

SAILING SUSTAINABLY



CONSOLIDATING CAPABILITIES



ENHANCING VALUE

Forward Looking Statement

In this Annual Report, we have disclosed forward looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements – written and oral – that we periodically make contain forward looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward looking statements will be realised, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.



For more information
log on to
www.frostinternational.in

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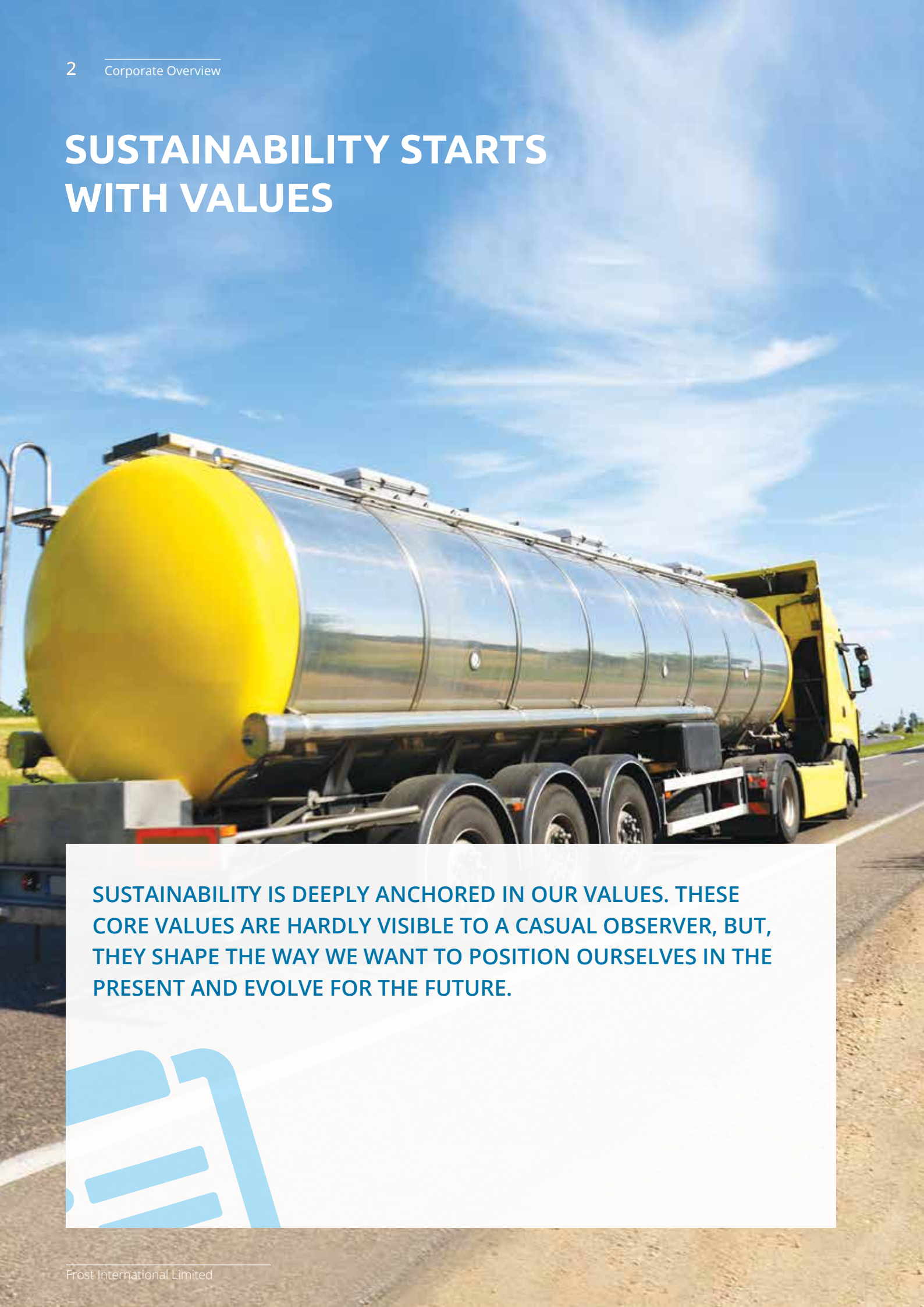
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WE THINK THE GLOBAL ECONOMIC AND BUSINESS LANDSCAPE WILL CONTINUE TO BE UNPREDICTABLE AT LEAST IN THE NEAR TERM. THE ECONOMIC ENVIRONMENT WILL WITNESS CONTRASTING PATTERNS OF GROWTH ACROSS GEOGRAPHIES AS IT DID IN THE LAST FEW YEARS.

Therefore, our strategy is to stay focused on course and strive for value creation in a smarter and innovative manner that takes into account rapidly changing customer aspirations, quality vis-à-vis cost paradigm and the geopolitical environment. Our sustainability approach touches upon all these aspects and more, like the need to reduce environmental footprint and evolve greener strategies for growth. At the same time, we are focusing on expanding the pool of our talented and inspired team, who will translate strategies into credible business value.

During the year, we have been largely successful in our endeavour. The result is a sterling business performance and an empowered brand, ready to take on future challenges with a long-term strategy to sail sustainably.

SUSTAINABILITY STARTS WITH VALUES



SUSTAINABILITY IS DEEPLY ANCHORED IN OUR VALUES. THESE CORE VALUES ARE HARDLY VISIBLE TO A CASUAL OBSERVER, BUT, THEY SHAPE THE WAY WE WANT TO POSITION OURSELVES IN THE PRESENT AND EVOLVE FOR THE FUTURE.



VISION

WE SHALL BE AN INNOVATIVE, ENTREPRENEURIAL AND EMPOWERED TEAM, CONSTANTLY CREATING VALUE AND ATTAINING GLOBAL BENCHMARKS.

WE SHALL FOSTER A CULTURE OF CARING, TRUST AND CONTINUOUS LEARNING WHILE MEETING EXPECTATIONS OF EMPLOYEES, STAKEHOLDERS AND SOCIETY.

WE SHALL BE A PROFESSIONALLY MANAGED ORGANISATION, COMMITTED TO TOTAL CUSTOMER SATISFACTION AND ENHANCING SHAREHOLDER VALUE.



FIVE CORE VALUES

- **Integrity:** We conduct our business fairly, with honesty and transparency.
- **Understanding:** We care, show respect and compassion for our colleagues and customers worldwide, and always work for the benefit of the communities we serve.
- **Excellence:** We constantly strive to excel in the service and quality we provide, with reliability, safety and customer retention being our ultimate objectives.
- **Unity:** We work cohesively with our colleagues across the Company and with our customers and partners globally, building strong relationships based on tolerance, understanding and mutual co-operation.
- **Responsibility:** We continue to be responsible and sensitive to the countries, communities and the environment in which we work, always ensuring that we return to society much more than what we have got.

Quick facts

Inception: 1995

Industry position: Global trading conglomerate with wide geographical reach

Recognition: Acknowledged by the Ministry of Commerce and Industry, India as a Star Trading House.

OUTPERFORMING COMPETITION WITH AN OUTSTANDING VALUE PROPOSITION



ROBUST FINANCIALS

Forward-looking strategies, judicious resource utilisation and focus on quality standards and cost structures have enhanced revenues

₹12,941 CRORE

REVENUE IN FY 2013-14



ENDURING RELATIONSHIPS

Our aim is consistent customer satisfaction

100%

REPEAT BUSINESS



TIMELY DELIVERIES

Timely product supply is critical to retain customer trust

50+

SUPPLIERS



QUALITY ASSURANCE

Stringent adherence to global standards and benchmarks

ISO 9001:2008

CERTIFICATION



RICH EXPERIENCE

Deep insights and knowledge about industry practices

19+

YEARS OF EXPERIENCE



DIVERSIFIED WORKFORCE

Dynamic workforce with vast experience and expertise

155+

EMPLOYEES

WHAT WE DEAL IN



AGRI COMMODITIES



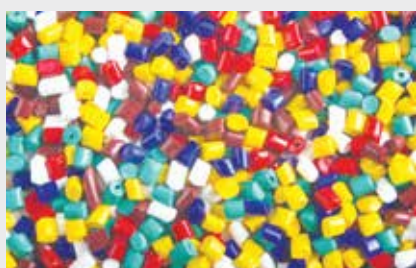
MINERALS AND METALS



BULLION



EQUIPMENT AND MACHINERY



POLYMER, CHEMICAL
AND PETRO PRODUCTS



COMPUTER PERIPHERALS

WHAT WE ASPIRE TO DO

- Strengthen our international presence by exporting quality products at competitive prices
- Expand our product portfolio nationally and internationally
- To become one of India's leading trading houses in terms of global markets accessed and commodities traded
- Provide employment and nurture talent
- Pursue social responsibilities and contribute towards community development

PARTNERING GLOBALLY

35+

PRESENCE IN OVER 35 COUNTRIES

6

SPREAD ACROSS SIX CONTINENTS

105+

CUSTOMERS GLOBALLY

SUSTAINABLE GROWTH IN NUMBERS

TOTAL INCOME

₹ in crore

2013-14		13,228
2012-13		8,886
2011-12		6,237
2010-11		3,880
2009-10		2,234

5-YEAR CAGR **56%** YOY **49%**

NET TURNOVER

₹ in crore

2013-14		12,941
2012-13		8,657
2011-12		6,113
2010-11		3,805
2009-10		2,213

5-YEAR CAGR **56%** YOY **50%**

PROFIT BEFORE TAX (PBT)


₹ in crore

2013-14		126
2012-13		107
2011-12		68
2010-11		55
2009-10		37

5-YEAR CAGR **36%** YOY **18%**

PROFIT AFTER TAX (PAT)

₹ in crore

2013-14		82
2012-13		72
2011-12		46
2010-11		35
2009-10		23

5-YEAR CAGR **38%** YOY **14%**

CASH PROFIT

₹ in crore

2013-14		89
2012-13		78
2011-12		50
2010-11		38
2009-10		25

5-YEAR CAGR **37%** YOY **14%**

YOY: Year-Over-Year
CAGR: Compound Annual Growth Rate

GROSS BLOCK

₹ in crore

2013-14		72
2012-13		59
2011-12		56
2010-11		27
2009-10		21

5-YEAR CAGR **36%** YOY **22%****NET WORTH**

₹ in crore

2013-14		435
2012-13		325
2011-12		245
2010-11		182
2009-10		106






5-YEAR CAGR **42%** YOY **34%****EARNINGS PER SHARE**

₹




2013-14		32
2012-13		30
2011-12		23
2010-11		21
2009-10		16

BOOK VALUE PER SHARE

₹

2013-14		159
2012-13		129
2011-12		103
2010-11		91
2009-10		71

TOL/TNW*

2013-14		13.37
2012-13		13.62
2011-12		10.32
2010-11		9.07
2009-10		11.97

*Total Outstanding Liabilities / Total Net Worth



UNPREDICTABLE BUSINESS ENVIRONMENT. RISING CUSTOMER ASPIRATIONS.

WE THINK THE BUSINESS ENVIRONMENT WILL INEVITABLY SHIFT
AND CUSTOMERS WILL CONTINUE TO DEMAND BETTER PRODUCTS
AT SHRINKING TIMELINES.





UNWAVERING COMMITMENT TO DELIVER SUSTAINABLY.

THE RESULT IS THE NEED FOR GREATER COMMITMENT AT EVERY
LEVEL OF OPERATIONS.

CHAIRMAN'S MESSAGE



DEAR SHAREOWNERS,
THE GLOBAL ECONOMIC ENVIRONMENT IS GRADUALLY MOVING TOWARDS BROAD-BASED STABILITY. HOWEVER, IF WE TAKE A MACRO PERSPECTIVE, THE RATE OF GROWTH IS WIDELY UNEVEN ACROSS GEOGRAPHIES. THE US ECONOMY IS DEFINITELY PUTTING UP A GOOD SHOW, WHILE COUNTRIES IN THE EURO REGION HAVE TO BE CONTENT WITH MUTED GROWTH. EMERGING ECONOMIES, ON THE OTHER HAND, HAVE TO RESOLVE STRUCTURAL BOTTLENECKS TO GET BACK TO A HIGH-GROWTH REGIME. WHILE CHINA IS LOOKING FORWARD TO A MORE BALANCED GROWTH, WITH EQUAL FOCUS ON THE MANUFACTURING AND SERVICE SECTORS, INDIA IS PURSUING AN AGGRESSIVE DEVELOPMENT AGENDA WITH ACROSS-THE-BOARD REFORMS.

As the contours of the global economic environment change rapidly, we have to realign our strategies to navigate sustainably. Our strategy has always been to deepen presence in existing markets, while widening reach across new ones with a high growth potential. Our sterling performance in a challenging environment demonstrates our industry experience and expertise. We continue to invest capital with discipline, creating value when the opportunity emerges and recycling capital into new projects. The objective is to strengthen our trading business and add fresh revenue streams. Our cost rationalisation and enriched products basket have sharpened our competitive edge.

Fiscal 2014 marks the completion of the 19th year of our exciting journey. In about two decades, we have, as an organisation, crossed frontiers we had never imagined possible. Along the way, we have created jobs and enhanced the work environment for our employees. In every way possible, we have rewarded our employees, who have embraced Frost's values in thought and action.

During the year our sterling performance on almost all business parameters showcases our commitment to sail sustainably across business cycles and economic crests and troughs. Despite challenges, we have transitioned from an era of rapid growth to one of sustainable growth. Be it game-changing trends in technology and business model or regulatory challenges, we have often steered ourselves clear of turbulent waters. This has required us to adapt to changing business environments and also the changing business priorities of our customers.

We have embedded principles of sustainable development across our processes and operations. We are a producer and supplier of Green Power and are also members of the Indian Wind Power Association (IWPA).

Frost is committed to improving operational efficiencies and differentiating itself in the market place through customer focused services, so as to add value, reach new markets and meet its sustainability targets.

We have always believed that we can achieve great heights through team effort. As I share my thoughts with you, Team Frost is striving hard to translate Boardroom strategies into operational realities and I congratulate them for their good work.

We continue to consolidate our position as the best brand inspired by our global ambitions, innovative projects and initiatives which enable us to provide a supportive business environment to our market leading clients.

Before I conclude, I would like to thank Team Frost, customers and stakeholders, without whom our continued growth momentum would not have been possible. I would also like to thank my fellow Board Members for their unstinted support and encouragement. I look forward to the continued support of our valued clients, supply chain partners, associates and distributors as we sail sustainably towards new harbours.

Warm Regards,

Uday J. Desai



DURING THE YEAR OUR STERLING PERFORMANCE ON ALMOST ALL BUSINESS PARAMETERS SHOWCASES OUR COMMITMENT TO SAIL SUSTAINABLY ACROSS BUSINESS CYCLES AND ECONOMIC CRESTS AND TROUGHS.



I LOOK FORWARD TO THE CONTINUED SUPPORT OF OUR VALUED CLIENTS, SUPPLY CHAIN PARTNERS, ASSOCIATES AND DISTRIBUTORS AS WE SAIL SUSTAINABLY TOWARDS NEW HARBOURS.



LETTER FROM THE CEO



IT IS MY PLEASURE TO ONCE AGAIN SHARE MY THOUGHTS WITH YOU ON OUR COMPANY'S ENCOURAGING PERFORMANCE IN A YEAR MARKED BY ECONOMIC VOLATILITIES AND FRAGILE GLOBAL GROWTH.

DURING THE YEAR, OUR TURNOVER WAS ₹ 12,941 CRORE, A 50% SURGE WHEN COMPARED TO ₹ 8,657 CRORE IN FY 2012-13. I AM ALSO HAPPY TO INFORM THAT THE COMPANY'S PROFIT AFTER TAX INCREASED TO ₹ 82 CRORE IN 2013-14 AS AGAINST ₹ 72 CRORE IN 2012-13, A RISE OF 14% OVER THE PREVIOUS YEAR.



SUSTAINABILITY RESIDES AT THE HEART OF OUR BUSINESS MODEL AND IS DRIVING GROWTH, REDUCING COSTS AND FUELLING INNOVATIONS THAT ARE GOOD FOR THE PLANET AND FOR CUSTOMERS.



This has been made possible by the sustained performance of Team Frost. We continued to perform well across all dimensions, despite subdued global growth. Our strategy of being relevant to customers and providing holistic solutions, continued to resonate with our customers.

Sustainability resides at the heart of our business model and is driving growth, reducing costs and fuelling innovations that are good for the planet and for customers. We see this as our source of competitive advantage for the business now and in the years ahead.

In 2013-14, we maintained a strategic focus on continuous value creation. Frost achieved many milestones during 2013-14 through a sustained commitment to high levels of quality, best-in-class service management and robust information security practices. We are now ISO 9001:2008 certified and implemented sustained quality improvement initiatives against globally respected benchmarks across our entire value chain.

Thanks to our performance, we have emerged as one of the frontrunners in our sector. We have always believed that our growth was inherently linked with the growth of our people and stakeholders. It is a matter of justifiable pride for us that we are able to give back in a very small measure to the society in which we operate.


We encourage diversity and a performance driven organisational culture in which people give their best and feel proud to be part of a successful and a caring organisation.

I would like to thank each and every employee and our stakeholders whose commitment and effort made the year 2013-14, yet another


successful year for the Company. It is my privilege to lead the operations of Frost, a company of talented people, robust assets, loyal customers and an enormous potential. The Company remains committed to nation building and enabling the country to grow economically by providing essential services to India's industries. Our dynamic entrepreneurship and focused diversity will help us to continue providing exemplary customer services, achieving business objectives and enhancing stakeholder value.

Regards,

Sujay U. Desai

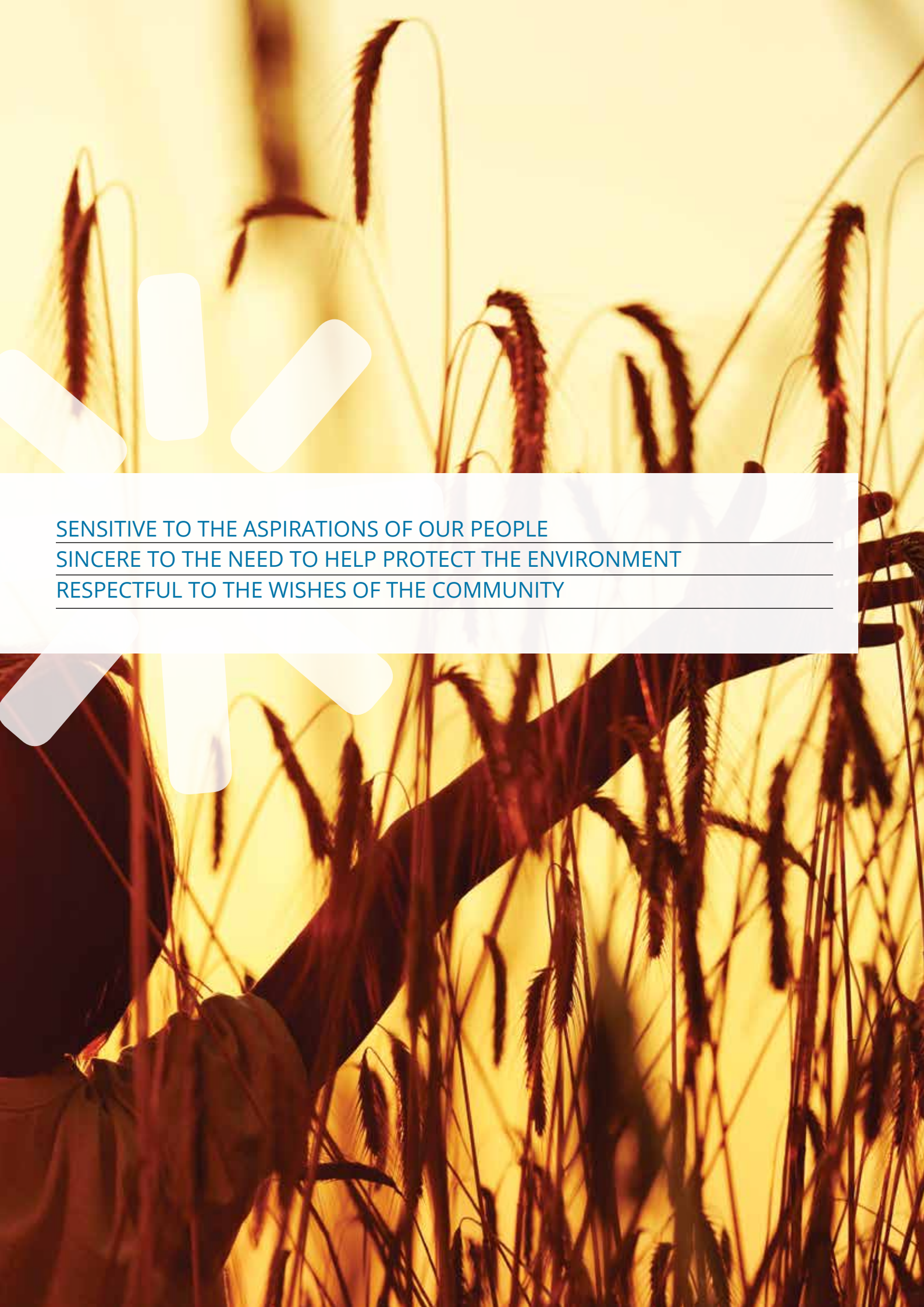


THANKS TO OUR PERFORMANCE, WE HAVE EMERGED AS ONE OF THE FRONTRUNNERS IN OUR SECTOR. WE HAVE ALWAYS BELIEVED THAT OUR GROWTH WAS INHERENTLY LINKED WITH THE GROWTH OF OUR PEOPLE AND STAKEHOLDERS.



**OUR PEOPLE,
ENVIRONMENT AND
COMMUNITY STRATEGIES
ARE INTRINSIC TO
OUR SUSTAINABLE
DEVELOPMENT PLAN.**





SENSITIVE TO THE ASPIRATIONS OF OUR PEOPLE
SINCERE TO THE NEED TO HELP PROTECT THE ENVIRONMENT
RESPECTFUL TO THE WISHES OF THE COMMUNITY

WE ARE ONLY AS GOOD AS OUR PEOPLE

YES, THIS IS EXACTLY WHAT WE BELIEVE. BUSINESS, LIKE LIFE ITSELF, CAN BE TOUGH AND UNPREDICTABLE AT TIMES. HOWEVER, WE TRAIN OUR PEOPLE TO ACCELERATE THE PACE OF PROCESS INNOVATION AND FOCUS ON SUSTAINABLE DELIVERY, DESPITE THE ODDS.



At Frost, we try to bring on board the right industry talent, impart adequate training and focus on long term retention of talent. We have an open and transparent environment, where each person is given the full liberty to share his/her ideas and contribute to organisational growth and sustainability.

Talent Management at Frost involves the design and implementation of strategies, policies and systems to ensure that highly qualified individuals can be attracted, recruited and retained. This is clearly visible from the diverse skill set of our workforce and the lowest attrition rate in the industry.

2013-14 was a redesigning phase for the Human Resource team. A dedicated Human Resource function with clear responsibilities was structured and instituted for more efficient delivery of results. We primarily focus on aligning our policies and procedures in response to the changing needs of the organisation. We launched a Human Resource Policy manual to standardise operations throughout the organisation. Besides, we also conducted various programmes for employee engagement, such as social interactions and celebrations.

The organisational performance management system, introduced a few years back, was redesigned to leverage the potential and development needs of employees. It is aligned to the Company's long-term objectives. We envision a learning and feedback oriented ecosystem to enhance performance management and employee growth.

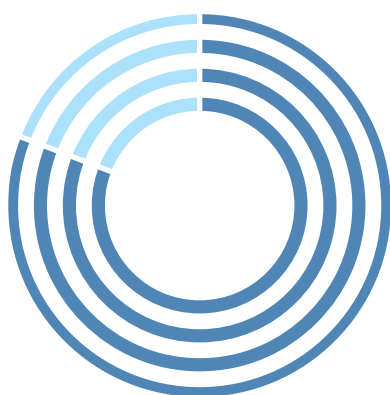
We are a 155+ strong workforce with diverse educational achievements and professional expertise and experience. The average age of the workforce is 39 years.

ROAD AHEAD

- Building HR processes, systems and infrastructure to provide efficiency, quality and cost effectiveness within the organisation;
- Creating more online processes for better data management and reducing paper and printing costs;
- Introducing various training and development programmes;
- Implementing Human Resource Management System to eliminate manual processes and work on zero error rate;
- Introducing rewards and recognition for the right talent.

GENDER RATIO

%



Male **81**

Female **19**

WORKFORCE DISTRIBUTION

%



Support Staff (HR, Administration, IT) **54**

Finance & Banking **24**

Trading **16**

Treasury **2**

Projects **4**

GREEN IS GOOD

WE BELIEVE TURNING GREEN IS GOOD BUSINESS STRATEGY. WE ARE FOCUSING ON STRATEGIES TO REDUCE OUR CARBON FOOTPRINT AND CONTRIBUTE TO COMBATING CLIMATE CHANGE.

Frost International has launched a wind power generation project in Tamil Nadu with an aim to promote sustainable development. The green power facility is supplying power to the state electricity distribution grid, and is backed by a multi-year power purchase agreement inked with the Tamil Nadu Government.

The emission-reduction projects in developing countries earn certified emission reduction (CER) credits under the Clean Development Mechanism (CDM). Each CER credit is equivalent to one tonne of carbon dioxide. These CERs can be traded or used by industrialised nations to meet a part of their emission reduction targets under the Kyoto Protocol. Our 4.25 MW wind power project is eligible to earn carbon credits.

REGISTERED UNDER THE CLEAN DEVELOPMENT MECHANISM (CDM) OF THE UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE (UNFCCC)



COMMITTED TO SOCIAL WELLBEING

WE REGULARLY UNDERTAKE AND SUPPORT INITIATIVES THAT
CONTRIBUTE SIGNIFICANTLY TOWARDS ENSURING SOCIO-ECONOMIC
DEVELOPMENT.



We contribute to numerous charities, educational programmes and various healthcare initiatives. We have partnered with Aidmatrix to support research for potential cures of cancer, in association with the Indo-Canadian Cancer Research Foundation (ICCRF).

We contributed to ICCRF, which was established in 2007 to raise cancer awareness among people, particularly the youth. Our contribution will be utilised in the treatment of a 25-year old female patient, who is suffering from B cell Acute Lymphocytic Leukaemia (B-ALL) – a type of blood cancer.

Frost's long term vision is reflected in 'Pushtidham' which is taking shape at Godhara in Gujarat under the Jayantilal Chand Charitable Trust, Vadodara. Pushtidham is based on Pushti-Bhakti and aims at enriching Sanatan Hinduism. Various departments will be set up in Pushtidham to render medical, educational and other social services to the community at large.

BOARD OF DIRECTORS



1.



2.



3.



4.

1. MR. UDAY J. DESAI

Chairman and Managing Director

Mr. Uday J. Desai is the Chairman and Managing Director of the Company and has played an integral role in its operations and management since the very inception. Having assumed charge of the entire Finance and Banking operations of the Company, his in-depth industry knowledge and experience is fundamental to its strategic expansion and growth, both within India and abroad. His project management skills, financial expertise and man-management capabilities have been the major contributory factors towards the Company's continued progress. Mr. Desai holds key positions in several professional bodies and is currently a member of the Remuneration Committee of the Company.

2. MR. SUNIL VERMA

Whole Time Director

Mr. Sunil Verma is responsible for the Administrative function across the various branches of the Company. He has made noteworthy contributions in the field of taxation and accounts and has an in-depth knowledge of trade and business documentation. A highly social and active individual, Mr. Verma supports various charitable and educational institutions. He is a member of the Audit / Selection Committees of the Company.

3. MR. ANOOP KUMAR WADHERA

Whole Time Director

Mr. Anoop Kr. Wadhera is a Whole Time Director of the Company and is the controller at the Head Office in New Delhi. He handles the International Marketing Division of the Company and is actively involved in all important decisions related to Finance and Legal Affairs. Mr. Wadhera provides valuable

guidance with regard to the procurement and marketing of various commodities by the Company. He is an active member of the Shareholders' Committee of the Company.

4. MR. SUJAY U. DESAI

Director/Chief Executive Officer

Mr. Sujay U. Desai is solely responsible for a variety of functions within the Company that include statutory compliances, business and financial strategies, human resource initiatives, procurement, marketing and so on, on a domestic as well as global basis across all branches. Mr. Sujay U. Desai has rich and varied experience in conceiving, implementing and operating new projects within the Company. Apart from being the main controller, he is in-charge of the conglomerate of bankers for the Company. Mr. Sujay U. Desai heads the entire foreign exchange operations and is instrumental in providing the right direction for the sustainable growth of the Company.



5.



6.



7.



8.

5. MR. KRISHNAVDAN POPATLAL SHAH

Independent Non-Executive Director

Mr. K. P. Shah holds the position of an Independent Non-Executive Director of the Company. His wide knowledge of current management practices has helped the Company to undertake strategic management initiatives. Mr. Shah is a known philanthropist in his own right and his long and fruitful association with the Company has led to the rapid increase in its Social Responsibility initiatives. He currently serves as a member of the Remuneration / Shareholders' Committees of the Company.

6. MR. JAGENDRA SWARUP

Independent Non-Executive Director

Mr. Jagendra Swarup has been appointed as an Independent Non-Executive Director in the Company. An Advocate by profession, he is also a seasoned Politician and a current

member of the U.P. Assembly. The Company has been greatly benefitted by Mr. Swarup's expertise and knowledge of legal affairs. He is a member of the Audit / Selection Committees of the Company.

7. MR. AJAY KUMAR SARAOGI

Independent Non-Executive Director

Mr. Ajay Kr. Saraogi holds the position of an Independent Non-Executive Director in the Company and has made a notable contribution in formulating new policy initiatives. Apart from significant managerial experience and proficiency, Mr. Saraogi has rich and varied experience of industry and trade. His knowledge of finance and administration is effectively complemented by his skills in the area of human resource management. He is a member of the Remuneration / Selection Committees of the Company.

8. MR. PRABHJOT SINGH

Independent Non-Executive Director

Mr. Prabhjot Singh functions as an Independent Non-Executive Director in the Company, having 30-plus years of rich business experience. He has contributed effectively towards encouraging the entrepreneurial spirit within the Company and his business insight and acumen are utilised by the Board to the fullest. A member of the Audit Committee, Mr. Singh is instrumental in maintaining financial discipline and compliance within the Company. He is a member of the Audit / Shareholders' Committees of the Company.

DIRECTORS' TAKE*

FROST HAD EMBARKED ON THE EXPEDITION TOWARDS SUSTAINABILITY WITH THE OBJECTIVE OF BUILDING A SUSTAINABLE BUSINESS WHILE GENERATING LONG-TERM VALUE FOR ITS STAKEHOLDERS.

DEAR MEMBERS

THE BOARD OF DIRECTORS HEREBY PRESENT THE 19TH ANNUAL REPORT ON THE BUSINESS AND OPERATIONS OF THE COMPANY ALONG WITH THE STANDALONE SUMMARY OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH' 2014.

ABOUT US

Frost had embarked on the expedition towards sustainability with the objective of building a sustainable business while generating long-term value for its stakeholders. The global slowdown over the last few years and the upward Dollar / Yen movement had impacted several economies / companies / industries across the world. However, Frost had been able to put into place measures that would enable it to take advantage of every opportunity that presented itself. By focusing on our core theme, Sustainable Development, as also elaborated in our Annual Report of FY 12-13, Frost expects to continue on a journey of building long-term value for all concerned.

***Note:** This Directors' Take is only meant for private circulation and is not the Directors' Report or its replacement.

Through this, the Company has been able to maintain a strategic focus on continuous value creation.

With a focus on steady and constant improvement and upgradation, the Company meets diverse customer requirements with the help of trading in a surfeit of commodities mainly Agri Commodities like American corn, maize, soyabean, soyabean meal, rapeseed meal, rice, palm oil, cotton, pulses etc. to Minerals & Metals (Iron ore fines & lumps, CR/HR coils, Aluminum coils), Plastics & Polymers, Information Technology & Electronic Products, Misc. Items (Batteries, cell phones, silkyarn etc), Heavy Equipment, Coal & Coke, Fabric, Bullion, Adhesive Films, Teak-Wood, Cement, Steel and Woollen Blankets etc. to also being a Manufacturer of Ready-Made Cotton Garments, a Producer & Supplier of Green Power, to being a trader, dealer and manufacturer of High Security Registration Plates (HSRP) and other automobile accessories. Frost is committed to improving operational efficiencies and differentiating itself in the market place through customer focused services, so as to build a stronger and sustainable platform for the Company.

The Company is geared to meet market requirements through a strategy that aims to mitigate possible challenges, while making the most of every opportunity. The Company's ability to deliver growth and sustain business momentum is attributable to its ability to:

- Remain germane to its customers changing business needs,
- Extensive global presence across 35+ countries, focusing on quality consciousness and sustainable development aiming to make Frost and its group companies a stronger and more competitive business house that can withstand external shocks better and create long-term value for its stakeholders.

BOARD COMPOSITION

As on date of this Report, the Board consists of 8 Directors comprising of a Chairman & Managing Director, 2 Whole Time Directors, a Chief Executive

Officer cum Whole Time Director, 4 Independent Non-Executive Directors. The positions of the Chairman of the Board and the Chief Executive Officer of the Company are held by separate individuals. The detailed profiles of the Board of Directors are provided elsewhere in the Annual Report.

The composition of the Board represents an optimal mix of professionalism, knowledge and experience and enables the Board to discharge its responsibilities and provide effective leadership to the business. All Independent Non-Executive Directors are persons of eminence and bring a wide range of expertise and experience to the Board thereby ensuring the best interest of Stakeholders' and the Company.

OPERATIONAL RESULT

During the financial year 2012-13, the global economic environment was on a slow growth path. There were signs of faster growth in certain geographies, primarily in the emerging markets. The prevailing uncertainties were challenging, which called for much higher level of efficiency and preparedness for participants in the market.

Despite the hiccups and adversities faced by the Company over the years, the Directors remained committed to build on its strengths for Frost to grow its business, improve its operations, develop its employees and provide excellent products and service to its customers, besides support communities in its geographical areas of operations. The Company posted a commendable performance across several operating and financial parameters, by registering 49% growth in the sales and a 50 % growth in turn-over in the current fiscal. The most noteworthy component of this inspiring achievement is the increasing affirmation of the Company's products, quality, timely deliveries, good communication and an incessant sustainable working environment.

On unconsolidated basis, the year 2012-13 showed a very modest performance with the turn-over accelerating to ₹ 8657 Crore, a jump of 42%. While in the current fiscal, we have touched a figure of

₹ 12941 Crore, an increase of 50% as compared to previous year. Our pre-tax profit grew from ₹ 107 Crore in FY 2012-13 to ₹ 126 Crore in FY 13-14, despite the upheaval in the foreign exchange markets.

The Company's performance during the year under review has improved in terms of production, sales quantity as well as turn-over and profitability and the figures have been elaborated elsewhere in the Report.

Frost has in its own way been consistently contributing to the national exchequer by way of increased payouts by way of corporate tax and indirect taxes, as also in the past years.

EYE ON A SUSTAINABLE FUTURE

No one these days seriously denies the need for sustainable business practices. Even those concerned about only business and not the fate of the planet, recognize that the viability of business itself depends on the resources of healthy eco-systems i.e. fresh water, clean air, robust bio-diversity, productive land and on the stability of just societies. Happily, your Company is aligned with the above practice targeted at strengthening the core operations, core competencies across all levels and moving straight headed with the motive of being a successful all-rounder.

Sustainability, today, represents the list of initiatives that will help companies become more sustainable, in order of importance. Frost, in its endeavor of sailing sustainably, tries to keep in pace with the below listed initiatives.

- Create an organizational structure that supports sustainability;
- Embed sustainability in corporate culture;
- Provide clear and equitable directives regarding rights and entitlements;
- Create conditions that support sustainability-related innovation;
- Incorporate a social license that will mull into business strategy;
- Prepare the organization and inculcate society to mitigate and adapt to climate change;



Being a sustainable business can be loosely described as meeting three core requirements; to be environmentally friendly, considerate of society and profitable whilst being so. Rather than simply being a policy stored somewhere gathering dust, a sustainable business would have these values engrained into their daily decision-making.

In austere times, achieving these goals may seem a little far-fetched when some businesses are busy just trying to stay afloat. However, achieving the status of being sustainable could be the difference between mere survival and success, opening doors to new business and improving bottom lines.

At Frost, Sustainable Development implies the fulfillment of several conditions: preserving the overall balance, respect for the environment and preventing the exhaustion of natural resources. Sustainable Development is presented as a more or less clean break from other modes of development, which has led and is still leading to worrying social and ecological damage. Development must combine three main elements: *fairness, protection of the environment, and*

economic efficiency. A project must be based on a better-developed mode of consultation between the community and the members it comprises. The Company makes every possible effort to comply with the aforementioned key elements. There is a seamless continuum between what Frost does as a business and what Frost does in the community as we attempt to minimize the uncertainties of the future that can render communities and the environment vulnerable.

SUSTAINABILITY + CONTINUOUS IMPROVEMENT = IMPROVED COMPANY IMAGE

Sustainable Development,

generally, remains an abstract and theoretical concept. Protecting an organization's capital base is a well-accepted business principle. Yet organizations do not generally recognize the possibility of extending this notion to the world's natural and human resources. Therefore, this concept must be articulated in terms that are familiar to business leaders.

There is no doubt that by becoming a sustainable business, the Company's image will benefit. Currently, sustainability is a word prevalent less so amongst SMEs and trading companies. It provides a competitive advantage and allows the Company to differentiate its business from its competitors. Hence, your Company, treads this path.

Our Continuous Improvement

program aims to deliver growth which is consistent, competitive, profitable and responsible. We endeavour to add value at every step in the value chain by delivering superior customer service, better quality, competitive cost and flawless execution with a flexible, agile and lean structure. This approach, combined with our global scale generates significant savings that we invest back into our business. This is our virtuous circle of growth. We aim to double the topline of our Company while reducing our environmental impact and increasing our positive social impact.

Companies that treat Continuous Improvement as a trendy, something

nice-to-do activity to fill in the time or an assignable task with a clear beginning and end, miss the entire point. Continuous improvement requires an organization to have a high level of confidence in itself and the willingness to inspire individuals to be fearless and constructively critical of everything they and others do. It is a process of continually trying to achieve a better way and understanding that while not every attempt will be a winner, the large number of attempts will result in plenty of successes.

FINANCIAL PARAMETERS

During the year under review, the Company's performance has been summarised below in terms of turnover and profitability.

- During the year 31st March 2014, the Company has attained sales of ₹ 12941 Crore, an increase of 50% as compared to ₹ 8657 Crore in 2012-13
- Sales & Other Income has increased 49% from ₹ 8886 Crore in 2012-13 to ₹ 13228 Crore in 2013-14
- PBT has also increased to ₹ 126 Crore in 2013-14 as compared to ₹ 107 Crore in 2012-13, a jump of 18%
- PAT has increased to ₹ 82 Crore in 2013-14 as compared to ₹ 72 Crore in 2012-13, an increase of 14%

- Net Worth of the Company has improved from ₹ 325 Crore in 2012-13 to ₹ 435 Crore in 2013-14, an increase of 34%
- Gross Block has recorded increase from ₹ 59 Crore in 2012-13 to ₹ 72 Crore in 2013-14
- Earnings Per Share was ₹ 30 in 2012-13 which has now increased to ₹ 32 in 2013-14
- Book Value Per Share was ₹ 129 in 2012-13 which now stands at ₹ 159 in 2013-14

The figures above are a reflection of all the uphill struggle, continuous improvement, great solidarity and a bunch full of professionals, combined together to bring unhindered momentum in numbers. The zeal to excel and out-do the set targets has been a source of inspiration for Team Frost as a whole. The do or die attitude imbibed in the Team across PAN India has made it possible for the Company to go way beyond its comfort zone to bring sustainable growth in business and numbers. We are now gearing up for the next phase of growth through a combination of our initiatives and we are quite confident of the future and see sustained robust growth on the horizon.

Given below is the standalone summary of the financial results for year ended 31st March' 2014.

STANDALONE

	(₹ In Crore)	
	2013-14	2012-13
Gross Turnover	13228	8886
Profit Before Depreciation And Tax	133	113
Less : Depreciation	7	6
Profit Before Tax	126	107
Provision For Tax	45	35
Profit After Tax	82	72
Add: Surplus Brought Forward From The Previous Year	194	143
Less : Transfer To General Reserve	0	14
Surplus To Be Carried Forward	276	201

OUT-LOOK

Even as the macro environment remains challenging, the Company is effectively targeting specific opportunities within India and internationally. Segments that hold promise in FY14 include –

BHAVNAGAR PORT

Licenses and permissions are in place and negotiations are in hand for the handling of import of Coal and export of Salt. Though slightly delayed, the stevedoring operations and complete logistic services billing by the Company is scheduled to commence in June' 14. The incurrence to-date is immaterial and low and is towards arranging for leased equipment / barges / grabs etc. Company is looking to target only bulk cargo.

GOVERNMENT SUPPLIES

In pursuance of Central Government Schemes, State Governments are sourcing many items for distribution amongst BPL. The Company is alive to the business prospects and had initially identified garments for supply. Required registration has been obtained from U. P. Government and Orders were expected. For such huge supplies, strategic tie-ups with established and experienced suppliers had been made and exist. 5 nos Power Looms had provided for a pilot production of items proposed for supply. Orders were not forthcoming in the last financial and now with the new Government at the centre, a kick-off is apparently round the corner.

RAT HOLE MINING OF COAL AND LIMESTONE

From the last quarter of FY 13-14, the output of Coal from the Company's Rat Hole Mining activities had increased and the turn-over shall be reflected in current FY. Due to heavy monsoons in FY 13-14 which washed away the kutcha roads to Bangladesh and due to the infiltration problem, the turn-over in FY 13-14 stood at ₹ 2.25 Crore approx as against ₹ 1.90 Crore in the previous FY. There is a temporary lull in the production / exports at the present due

to governmental regulations and the position is expected to improve soon.

HIGH SECURITY REGISTRATION PLATES (HSRP)

Against an approx turn-over of ₹ 15 Crore in FY 12-13, the Project has seen a billing of ₹ 30.00 Crore in FY 13-14 from its 2 Plants in New Delhi and Gandhinagar. Old vehicles have begun to be converted in Assam and Punjab and shall start in Gujarat in July' 14. Company continues to hold 20% equity in the Project, at a cost of ₹ 3.11 Crore.

NELP IX

The additional block data from DG (Hydro Carbons) and Closure Reports of Dry Wells in the Mehsana / Patan Distt. of Gujarat is being processed and remains under the process of interpretation. Recently, permission has been obtained from DG (HC) to use the earlier Reports of seismic studies / data of ONGC. Tenders were called and financial bids invited and short-listing process is in hand. The incurrence in FY 14-15 for this is approx. ₹ 2.50 Crore. Once this seismic data is analysed, the possibilities of starting work on a related single oil well shall be explored. As had been directed by the Board earlier, fresh funds shall be provided by the Promoters.

TOWARDS A GREENER TOMORROW

Air, water and earth are the givers and sustainers of life and the irony is that the very survival of these lifelines is now in our hands. If we choose to conduct ourselves with care and responsibility, our natural assets will continue to nourish life as they have been doing for ages. If we let expediency and immediate self-interest prevail, however, we could well be cutting off our own lifelines.

The global economic crisis is the driver in part of rapid and far-reaching socio-economic and environmental changes in today's society. These changes also affect business activity and encourage companies to adopt sustainability as a business imperative which is closely linked to their ability

to generate trust among their stakeholders. Companies are focusing their efforts not only on including sustainability in their business strategy, but also on attempting to introduce it throughout their supply chain.

In its endeavour of being sustainably conscious, presently about 4.25 MW of wind farm capacity is installed in Tamil Nadu. Over the year there has been curtailment in the wind farm output during the peak season due to inability of the grid operators to evacuate or accept in the system, electricity generated from wind farms. The problem has been particularly severe in Tamil Nadu, where grid related issues have brought wind power development almost to a snail's pace.

Being a producer and supplier of Green Power, the Company has also been certified an ISO 9001:2008 Certification for its quality management. In addition to this, Frost has also managed to get its name registered as a member of Indian Wind Power Association (IWPA). The idea is to leverage this membership.

LEVERAGING ENTIRE VALUE CHAIN

By working across the value chain – from sourcing, manufacturing, logistics through innovation, advertising and promotions and pricing – the Company uses its global scale to add value, reach new markets and meet its sustainability targets.

SUPERIOR QUALITY

Frost is systematically improving the quality of its products / services as perceived by its customers. Being an ISO 9001:2008 certified Company, the Quality Management covers the entire value chain and involves the implementation of sustained quality improvement initiatives against benchmarks. Quality continues to be a focus area with thrust on quality improvement and new quality standard implementation for warehousing and transportation.

WINNING WITH THE PEOPLE – FOR THE PEOPLE

Our growth ambitions are greatly facilitated by our vision to be the first employer choice in our field of business, create an agile and

diverse work place and build a strong performance culture.

Success in the future will depend on being lean, agile and competitive in a resource-challenged world. In the last three years, we have transformed our organisation to enable us to move faster, innovate better and take full advantage of our global scale.

The Company's continued success is due to the dedication, commitment and performance of energetic professionals, who remain its biggest asset. The Company continues to place on strong emphasis on the importance of values and ethics in the organization. This value system is re-iterated to all employees to ensure that there is a strong culture of transparency and good governance across the enterprise as it grows.

FOREIGN EXCHANGE EARNINGS

Foreign exchange plays a vital role in the Company's day-to-day business. Every function of the Forex Dept. is monitored by the CEO himself and manned by his capable and talented team who are committed to deliver results with high levels of ethics and accountability. Company's contribution in foreign exchange in-coming has been ₹ 10234 Crore, while the net outgo in foreign exchange amounted to ₹ 10449 Crore and primarily includes payments for acquisition of cargo.

Details of foreign exchange earnings and outgo are provided in Schedule 12 to the Financial Statements.

INVESTMENTS

The flow of funds of the Company for investing in securities is regulated and closely monitored. In the year, it has been the Company's endeavor to wean away from this line of activity.

We place before you, in brief, the value terms of our investments as at 31st March 2014.

(₹ in Crore)

	As at 31st March, 2014	As at 31st March, 2013
Investments held as Stock in Trade		
Securities:		
Listed	2.89	2.86
Unlisted Shares of Companies	0.35	0.35
Investments held as such		
Securities:		
Listed	1.25	1.43
Unlisted Shares of Companies (Subsidiaries)	20.88	22.07
Unlisted Shares of Companies (Others)**	3.11	1.23

**For Company's HSRP Project.

FIXED DEPOSITS

During the current year, the Company has not invited / received any fixed deposits under Sections 58A and 58AA of the Companies Act' 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.

DIVIDEND

In view to conserve the financial resources of the Company for meeting financial requirements for future business projects it was decided by the director not to declare any dividend.

CORPORATE SOCIAL RESPONSIBILITY

Stories of companies neglecting the environment, mistreating their employees or misleading their customers are rife in today's business world. Corporations of all sizes are therefore coming under increasing scrutiny with regards to how their business activities are affecting society at large and for good reason.

In light of numerous corporate scandals throughout the years, the concept of Corporate Social Responsibility (CSR) has sprung up and is steadily becoming an important facet of any business's strategy. Corporate Social Responsibility is a business philosophy that stresses the importance of keeping the best interests of the wider society in mind.

Corporate Social Responsibility isn't just about picking a charity to donate to every year. A CSR mindset should be ingrained into every fiber of ones business, from reducing your fleet's

carbon footprint to ensuring the welfare of your global workforce and ensuring products are built to the high standards that customers expect and deserve.

One of the strongest arguments for adopting CSR into our wider business strategy is the boost it brings to our or to any organization's brand image and reputation. A good public image is a crucial marketing asset and its importance just cannot be underestimated.

At Frost, Corporate Social Responsibility isn't just beneficial in maintaining a strong relationship with our customer base, however. One of the tenets of CSR is that the interests of all stakeholders in the business are taken care of and this includes one of our Company's most important assets - our staff. We believe in enriching the quality of life of our employees and maximize their potential. The Company conducted employee engagement survey through expert agencies to identify areas to improve upon towards building a motivated and productive work-force. Based on the results of the Employee Happiness Survey, the Company focused on improvement in employee development, their personal development, employee engagement and in CSR activities. Having an effective and transparent CSR strategy in place has been consistently linked with increased employee satisfaction, productivity and retention.

The Company's social responsiveness long predates the entry into the corporate lexicon of terms like 'CSR'. Our people feel the pulse of the

social milieu in which they operate. They believe in inclusive growth and reach out to assist the communities around them - not because it is the magic formula for sustainability, but simply because that is and always has been, part of the collective character of Team Frost. It is together, in a close and collaborative spirit, that we arrive at lasting solutions. In addition to this, Frost together with an NGO, provided capex towards a free of cost ambulance service for the needy. An Eye Relief Camp was also got organized for free eye treatment and free medical consultancy for anyone and everyone.

Frost took an active participation to stand with all those who had gone through harrowing times due to landslides and floods in Uttarakhand. PAN India offices were requested for donation to support the victims who had suffered extensive devastation.

Frost has partnered on a long term basis with Aidmatrix to support the cause of Cancer and other causes with the Indo- Canadian Cancer Research Foundation (ICCRF). As its first endeavour with Aid Matrix, Frost contributed towards the Indo-Canadian Cancer Research Foundation (ICRRF) to not only create cancer awareness but also to motivate people to participate in creating further awareness and to help raise funds for supporting research for potential cures.

PHD Family Welfare Foundation, Plan International (India Chapter), CRY and other such non-profit organizations were approached in the current year with the purpose of promoting humanitarian relief, community development, socio-economic empowerment of women, mother and childcare, adult & child education etc.

Company is also looking after the education of tribal children through another NGO. In the year, it has taken care of their books & stationery and also their hostel facilities.

In conclusion, by becoming a good corporate citizen, an organisation can improve its competitive edge in



respect of attracting and retaining investors, clients and employees.

AUDITOR'S REPORT

There is no negativity in the Auditors Report warranting explanations by the Board and contents are self-explanatory.

INTERNAL AUDIT & CONTROL

The Company has in place adequate systems of internal control equivalent with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorised use, executing transactions with proper authorisation and ensuring compliance of corporate policies. The Company has a well defined delegation of power with authority limits for approving revenue as well as expenditure. Processes for formulating and reviewing annual and

long term business plans have been laid down. The Company uses a state-of-the-art ERP system to record data for accounting, consolidation and management information purposes which connects to different locations for efficient exchange of information. It has continued its efforts to align all its processes and controls with global best practices.

The Company has an Internal Audit Team consisting of external and independent Chartered Accountants. Over a period of time, the Audit Team has acquired in-depth knowledge about the Company, its businesses, its systems & procedures, which knowledge is now institutionalized. Presentations are made to the Audit Committee on the findings of such reviews. The minutes of the Audit Committee are circulated to the Board and discussed at Board Meetings. The Company's Audit Committee, inter alia, reviews the adequacy of internal audit function, reviews the Internal Audit Reports including those related to internal control weaknesses and reviews the performance. The Audit

Committee is provided necessary assistance and information to carry out their function effectively.

The Company has an Audit Committee, the details of which have been provided in the Corporate Governance Report. The Audit Committee reviews audit reports submitted by the Internal Auditors. Suggestions for improvement are considered and the Audit Committee follows up on corrective action. The Audit Committee also meets the Company's Statutory Auditors to ascertain, inter alia, their views on the adequacy of internal control systems in the Company and keeps the board of directors informed of its major observations periodically.

RISK MANAGEMENT

All businesses, whether big or small, are subject to internal as well as external risks. The internal risks are controllable risks and Frost has identified such risks and formulated relevant actions to mitigate the effect of such risks. The Company has in place mechanisms to inform Board Members about the

risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly defined framework.

The Company's primary activity of trading has a lot of uncertainty and associated risks and opportunities. Risk Management is an important function for sustainability of the Company's businesses. The ability to anticipate risks and respond effectively is critical for achieving the Company's objectives and provide value to stakeholders. The Company has been doing its part to improve the efficiency by undertaking quality jobs, reducing costs, improving productivity and managing the risks better.

The risk management process also addresses long term strategic and operational planning, talent acquisition and retention, treasury management, financial reporting and controls, information technology and security, environment health and safety compliance, legal, taxation, communication, regulatory compliance and code of conduct for employees. The Company believes that risk is an integral part of every business and promotes a culture of building ability to anticipate and manage the risks effectively and converting them into opportunities. The Company's risk management practices ensure that the Company accepts risks within defined parameters for which it is adequately compensated and thereby managing the risk portfolio of the organisation. The Audit Committee of the Board oversees the effectiveness of the risk management process.

MATERIAL CHANGES AND COMMITMENTS

No material changes and commitments affecting the financial position of the Company have occurred between April 1, 2014 and the date of this Report.

HUMAN RESOURCE

An organisation's success is the aggregation of the individual successes of its employees. The Company believes a happy employee is a

productive employee who will, given a conducive environment, surpass his / her industry peers. The Company integrates HR practices with business strategies to provide employees the opportunity to fulfill their career aspirations and development needs. The Company encourages its employees to think laterally and nurtures a feeling of ownership.

The Company practices and propagates equal opportunity in employment and does not discriminate on the basis of caste, religion, gender or handicap. The Company does not employ any child, forced or compulsory labour and has similar systems in place for its subsidiary and group companies. Frost draws its strength from a highly engaged and motivated workforce, whose collective passion and commitment has helped the organisation scale new heights. The Company has a diverse workforce of about 155+ employees.

The year 2013-14 was a redesigning phase for the Human Resource team. A dedicated Human Resource function with clear responsibilities was structured and instituted for more efficient delivery of results. The focus this year was primarily on aligning our Policies and Procedures in response to the changing needs of the organization. A Human Resource Policy manual was launched to standardize operations throughout the organization keeping in view the health of the organization and its workforce expectations. Various initiatives were taken to actively evolve employee engagement programs through social interactions and celebrations.

The core principles enshrined in its Human Resources Policy and now applied across the Frost Group, are: equality of opportunity, continuing personal development, fairness, mutual trust and teamwork. The Company encourages its employees to prioritise between work and a satisfying, enriching life. Through Working on Wellness initiatives, the Company is working towards enhancing the employee well-being by conducting programs such as power yoga, stress management, health talks and preventive health care.

The robust and mature talent management and talent engagement

processes of the Company helped create an environment where performance is rewarded, opportunities are provided for career growth and people are encouraged to realise their potential. Focused initiatives towards health and safety of the field workers and other non-work related employee engagement programmes helped develop the personality and confidence level of the employees enhancing their motivation and engagement with the organisation.

The Company's HR development team formulates a wide variety of training programmes to nurture the competencies of its employees. These interventions are not limited to technical and functional domains; they also encompass behavioural and managerial aspects. A focused initiative to build employee health and well being is in place. This programme creates awareness on prevention of lifestyle diseases, encourages employees to make positive health choices and builds a healthy workplace. Similarly, several welfare initiatives such as yoga, counseling, recreational and developmental programmes are available to employees and their families to promote work-life balance.

SUBSIDIARIES & CONSOLIDATED FINANCIAL STATEMENTS

A statement relating to Subsidiary Companies is annexed to this Report. The consolidated financial statements prepared in accordance with Accounting Standard 21 of the Institute of Chartered Accountants of India, presented in this Annual Report, include the financial information of the subsidiaries.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217 2AA of the Companies Act, 1956, your Directors state that: -

- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures

- (b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period
- (c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities
- (d) The Directors have prepared the accounts for the financial year ended 31st March 2014 on a "going concern" basis
- (f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

EMPLOYEE

At present, the role strength of the Company across PAN India is 155+ dedicated employees. The particulars as required u/s 217(2A) of the Companies Act, 1956 are not required to be furnished as none of the employees are drawing remuneration of ₹ 5,00,000/- or more per month if employed for a part of the financial year or ₹ 60,00,000/- if employed throughout the financial year.

INDUSTRIAL RELATIONS

During the period under review industrial relation in the Company continued to be satisfactory. The Directors place on record their

appreciation for services rendered by the employees.

DIRECTORS

In accordance with the provisions of the Article of Association of the Company and of the Section 152(6) of the Companies Act, 2013, Shri Jagendra Swarup and Shri Prabhjot Singh, Directors of the Company, retire by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

The Board of Directors hereby recommends their re-appointment.

INFORMATION TECHNOLOGY

The Company continues to view Information Technology (IT) as a key enabler for efficiency and providing competitive advantage. IT is accordingly managed through a robust governance process that covers value delivery, cost optimisation, technology management, support and education. The Information Technology systems in the Company form the backbone for carrying out all the business processes, for communication, collaboration and for providing information for effective decision making, monitoring and management control.

The Information Systems at Company, implemented over many years are maintained systematically to enhance capability with new features and also to remain current on technology with upgrades. These systems are improving productivity and efficiency of all our operations and at all levels.

ENERGY CONSERVATION & AWARENESS

The Company has always been striving hard in the field of energy

conservation. Several measures to conserve energy and to minimise power usage were taken during the fiscal under review as well. Though the Company is not a manufacturing unit, FIL is an environmentally responsible Company and has always taken a sustainable approach to business that balances environmental, social and economic needs. Circulars, mails, bulletins, notices were circulated across all the branches to spread the message of energy conservation.

LEGAL FRAMEWORK

Your Company has taken every possible measure, to the required extent, to comply with the rules and regulations of the New Companies Act, 2013, FEMA, 1999, Companies Act, 1956, ODI, MoA / AoA of the Company and has added information / details accordingly. Our aim was to fall in line fully with the new Law in the current fiscal and in years to come.

ACKNOWLEDGEMENTS

The Directors place on record their deep appreciation to employees at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to remain at the forefront. The Directors are thankful to various Banks and Institutions, for meeting the long term and working capital needs to augment the Company's expansion plans. The Directors also place on record its appreciation of the support provided by the customers, suppliers and esteemed stakeholders' for their support and encouragement.

For and on behalf of the Board

Uday J. Desai

Chairman & Managing Director

Place: Kanpur

Date: 15th May, 2014

Conservation of Energy, Research and Development (R & D) and Technology Absorption :

As per annexure attached herewith.

ANNEXURE TO DIRECTORS' TAKE

Disclosure under Section 217(1)(e) of the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988:

CONSERVATION	
1. Energy Conservation measures taken.	The Company is not a manufacturing unit yet being an environmental friendly organization, its power consumption is limited to its usage in its various offices and sites. Suitable measures are being taken for energy conservation.
2. Additional investment and proposals, if any, being implemented for reduction of energy consumption and consequent impact on the cost of production of goods.	
3. Impact of measures taken of (a) and (b) above.	
4. Total energy consumption and energy consumption per unit of production.	
RESEARCH AND DEVELOPMENT (R & D)	
1. Specific areas in which R & D carried out by the Company.	Not Applicable
2. Benefits derived as a result of the above R & D	
3. Future plan of action	
4. Expenditure on R & D	
TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION	
1. Efforts, in brief, mode towards technology absorption, adaptation and innovation.	There is a constant review of development of market trend in the world market.
2. Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development import substitution, etc.	
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year).	

REPORT ON CORPORATE GOVERNANCE

**OUR COST
COMPETITIVENESS AND
RANGE OF PRODUCTS
PROVIDE AN EDGE OVER
COMPETITION.**

THE COMPANY, BEING AN UNLISTED COMPANY IS NOT REQUIRED TO COMPLY WITH THE PROVISIONS OF CLAUSE 49 OF THE LISTING AGREEMENT. HOWEVER, THIS REPORT HAS BEEN SUO-MOTO MODELED ON THE REQUIREMENTS AS LAID DOWN UNDER THE APPLICABLE CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGE.

OUR CORPORATE GOVERNANCE PHILOSOPHY

Corporate Governance is an ethically driven business process that is committed to values and conduct aimed at enhancing an organisation's wealth generating capacity. This is ensured by taking ethical business decisions and conducting the business with a firm commitment to values, while meeting stakeholders' expectations. At Frost, it is imperative that affairs are managed in a fair and transparent manner. Good Corporate Governance ensures that we engage in democratic and open processes and are held accountable for our business and administrative decisions. This is vital to gain and retain stakeholders' trust. The Company considers it, its inherent responsibility to

timely disclose accurate information regarding financials and performance, as well as the leadership and governance of the Company.

The Company has set itself the objective of expanding its operational capacities and becoming globally competitive in its business. As a part of its growth strategy, the Company believes in adopting the best practices that are followed in the area of Corporate Governance across various geographies. The Board considers itself as a Trustee of its Stakeholders' and acknowledges its responsibilities towards them for creation and safeguarding their wealth. The Company emphasises the need for full transparency and accountability in all its transactions, in order to protect the interests of its stakeholders'.

Transparency and Accountability are the two basic tenets of Corporate Governance. We, at Frost, feel proud to belong to a Company whose visionary founders had laid the foundation stone for good governance long back and made it an integral principle of the business, as demonstrated in the words above.

Responsible corporate conduct is integral to the way we do our business. Our actions are governed by our values and principles, which are reinforced at all levels within the Company. We, at Frost, are committed to doing things the right way which means taking business decisions and acting in a way that is ethical and is in compliance with the applicable legislation. Our Code of Business Principles is an extension of our values and reflects our continued commitment to ethical business practices and regulatory compliances. We acknowledge our individual and collective responsibilities to manage our business activities with integrity. Our Code of Business Principles inspires us to set standards which not only meets the applicable legislation but also exceeds them in many areas of our business operations.

To succeed, we believe, requires highest standards of corporate behaviour towards everyone we work with, the communities we touch and the environment on which we have an impact. This is our road to responsible, sustainable and profitable growth and creating long term value for our stakeholders', our people and

our business partners. The above principles have been the guiding force for whatever we do and shall continue to be so in the years to come.

The Board of Directors ('the Board') is responsible for and committed to sound principles of Corporate Governance in the Company. The Board plays a crucial role in overseeing how the management serves the short and long term interests of stakeholders. This belief is reflected in our governance practices, under which we strive to maintain an effective, informed and independent Board. We keep our governance practices under continuous review and benchmark ourselves to the best practices across the globe. Our Board exercises its fiduciary responsibilities in the widest sense of the term.

Our Corporate Governance Philosophy is based on the following principles:

1. Corporate governance standards should go beyond its laws and satisfy the spirit of the law, not just the letter of the law.
2. When in doubt, disclose, ensure transparency and maintain a high level of disclosure.
3. Clearly distinguish between personal conveniences and corporate resources.
4. Communicate externally and truthfully about how the Company is run internally.
5. Comply with the laws of all the countries in which there are operations.
6. Have a simple and transparent corporate structure driven solely by business needs.
7. Management is the trustee of the stakeholders' capital and not the owner.

The Company's essential character revolves around values based on transparency, integrity, professionalism and accountability. At the highest level, the Company continuously endeavors to improve upon these aspects on an ongoing basis and adopts innovative approaches for leveraging resources, converting opportunities into achievements through proper empowerment and motivation, fostering a healthy growth and development of human resources to take the Company forward.

CORPORATE GOVERNANCE GUIDELINES

Over the years, the Board has developed corporate governance guidelines to help fulfill our corporate responsibility towards our stakeholders. These guidelines ensure that the Board will have the necessary authority and processes in place to review and evaluate our operations when required. Further, these guidelines allow the Board to make decisions that are independent of the Management. The Board may change these guidelines regularly to achieve our stated objectives.

THE BOARD OF DIRECTORS

The Board of Directors is entrusted with the ultimate responsibility of the management, general affairs, direction and performance of the Company and has been vested with the requisite powers, authorities and duties. The Management Committee of the Company is headed by the Managing Director and Chief Executive Officer and has business / functional heads as its members, which looks after the management of the day-to-day affairs of the Company.

BOARD COMPOSITION

As on the date of publishing of this Report, our Board comprises a total of eight Directors, which includes the Chairman and Managing Director, two Whole-Time Directors, a Chief Executive Officer-cum-Whole-Time Director, and four Independent Non-Executive Directors. The Company has appointed separate individuals to the positions of the Chairman of the Board and the Chief Executive Officer. Detailed profiles of each member of the Board of Directors are provided elsewhere in the Annual Report.

The composition of the Board is designed to reflect an optimal combination of knowledge, experience and professionalism, thereby enabling it to discharge its duties and responsibilities in a manner that provides effective leadership to the entire business. All our Independent Non-Executive Directors are eminent individuals in their own right who bring to the Board a wide range of experience and expertise to ensure the best possible interests of all Stakeholders and the Company.

BOARD BUSINESS

The normal business of the Board includes:

- framing and overseeing progress of the Company's annual plan and operating framework;
- framing strategies for shaping of portfolio and direction of the Company and for corporate resource allocation;
- reviewing financial plans of the Company;
- reviewing quarterly and annual business performance of the Company;
- reviewing the Annual Report and accounts for adoption by the Members;
- reviewing the progress of various functions and businesses of the Company;
- reviewing the functioning of the Board and its Committees;
- reviewing the functioning of the various Trade Heads and the Subsidiary / Associate / Joint Venture Companies;
- considering and approving declaration / recommendation of dividend;
- reviewing the details of significant development in human resources;
- reviewing details of foreign exchange exposure and steps taken by the management to limit the risks of adverse exchange rate movement;
- reviewing compliance with all relevant legislations and regulations and litigation status, including materially important show cause, demand, prosecution and penalty notices, if any;
- reviewing Board remuneration policy and individual remuneration packages of Directors;
- advising on corporate restructuring such as merger, acquisition, joint venture or disposals, if any;
- appointing Directors on the Board and Management Committee;
- reviewing Corporate Social Responsibility activities of the Company;
- reviewing details of risk evaluation and internal controls;
- reviewing reports on progress made on the ongoing projects;

DIRECTORSHIPS

The details in regard to the number of Directorship (s) held in Indian Public Limited Companies and their locations are given below:

Name	Date of Appointment	Category	Location	No. of Directorships held in other companies
Mr. Uday J. Desai	17.05.1995	Promoter, Chairman & Managing Director	Kanpur	4 #
Mr. Sunil Verma	17.05.1995	Promoter Cum Director	Kanpur	4
Mr. Anoop Kr. Wadhera	17.05.1995	Promoter Cum Director	New Delhi	2
Mr. Krishnavadan Popatlal Shah	04.02.2010	Independent Non- Executive Director	Surat	NIL
Mr. Ajay Kr. Saraogi	04.02.2010	Independent Non- Executive Director	Kanpur	8
Mr. Prabhjot Singh	02.03.2010	Independent Non- Executive Director	Dehradun	NIL
Mr. Jagendra Swarup	02.03.2010	Independent Non- Executive Director	Kanpur	4
Mr. Sujay U. Desai	19.07.2011	Promoter cum Director	Kanpur	1

- Includes Directorship in subsidiary

BOARD OF DIRECTORS PROFILE

Mr. Uday J Desai (CMD)

Mr. Uday J. Desai has been involved with the Company's operations and management since its very inception and his being present is fundamental to its strategy, continued growth and diversification both within India and internationally, taking charge of the entire Finance and Banking operations of the Company. He is known for his project management skills, financial expertise and man-management capabilities. Mr. Desai holds several key positions on various professional bodies. He is currently a member of the Remuneration Committee of the Company.

Mr. Sunil Verma (WTD)

Mr. Sunil Verma has in-depth knowledge of Accounts & Taxation related matters and heads the Administration across our various branches. He is a social and active individual supporting multiple charitable and educational institutions. The Company gains noteworthy contribution through his acumen of trade and his study of business documentation. He is a member of the Audit / Selection Committees.

Mr. Anoop Kr. Wadhera (WTD)

Mr. Anoop Kr. Wadhera handles the International Marketing Division and is the controller of the Head Office in New Delhi. He is a Whole-Time Director of the Company and is vigorously involved in all major decisions relating to Finance and Legal Affairs. His involvement gives strategic direction to the lines of Procurement and Marketing of various commodities. He is an active member of the Shareholders' Committee of the Company.

Mr. Sujay U. Desai (Director & CEO)

Mr. Sujay U. Desai is singularly responsible for all statutory compliances, business strategies, financial planning, human resource initiatives, procurement, marketing etc, nationally and internationally across all branches. He is the main controller and is in-charge of the conglomerate of bankers for the Company. He

bosses the entire foreign exchange operations in the Company and gives right direction for sustainable growth of the Company. He possesses experience in the field of conceiving, implementing and operating new Projects in the Company.

Mr. K. P. Shah (INED)

Mr. K. P. Shah has been appointed as an Independent Non-Executive Director and it is through his continuous study of today's management practices that has given aid to the Company to take suitable management initiatives. He is a known philanthropist in his own right. His association with Frost has led to the introduction of new strategies in Management and in the growth of Social Responsibility. He is a member of the Remuneration / Shareholders' Committees of the Company.

Mr. Ajay Kr. Saraogi (INED)

Mr. Ajay Kr. Saraogi, an Independent Non-Executive Director in the Company has varied experience of industry and trade, besides Finance & Administration. He singularly has made momentous contribution in formulating new policy initiatives in the Company. His managerial experience and proficiency have strengthened Frost significantly. Besides, his human resource management is a critical asset to the Company. He is a member of the Remuneration / Selection Committees of the Company.

Mr. Jagendra Swarup (INED)

Mr. Jagendra Swarup works as an Independent Non-Executive Director in the Company. His expertise and foot-hold in legal affairs is of great value to the Company. He is an Advocate

by profession and is also a seasoned Politician and a current member of the U.P. Assembly. He is a member of the Audit / Selection Committees.

Mr. Prabhjot Singh (INED)

Mr. Prabhjot Singh works as an Independent Non-Executive Director in the Company, bringing to the Board 30 plus years of rich business experience, contributing to the entrepreneurial spirit of the Company. His business insight and experience are utilized by the Board to the fullest. Being a member of the Audit Committee, he helps in maintaining financial discipline and compliance. He is a member of the Audit / Shareholders' Committees in the Company.

MEETINGS AND ATTENDANCE

24 Board Meetings were held during the financial year ended March 31, 2014. 2 Meetings were held for statutory compliance and the rest were held due to business exigencies.

DIRECTOR'S ATTENDANCE RECORD

Name of Director	No. Of Board Meetings Attended	No. Of Extra-Ordinary General Meetings Attended Out of 2 Held In The Year	Whether Attended The AGM Held On 25.09.2013
Mr. Uday J. Desai	24	YES	YES
Mr. Sunil Verma	24	YES	YES
Mr. Anoop Kr. Wadhera	24	YES	YES
Mr. Krishnavadan Popatlal Shah	10	YES	YES
Mr. Ajay Kumar Saraogi	12	NIL	NO
Mr. Prabhjot Singh	8	NIL	YES
Mr. Jagendra Swarup	11	NIL	NO
Mr. Sujay U. Desai	20	YES	YES

GENERAL BODY MEETINGS

Year	Location	AGM	No. of EGMs
2013-14	Regd. Office at Mumbai	1	2
2012-13	Regd. Office at Mumbai	1	4

Last Board Meeting was held on 27th March' 2014

DETAILS OF REMUNERATION PAID TO DIRECTORS FOR THE YEAR 2013-14

Name of Director (s)	Category	Salary & Perquisites (₹ In Lac)	Sitting Fee (₹ In Lac)
Mr. Uday J. Desai	P, CMD & ED	60.00	NIL
Mr. Sunil Verma	P & ED	66.00	NIL
Mr. Anoop Kr. Wadhera	P & ED	57.00	NIL
Mr. Krishnavadan Popatlal Shah	ID & NED	NIL	0.05
Mr. Ajay Kumar Saraogi	ID & NED	8.82 (For Professional Services)	0.05
Mr. Prabhjot Singh	ID & NED	NIL	0.05
Mr. Jagendra Swarup	ID & NED	NIL	0.05
Mr. Sujay U. Desai	P, ED & CEO	40.20	NIL

COMMITTEES OF THE BOARD

The Board Committees play a crucial role in the governance structure of the Company and have been constituted to deal with specific areas / activities which concern the Company and need a closer review. The Board Committees are set up under the formal approval of the Board to carry out clearly defined roles which are considered to be performed by members of the Board, as a part of good governance

practice. The Board supervises the execution of its responsibilities by the Committees and is responsible for their action. The minutes of the meetings of all the Committees are placed before the Board for review. The Board Committees requests special invitees to join the meeting, as appropriate, from time to time. The Board has currently established the following statutory and non-statutory Committees:

AUDIT COMMITTEE

The composition of the Audit Committee meets the requirement of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. All the Members of the Audit Committee possess financial and accounting expertise. During the financial year ended 31st March' 2014, five Audit Committee meetings were held on **April 20, 2013 / June 29, 2013 / August 29, 2013 / November 28, 2013 / March 24, 2014**

COMPOSITION OF COMMITTEE AND ATTENDANCE OF MEMBERS

Sr. No.	Name and Position	Meetings / Attendance				
		20.04.2013	29.06.2013	29.08.2013	28.11.2013	24.03.2014
1	Jagendra Swarup, Chairman *	Present	Present	Present	Present	Present
2	Prabhjot Singh, Director	Present	Present	Present	Present	Present
3	Sunil Verma, Director	Present	Present	Present	Present	Present
	Atul Rastogi, CFO (Non Member & Invitee)	Present	Present	Present	Present	Present
	Nagendra Shukla, GM (Banking) (Non Member & Invitee)	Present	Present	Present	Present	Present

The Audit Committee of the Company is entrusted with the responsibility to supervise the Company's internal controls and financial reporting process and inter alia performs the following functions:

- Overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible;
- Recommending the appointment and removal of Statutory /

Internal Auditors, fixation of audit fee and approval for payment of any other services;

- Reviewing with Management the annual / quarterly financial results before submission to the Board;
- Reviewing with Management the annual financial statements before submission to the Board focusing primarily on:
 - Any changes in accounting policies and practices;

- Major accounting entries based on exercise of judgment by management;
- Identifications in draft Audit Report;
- Significant adjustments arising out of Audit;
- The going concern assumption;
- Compliance with accounting standards;
- Any Related Party Transactions as per Accounting Standard 18.

- Reviewing with Management the annual financial statements of the subsidiary companies;
- Reviewing with Management, Statutory Auditors and Internal Auditors, the adequacy of internal control systems;
- Reviewing the adequacy of Internal Audit function;
- Discussing with Internal Auditors any significant finding and reviewing the progress of corrective actions on such issues;
- Reviewing the findings of any internal investigations by the

Internal Auditors in matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and then reporting such matters to the Board;

- Discussing with Statutory Auditors, before the Audit commences, on the nature and scope of Audit as well as having Post-Audit discussion to ascertain area of concern, if any;
- Reviewing the Company's financial and risk management policies;

- Reviewing whistle blower mechanism.

REMUNERATION COMMITTEE

The composition of the Remuneration Committee meets the requirement of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. During the financial year ended 31st March' 2014, four Remuneration Committee meetings were held on **June 29, 2013 / August 29, 2013 / December 27, 2013 and March 27, 2014.**

COMPOSITION OF COMMITTEE AND ATTENDANCE OF MEMBERS

Sr. No.	Name and Position	Meetings / Attendance			
		29.06.2013	29.08.2013	27.12.2013	27.03.2014
1	Ajay Kr. Saraogi, Chairman	Present	Present	Present	Present
2	K. P. Shah, Director	Present	Present	Present	Present
3	Uday J Desai, Director	Present	Present	Present	Present
	Atul Rastogi, CFO (Non Member & Invitee)	Present	Present	Present	Present
	Nagendra Shukla, GM (Banking) (Non Member & Invitee)	Present	Present	Present	Present

The terms of reference of the Remuneration Committee are as under:-

- Meetings of the Committee shall be held whenever matters pertaining to the remuneration payable, including any revision in the remuneration payable to the Executives / Non-Executive Directors / Employees are to be made.
- Payment of remuneration shall be approved by a resolution passed by the Remuneration Committee.
- All information about the Directors / Managing Directors / Whole-Time Directors /

Employees, i.e., background details, past remuneration, recognition or awards, job profile shall be considered and disclosed to shareholders.

- While approving the remuneration, the Committee shall take into account financial position of the Company, qualification, experience and past performance of the appointee.
- The Committee shall be in a position to bring objectivity in determining the remuneration payable while striking the balance between the interest of the Company and the shareholders.

SHAREHOLDERS' COMMITTEE

The composition of the Shareholders' Committee meets the requirement of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. During the financial year ended 31st March' 2014, four Shareholders' Committee meetings were held on **June 29, 2013 / August 29, 2013 / November 28, 2013 and March 24, 2014.**

COMPOSITION OF COMMITTEE AND ATTENDANCE OF MEMBERS

Sr. No.	Name and Position	Meetings / Attendance			
		29.06.2013	29.08.2013	28.11.2013	24.03.2014
1	K. P. Shah, Chairman	Present	Present	Present	Present
2	Prabhjot Singh, Director	Present	Present	Present	Present
3	Anoop Kr. Wadhera, Director	Present	Present	Present	Present
4	Atul Rastogi, CFO (Non Member & Invitee)	Present	Present	Present	Present
5	Nagendra Shukla, GM (Banking) (Non Member & Invitee)	Present	Present	Present	Present

The terms of reference of the Shareholders' Committee are as under:-

- Addressing the shareholders' complaints with respect to transfer of shares, non-receipt of annual report, non-receipt of declared dividend, etc.
- Ensuring an expeditious share transfer process in line with the proceedings of the Share Transfer Committee.
- Review the certificate of the Practicing Company Secretary

SELECTION COMMITTEE

The composition of the Selection Committee meets the requirement of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. During the financial year ended 31st March' 2014, three Shareholders' Committee meetings were held on **June 29, 2013 / August 29, 2013 / March 27, 2014.**

COMPOSITION OF COMMITTEE AND ATTENDANCE OF MEMBERS

Sr. No.	Name and Position	Meetings / Attendance		
		29.06.2013	29.08.2013	27.03.2014
1	Sunil Verma, Chairman	Present	Present	Present
2	Ajay Kr. Saraogi, Director	Present	Present	Present
3	Jagendra Swarup, Director	Present	Present	Present
	Atul Rastogi, CFO (Non Member & Invitee)	Present	Present	Present
	Nagendra Shukla, GM (Banking) (Non Member & Invitee)	Present	Present	Present

The terms of reference of the Selection Committee are as under:-

- Considering the requirement of the skill-sets on board, eminent persons having an independent standing in their respective fields / professions and who can effectively contribute to the Company's business / growth.

to the attention of the Management any issue which is perceived to be in violation of or in conflict with the fundamental business principles of the Company.

The employees are encouraged to raise any of their concerns by way of whistle blowing and none of the employees have been denied access to the Audit Committee. All cases registered under the Whistle Blower Policy of the Company are reported to the Committee of Directors and are subject to the review of the Audit Committee. Employees can send

written communications to the Company regarding any complaints / grievances they are facing. The Committee is designated for effective implementation of the policy and dealing with the complaints registered under the policy. All cases registered under the Whistle Blower Policy of the Company are reported to the Committee of Executive Directors and are subject to the review of the Audit Committee.

WHISTLEBLOWER POLICY

The Company has adopted a Whistle Blower Policy to provide appropriate avenues to the employees to bring

RISK MANAGEMENT

The risk management process is continuously improved and adapted

to the changing global risk scenario. The agility of the risk management process is monitored and reviewed for appropriateness with the changing risk landscape. The process of continuous evaluation of risks includes taking stock of the risk landscape on an event driven as well as quarterly basis. The risk categories covered includes strategic, operational and financial as well as compliance-related risks across various levels of the organisation. This includes risk assessment and mitigation at the Company level, business / functional level, relationship level and project level.

Business risk evaluation and management is an ongoing and continuous process within the Company and is regularly updated to the Audit Committee.

RELATED PARTY TRANSACTIONS

A comprehensive list of Related Parties and their transactions as required by AS-18 issued by the Institute of Chartered Accountants of India, forms part of an Annexure to the Notes to Accounts in the Annual Report and is placed before the Audit Committee. None of the transactions with any of the related parties were in conflict with the interests of the Company.

The Company is not mandated to form an Audit Committee, yet it has done so and the working is strictly as per the standards expected.

BASIC CLOSURE

There are no materially significant transactions with related parties viz., Promoters, Directors, Management or their subsidiaries or relatives conflicting with the Company's interest. Suitable disclosure as required by the Accounting Standard (AS 18) has been made in the Annual Report.

COMPLIANCE OFFICER

The Board has designated Mr. Sujay U. Desai, Director & C.E.O., as the Compliance Officer, whose awareness and credentials have today positioned the Company in good standing for the future. The superintendence authority of the Board is overall and in law and shall always be responsible and answerable for legal defaults, Mr. Sujay U. Desai continues to be individually responsible for statutory defaults and the break of Law.

COMPANY SECRETARY

Ms Sudeepti Srivastava, 205-A, Anand Tower, 117/K/13, Sarvodaya Nagar, Kanpur-208 025.

SUBSIDIARIES

All requisite information pertinent to the Subsidiaries of the Company is attached to the accounts at the appropriate places. The Management of the subsidiaries is conducted by Directors, the Chairman & Managing Director. The Director & CEO of the parent Company along with its Group President and CFO remain responsible for the operations. The financial information of the subsidiary companies is disclosed in the Annual Report in compliance with the said Circular of the Ministry of Corporate Affairs, Government of India. The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements presented by the Company includes the financial results of its subsidiary companies.

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

Though the requirements of Clause 49 are not yet applicable, being alive to our responsibility, the Management Discussion and Analysis nevertheless, forms part of this Annual Report.

GENERAL INFORMATION FOR SHAREHOLDERS

For detailed analysis and for intimating the shareholders' about the Company's performance in the year 2013-14, attached are the statement of accounts and the Balance Sheet of the Company.

To sum it all, our Company:

- Made a profit before tax of ₹ 12610 Lacs and keeping in view our financial obligations and commitments, especially to our Bankers.
- We have enough liquid assets to meet our financial obligations.
- Our shares are not listed and hence we cannot evaluate our shares at their Net Present Value (N.P.V.)
- Our scope of activities has not changed during the year, but has enhanced to include the Bhavnagar Port Project, Limestone / Coal Mining, increase in the number of commodities traded.
- There has not been any significant change in the accounting policies.
- The Board periodically reviews the Company's Risk Management & Framework system

CORPORATE IDENTITY NUMBER (CIN)

Corporate Identity Number (CIN) of the Company allotted by The Ministry of Corporate Affairs, Government of India is U05001MH995PLC243081.

OFFICE LOCATIONS OF THE COMPANY

Registered Office -

Mumbai

907-910, Meadows,
Sahar Plaza,
Andheri Kurla Road, Andheri (E),
Mumbai (400 059)
frost.mumbai@frostinternational.in

International Marketing Div. & Head Office- New Delhi

Aria Towers - 3rd Floor,
Commercial Block, J W Marriott
Hotel, Aerocity, Asset Area 4,
Hospitality District, New Delhi (110 037)
frost.delhi@frostinternational.in

Corporate Office

Kanpur

402 - 403, Kalpana Plaza,
24/147 -B Birhana Road,
Kanpur (208 001)
frost.kanpur@frostinternational.in

Branch Offices Kolkata

37, Shakespeare Sarani,
S.B. Towers, Suit #4,
Kolkata (700 017)
frost.kolkata@frostinternational.in

Ahmedabad

406, 4th Floor, Shail's Mall,
B/H Girish Cold Drink,
C.G. Road, Navrangpura,
Ahmedabad (380 009)
frost.ahmedabad@frostinternational.in

Vishakhapatnam

28-8-2, 1st Floor, Duwi Chamber,
Near Venkateswara Theatre,
Suryabagh, Dabagardens,
Vishakhapatnam (530 020)
frost.kolkata@frostinternational.in

Cuttack

Plot No. 638, Mahanadi Vihar,
Near Jagannath Temple,
Cuttack (753 004)
frost.kolkata@frostinternational.in

Goa

L24, 4th Floor, D Block,
Alfran Plaza, Panjim,
Goa (403 001)

Meghalaya

House No. 35, Ward No. 26,
Streamlet Road, Lower Lumparing,
Laban, East Khasi Hills,
Shillong, Meghalaya (793 004)

Address for Correspondence

Stakeholders are requested to
contact the Director, at, Frost
International Ltd, 402- 403
Kalpana Plaza,
24/147 – B, Birhana Road,
Kanpur (208 001),
Contact No. 0512- 2347542,
0512- 2395648.

INDEPENDENT AUDITORS' OPINION

To
The Members of
FROST INTERNATIONAL LIMITED
KANPUR.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **M/s Frost International Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Management is responsible for the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with General Circular 15/2013 dated 12.09.2013, of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion of effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date, and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) 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.
 - (b) 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.
 - (c) The Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For **Rajiv Mehrotra & Associates**

Chartered Accountants

Firm Reg. No. 002253C

(Partner)

Anjani Kheterpal

M. No. 401701

Kanpur, 15th May, 2014

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date,

Re: Frost International Limited

- (i) a. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b. As explained to us, the company has a regular programme for physical verification of all assets over a period of three years. In our opinion, it is reasonable having regard to the size of the company and the nature of its assets.
- c. The company has not made any significant disposal of fixed assets so as to effect its going concern status.
- (ii) a. The inventory has been physically taken by the management during the year at various locations. In our opinion, the frequency of verification is reasonable.
- b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c. The company has maintained proper records of inventory. According to the information and explanations given to us and on the basis of our examination of records, we are of the opinion that no material discrepancies were noticed on physical verification. The differences arising in quantities of various goods, particularly food grains and iron ore are owing to environmental factors and have been properly dealt with by the company in their stock records.
- (iii) a. As per the information and explanations given to us and on the basis of our verification of the books and records of the company it may be mentioned that during the year, the company has granted loans to 2 (two nos.) parties covered in the register maintained under section 301. The total amount outstanding as at the close of the year is ₹ 9.91 Crores. As has been explained to us, the account is primarily of the nature of a current account.
- b. In our opinion and on the basis of the information and explanations given to us, the rate of interest and the other terms and conditions of loans to the above parties are not prejudicial to the interest of the company.
- c. As per the information and explanations given to us there is no stipulation as to the tenure/repayment of the above loans. However, since the above loans are on account of running transactions between the company and the other party, and the company had also received similar advances from parties covered in the Register u/s 301, we are of the opinion that the receipt of principal and interest amount is regular.
- d. As per the information and explanations given to us there is no stipulation as to the tenure/repayment of the above loan, therefore in our opinion there are no overdue amounts.
- e. As per the information and explanations given to us and on the basis of our verification of the books and records of the company it may be mentioned that during the year, the company has taken loans from 14 (fourteen) nos. parties covered in the register maintained under section 301. The total amount involved was ₹ 29.63 Crores. The total amount outstanding on such account as at the year end was ₹ 61.59 Crores. It may be mentioned that these accounts are primarily of a current account nature and hence only the net transactions are reported herein.
- f. In our opinion and on the basis of the information and explanations given to us, the rate of interest and the other terms and conditions of loans from the above parties are not prejudicial to the interest of the company.
- g. As per the information and explanations given to us there is no stipulation as to the tenure/repayment of the above loans.
- (iv) In our opinion and according to the information and explanations given us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) a. According to the information and explanations given to us, we are of the opinion that the particulars of contracts and arrangements referred to in section 301 of the Act have been entered into the register maintained under section 301 of the Companies Act, 1956.
- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 have been made

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date,

Re: Frost International Limited

at prices which are reasonable having regard to prevailing market price at the relevant time.

- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public. No order has been passed by the Company Law Board or the National Company Law Tribunal or RBI or any Court or any other Tribunal.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) As per the information & explanations given to us, maintenance of cost records has not been prescribed under section 209(1) of the Companies Act, 1956 for the company.
- (ix) (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including investor education protection fund, income tax, sales tax, wealth tax, service tax & customs duty and other material statutory dues applicable to it. The company being a trading concern, is exempt from excise duty, cess thereon.
- (b) According to the information and explanation given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, customs duty etc. were in arrears as at 31.03.2014 for a period of more than six months from the date they became due.
- (x) In our opinion, the company has no accumulated losses at the end of the financial year and the company has not incurred cash losses either during the year covered by our audit and also the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or bank. The company has not issued debentures.
- (xii) In our opinion and according to the information & explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund or a Nidhi/ Mutual benefit fund/ Society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion, the company is dealing in shares, securities, debentures and other investments as the same are incidental to the business of the company. The company has maintained adequate records and documents relating to these transactions. These securities are held in the name of the company.
- (xv) According to the information & explanations given to us, the terms and conditions with regard to the guarantees given by the company for loans taken by other parties from banks or financial institutions are not prejudicial to the interest of the company.
- (xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanations given to us the company has made preferential allotment of shares to parties covered in the register maintained u/s 301 of the Companies Act, 1956. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the company.
- (xix) According to the information and explanations given to us, during the period covered by our audit report, the company has not issued any debentures.
- (xx) The company has not raised any money by way of public issue during the period covered by our audit.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit that causes the financial statements to be materially misstated.

For **Rajiv Mehrotra & Associates**

Chartered Accountants

Firm Reg. No. 002253C

(Partner)

Anjani Kheterpal

M. No. 401701

Kanpur, 15th May, 2014

BALANCE SHEET

As at 31st March, 2014

		₹ In Lacs	
Particulars	Note No.	As At 31st March, 2014	As At 31st March, 2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	2,740.00	2,530.00
Reserves & Surplus	3	40,768.60	30,011.38
Non Current Liabilities			
Long Term Borrowings	4	10,555.26	10,591.64
Deferred Tax Liabilities	5	483.86	727.41
Other Long Term Liabilities	6	0.30	2.30
Current Liabilities			
Short Term Borrowings	7	12,891.73	14,868.73
Trade Payables	8	5,14,133.63	3,25,835.27
Other Current Liabilities & Short Term Provisions	9	43,623.34	58,078.11
		6,25,196.72	4,42,644.84
ASSETS			
Non Current Assets			
Fixed Assets			
- Tangible Assets	10	5,074.68	4,336.51
Non Current Investments	11	2,524.61	2,482.65
Long Term Deposits and Advances	12	5,465.02	4,355.59
		13,064.31	11,174.75
Current Assets			
Inventories	14	4,289.40	7,826.90
Trade Receivables	15	2,65,402.75	89,865.30
Cash & Cash Equivalents	16	3,13,225.15	3,04,302.43
Short Term Loans & Advances	12	18,016.32	17,634.90
Other Current Assets	13	11,198.79	11,840.56
		6,12,132.41	4,31,470.09
		6,25,196.72	4,42,644.84
Significant Accounting Policies	1		

As Per Our Report of Even Date
For **Rajiv Mehrotra & Associates**
Firm Reg. No. 002253C
Chartered Accountants

Anjani Kheterpal
(Partner)
M. No. 401701

Kanpur, 15th May, 2014

For and on Behalf of the Board of Directors of Frost International Limited

Uday J. Desai
(Chairman & Managing Director)

Sunil Verma
(Director)

Sujay U. Desai
(Director & CEO)

Atul Rastogi
(Chief Financial Officer)

Nagendra Shukla
(General Manager - Banking)

Sudeepti Srivastava
(Company Secretary)

STATEMENT OF PROFIT AND LOSS

For the Year Ended 31st March, 2014

₹ In Lacs

Particulars	Note No.	Current Year	Previous Year
INCOME			
Revenue from Operations	17	13,20,818.06	8,87,191.70
Other Income	18	1,957.81	1,383.34
Total Revenue		13,22,775.87	8,88,575.04
EXPENSES			
Purchases of Stock In Trade & Other Direct Expenses	19	12,95,301.96	8,60,382.37
Changes in Inventories of Stock In Trade	20	3,537.50	6,505.10
Employee Benefits Expenses	21	969.23	896.45
Finance Costs	22	6,866.02	5,841.90
Depreciation & Amortisation	23	663.44	600.49
Other Expenses	24	2,827.59	3,628.36
		13,10,165.74	8,77,854.67
Profit before exceptional & extraordinary items and tax		12,610.13	10,720.37
Profit Before Tax		12,610.13	10,720.37
Tax Expense			
Current Tax		4,499.62	3,500.00
Deferred Tax		(243.55)	11.82
Tax Adjustment- earlier years		116.83	52.01
Net Profit For the Year		8,237.23	7,156.54
Balance Brought Forward		19,341.37	14,204.24
Transfer to General Reserve		0.00	1,431.31
Interim Dividend		0.00	506.00
Dividend Tax		0.00	82.10
Profit Carried to Balance Sheet		27,578.60	19,341.37
Earnings Per Share (₹)			
- Basic (Face Value of ₹ 10 each)		31.74	29.57
- Diluted (Face Value of ₹ 10 each)		31.74	29.57
Significant Accounting Policies	1		

As Per Our Report of Even Date
For **Rajiv Mehrotra & Associates**
Firm Reg. No. 002253C
Chartered Accountants

For and on Behalf of the Board of Directors of Frost International Limited

Uday J. Desai

(Chairman & Managing Director)

Sunil Verma

(Director)

Anjani Kheterpal

(Partner)

M. No. 401701

Sujay U. Desai

(Director & CEO)

Atul Rastogi

(Chief Financial Officer)

Nagendra Shukla

(General Manager - Banking)

Sudeepti Srivastava

(Company Secretary)

Kanpur, 15th May, 2014

CASH FLOW STATEMENT

For the Year Ended 31st March, 2014

		₹ In Lacs	
Particulars	Year Ended 31st March, 2014	Year Ended 31st March, 2013	
I) CASH FROM OPERATIONS			
A. Profit After Tax	8,237.23	7,156.53	
B. Adjustments:			
Depreciation	663.44		
Deferred Tax	(243.55)		
Loss/(Profit) on sale of assets	(0.21)		
Finance Costs	6,866.02		
Fixed Assets written off	0.95		
Loss/(Profit) on sale of investments	(68.09)		
	7,218.56	6,215.25	
	15,455.79	13,371.78	
Adjustments for Changes in Working Capital			
Decrease/(Increase) in Inventories	3,537.49		
Decrease/(Increase) in Sundry Debtors	(1,75,537.45)		
Decrease/(Increase) in Loans & Advances	(381.43)		
Decrease/(Increase) in Other Current Assets	641.77		
Decrease/(Increase) in Long Term Advances	(1,109.43)		
Increase/(Decrease) in Long Term Liabilities	(2.00)		
Increase/(Decrease) in Current Liabilities	1,73,843.59		
	992.54	1,76,366.88	
Net Cash from Operations	16,448.33	1,89,738.66	
II) CASH FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets (incl. Capital WIP)	(1,419.52)	(439.79)	
Sale of Shares in Subsidiary	302.73	23.11	
Investment in Gold	9.16	(146.04)	
Investment in Joint Venture	(187.73)	(12.00)	
Sale of Investments (Net)	(98.03)	529.60	
Sale of Fixed Assets	17.18	40.79	
Dividend paid and tax thereon	-	(588.10)	
Net Cash from Investment Activities	(1,376.21)	(592.43)	

CASH FLOW STATEMENT

For the Year Ended 31st March, 2014

Particulars	₹ In Lacs	
	Year Ended 31st March, 2014	Year Ended 31st March, 2013
III) CASH FROM FINANCING ACTIVITIES		
Increase in Share Capital	210.00	150.00
Decrease in Share Application Money	-	-
Premium on Equity Shares	2,520.00	1,350.00
Increase in Loan Funds	(2,013.38)	1,439.84
Finance Costs	(6,866.02)	(5,841.91)
Net Cash from Financing Activities	(6,149.40)	(2,902.07)
Net Increase in Cash and Cash Equivalents	8,922.72	1,86,244.16
Cash and Cash Equivalents as at the beginning of the year	3,04,302.43	1,18,058.27
Cash and Cash Equivalents as at the end of the year	3,13,225.15	3,04,302.43

Notes :

- The Cash Flow Statement has been prepared in accordance with the "Indirect Method" specified in the AS-3 of ICAI.
- Cash & Cash Equivalents comprise cash balances and balances with banks, including current deposit account and fixed deposits maturing within one year only.

The accompanying schedules form an integral part of the accounts.

As Per Our Report of Even Date

For **Rajiv Mehrotra & Associates**

Firm Reg. No. 002253C

Chartered Accountants

For and on Behalf of the Board of Directors of Frost International Limited

Uday J. Desai

(Chairman & Managing Director)

Sunil Verma

(Director)

Anjani Kheterpal

(Partner)

M. No. 401701

Sujay U. Desai

(Director & CEO)

Atul Rastogi

(Chief Financial Officer)

Nagendra Shukla

(General Manager - Banking)

Sudeepti Srivastava

(Company Secretary)

Kanpur, 15th May, 2014

NOTES

Forming part of the accounts

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

Company Overview

Frost International Limited ('FIL' of 'The Company') is a star export house, engaged in trading of various agri-commodities, iron ore, bullion, garments, coal, petroleum by-products etc. The company is also engaged in generation and sale of power through wind mill technology. In addition to the same, the company has also started mining activities during the year at Shillong, Meghalaya for extraction of ores. The company also trades in shares and securities.

1. Significant Accounting Policies

1.1 Accounting Concepts: The Financial Statements are prepared under the Historical Cost Convention, on accrual basis, in compliance with the Accounting Standards notified under Section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013, to the extent the same are applicable to the company.

1.2 Use of estimates: The preparation of financial statements in conformity with Generally Accepted Accounting Principles in India (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements and the results of operations during the year. Differences between actual results and estimates are recognised in the year in which the results are known or materialise. Examples of such estimates are loss of stock/weight due to environmental factors etc. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

1.3 Fixed Assets: Fixed Assets have been stated at cost less accumulated depreciation and impairment loss, if any.

1.4 Depreciation & Amortisation: Depreciation on all Assets has been provided on W.D.V. method in the manner and at the rates specified in Schedule XIV to the Companies Act, 1956. Depreciation on fixed assets acquired during the year has been provided on pro-rata basis from the date of acquisition.

1.5 Impairment of Assets: The carrying amounts of assets are reviewed at each Balance Sheet date for

any indication of impairment owing to any external or internal factors. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss (if any). During the year no impairment loss were identified and hence no provision in this respect has been made.

1.6 Inventories: The inventories of trading goods as well as shares and securities are valued at cost or estimated realizable value whichever is lower, in compliance with Accounting Standard 2.

1.7 Foreign Currency Transactions:

a. **Initial Recognition:** Payments and receipts in foreign currency have been recorded on the basis of actual rupee value prevailing on the date of transaction.

b. **Conversion and Exchange Differences:** Exchange differences arising on settlement of monetary transactions are recognized as income/expense (as the case may be) in the year of settlement. Monetary assets and liabilities, denominated in foreign currency, and pending settlement as on the last day of the Financial Year have been stated at the conversion rate as at the close of the year or, in case of assets/liabilities where the company's forex exposure has been crystallized owing to an underlying forward exchange contract, at the rate so contracted. The resultant loss/gain arising from such re-statement has been recognized as income/expense for the year. Non monetary items including investment in equity capital of the Subsidiary have been stated at actual the cost/transaction value in home currency as on the date of the transaction.

c. **Forward Exchange Contracts:** In respect of forward exchange contracts entered into by the Company, the difference between the contracted rate and the rate as at the date of the transaction is recognized as gain or loss over the period of contract. Any profit or loss arising on cancellation/expiry of forward exchange contracts during the year is recognized as income or as expense for the year.

1.8 Contingent Liabilities: Contingent Liabilities denominated in foreign currency are stated at the closing rate as at the Balance Sheet date.

NOTES

Forming part of the accounts

1.9 Revenue Recognition

- a. Inland sales have been accounted for at the time of dispatch of goods by the company.
- b. Export Sales have been recognized only after the goods have been cleared by the Customs Authorities and shipped on board i.e. only after that point of time when the company loses the title to the goods.
- c. High Seas Sales have been recognized upon endorsement of documents of title of goods.
- d. Sales have been recorded net of rebates and trade discounts but are grossed up for Sales Tax and VAT.
- e. Other items of income and expenditure have been recognised on accrual basis.
- f. Purchases have been accounted for at the time of receipt of documents relating to delivery of materials and Bill of Entry in respect of import of goods.
- g. Gain/loss from trading in derivatives has been recognized only upon settlement of the trade. The mark to market margins have not been charged to revenue.
- h. The revenue in respect of export incentives has been recognized only in cases where there is a reasonable certainty of realization. The same has been done in accordance with AS-9 of the ICAI.
- i. Revenue in respect of Interest has been recognized on a time proportion taking into account the amount outstanding and the rates of interest applicable.
- j. Purchase and sale of securities has been accounted for as soon as the relative transaction is entered into.

1.10 Employee Benefits:

Short term employee benefits

All employee benefits payable/available within twelve months of rendering the services are classified as short term employee benefits. Benefits such as salaries, wages and bonus etc., are recognised in the Profit and Loss Account in the period in which the employee renders the related service.

Provident fund

Eligible employees receive benefits from a provident fund, which is a defined benefit plan. Both the employees and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employees' salary. The Company contributes a part of the contributions to the Government administered Provident/Pension Fund. The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the Government. The Company has no obligations as regards payment of pension/interest etc. to the employees on account of the same.

Other long term employee benefits

Entitlements to annual leave and sick leave and long service awards are recognised when they accrue to employees. All leave entitlements can only be en-cashed at the time of retirement/termination of employment or may be availed during the term of employment, subject to a restriction on the maximum number of accumulation of leave entitlements days. The Company determines the liability for long term employee benefits on the basis of actuarial valuation as at the year end in accordance with Accounting Standard issued by the ICAI.

1.11 Taxes on Income: Tax Expense for the year comprises of current tax and deferred tax

- a. Current Tax: Current Tax is determined as the amount of tax payable in respect of taxable income for the period.
- b. Deferred Tax: Deferred Tax is recognized, subject to the consideration of prudence in respect of deferred tax assets, on timing differences.

1.12 Contingent Liabilities: Contingent Liabilities are disclosed by way of notes and are not recognized in the Financial Statements.

1.13 Leases: The company has classified a lease as a Finance Lease where the lessor has transferred substantially all the risks and benefits of ownership of the leased term to the company. The lease payments are apportioned between the finance charge and the reduction in the outstanding liability. Depreciation has been recognized in respect of assets acquired under a financial lease.

NOTES

Forming part of the accounts

NOTE 2 | SHARE CAPITAL

Particulars	₹ In Lacs	
	As at 31st March, 2014	As at 31st March, 2013
Authorised Share Capital (In Nos.)	5,000.00	5,000.00
5,00,00,000 (P.Y.5,00,00,000) equity shares of ₹ 10/- each		
Issued, Subscribed & Paid Up Share Capital (In Nos.)		
2,74,00,000 (P.Y.2,53,00,000) equity shares	2,740.00	2,530.00
of ₹ 10/- each fully paid up		
	2,740.00	2,530.00

a) Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting year

Reconciliation	As at 31st March, 2014		As at 31st March, 2013	
	Nos.	₹ In Lacs	Nos.	₹ In Lacs
Shares Outstanding as at the Beginning of the year	2,53,00,000	2,530.00	2,38,00,000	2,380.00
Shares issued during the year	21,00,000	210.00	15,00,000	150.00
Shares bought back during the year	0	0.00	0	0.00
Shares Outstanding as at the end of the year	2,74,00,000	2,740.00	2,53,00,000	2,530.00

b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a face value of ₹ 10/- per share. Each shareholder is entitled to one vote per share.

The Company has neither paid any interim dividend during the year nor any dividend has been proposed as at the close of the year.

c) Details of shareholders holding more than 5% shares in the Company

Name of The Shareholder	As at 31st March, 2014		As at 31st March, 2013	
	Nos.	%	Nos.	%
Equity shares of ₹ 10/- each fully paid up				
Shri Uday J Desai	35,27,500	12.87%	29,95,000	11.84%
Shri Sunil Verma	23,50,000	8.58%	20,50,000	8.10%
Shri Anoop K. Wadhera	15,44,450	5.64%	13,94,450	5.51%
Smt. Nilima U. Desai	26,15,000	9.54%	24,44,500	9.66%
Smt. Rita Verma	22,26,775	8.13%	21,70,000	8.58%
Uday J Desai HUF	13,61,500	4.97%	13,62,000	5.38%
Mr. Sujay U. Desai	41,00,000	14.96%	37,95,000	15.00%
Smt. Suman Desai	18,84,000	6.88%	18,84,000	7.45%
Mr. Nipun Verma	17,00,000	6.20%	15,07,500	5.96%
Ms. Sanjana Desai	15,75,000	5.75%	13,87,275	5.48%
Mr. Saral Verma	14,17,500	5.17%	12,12,500	4.79%
Mr. Ankush Wadhera	20,50,000	7.48%	20,50,000	8.10%

d) Aggregate number of bonus shares issued during the period of 5yrs immediately preceding the reporting date- Nil

NOTES

Forming part of the accounts

NOTE 3 | RESERVES & SURPLUS

₹ In Lacs

Particulars	As at 31st March, 2014	As at 31st March, 2013
Capital Redemption Reserve	18.75	18.75
Securities Premium Account		
As per last Balance Sheet	8,949.26	7,599.26
Add: Addition on issue of new equity shares	2,520.00	1,350.00
Closing Balance	11,469.26	8,949.26
General Reserve		
As per last Balance Sheet	1,702.00	270.70
Add: Trf from the Profit & Loss Account	0.00	1,431.30
Closing Balance	1,702.00	1,702.00
Surplus in Profit & Loss Account		
As per last Balance Sheet	19,341.37	14,204.24
Add: Profit for the year	8,237.23	7,156.54
Less: Appropriations		
Interim dividend paid	0.00	506.00
Tax on interim dividend paid	0.00	82.10
Transfer to general reserve	0.00	1,431.31
Net Surplus in the Statement of Profit & Loss	27,578.59	19,341.37
Total Reserves and Surplus	40,768.60	30,011.38

The Company has neither paid any interim dividend during the year nor any dividend has been proposed as at the close of the year.

NOTE 4 | LONG TERM BORROWINGS

₹ In Lacs

Particulars	Non Current Portion		Current Maturities	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
Term Loans- Secured				
Indian Rupee Loans from Banks	1,085.84	1,450.51	218.13	209.90
From Others	17.48	39.12	22.03	19.94
Loans and Advances from related parties- unsecured	6,159.11	4,718.23	0.00	0.00
Other Deposits- unsecured	3,292.82	4,383.78	0.00	0.00
(Including unsecured, inter corporate loans and advances)				
	10,555.25	10,591.64	240.16	229.84

NOTES

Forming part of the accounts

1. Indian rupee loans from banks include:

- (a) Rupee Term Loan (including their current maturities) of ₹ 1,125.16 Lacs (P.Y. ₹ 1,350.00 Lacs) from Indian Overseas Bank is secured against hypothecation of windmills and other related accessories financed by the bank for the company's wind mill project. The rate of interest of the aforesaid loan is linked to the bank rate.
- (b) Rupee Term Loan (including their current maturities) of ₹ 9.36 Lacs (P.Y. ₹ 18.51 Lacs) from ICICI Bank are secured against hypothecation of material handling equipment and DG Sets of the company financed out of the same. The rate of interest of the aforesaid loans is 12.20% p.a.
- (c) Rupee Term Loan (including their current maturities) of ₹ 67.72 Lacs (P.Y. ₹ 138.57 Lacs) from ICICI Bank are secured against hypothecation of goods' carriage vehicles financed out of the said loans. The rate of interest of the aforesaid loans is 12.20% p.a.
- (d) Rupee Term Loan (including current maturities) of ₹ 81.35 Lacs (₹ 125.40 Lacs) from Axis Bank

is secured against hypothecation of vehicles financed out of the said loans. The rate of interest of the aforesaid loans is 10.50% to 12.47% p.a.

- (e) Rupee Term Loan (including current maturities) of ₹ 16.46 Lacs (P.Y.- ₹ 25.20 Lacs) from Axis Bank is secured against hypothecation of equipment financed out of the said loans. The rate of interest of the aforesaid loans is 10.50% to 12.47% p.a.
- (f) Rupee Term Loan (including their current maturities) of ₹ 3.92 Lacs (P.Y. ₹ 2.72 Lacs) from ICICI Bank is secured against hypothecation of vehicles financed out of the said loan. The rate of interest of the aforesaid loans is 12.20% p.a.
- (g) Rupee Term Loan (including their current maturities) of ₹ 39.51 Lacs (P.Y. ₹ 59.06 Lacs) from SREI Equipment Finance Pvt.Ltd. is secured against hypothecation of vehicles financed out of the said loan. The rate of interest of the aforesaid loans is 12.20% p.a.

2. The company has not defaulted in repayment of any interest or loans during the year and there are no continuing defaults in respect of the same.

3. Terms of repayment

The above said loans are repayable as per the repayment schedule given below:

Particulars	Indian Overseas Bank- Loan for Windmill	ICICI- Equipment Loan	ICICI- Goods Carriage Vehicles	Axis Bank- Vehicles	Axis Bank- Equipment	ICICI- Other Vehicles	SREI- Goods Carriage Vehicles
	Refer Para (a) above	Refer Para (b) above	Refer Para (c) above	Refer Para (d) above	Refer Para (e) above	Refer Para (f) above	Refer Para (g) above
Loan amount	1,430.00	25.79	192.06	135.60	26.98	10.50	59.06
Outstanding as at 31.03.14	1,125.16	9.36	67.72	81.35	16.46	3.92	39.51
No. of Installments	36	34	34	36	36	36	34
Installment Amount	40.00	0.90	6.69	4.60	0.92	0.16	2.08
Periodicity	Quarterly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly
Amount payable in:							
- F.Y.2014-15	160.00	9.91	73.87	54.65	11.05	3.17	25.02
- F.Y.2015-16	160.00	-	1.09	34.32	6.98	1.09	19.84
- F.Y.2016-17	160.00	-	-	-	-	-	-
- F.Y.2017-18	160.00	-	-	-	-	-	-
- F.Y.2018-19	160.00	-	-	-	-	-	-
- F.Y.2019-20	160.00	-	-	-	-	-	-
- F.Y.2020-21	150.00	-	-	-	-	-	-
Other Remarks	* Note	-	-	-	-	-	-

₹ In Lacs

* Note: The installment amount referred to above includes only the principal component of the loan. The installment payable per quarter shall be inclusive of the principal component plus interest thereon on the going base rate.

NOTES

Forming part of the accounts

NOTE 5 | DEFERRED TAX LIABILITIES (NET)

₹ In Lacs

Particulars	As at 31st March, 2014	As at 31st March, 2013
Deferred Tax Liability		
Depreciation	552.64	787.83
Gross deferred tax liability	552.64	787.83
Deferred Tax Asset		
Impact of expenditure charged to the Statement of Profit & Loss in earlier years but allowed for tax purposes on payment basis.	61.00	44.17
Impact of expenditure charged to the Statement of Profit & Loss in the current year but allowed for tax purposes on payment basis	7.78	16.25
Gross deferred tax assets	68.78	60.42
Net Deferred tax liability/(asset)	483.86	727.41

NOTE 6 | OTHER LONG TERM LIABILITIES

₹ In Lacs

Particulars	As at 31st March, 2014	As at 31st March, 2013
Trade Payables		
- Security Deposits received	0.30	1.30
- Other trade payables	0.00	0.00
Others	0.00	1.00
	0.30	2.30

NOTE 7 | SHORT TERM BORROWINGS

₹ In Lacs

Particulars	As at 31st March, 2014	As at 31st March, 2013
Loans Repayable on Demand		
- Secured Loans From Banks	12,891.73	14,868.73
- Secured Loans From Others	0.00	0.00
Deposits (Unsecured)	0.00	0.00
	12,891.73	14,868.73

NOTES

Forming part of the accounts

1. Securities against secured loans are as under:

The company's limits with the following banks are under a consortium arrangement, with Bank of India as the Lead Bank. The other member banks in the consortium are as under:

- Oriental Bank of Commerce
- Allahabad Bank
- UCO Bank
- United Bank of India
- Punjab National Bank
- Bank of Baroda
- Central Bank of India
- Indian Overseas Bank
- Canara Bank
- Union Bank of India

The secured loans above include cash credit, Export packing Credit Limit, Secured overdrafts, FBP/FBN Limit.

In addition to the funded limits, the company has non-funded limits to the tune of ₹ 3,101 Crore (P.Y. ₹ 2,390.00 Crore) as at the close of the year in the form of LC/FLC/bank Guarantees.

The banks referred to above, apart from the exclusive charge on merchandise covered by bills drawn under LC and relative export bills in case of FBN/FBP and Term Deposits of specified quantum, have a 1st pari passu charge on the following assets of the company to the extent of their respective shares in the consortium arrangement:

- Company's Office Premises at 410-411 Kalpana Plaza, 24/147B Birhana Road, Kanpur.
- Company's Office Premises at 402 Kalpana Plaza, 24/147B Birhana Road, Kanpur.
- Company's Premises no.S-279, Panchsheel Park, New Delhi.
- Company's Office Premises no.907, 908, 909 & 910 Meadows, Sahar Plaza, Mumbai.
- Company's Office Premises no. C-69 & C-70, Okhla Industrial Area, New Delhi.
- Company's Office Premises no. 37, Shakespeare Sarini, Space No.4, 3rd Floor, Kolkata.
- Immovable properties of M/s Comet Overseas (P) Ltd. & R.S.Builders (P) Ltd.
- Immovable properties of M/s Globiz Exim Private Limited.
- Immovable property of the Directors of the Company at 510-511, Crystal Plaza, Andheri (W), Mumbai.
- TDRs/Bank Deposits/Mutual Funds of Face Value- ₹ 47.64 Crore (P.Y. ₹ 42.89 Crore).
- Immovable property of Directors of the Company and their relatives at 403 Kalpana Plaza, 24/147B, Birhana Road, Kanpur.
- Immovable property of Directors and relatives of such Directors of the Company at 114/07, Lakhanpur, Kanpur.
- Immovable property of relatives of Directors of the Company at D-954 Friends Colony, New Delhi .
- Immovable property of Directors of the Company and their relatives at T18/1 & T18/2, DLF City, Phase-III, Gurgaon, Haryana
- Personal Guarantees of Directors, their relatives and group companies.

2. The company has not defaulted in repayment of any interest or loans during the year and there are no continuing defaults in respect of the same.

NOTES

Forming part of the accounts

NOTE 8 | TRADE PAYABLES

₹ In Lacs

Particulars	As at 31st March, 2014	As at 31st March, 2013
Trade Payables (including acceptances)	5,14,133.63	3,25,835.27

- As regards the disclosure requirements under the Micro, Small and Medium Enterprises Act, 2006, it may be mentioned that the company has called for information and details from its 'Suppliers' regarding their registration status and classification under the Act as Micro, Small and Medium Enterprise(s). However, no positive response with regard to the same has been received till date. Accordingly the company is not liable to disclose any further information u/s 22 of the Act.
- Credits to the tune of ₹ 5,10,547.12 Lacs are secured against letters of credits issued by various banks. The company has Non Funded FLC/ILC limits to the tune of ₹ 3,101 Crore from various banks (under the consortium arrangement) as at 31.03.2014. The same have been issued at a margin of 10-15%, as per terms of sanctions with various banks. LCs issued by the Bank over and above the limit are at 100% margin.

NOTE 9 | OTHER CURRENT LIABILITIES & SHORT TERM PROVISIONS

₹ In Lacs

Particulars	As at 31st March, 2014	As at 31st March, 2013
Current maturities of Long Term Borrowings	240.16	229.84
Advance from Customers	38,249.51	53,973.22
Other Payables	434.46	195.57
(Including statutory dues, establishment expenses due etc.)		
Provision for Employee Benefits *		
Gratuity	199.59	179.48
Provision for Taxation	4,499.62	3,500.00
	43,623.34	58,078.11

* The company does not have any separate retirement/superannuation funds. The amount of provision for gratuity has been assessed by a registered Actuary and has been provided on the basis of such assessment.

NOTES

Forming part of the accounts

NOTE 10 | FIXED ASSETS

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at 31st March, 2013	Additions	Sale/trrf/adj	As at 31st March, 2014	As at 31st March, 2013	For the Year	Adj.	As at 31st March, 2014	As at 31st March, 2013
Freehold Land	191.48	-	-	191.48	-	-	-	191.48	191.48
Buildings	1,653.08	883.06	-	2,536.14	503.91	115.42	-	619.33	1,149.17
Vehicles	961.29	125.66	64.04	1,022.91	286.39	191.77	47.96	430.21	674.90
Furniture & Fittings	178.42	125.11	-	303.53	103.80	27.15	-	130.95	74.62
Office Equipment	154.41	65.05	4.76	214.70	92.94	22.01	2.93	112.02	61.47
Plant & Machinery	2,729.46	220.65	0.00	2,950.11	544.59	307.09	0.00	851.68	2,184.87
Sub Total	5,868.14	1,419.53	68.80	7,218.87	1,531.63	663.44	50.89	2,144.19	4,336.51

NOTES

Forming part of the accounts

ASSETS UNDER LEASE:

Operating Lease

(a) **Where the company is the Lessor-** Some portions of the company's office premises at Mumbai and Delhi have been given on lease to other entities for a monthly rental. These premises are otherwise largely occupied by the company for its own operations, and are included under the head 'Land/Building' above.

In addition to the above, the company had also imported certain Plant and machinery during the year which stands capitalised and forms part of the schedule. The same has been given on lease and rent in respect of the same is being charged by the company.

(b) **Where the company is the lessee and has acquired assets on lease:**

(i) During F.Y. 2011-12, the company has entered into a lease agreement for 30 years in respect of land at Shillong, Meghalaya which is a prospective coal mine. An advance lease rental of ₹ 1.10 Crore

has been paid in respect of the same which is being amortised over the lease period. The same has not been included under Fixed Assets of the company.

(ii) The company has entered into a lease agreement for 30 years (extendable by another 30 years on certain terms & conditions) for its office premises at New Delhi. An interest free refundable security deposit of ₹ 15.09 Crore has been made by the company in respect of the same, which has been classified as a Non current Asset.

Finance Leases

(a) Where the company is the Lessor- There are no such arrangements

(b) Where the company is the lessee and has acquired assets on lease: Assets owned by the company, which are under Finance lease are as under: (as defined under AS-19)

₹ In Lacs

Asset under Finance lease	Particulars	As at 31st March, 2014	As at 31st March, 2013
Goods Carriage Vehicles	Net Carrying Amount	312.63	418.34
	Total minimum future lease payments due within one year	205.92	369.39
	Future Interest Included in above	14.38	46.36
	Present value of min. lease pay.	191.54	323.03
Cars	Net Carrying Amount	31.02	41.86
	Total minimum future lease payments due within one year	0.99	2.99
	Future Interest Included in above	0.03	0.27
	Present value of min. lease pay.	0.96	2.72
Machinery and Equipment	Net Carrying Amount	46.59	54.12
	Total minimum future lease payments due within one year	27.95	49.81
	Future Interest Included in above	2.13	6.10
	Present value of min. lease pay.	25.82	43.71

NOTE 11 | NON CURRENT INVESTMENTS

₹ In Lacs

Particulars	As at 31st March, 2014	As at 31st March, 2013
Trade Investments (valued at cost unless stated otherwise)		
Unquoted equity instruments, fully paid up		
3,17,505 Equity shares (P.Y.2,17,507) in M/s Agros Impex India (P) Ltd. ***	310.67	122.94
2,600 Equity shares (P.Y. 2,600) in M/s AFT HSRP Solutions (P) Ltd.***	0.26	0.26
2,600 Equity shares (P.Y. 2,600) in M/s HSRP Solutions (Punjab) (P) Ltd. ***	0.26	0.26
5,100 Equity shares (P.Y.5,100) in M/s FTA HSRP Solutions (P) Ltd. ***	0.51	0.51

NOTES

Forming part of the accounts

NOTE 11 | NON CURRENT INVESTMENTS (CONTD.)

₹ In Lacs

Particulars	As at 31st March, 2014	As at 31st March, 2013
Investment In Subsidiary Companies		
63,27,033 equity shares (P.Y. 66,77,033 eq. shares) of SG\$ 1 each fully paid up.	2,088.02	2,206.55
Investment in Bullion	0.31	9.47
Investment in Mutual Funds	124.58	142.66
	2,524.61	2,482.65

*** The company's investment in M/s Agros Impex India (P) Ltd. is the result of a Joint venture of the company, with two other companies, for bidding and execution of contracts for High Security Registration Plates awarded by various State Governments. M/s Agros Impex India Pvt. Ltd. is one of the parties to the joint venture agreement, and the amount invested by the company represents 20% of the shareholding of 'Agros', which is the Lead member & Technical member of the JV. In terms of the joint venture agreement, in the event of having succeeded in any bid, the parties were to incorporate SPVs for execution of the contracts. Accordingly, three more companies, viz. M/s AFT HSRP Solutions (P) Ltd., HSRP Solutions (Punjab) (P) Ltd., and M/s FTA HSRP Solutions (P) Ltd. have been incorporated, in which the company has an interest of 26%, 26% and 51% respectively.

NOTE 12 | LOANS AND ADVANCES

₹ In Lacs

Particulars	Non Current		Current	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
Unsecured and Considered Good				
Capital Advances	1,345.55	1,994.67	-	-
Security Deposits	1,716.07	151.63	-	-
Loans & Advances to related parties	-	-	991.64	630.09
Other Loans and Advances				
- Loans & advances to Employees	-	-	17.75	11.99
- Prepaid Expenses	-	-	47.70	52.60
- Balances with Revenue Authorities	-	-	4,475.24	3,226.23
- Forward Income Receivable	-	-	525.84	213.17
- Other advances	2,106.40	2,100.65	11,958.15	13,500.82
Cash and Cash Equivalents (As per Note 16 below)	297.00	108.64	-	-
	5,465.02	4,355.59	18,016.32	17,634.90

NOTE 13 | CURRENT ASSETS

₹ In Lacs

Particulars	Non Current		Current	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
Unsecured and Considered Good				
Import Licence Receivable	-	-	56.60	73.08
Insurance Claim Receivable	-	-	162.43	162.43
Other Current Assets	-	-	25.03	22.98
Consumable Stores	-	-	5.83	6.92
Interest Accrued on FDRs	-	-	10,948.90	11,575.15
	-	-	11,198.79	11,840.56

NOTES

Forming part of the accounts

NOTE 14 | INVENTORIES

₹ In Lacs

Particulars	As at 31st March, 2014	As at 31st March, 2013
Traded Products **	3,965.51	7,505.70
Shares of Unlisted Indian Companies **	35.00	35.00
Listed Securities **	288.89	286.20
	4,289.40	7,826.90

** The stocks have been valued at lower of cost and net Realisable value.

NOTE 15 | TRADE RECEIVABLES

₹ In Lacs

Particulars	As at 31st March, 2014	As at 31st March, 2013
(Unsecured, considered good)		
Receivables outstanding for a period exceeding six months from the date they are due for payment	516.72	291.25
Other Receivables	2,64,886.03	89,574.05
	2,65,402.75	89,865.30

NOTE 16 | CASH AND CASH EQUIVALENTS

Particulars	Current		Non Current	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
Cash In hand	19.68	27.69		
Currency In hand	0.42	0.40		
Balances with Banks				
Term Deposits held as Collateral Security against borrowings				
- Maturing after 12 months	-	-	297.00	108.64
- Maturing within 12 months	-	4,255.36		
Term Deposits held as margin money against non funded limits				
- Maturing after 12 months				
- Maturing within 12 months	-	2,64,774.50		
Term Deposits (Others)				
- Maturing after 12 months	-	-		
- Maturing within 12 months	2,87,693.46	11,698.00		
Other Bank balances	25,511.59	23,546.48		
	3,13,205.05	3,04,274.34	297.00	108.64
Less: Amount disclosed under Non current Assets			(297.00)	(108.64)
	3,13,225.15	3,04,302.43	-	-

NOTES

Forming part of the accounts

NOTE 17 | REVENUE FROM OPERATIONS

₹ In Lacs		
Particulars	As at 31st March, 2014	As at 31st March, 2013
Revenue from:		
Sale of Products*	12,93,923.90	8,65,698.24
Sale of Securities	157.74	203.34
Sale of Services (Electric Power & Carbon Credits)	155.08	160.60
Other Operating Revenue		
- Gain on Sale of Office Spaces**	257.76	764.06
- Interest***	26,323.58	20,365.46
	13,20,818.06	8,87,191.70

* The revenue from sale of products is inclusive of VAT/CST etc. realised. Net gain/(loss) due to exchange fluctuation is also included in the same.

** The Company had booked certain properties for re-sale in some up-coming real estate projects in Mumbai in F.Y. 2007-08. The advances so made, being for purposes of dealing in real estate, were treated as part of business advances. During the preceding year as well as the current year, some of the properties were completed, possession taken and re-sold. Accordingly the net surplus from the said activity has been included under revenue from operations.

*** The company has undertaken substantial bullion and merchanting trade during the year. The heavy bank deposits are in-extricably linked with such trade and the interest income from such deposits are as much part of the margin from such trade. Hence the interest earned has been included under 'Revenue from operations', though the company is not an NBFC.

NOTE 18 | OTHER INCOME

₹ In Lacs		
Particulars	As at 31st March, 2014	As at 31st March, 2013
Dividend Income	14.82	25.34
Net gain/loss on sale of investments	68.09	264.85
Export Incentives	189.12	263.32
Miscellaneous Balances written off	1,241.50	1.95
Other income	444.28	827.87
	1,957.81	1,383.33

NOTE 19 | PURCHASES AND OTHER DIRECT EXPENSES

₹ In Lacs		
Particulars	As at 31st March, 2014	As at 31st March, 2013
Purchases and Other Direct Expenses of Traded goods:		
Traded Goods	12,95,189.35	8,60,343.76
Shares and Securities	112.61	38.61
	12,95,301.96	8,60,382.37

NOTES

Forming part of the accounts

NOTE 20 | CHANGES IN INVENTORIES OF STOCK IN TRADE

₹ In Lacs

Particulars	As at 31st March, 2014	As at 31st March, 2013
Inventories at the Beginning of the year		
- Traded Stocks	7,505.70	13,822.17
- Listed and Unlisted Securities	321.20	509.83
	7,826.90	14,332.00
Inventories at the End of the year		
- Traded Stocks	3,965.51	7,505.70
- Listed and Unlisted Securities	323.89	321.20
	4,289.40	7,826.90
Changes in Inventories	3,537.50	6,505.10

NOTE 21 | EMPLOYEE BENEFITS EXPENSES

₹ In Lacs

Particulars	As at 31st March, 2014	As at 31st March, 2013
Salaries and Wages (Including Bonus)	897.25	797.54
Contribution to Provident Fund and other funds	17.41	15.78
Staff Welfare Expenses	19.38	16.77
Provision for Terminal Benefits	20.12	43.34
Other Benefits	15.07	23.02
	969.23	896.45

NOTE 22 | FINANCE COSTS

₹ In Lacs

Particulars	As at 31st March, 2014	As at 31st March, 2013
Bank & Other Charges	4,305.34	3,176.42
Interest	2,560.68	2,665.48
	6,866.02	5,841.90

NOTE 23 | DEPRECIATION AND AMORTISATION

₹ In Lacs

Particulars	As at 31st March, 2014	As at 31st March, 2013
Depreciation on Tangible Assets (refer to Note No.10 above)	663.44	600.49
Amortisation of Intangibles	-	-
	663.44	600.49

NOTES

Forming part of the accounts

NOTE 24 | OTHER EXPENSES

Particulars	₹ In Lacs	
	As at 31st March, 2014	As at 31st March, 2013
Power & Fuel	33.23	58.48
Rent	127.29	499.13
Repairs to Building	31.72	35.10
Repairs to Machinery	5.98	22.74
Insurance	120.65	129.56
Rates and taxes, Excluding taxes on income	15.71	5.41
Payments to Auditors as		
(a) Auditor	17.98	16.85
(b) Taxation Matters	10.11	5.62
(c) Attestation other than Statutory/Tax Audit	0.20	0.20
Claims and Compensation	-	367.08
Prior Period Items	(24.24)	2.10
Freight & Export Expenses	269.59	269.60
Sales Tax & VAT	533.52	754.41
Loss from Trading in Derivatives	-	25.93
Miscellaneous Expenses	1,685.85	1,436.15
	2,827.59	3,628.36

NOTE 25 | EARNINGS PER SHARE

Particulars	₹ In Lacs	
	As at 31st March, 2014	As at 31st March, 2013
Net Profit After Tax	8,237.23	7,156.54
Profit/(Loss) attributable to equity shareholders	8,237.23	7,156.54
Basic/Weighted average number of equity shares		
Outstanding during the year	2,59,50,579	2,42,05,556
Earnings per share		
- Basic - ₹	31.74	29.57
- Diluted - ₹	31.74	29.57

NOTES

Forming part of the accounts

NOTE 26 | EARNING AND EXPENDITURE IN FOREIGN EXCHANGE

₹ In Lacs

Particulars	As at 31st March, 2014	As at 31st March, 2013
Inward Remittances		
On account of Export of goods		
- Amount in USD	1,52,70,45,746.45	1,52,99,38,022.82
- Amount in JPY	14,09,35,60,101.00	29,69,68,82,565.00
- Amount in EURO	4,246.00	63,200.00
- Amount in INR- (₹ In Lacs)	10,23,401.27	7,51,193.08
FOB value of Exports - (₹ In Lacs)	12,19,707.72	7,95,473.81
Outward Remittances		
On account of Import of goods		
- Amount in USD	1,43,24,00,320.97	54,69,63,717.57
- Amount in JPY	24,85,33,16,578.00	23,12,69,98,573.00
- Amount in EURO	2,95,168.85	2,16,667.88
- Amount in INR- (₹ In Lacs)	10,44,860.20	5,75,207.42
On Account of Expenditure (₹ In Lacs)		
- Traveling Expenses	6.77	12.74
- Management Training Expenses	12.91	17.80

NOTES

Forming part of the accounts

NOTE 27 | RELATED PARTY TRANSACTIONS

In terms of Accounting Standard-18 issued by the Institute of Chartered Accountants of India, the details of related parties and the transactions enter into with them by the company are annexed here to.

Annexure Forming Part of Note No.27 Disclosures In Respect of Related Parties

S.no.	Particulars	Holding Company	Subsidiaries	Enterprises Under Influence Of Kmi Etc.	Associates	Key Management Personnel	Relatives Of Key Management Personnel	Total
(₹ In Lacs)								
1	Purchase Of Goods							-
2	Sale Of Goods				148.52			148.52
3	Purchase Of Fixed Assets							-
4	Sale Of Fixed Assets		0.65	800.00				800.65
5	Rendering Of Services							-
6	Receiving Of Services					223.20	81.00	304.20
7	Agency Arrangements							-
8	Leasing Or Hire Purchase Arrangements- Rent Received		2.40	1.50	4.57			8.47
9	Transfer Of Research & Developments							-
10	Financing Costs- interest paid/(received)			60.93 Paid (363.11) Received				-
11	Finance Contribution Made/(received) by Frost International Ltd. (Including Loans And Equity Contributors In Cash Or In Kind)- As at 31.03.2014		(118.53)	5,352.11	187.72	588.77	71.98	6,082.05
12	Guarantees And Collaterals **		738.63		37.00			775.63
13	Management Contracts Including For Deputation Of Employees							-
		-	623.15	6,153.61	377.81	811.97	152.98	8,119.52

NOTES

Forming part of the accounts

Name of Related Party and Description of Relationship	
1. Holding Company	Nil
2. Subsidiaries	Frost Global Pte. Ltd., Singapore FTA HSRP Solutions (P) Ltd.
3. Fellow Subsidiaries	Nil
4. Associates and Joint Ventures	Agros Impex India Pvt. Ltd. AFT HSRP Solutions (P) Ltd. HSRP Solutions (Punjab) (P) Ltd.
5. Enterprises which are under significant influence of the Key Managerial personnel, substantial shareholders or their relatives	Frost Infrastructure & Energy Limited Globiz Exim (P) Ltd. Olympic Oil Industries Limited N. S. D. Nirman Private Limited
6. Key Management Personnel	Mr. Uday J Desai Mr. Sunil Verma Mr. Anoop Wadhera Mr. Sujay Desai
7. Relatives of Key Management Personnel	Mrs. Nilima U Desai (Wife of Mr. Uday J Desai) Mrs. Suman J Desai (Mother of Mr. Uday J Desai) Ms. Sanjana Desai (Daughter of Mr. Uday J Desai) Mrs. Rita Verma (Wife of Mr. Sunil Verma) Mr. Nipun Verma (Son of Mr. Sunil Verma) Mr. Saral Verma (Son of Mr. Sunil Verma) Mrs. Poonam Wadhera (Wife of Mr. Anoop Wadhera) Mr. Ankush Wadhera (Son of Mr. Anoop Wadhera)

** Guarantees And Collaterals given by the company, for or on behalf of.

NOTES

Forming part of the accounts

NOTE 28 | SEGMENT INFORMATION

Segment Information: The company is engaged in both, domestic as well as overseas trade. In addition, the company has acquired wind mills for generation of power and is also undertaking prospecting and extracting of mineral and ores. Segment wise Revenue and Results:

₹ In Lacs

Particulars	Segment Revenue		Segment Results		Segment Assets		Segment Liabilities	
	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13
Primary Segment: Business Segment								
- Trading in Commodities	12,93,923.90	8,65,698.23	12,206.90	10,349.83	**Note	**Note	**Note	**Note
- Trading in Shares and Securities	157.74	203.34	**Note	**Note	**Note	**Note	**Note	**Note
- Power Generation and Distribution	155.08	160.60	153.51	(395.55)	2,040.84	2,274.55	1,350.00	1,350.00
- Trading In Real Estate	542.24	1,185.00	257.76	764.06	0.00	642.78	55.00	0.00
- Coal Mining	192.21	190.84	(8.04)	0.03	958.52	800.06	253.91	384.77

** Notes:

1. The merchandise trading Segment facilitates the securities trading segment, hence separate results, assets, liabilities cannot be worked out.
2. Segment Assets primarily include fixed assets specifically identified with a segment. All other assets of the company are under common usage for all the business segments.
3. As regards trading in real estate, the only investment made by the company are advances for booking of properties.
4. Segment liabilities include only specific term liabilities identified with each segment. Trade payables etc. have not been include herein all other borrowings of the company used for meeting out the working capital requirements of the company as a whole, and no segment wise bifurcation is as such possible.

NOTE 29 - CONTINGENCIES

The Company has given corporate guarantees to the tune of ₹ 775.63 Crore in aggregate to several Banks in respect Funded and Non Funded Limits availed by its Foreign Subsidiary M/s Frost Global Pte. Limited (\$ 122.90 Million) and its Associate company M/s Agros Impex India Private Limited (₹ 37 Crore). The company's liability is contingent upon default by the aforesaid concerns.

As Per Our Report of Even Date
For **Rajiv Mehrotra & Associates**
Firm Reg. No. 002253C
Chartered Accountants

Anjani Kheterpal
(Partner)
M. No. 401701

Kanpur, 15th May, 2014

For and on Behalf of the Board of Directors of Frost International Limited

Uday J. Desai
(Chairman & Managing Director)

Sujay U. Desai
(Director & CEO)

Nagendra Shukla
(General Manager - Banking)

Sunil Verma
(Director)

Atul Rastogi
(Chief Financial Officer)

Sudeepti Srivastava
(Company Secretary)

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CORPORATE INFORMATION

Board of Directors

Mr. Uday J. Desai
(Chairman & Managing Director)

Mr. Sunil Verma
(Whole -Time Director)

Mr. Anoop Kumar Wadhwa
(Whole- Time Director)

Mr. Sujay U. Desai
(Director / Chief Executive Officer)

Mr. Krishnavadan Popatlal Shah
(Director)

Mr. Jagendra Swarup
(Director)

Mr. Ajay Kumar Saraogi
(Director)

Mr. Prabhjot Singh
(Director)

Key Management Personnel

Mr. Ravindra Bantia
(Group President)

Mr. Arvind Srivastava
(President)

Mr. Suresh Pandya
(President - Agro Products)

Mr. Ankush Wadhwa
(President - Projects)

Mr. Saral Verma
(Vice President - Projects)

Mr. Nipun Verma
(President - Polymer)

Mr. Atul Rastogi
(Chief Financial Officer)

Mr. Nagendra Shukla
(General Manager- Banking)

Ms Anita Tibrewala
(General Manager - Finance & Accounts)

Ms Neetu Patnayak
(General Manager - PR)

Mr. Vinay Arya
(General Manager- Banking)

Mr. Anurag Chowdhury
(General Manager - Operations)

Mr. Ajay Bhaba Rao
(General Manager- Operations)

Mr. Brajabehari Mahapatra
(Project Co-ordinator & Chief Advisor)

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Andheri (E), Mumbai (400 059)
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Commercial Block, J W Marriott Hotel,
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frost.delhi@frostinternational.in

Corporate Office

Kanpur
402 - 403, Kalpana Plaza,
24/147 -B Birhana Road,
Kanpur (208 001)
frost.kanpur@frostinternational.in

Branch Offices

Kolkata
37, Shakespeare Sarani,
S.B. Towers, Suit #4, 3rd Floor,
Kolkata (700 017)
frost.kolkata@frostinternational.in

Ahmedabad
#406, 4th Floor, Shail's Mall,
B/H Girish Cold Drink,
C.G. Road, Navrangpura,
Ahmedabad (380 009)
frost.ahmedabad@frostinternational.in

Vishakhapatnam
28-8-2, 1st Floor, Duvi Chamber,
Near Venkateswara Theatre,
Suryabagh, Dabagardens,
Vishakhapatnam, Andhra Pradesh (530 020)
frost.kolkata@frostinternational.in

Cuttack
Plot No. 638, Mahanadi Vihar,
Near Jagannath Temple,
Cuttack, Odisha (753 004)
frost.kolkata@frostinternational.in

Goa
L24, 4th Floor, D Block,
Alfran Plaza, Panjim
Goa (403 001)

Meghalaya
House No. 35, Ward No.
26, Streamlet Road, Lower Lumparing,
Laban, East Khasi Hills, Shillong, Meghalaya
(793 004)

Board Committees

Audit Committee

Mr. Jagendra Swarup
(Chairman)

Mr. Prabhjot Singh
(Director)

Mr. Sunil Verma
(Director)

Remuneration Committee

Mr. Ajay Kumar Saraogi
(Chairman)

Mr. Krishnavadan Popatlal Shah
(Director)

Mr. Uday J. Desai
(Director)

Shareholders' Committee

Mr. Krishnavadan Popatlal Shah
(Chairman)

Mr. Prabhjot Singh
(Director)

Mr. Anoop Kumar Wadhwa
(Director)

Selection Committee

Mr. Sunil Verma
(Chairman)

Mr. Ajay Kumar Saraogi
(Director)

Mr. Jagendra Swarup
(Director)

Bankers

Bank of India, Kanpur (Lead Bank)
Indian Overseas Bank, Kanpur
Allahabad Bank, Kanpur
United Bank of India, Kanpur
Punjab National Bank, New Delhi
UCO Bank, New Delhi
Oriental Bank of Commerce, New Delhi
Central Bank of India, Mumbai
Bank of Baroda, Mumbai
Canara Bank, Mumbai
Union Bank of India, Mumbai

Statutory Auditors

M/s Rajiv Mehrotra & Associates
3/3 - A, Vishnupuri, Kanpur (208 002)

Internal Auditors

M/s J. N. Sharma & Co.
58/4, Birhana Road,
Kanpur (208 001)

M/s Burman Bohra & Associates
Chartered Accountants
2A, Ganesh Chandra Avenue,
Kolkata (700 013)

Company Secretary

Ms Sudeepti Srivastava

Subsidiary in Singapore

Frost Global Pte. Ltd.
No.- 10 Anson Road,
18-24, International Plaza,
Singapore (079 903)
frostglobal@singnet.com.sg

Subsidiary in India

FTA HSRP Solutions Pvt. Ltd.
Plot B-31, Electronic Estate,
GIDC, Sector 25,
Gandhinagar (382 024)
Gujarat
info@hsrpgujarat.com



FROST INTERNATIONAL LIMITED

402 - 403, Kalpana Plaza,
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Kanpur (208 001)