- (a) Related parties  
(b) Other than related parties

**3. Assets acquired in satisfaction of debt**

March 31, 2012	
-	-
-	-
-	-
-	-
-	-

29. Previous year figures have been rearranged / regrouped wherever necessary.

As per our attached report of even date

For Nisar & Kumar  
Chartered Accountants

sd/-  
K. M. Mahadik  
Partner  
Place: Mumbai  
Date: May 30, 2012

sd/-          sd/-  
V.G.Raghavan          S. Soni  
Director                  Director  
Place: Mumbai  
Date: May 30, 2012

sd/-  
Arun Ranga  
Company Secretary

**AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF  
FRONTIER LEASING & FINANCE LIMITED ON THE CONSOLIDATED  
FINANCIAL STATEMENTS OF FRONTIER LEASING & FINANCE LIMITED**

We have audited the attached Consolidated Balance Sheet of Frontier Leasing & Finance Limited (the company) Group as at March 31, 2012 and also the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the management of the company and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. 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. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs 27,311,549 as at March 31, 2012, the total revenue of Rs.NIL and cash inflows amounting to Rs. 22,049,649 for the year then ended. These financial statements and other financial information have been audited by the other auditors whose report has been furnished to us and our opinion is based solely on the report of the other auditors.

We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, 'Consolidated Financial Statements' notified pursuant to the Companies (Accounting Standards) Rules, 2006.

Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements, give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of Consolidated Balance Sheet, of the affairs of Frontier Leasing & Finance Limited Group as at March 31, 2012;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the profit Frontier Leasing & Finance Limited Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of Frontier Leasing & Finance Limited Group for the year ended on that date.

**For Nisar & Kumar**  
Chartered Accountants  
Firm Regn. No. 127820 W

Sd/-  
K. M. Mahadik  
Partner (M. No. 48453)  
Mumbai, May 30, 2012

FRONTIER LEASING & FINANCE LIMITED

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2012

	Note No.	As at March 31, 2012 Rs
<b><u>EQUITY AND LIABILITIES</u></b>		
<b>Shareholders' Funds</b>		
Share Capital	2	24,50,000
Reserves and Surplus	3	2,06,00,609
		<b>2,30,50,609</b>
<b>Share Application Money Pending Allotment</b>	4	<b>15,00,00,000</b>
<b>Non Current Liabilities</b>		
Long Term Borrowings	5	2,68,11,900
<b>Current Liabilities</b>		
Trade payables	6	1,51,29,415
Other Current Liabilities	7	1,07,08,881
Short Term Provisions	8	55,49,593
		<b>3,13,87,889</b>
<b>TOTAL</b>		<b>23,12,50,398</b>
<b><u>ASSETS</u></b>		
<b>Non Current Assets</b>		
<b>Fixed Assets</b>		
Tangible Assets	9	9,03,845
Intangible Assets		6,68,184
Non-Current Investments	10	3,00,000
Deferred tax assets (net)	11	37,524
Long Term Loans and Advances	12	18,667
		<b>19,28,220</b>
<b>Current Assets</b>		
Inventories - Stock on Hire Purchase (Net)	13	16,84,01,628
Trade Receivables	14	2,16,54,555
Cash and cash equivalents	15	3,44,73,271
Other current assets	16	47,92,724
		<b>22,93,22,178</b>
<b>TOTAL</b>		<b>23,12,50,398</b>

Significant Accounting Policies  
(Note No.22 to 26 forms integral part of accounts)

1

As per our attached report of even date

For Nisar & Kumar  
Chartered Accountants

For & on behalf of the Board

sd/-  
K. M. Mahadik  
Partner  
Place: Mumbai  
Date: May 30, 2012

sd/-                      sd/-                      sd/-  
V.G.Raghavan          S.Soni                  Arun Ranga  
Director                  Director                  Company Secretary  
Place: Mumbai  
Date: May 30, 2012

FRONTIER LEASING & FINANCE LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

	Note No.	For the year ended March 31, 2012
		Rs
<b>REVENUE</b>		
Revenue from operations	17	2,53,67,745
Other Income	18	10,35,149
<b>Total Revenue</b>		<b>2,64,02,894</b>
<b>EXPENSES</b>		
Administrative & Other Expenses	19	65,42,960
Depreciation / amortisation	20	8,05,728
<b>Total</b>		<b>73,48,688</b>
Profit before tax		1,90,54,206
<b>Tax Expenses:</b>		
a) Current Tax		(67,67,305)
b) Deferred Tax		43,267
Profit after tax		1,23,30,168
Basic & Diluted Earning per share of Rs 10 each	21	<b>50.33</b>

Significant accounting policies  
(Note No.22 to 28 forms integral part of accounts)

1

As per our attached report of even date

For Nisar & Kumar  
Chartered Accountants

For & on behalf of the Board

sd/-  
K. M. Mahadik  
Partner  
Place: Mumbai  
Date: May 30, 2012

sd/-                      sd/-  
V.G. Raghavan      S.Soni  
Director                      Director  
Place: Mumbai  
Date: May 30, 2012

sd/-  
Arun Ranga  
Company Secretary

**FRONTIER LEASING & FINANCE LIMITED**  
**Consolidated Cash Flow Statement for the year ended March 31, 2012**

Particulars	For the year ended March 31, 2012
	Rs
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	
Profit before taxation	1,90,54,206
Adjustments for :	
Bad debts / Advances written off	17,91,871
Depreciation / amortisation	8,05,728
Interest Income	(10,35,149)
<b>Operating Profit before working Capital Changes</b>	<b>2,06,16,656</b>
Adjustment for :	
(Increase)/Decrease in Stock on Hire Purchase	87,94,962
(Increase)/Decrease in Receivables	(1,46,88,850)
Increase/(Decrease) in Payables	(90,20,521)
<b>Cash generated from operations</b>	<b>57,02,247</b>
Taxes on Income paid	(44,83,184)
<b>Net Cash Generated From Operational Activities</b>	<b>12,19,063</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	
Interest received	10,04,325
Purchase of investments	(5,00,000)
<b>Net Cash Generated From Investing Activities</b>	<b>5,04,325</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	
Proceeds from borrowings	2,68,11,900
Repayment of borrowings	(33,14,600)
Dividend paid	(2,84,745)
Advance received / (repaid) against issue of preference shares	(4,03,86,945)
<b>Net Cash Used in From Financing Activities</b>	<b>(1,71,74,290)</b>
<b>Net Increase / (decrease) in cash and cash equivalents</b>	<b>(1,54,50,902)</b>
<b>Cash and Cash equivalents at the beginning of the year</b>	<b>4,99,24,173</b>
<b>Cash and Cash equivalents at the end of the year</b>	<b>3,44,73,271</b>

**Note:** Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard -3 " Cash Flow Statements "

As per our attached report of even date

For Nisar & Kumar  
Chartered Accountants

For and on behalf of Board

sd/-  
K. M. Mahadik  
Partner  
Place: Mumbai  
Date: May 30, 2012

sd/-  
V. G. Raghavan  
Director  
Place: Mumbai  
Date: May 30, 2012

sd/-  
S. Soni  
Director

sd/-  
Arun Ranga  
Company Secretary

**FRONTIER LEASING & FINANCE LIMITED**

Significant Accounting Policies and Notes forming part of Consolidated Accounts for the year ended March 31, 2012

**1 Significant Accounting Policies**

The Financial statements have been prepared on accrual basis and in accordance with applicable accounting standards. A summary of the important accounting policies, which have been applied is set out below:

**1.1 Basis of Accounting :**

The financial statements are prepared in accordance with the historical cost convention.

**1.2 Basis of consolidation**

a) The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries on line by line basis by adding together like items of assets, liabilities, income and expenses by using uniform accounting policies. The difference between the cost of investment and the Company's portion of equity in subsidiaries, at the date of investment, is treated as goodwill or capital reserve as a case may be. The interest of minority shareholders is stated at the minority's proportion of the assets and liabilities recognised.

b) All significant transactions and balances between the company and subsidiaries are eliminated on consolidation.

**1.3 Investments :**

Long term investments are stated at cost. Incidental expenses incurred in acquiring the investments are added to the cost. Decline in carrying amount of investments, if any, other than of temporary nature is provided for in the Statement of Profit and Loss.

**1.4 Fixed Assets:**

Fixed Assets are recorded at cost inclusive of all incidental cost of acquisition and other incidental costs.

**1.5 Depreciation / Amortisation:**

Goodwill (other than Goodwill on consolidation) is amortised over the period of its estimated useful life of 2.5 years. Goodwill on consolidation is not amortised. Depreciation on other fixed assets is provided on Written Down Value Method at the rates prescribed under the Schedule XIV of the Companies Act, 1956 on pro rata basis from the date of addition / upto the date of deletion.

**1.6 Stock on Hire**

Stock on hire is reflected at total receivables comprising of total value of hire purchase instalments falling due after end of the accounting year net of finance charges receivable on balance instalments.

**1.7 Revenue Recognition :**

i) In respect of Finance Charges on Hire Purchase agreements, Income is accounted by applying implicit rate of return in the transaction on the declining balance of the amount financed for the period of the agreement. No income is recognised in respect of non-performing assets as specified in the directions issued by the Reserve Bank of India in terms of the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

ii) Income interest is recognised on time accrual basis.

**1.8 Taxation:**

The provision for current tax, if any, is computed in accordance with the relevant tax regulations. Deferred Tax is recognised on timing difference between accounting and taxable income for the year by applying applicable tax rates as per Accounting Standard-22 on "Accounting for Taxes on Income". Deferred Tax Assets is recognised wherever there is reasonable certainty that future taxable income will be available against which such Deferred Tax Assets can be realised.

**1.9 Provisions and Contingent Liabilities:**

Provisions are recognised in the accounts for present probable obligations arising out of past events that require outflow of resources, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company, unless likelihood of an outflow of resources is remote. Contingent assets are not recognised in the accounts, unless there is virtual certainty as to its realisation.

**2 Share Capital****Authorised**

250,000 Equity Shares of Rs 10 each

**Issued, Subscribed and Paid-up**

245,000 Equity Shares of Rs 10 each fully paid up

**Total**

As at March 31, 2012
Rs
25,00,000
24,50,000
24,50,000

**Notes:**

- Number of shares held by the holding company viz. Essar Capital Finance Pvt. Ltd: 176,610.
- There are no changes in the number of shares outstanding as at March 31, 2012.
- There are no shareholders (other than holding company) holding more than 5% shares.



**FRONTIER LEASING & FINANCE LIMITED**

Significant Accounting Policies and Notes forming part of Consolidated Accounts for the year ended March 31, 2012

**3 Reserves and Surplus**
Surplus in Statement of Profit and Loss

As at March 31, 2012	
Rs	
Balance at the beginning of the year	58,83,661
Add: Profit / (Loss) for the year	1,23,30,168
Less: Proposed Dividend (including corporate dividend tax)	(2,84,745)
Less: Transfer to Statutory Reserve	(24,66,034)
Balance at the end of the year	1,54,63,050

General Reserve

Balance as per last balance sheet	11,85,650
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Statutory Reserve

Balance at the beginning of the year	14,85,875
Add: Transfer from surplus in statement of profit & loss	24,66,034
Balance at the end of the year	39,51,909

**Total**
**2,05,00,609**
**4 Share Application Money Pending Allotment**

During the previous year the company had received Rs 200,388,945 advance against issue of preference shares of which the company has refunded Rs 4,0388,945 during the year and Rs 10,000,000 has been refunded subsequently after balance sheet date. As per the agreed terms the company will issue preference shares of such face value at such a price which may be mutually agreed between the company and the applicant against the said application money on or before March 31, 2013. The company has yet to increase its authorised capital comprising preference shares of such face value to cover issue of preference shares to be issued.

**5 Long Term Borrowings**
Unsecured

As at March 31, 2012	
Rs	
Borrowings from companies	2,68,11,900
Total	2,68,11,900

**6 Trade Payables**

Trade Payables	1,51,29,415
Total	1,51,29,415

**7 Other Current Liabilities**

Payable on purchase of investments	5,00,000
Share application money refundable (refer Note 4)	1,00,00,000
Other liabilities	2,08,675
Statutory liabilities	206
Total	1,07,08,881

**8 Short Term Provisions**

Provision for income tax (net of taxes paid)	52,84,848
Proposed dividend	2,45,000
Corporate dividend tax	39,745
Total	55,49,593

**9 Fixed Assets**
**A. Tangible Assets**

<b>Gross Block</b>	
Computers	50,000
Vehicles	14,00,000
	<b>14,50,000</b>
<b>Accumulated Depreciation</b>	
Computers	27,000
Vehicles	5,19,155
	<b>5,46,155</b>
<b>Net Block</b>	<b>9,03,845</b>

**B. Intangible Assets**

<b>Gross Block</b>	
Goodwill	12,06,890
<b>Accumulated Depreciation</b>	
Goodwill	7,64,236
<b>Net Block</b>	<b>4,42,454</b>
Goodwill on consolidation	2,25,730
<b>Total</b>	<b>6,68,184</b>

**FRONTIER LEASING & FINANCE LIMITED**

Significant Accounting Policies and Notes forming part of Consolidated Accounts for the year ended March 31, 2012

	As at March 31, 2012
	Rs
<b>10 Non current Investments</b>	
<u>Long Term Investments</u> (Unquoted, Non -Trade, At cost)	
<u>Government Securities</u>	
6.85% GOI Bonds 2012	3,00,000
<b>Total</b>	<b>3,00,000</b>
<b>11 Deferred Tax (Liability) / Asset (net)</b>	
The deferred tax assets of ` 37,524 represents timing difference on account of depreciation.	
<b>12 Long term loans and advances</b>	
Tax Deducted at source	18,667
<b>Total</b>	<b>18,667</b>
<b>13 Inventories</b>	
Stock on hire purchase (net of unmatured finance charges)	16,84,01,628
<b>Total</b>	<b>16,84,01,628</b>
<b>14 Trade Receivables</b> (Unsecured, Considered Good)	
Debts outstanding for period exceeding six months	
Other debts	2,16,54,555
(Note: Trade receivables are towards Hire purchase transactions)	
<b>Total</b>	<b>2,16,54,555</b>
<b>15 Cash and Cash equivalents</b>	
Balances with Scheduled Banks in current account	2,40,17,447
Balances with Scheduled Banks in deposit account	1,04,55,824
	<b>3,44,73,271</b>
<b>16 Other Current Assets</b>	
Expenses related to investments under acquisition (refer note given below)	47,61,900
Interest receivable	30,824
<b>Total</b>	<b>47,92,724</b>

Note:

In connection with the proposed acquisition of a company the subsidiary company has incurred certain expenses which will form part of the cost of the investments to be acquired are treated as such.

**FRONTIER LEASING & FINANCE LIMITED**

Significant Accounting Policies and Notes forming part of Consolidated Accounts for the year ended March 31, 2012

	Year ended March 31, 2012
	Rs
<b>17 Revenue from operations</b>	
Finance Charges on Hire Purchase	2,53,67,745
<b>Total</b>	<b>2,53,67,745</b>
<b>18 Other Income</b>	
Interest Income	10,35,149
<b>Total</b>	<b>10,35,149</b>
<b>19 Administrative &amp; Other Expenses</b>	
Office and Other Expenses	78,300
Listing & Custodial Fees	76,960
Professional Fees	11,66,134
Printing & Stationary	19,474
Postage & Communication expenses	1,52,677
Donations	71,000
Travelling and conveyance expenses	11,64,949
Business Promotion / AGM expenses	2,68,649
Membership & Subscriptions	9,51,762
Advertisement Expenses	1,50,949
<u>Auditors' Remuneration</u>	
Audit Fees	1,01,124
Tax audit fees	22,472
Repairs & Maintenance Expenses	5,11,610
Insurance Expenses	12,761
Bank charges	2,358
Bad-debts written off	17,91,871
<b>Total</b>	<b>65,42,960</b>
<b>20 Depreciation / amortisation</b>	
Computers	15,333
Vehicles	3,07,720
Goodwill Amortised	4,82,675
<b>Total</b>	<b>8,05,728</b>
<b>21 Earning per Share</b>	

There are no potential equity shares and hence the basic and diluted earning per share are same. The calculation of the basic and diluted earning per share is based on following data.

	March 31, 2012
Earnings [Net profit for the year after tax (Rs)]	1,23,30,168
Weighted average number of equity shares for the purpose of calculating earnings per share	2,45,000
Basic & Diluted Earnings per share of face value of Rs 10 each (Rs)	50.33

**22 Related Party Disclosures**

a) Related parties where control exists:

i. Holding Company:

Essar Capital Finance Pvt. Ltd

ii. Individual owning indirectly an interest in the voting power that gives control:

Mr. A S Ruia

b) Other related parties, where there have been transactions:

Enterprises controlled or significantly influenced by individual or relatives:

Essar Investments Ltd, Imperial Consultants & Securities Private Ltd, India Securities Ltd, Futura Travels Ltd

**FRONTIER LEASING & FINANCE LIMITED**

Significant Accounting Policies and Notes forming part of Consolidated Accounts for the year ended March 31, 2012

c) Transactions with related parties are summarised as under:

Particulars	Holding Company	Enterprises controlled or significantly influenced by individual or relatives	Total March 31, 2012
	Rs	Rs	Rs
<u>Refund of advances taken</u> (Imperial Consultants & Securities Private Ltd)		33,14,500	33,14,500
<u>Refund of advances received against issue of preference shares</u> (Essar Capital Finance Pvt. Ltd)	4,03,86,945		4,03,86,945
<u>Refund of advances given</u>		1,84,046	1,84,046
Essar Investments		22,648	
India Securities Ltd		1,61,498	
d) Balances outstanding at the end of the year:			
<b>Credit balances</b>	<b>16,00,00,000</b>		<b>16,00,00,000</b>

Notes:

a. The names of the related parties are disclosed under each nature of transaction where the transaction with single party is 10% or more of relevant nature of transactions.

**FRONTIER LEASING & FINANCE LIMITED**

Significant Accounting Policies and Notes forming part of Consolidated Accounts for the year ended March 31, 2012

- 23 The company has single business segments of Hire Purchase Finance Activities and Geographical location in India.
- 24 The company does not have any dues to micro, small and medium enterprises.
- 25 The company does not have any commitment or contingent liability.
- 26 These consolidated financial statements include financials of its 100% subsidiary viz. AMW Finance Limited, whose financial year also ended on March 31, 2012.
- 27 Information as required in terms of paragraph 13 of Non Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007:
- a. Disclosures regarding loans and advances availed by the Company and break up investments are given in the related schedules forming part of accounts.
- b. Borrower group-wise classification of all leased assets, stock-on-hire (net) and loans given:

**1. Related Parties**

- (a) Subsidiaries  
(b) Companies in the same group  
(c) Other related parties

**2. Other than related parties****TOTAL****c. Other information:****1. Gross Non - Performing Assets**

- (a) Related parties  
(b) Other than related parties

**2. Net Non-Performing Assets**

- (a) Related parties  
(b) Other than related parties

**3. Assets acquired in satisfaction of debt**

March 31, 2012	
Rs	
<b>Unsecured</b>	
	-
	-
	-
	16,84,01,628
<b>TOTAL</b>	<b>16,84,01,628</b>

March 31, 2012	
	-
	-
	-
	-
	-

- 28 Since consolidated financial statements are prepared for the first time, the previous year figures are not given.

As per our attached report of even date

For Nisar & Kumar  
Chartered Accountants

sd/-  
K. M. Mahadik  
Partner  
Place: Mumbai  
Date: May 30, 2012

sd/-  
V.G.Raghavan  
Director  
Place: Mumbai  
Date: May 30, 2012

sd/-  
S.Soni  
Director  
Place: Mumbai  
Date: May 30, 2012

sd/-  
Arun Ranga  
Company Secretary