

FRONTIER
LEASING & FINANCE

Frontier Leasing and Finance Limited
Annual Report FY 2011-2012

Frontier Leasing & Finance Limited

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

Final

28th Annual Report 2011-12

Board of Directors	:	Mr. V. G. Raghavan Mr. N. B. Vyas Mr. Manish Kedia Mr. Sandeep Soni
Company Secretary	:	Arun Ranga
Auditor	:	Nisar & Kumar Chartered Accountants, 1301, Arcadia Building, Next to Earnest House, NCPA Marg, Nariman Point Mumbai- 400 021
Banker	:	State Bank of Mysore
Registered Office	:	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: www.flfindia.com
Registrar & Transfer Agent	:	Sharex Dynamic (India) Pvt. Ltd. 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: investor@sharexindia.com

Frontier Leasing & Finance Limited

Regd. Off.: 2nd 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 31st March, 2012.

1. Financial Results:

Particulars	(Amt In Rs.)	
	For the Year ended on 31 st March, 2012	For the Year ended on 31 st 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: <u>Provision for Taxation</u>		
• 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/-.

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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 14th 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 31st 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 profit 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 31st 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


Mr. V.G. Raghavan
Director


Mr. Sandeep Soni
Director

Date: 8th August, 2012

Place: Mumbai



NISAR & KUMAR

Chartered Accountants

Head office :

Door No. 6-2-941, Flat No. 205,
Mughal's Emami Mansion, Khairtabad,
Hyderabad - 500 004
Tel. No. 040-66758388, M. No. 09246458388
E-mail : nisarkumar@hotmail.com

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.

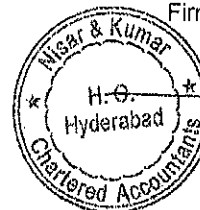
We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence 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



Mahadik

K. M. Mahadik
Partner
M. No. 48453

Place: Mumbai
Date: May 30, 2012

Branch Offices :

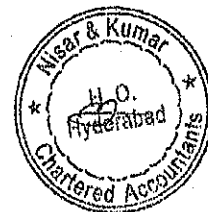
1305, Arcadia Building, Next to Earnest House,
NCPA Marg, Nariman Point, Mumbai - 400 021,
Tel. No. 022-40005394 • Telex: 022-66669511

C/o 27-K. M. Surat - Hazira Road,
Hazira, Gujarat State -394 270
Mob. No. 09879102440

Plot No.58, Vallabhaganapati Street,
SVP Nagar, Valasaravakkam,
Chennai - 600 087, • Tel. No: 044-24866811

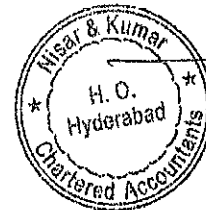
ANNEXURE REFERRED TO THE REPORT OF EVEN DATE FOR THE YEAR ENDED MARCH 31, 2012 OF FRONTIER LEASING & FINANCE LIMITED

- (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



Mahadik

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 March 31, 2012 Rs	As at March 31, 2011 Rs
<u>EQUITY AND LIABILITIES</u>			
Shareholders' Funds			
Share Capital	2	24,50,000	24,50,000
Reserves and Surplus	3	2,06,12,196	85,55,186
		2,30,62,196	1,10,05,186
Share Application Money Pending Allotment	4	15,00,00,000	20,03,86,945
Non Current Liabilities			
Deferred Tax Liability (net)	5	-	5,743
Current Liabilities			
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
		3,11,50,923	3,13,99,576
TOTAL		20,42,13,119	24,27,97,450
<u>ASSETS</u>			
Non Current Assets			
Fixed Assets			
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
		22,02,490	24,70,694
Current Assets			
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	-
		20,20,10,629	24,03,26,756
TOTAL		20,42,13,119	24,27,97,450

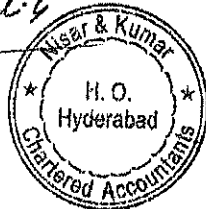
Significant Accounting Policies
(Note No.23 to 29 forms integral part of accounts)

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As per our attached report of even date

For Nisar & Kumar
Chartered Accountants

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



For & on behalf of the Board

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



S. Soni
Director

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.
REVENUE			
Revenue from operations	18	2,53,67,745	1,12,76,932
Other Income	19	10,35,149	9,06,572
Total Revenue		2,64,02,894	1,21,83,504
EXPENSES			
Administrative & Other Expenses	20	65,31,373	30,86,195
Depreciation / amortisation	21	8,05,728	5,05,423
Total		73,37,101	35,91,618
Profit before tax		1,90,65,793	85,91,886
Tax Expenses:			
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)

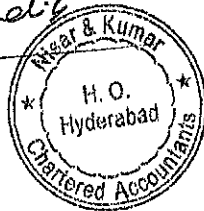
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As per our attached report of even date

For Nisar & Kumar
Chartered Accountants

For & on behalf of the Board

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



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

S. Soni
S. Soni
Director

Arun Ranga
Arun Ranga
Company Secretary



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

Particulars	For the year ended	For the year ended
	March 31, 2012	March 31, 2011
	Rs	Rs
CASH FLOW FROM OPERATING ACTIVITIES		
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)
Operating Profit before working Capital Changes	2,06,28,243	82,15,625
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
Cash generated from operations	1,04,64,498	(16,28,13,682)
Taxes on income paid	(44,83,184)	(1,29,273)
Net Cash Generated From Operational Activities	59,81,314	(16,29,42,955)
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	10,04,325	7,34,895
Purchase of investments	(5,00,000)	-
Proceeds from sale / redemption of Investments	-	1,45,20,146
Net Cash Generated From Investing Activities	5,04,325	1,52,55,041
CASH FLOW FROM FINANCING ACTIVITIES		
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
Net Cash (Used) / Generated From Financing Activities	(4,39,86,190)	19,71,10,445
Net increase / (decrease) in cash and cash equivalents	(3,75,00,551)	4,94,22,531
Cash and Cash equivalents at the beginning of the year	4,94,24,173	1,642
Cash and Cash equivalents at the end of the year	1,19,23,622	4,94,24,173

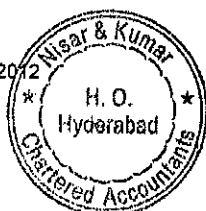
Note: Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard -3 "Cash Flow Statements "

As per our attached report of even date

For Nisar & Kumar
Chartered Accountants

For and on behalf of Board

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



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



S. Sont
Director

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, 1956 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

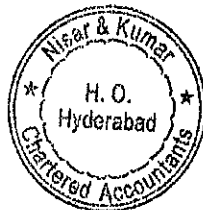
Issued, Subscribed and Paid-up

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 : 176,810 (P.Y. 176,810)
- 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
Total	24,50,000	24,50,000



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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	58,83,661	20,16,904
Add: Profit / (Loss) for the year	1,23,41,755	51,89,377
Less: Proposed Dividend (including corporate dividend tax)	(2,84,745)	(2,84,745)
Less: Transfer to Statutory Reserve	(24,68,351)	(10,37,675)
Balance at the end of the year	1,54,72,320	58,83,661

General Reserve

Balance as per last balance sheet

11,85,650	11,85,650
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Statutory Reserve

Balance at the beginning of the year	14,85,875	4,48,000
Add: Transfer from surplus in statement of profit & loss	24,68,351	10,37,675
Balance at the end of the year	39,54,226	14,85,875

Total

2,06,12,196	85,55,186
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	As at March 31, 2012	As at March 31, 2011
	Rs	Rs
3 Reserves and Surplus		
<u>Surplus in Statement of Profit and Loss</u>		
Balance at the beginning of the year	58,83,661	20,16,904
Add: Profit / (Loss) for the year	1,23,41,755	51,89,377
Less: Proposed Dividend (including corporate dividend tax)	(2,84,745)	(2,84,745)
Less: Transfer to Statutory Reserve	(24,68,351)	(10,37,675)
Balance at the end of the year	1,54,72,320	58,83,661
<u>General Reserve</u>		
Balance as per last balance sheet	11,85,650	11,85,650
<u>Statutory Reserve</u>		
Balance at the beginning of the year	14,85,875	4,48,000
Add: Transfer from surplus in statement of profit & loss	24,68,351	10,37,675
Balance at the end of the year	39,54,226	14,85,875
Total	2,06,12,196	85,55,186

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)	-	33,14,500
Total	-	33,14,500

7 Trade Payables

Trade Payables	1,51,01,124	2,44,22,858
Total	1,51,01,124	2,44,22,858

8 Other Current Liabilities

Payable on purchase of investments	5,00,000	-
Share application money refundable (refer Note 4)	1,00,00,000	-
Advances from customers	-	1,86,189
Statutory liabilities	208	24,040
Total	1,05,00,208	2,10,229

9 Short Term Provisions

Provision for income tax (net of taxes paid)	52,64,848	29,80,727
Proposed dividend	2,46,000	2,45,000
Corporate dividend tax	38,745	38,745
Provision for Non Performing Assets	-	1,86,517
Total	55,49,593	34,51,989

10 Fixed Assets

A. Tangible Assets

Gross Block

Computers	50,000	50,000
Vehicles	14,00,000	14,00,000
	14,50,000	14,50,000

Accumulated Depreciation

Computers	27,000	11,667
Vehicles	5,19,155	2,11,435
	5,46,155	2,23,102

Net Block

9,03,845	12,26,898
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B. Intangible Assets

Gross Block

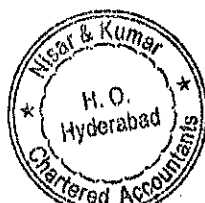
Goodwill	12,06,690	12,06,690
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Accumulated Depreciation

Goodwill	7,64,236	2,81,561
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Net Block

4,42,454	9,25,129
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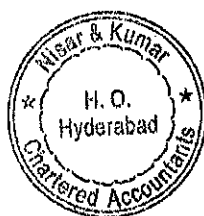


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FRONTIER LEASING & FINANCE LIMITED

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
11 Non current investments		
<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>		
8.85% GOI Bonds 2012	3,00,000	3,00,000
Total	8,00,000	3,00,000
12 Long term loans and advances		
Tax Deducted at source	18,667	18,667
Total	18,667	18,667
13 Inventories		
Stock on hire purchase (net of unmatured finance charges)	16,84,01,628	17,71,95,590
Total	16,84,01,628	17,71,95,590
14 Trade Receivables (Unsecured, Considered Good)		
Debts outstanding for period exceeding six months	-	22,81,266
Other debts	2,16,54,555	12,27,920
(Note: Trade receivables are towards Hire purchase transactions)		
Total	2,16,54,555	35,09,186
15 Cash and Cash equivalents		
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	-
Total	1,19,23,622	4,94,24,173
16 Short term loans and advances (Unsecured, Considered Good)		
Loans & advances to related parties	-	1,01,84,046
Prepaid expenses	-	12,761
Total	-	1,01,96,807
17 Other Current Assets		
Interest receivable	30,824	-
Total	30,824	-



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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
18 Revenue from operations		
Finance Charges on Hire Purchase	2,53,67,745	1,12,76,932
Total	2,53,67,745	1,12,76,932
19 Other Income		
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
Total	10,35,149	9,06,572
20 Administrative & Other Expenses		
Office and Other Expenses	76,300	40,827
Litigating & Custodial Fees	76,980	31,815
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	6,84,389
Business Promotion / AGM expenses	2,68,649	3,79,476
Membership & Subscriptions	9,51,752	-
Advertisement Expenses	1,50,949	1,46,228
<u>Auditors' Remuneration</u>		
Audit Fees	89,888	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
Total	65,31,373	30,86,195
21 Depreciation / amortisation		
Computers	15,333	11,867
Vehicles	3,07,720	2,11,435
Furniture & Fixtures	-	2
Office equipments	-	97
Plant & Machinery	-	661
Goodwill Amortised	4,82,675	2,81,581
Total	8,06,728	6,05,423

22 Earning per Share

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	March 31, 2011
Earnings [Net profit for the year after tax (Rs)]	1,23,41,755	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:

AMV Finance Limited

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

Mr. A S Rula

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

