



Frontier Springs Limited

Investor Presentation
Q2 & H1 FY25

Safe harbour statement

This presentation may contain statements, including the words or phrases such as 'expects, anticipates, intends, will, would, undertakes, aims, estimates, contemplates, seeks to, objective, goal, projects, should' and similar expressions or variations of these expressions or negatives of these terms indicating future performance or results, financial or otherwise of Frontier Springs Limited. Actual results might differ substantially or materially from those expressed or implied. Important factors that could make a difference to the Company's operations include, among others, economic conditions affecting demand/supply, price conditions in the domestic and overseas markets in which the Company operates, changes in Government policies and regulations, tax laws, and other statutes and incidental factors. The Company does not undertake any obligation to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise.



01

A glimpse of Frontier Springs

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|--------------------|----|
| Company Overview | 04 |
| Our Journey | 06 |
| Business Divisions | 07 |
| Our Products | 11 |
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Company Overview

ESTABLISHED IN
1981

A DISTINGUISHED
MANUFACTURER OF HOT
COILED COMPRESSION
SPRINGS, AIR SPRINGS AND
FORGING FOR WAGONS,
RAILWAYS, CARRIAGES AND
LOCOMOTIVES

THE COMPANY'S SPRINGS
USED ON THE FASTEST
TRAIN IN INDIA - VANDE
BHARAT EXPRESS

CERTIFIED BY THE
INTERNATIONAL RAIL
INDUSTRY STANDARD
(IRIS), WHICH ENABLES
US TO DIRECTLY EXPORT
OUR PRODUCTS TO OTHER
COUNTRIES

Company Overview

40+ Years

OF EXPERIENCE AND
EXPERTISE

**IRIS
Certification®**

RECEIVED FOR OUR
MANAGEMENT SYSTEM

Two

MANUFACTURING
FACILITIES

APPROVAL FROM

**Research
Designs and
Standards
Organization
(RDSO)**

FOR SPRING-SINGLE COIL
FOR EMD LOCOMOTIVES

**A fully
equipped
laboratory**

**ISO
14001:2015**

CERTIFIED

Our Journey

From a small family business to supplying springs and forgings for Indian Railways

1968

Began making Leaf Springs for trucks and gradually started building partnerships with customers through our distribution network in Uttar Pradesh, Madhya Pradesh and Bihar

1981

Incorporation of Frontier Springs Limited; started providing services to state transport corporation businesses such as MSRTC and GSRTC

1981-1990

- Enjoyed a monopoly in our business for several years
- As competition increased, started to diversify and provide laminated bearings to the railways.
- As railways evolved, started manufacturing Coil Springs for railways

1991

Set up two plants in Kanpur for Coil Springs and Leaf Springs

1992-2015

Set up another manufacturing unit in Himachal Pradesh

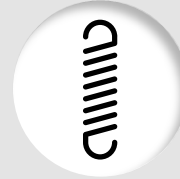
In 2011

Forayed into manufacturing forgings for railways

2022

Forayed into Manufacturing of Air Springs

Business Divisions (1/3)



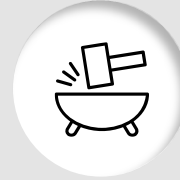
SPRINGS DIVISION

In 1991, we shifted from Leaf Springs to Hot Coiled Springs for the Indian Railways, which has been our mainstay business for the past 30 years

What do we do?

- Manufacture different kinds of Coil Springs to use space better, reduce tiredness and weight
- Use strong chrome molly and chrome silicon steel rods that are carefully checked for cracks and coated with epoxy powder
- Make the Springs in various sizes – from 10 mm to 65 mm wire thickness, with a maximum height of 1,000 mm

Business Divisions (2/3)



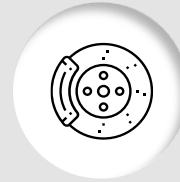
FORGING DIVISION

In 2011, we forayed into the forging business by setting up a manufacturing plant in Kanpur

What do we do?

- Manufacture train parts such as Anti Roll Bar Assembly, Screw Couplings, Draft Gear Assembly and BSS Hangers
- Have big hammers of 1 tonne, 3 tonnes and 6 tonnes to shape metal from as light as 100 grams to as heavy as 80 kg
- Use special ovens to make the metal strong, and machines to shape and cut parts, in our own workshop

Business Divisions (3/3)



AIR SPRING DIVISION

We now create Air Spring suspension systems for LHB coaches for Indian Railways

What do we do?

- Signed an MoU with Contitech Germany to supply Air Springs to Indian Railways

2022

MANUFACTURING
PLANT
STARTED FROM
2022

FY25

RAMP UP
EXPECTED BY

~12 Cr

CAPEX INCURRED
~₹7CR

FURTHER CAPEX
TO BE INCURRED
~₹5 CR

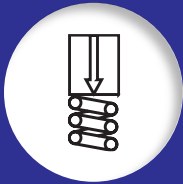
~120Cr

REVENUE
POTENTIAL POST
PROPOSED CAPEX
OF 5 CR ~₹120 CR

Commercialisation of Air Springs Facility



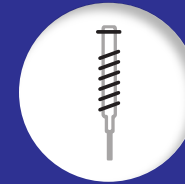
Products



Air Springs for LHB coaches



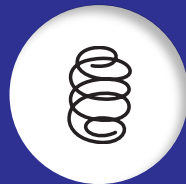
Suspension Coil Springs for freight stock



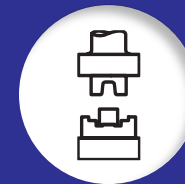
Suspension Coil Springs for coaching stock



Suspension Coil Springs for diesel and electrical locomotives



TMCLH and VLH Coil Springs for the power sector



Forging components such as Brake Block Hanger, Knuckle Thrower, Top Follower and Wedge

Marquee Clientele

- Chittranjan Locomotive Works
- Banaras Locomotive Works
- Frontier Alloy Steels Limited
- Patiala Locomotive Works



Esteemed Board

Mr. Kundan Lal Bhatia

CHAIRMAN CUM
MANAGING DIRECTOR

Mr. Kapil Bhatia

MANAGING DIRECTOR

Mrs. Manju Bhatia

WHOLETIME DIRECTOR

Mr. Nimesh Mukerji

INDEPENDENT DIRECTOR

Mr. Neeraj Bhatia

CEO AND WHOLETIME DIRECTOR

Mr. Sudhanshu Mani

INDEPENDENT DIRECTOR

Mr. Sarabjit Singh

INDEPENDENT DIRECTOR

Mrs. Mamta Bhatia

WHOLETIME DIRECTOR

Mr. K. P. Somkuwar

INDEPENDENT DIRECTOR

Mr. Surendrakumar Gupta

INDEPENDENT DIRECTOR



02

Quality products for modern needs

Indian Railways – Our Primary Customer

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Different types of Springs

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Advantages of Air Springs and Hot Coil Springs

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Indian Railways – Our Primary Customer

INDIAN RAILWAYS IS THE FOURTH LARGEST RAILWAY NETWORK IN THE WORLD.



₹2.56 lakh crore

REVENUE FROM OPERATIONS

6.7% Y-O-Y GROWTH

GOVERNMENT INITIATIVES

Freight loading and revenue

1,591 MT of freight loaded in FY2024
5.22% Y-O-Y GROWTH

Automatic signalling

Upgraded 530 km with automatic signalling in FY2023
143.12% Y-O-Y GROWTH

Electrification

7,188 RKMs electrified during the year
9.49% Y-O-Y GROWTH

Gati Shakti Freight Terminals

30 freight terminals created in FY2023 compared to 21 in FY2022

New lines

5.243 km of new lines added in FY2023

Vande Bharat Trains

Issued a production plan of 102 Vande Bharat Rakes
(35 in FY2023 and 67 in FY2024)

Indian Railways – Our Primary Customer

GOVERNMENT INITIATIVES

NATIONAL RAIL PLAN (NRP)

58 super-critical projects of a total length of 3,750 km costing ₹39,663 crore and 68 critical projects of a total length of 6,913 km costing ₹75,736 crore have been identified for completion by 2024

FOREIGN DIRECT INVESTMENT

The government has cleared the proposal for allowing 100% FDI in the railway sector, other than operations through the automatic route. The government wants to invest US\$120 billion in the coming five years for the development of railway services.

INDIAN RAILWAY INNOVATION POLICY

The intention is to work with entrepreneurs, technology developers, and innovators through start-ups to obtain affordable, user-friendly, reliable products and solutions for use on the Indian Railways network.





UNION BUDGET 2023-24

The Indian Railways has been allocated a capital outlay of ₹ 2.4 lakh crore in the Union Budget 2023-24

MISSION RAFTAAR

For speed enhancement and to achieve a target of doubling the average speed of freight trains and increasing the average speed of superfast /mail/express trains by 25 kmph

Different Types of Springs

| FACTORS | LEAF SPRINGS | LAMINATED BEARING SPRINGS | HOT COIL SPRINGS | AIR SPRINGS |
|---|--|--|--|---|
|  CONSTRUCTION | Made of a series of long, thin metal strips that are stacked and held together by pins | Made of multiple layers of steel plates that are bonded together | Made of steel and are heated and shaped into coils | Made of rubber and are filled with compressed air |
|  COMMON USE | More common in older vehicles | More common in newer vehicles | More common in newer vehicles | More common in newer vehicles |
|  COST | Less expensive to manufacture | More expensive to manufacture | More expensive to manufacture | Cost-efficient manufacturing |
|  VIBRATION | Less efficient and can cause more vibration | More efficient and provide a smoother ride | Absorb the shock and provide a smoother ride | Absorb the shock and provide a smoother ride |

Advantages of Air Springs and Hot Coil Springs



Smoother Ride Comfort

Can absorb more shock and provide a smoother ride

Better handling

Can better absorb the weight of the train and provide better handling, thus preventing derailments

More Resilient

Can withstand more stress and abuse and thus, run efficiently for longer

Less Maintenance

Less prone to wear and tear, and require less maintenance



03

Performance

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From the Managing Director



Kapil Bhatia
MANAGING DIRECTOR



I am pleased to report on the performance of Frontier Springs Limited for Q2FY25. Our results are in line with the guidance we set at the beginning of the financial year, and we remain on track to achieve our target gross revenue of ₹240-250 crores for FY25. The strong performance this quarter was driven by robust contributions from all three of our business verticals: Coil Springs, Forging, and Air Springs.

In the Coil Spring segment, we have received a sizeable order due to an increase in the production of LHB coaches. The emergency procurement associated with this incremental demand has resulted in favourable price realisations, coupled with stable raw material costs. This combination has significantly enhanced our profitability, and we anticipate that this positive trend will continue as the year progresses.

Our Air Springs vertical also demonstrates a healthy order book. We are poised to meet the incremental demand for air springs required for the LHB coaches, which should further accelerate our growth momentum in this segment.

While there has been a slight delay in the setup of the 6-tonne hammer within our Forging vertical, we expect trial production to commence within October. We have already begun receiving orders from Indian Railways for forgings that will be produced using this new capacity, and we anticipate seeing contributions from this enhancement starting in Q4 of the current financial year.

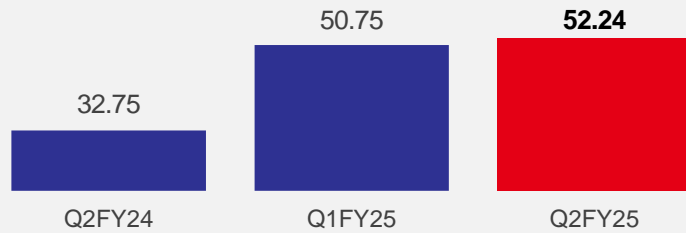
Given the strong demand we are witnessing in the Coil Springs segment, we will continue to invest in small capital expenditures aimed at clearing bottlenecks and enhancing our capacities to cater to this growing demand.

Overall, we find ourselves in a robust position with a healthy order book and excellent visibility of future demand for our products. We remain confident in achieving our stated guidance and look forward to a future filled with growth and prosperity

Quarterly Highlights

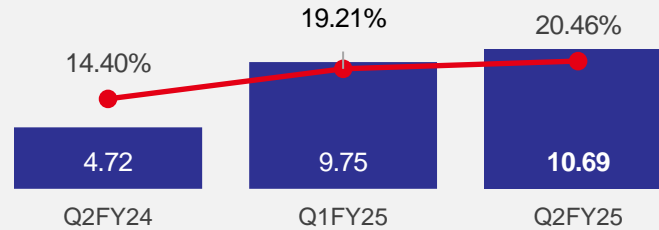
Revenue from operations

(IN ₹ CRORE)



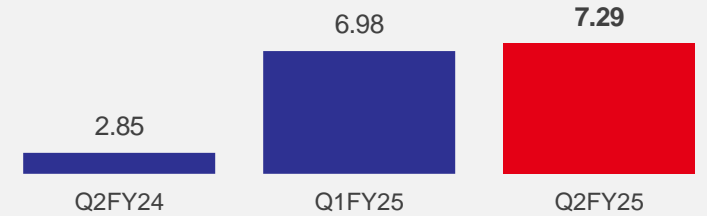
EBITDA & EBITDA Margin

(IN ₹ CRORE & %)



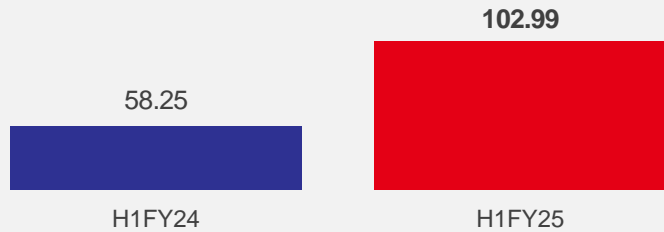
PAT

(IN ₹ CRORE)



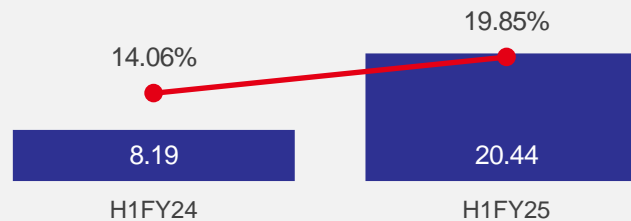
Revenue from operations

(IN ₹ CRORE)



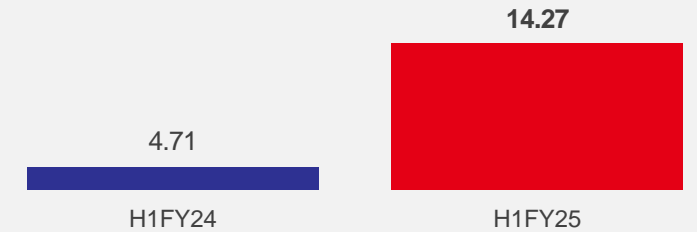
EBITDA & EBITDA Margin

(IN ₹ CRORE & %)



PAT

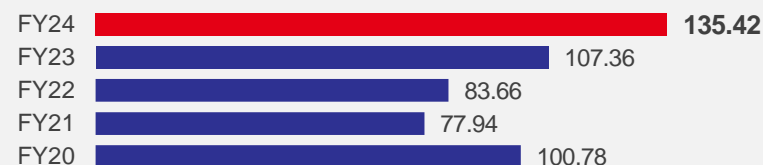
(IN ₹ CRORE)



5-year Performance

Revenue from operations

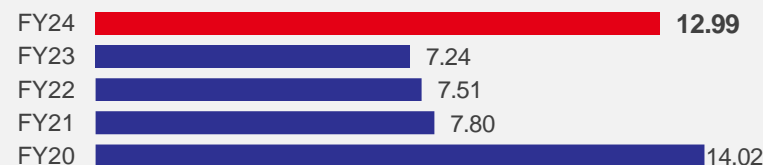
(IN ₹ CRORE)



26.14% Y-O-Y GROWTH

Profit After Tax

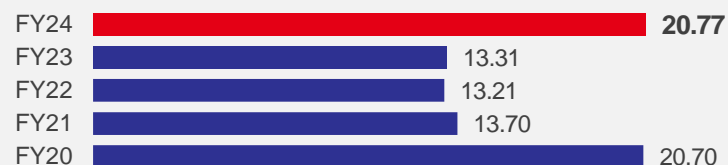
(IN ₹ CRORE)



79.42% Y-O-Y GROWTH

EBITDA

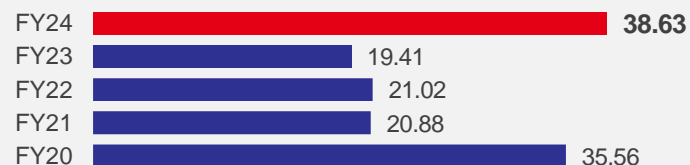
(IN ₹ CRORE)



64.06% Y-O-Y GROWTH

Earnings per share

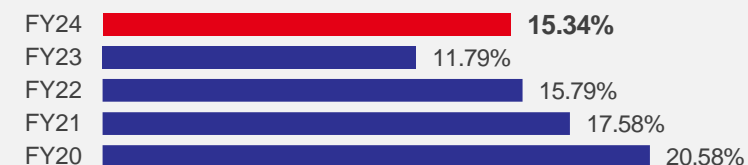
(IN ₹)



99.02% Y-O-Y GROWTH

EBITDA margin

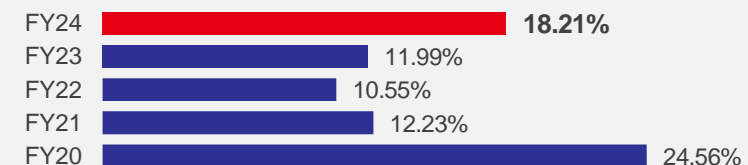
(IN %)



355 bps Y-O-Y GROWTH

RoCE

(IN %)



622 bps Y-O-Y GROWTH

Summary of Profit and Loss Statement

(IN ₹ CRORE)

| PARTICULARS | Q2FY25 | Q1FY25 | Q2FY24 | Q-o-Q | Y-o-Y | H1FY25 | H1FY24 | Y-o-Y |
|--|--------------|--------------|--------------|--------------|----------------|---------------|--------------|----------------|
| REVENUE FROM OPERATIONS | 52.24 | 50.75 | 32.75 | 2.92% | 59.49% | 102.99 | 58.25 | 76.82% |
| OTHER INCOME | 0.13 | 0.66 | 0.05 | -80.78% | 133.52% | 0.79 | 0.10 | 671.32% |
| TOTAL INCOME | 52.36 | 51.42 | 32.81 | 1.84% | 59.61% | 103.78 | 58.35 | 77.86% |
| TOTAL OPERATING EXPENSES | 41.68 | 41.67 | 28.09 | 0.02% | 48.35% | 83.34 | 50.16 | 66.15% |
| EBITDA | 10.69 | 9.75 | 4.72 | 9.61% | 126.68% | 20.44 | 8.19 | 149.63% |
| EBITDA MARGIN (%) | 20.46% | 19.21% | 14.40% | 125 bps | 607 bps | 19.85% | 14.06% | 579 bps |
| FINANCE COST | 0.05 | 0.05 | 0.04 | -0.66% | 1.12% | 0.09 | 0.10 | -9.70% |
| DEPRECIATION AND AMORTISATION EXPENSES | 1.02 | 0.95 | 0.90 | 7.27% | 14.18% | 1.98 | 1.77 | 11.58% |
| PROFIT BEFORE TAX | 9.75 | 9.42 | 3.83 | 3.53% | 154.56% | 19.16 | 6.42 | 198.54% |
| PROFIT AFTER TAX | 7.29 | 6.98 | 2.85 | 4.38% | 155.30% | 14.27 | 4.71 | 202.83% |

Summary of Balance Sheet

(IN ₹ CRORE)

| PARTICULARS | H1FY25 | FY24 |
|-------------------------------------|---------------|---------------|
| SHAREHOLDERS FUND | 105.09 | 89.31 |
| NON- CURRENT LIABILITIES | 5.57 | 4.38 |
| LONG TERM BORROWINGS | 1.77 | 1.17 |
| CURRENT LIABILITIES | 29.45 | 29.68 |
| SHORT TERM BORROWINGS | 1.44 | 2.55 |
| TOTAL EQUITY AND LIABILITIES | 140.12 | 123.37 |
| NON-CURRENT ASSETS | 75.90 | 65.79 |
| NET BLOCK | 48.91 | 45.14 |
| CURRENT ASSETS | 64.22 | 57.59 |
| INVENTORIES | 32.75 | 30.19 |
| TRADE RECEIVABLES | 18.03 | 22.17 |
| CASH & BANK BALANCES | 11.53 | 2.28 |
| TOTAL ASSETS | 140.12 | 123.37 |

Summary of Cash Flow Statement

(IN ₹ CRORE)

| PARTICULARS | H1FY25 | FY24 |
|-------------------------------------|--------------|-------------|
| CASH FLOW FROM OPERATING ACTIVITIES | 21.04 | 11.57 |
| CASH FLOW FROM INVESTING ACTIVITIES | (11.20) | (9.60) |
| CASH FLOW FROM FINANCING ACTIVITIES | (0.59) | (1.69) |
| NET CASH FLOW | 9.25 | 0.28 |
| CASH AT THE BEGINNING OF PERIOD | 2.28 | 2.00 |
| CASH AT THE END OF PERIOD | 11.53 | 2.28 |



04

The Future

Ready to Leverage Opportunities

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Why Invest in Us

25

Ready to Leverage Opportunities

INDIAN RAILWAY GROWTH OPPORTUNITY

Historic Budget Allocation

₹2.40 lakh crore

For railway-Capex – a 51% increase from the previous year

Freight Corridor Impact

One lakh trains

Run, with 73.5% of DFC commissioned. Target to reduce logistics cost from 15% to 8% of GDP by 2030

Vande Bharat & Metro Expansion

50 trains

Incorporated, with an opportunity size of ₹58,000 Cr and metro projects allocation of ₹19,500 Crores in the budget

Record Freight Performance

1,591 MT

In FY 2022-23, a 5% increase Y-o-Y

Private Wagon Ownership Rise

Driven

By government schemes, with significant potential in cement, coal, steel, and auto sectors.

Freight & Passenger Capacity Goals

2.5x

Increase freight by rail to 45% by 2030, and passenger demand forecast to grow 2.5x by 2051

Massive Wagon Orders

~72,000 wagons

Record placement for ~72,000 wagons, with 40,000 more anticipated

Promising Future

Procurement Plans:
90,000 wagons over 3 years, 5 times the annual average.

Fleet Expansion:
Freight target to increase to 3,000 m tonnes by 2027, necessitating a fleet of ~500,000 wagons.

Replacement Cycle:
~35% of existing wagons older than 15 years due for replacement.

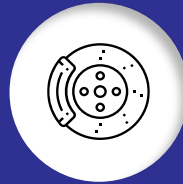
Why Invest in Us



Robust balance sheet



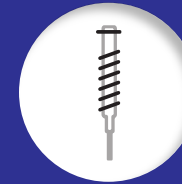
Experienced Management at the helm of operations



New (Air Springs) to help improve the margin profile of the business



Strong Industry Tailwinds and growth visibility



New product (Air Springs) to significantly contribute to the topline growth



Thank You

For further details, please get in touch

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