



FRONTLINE CORPORATION LIMITED

FRONTLINE

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14th Annual Report
2002 - 2003

FOURTEENTH ANNUAL REPORT
2002-2003

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FRONTLINE
CORPORATION LIMITED

FRONTLINE CORPORATION LIMITED

BOARD OF DIRECTORS

MR. PAWANKUMAR AGARWAL : MANAGING DIRECTOR
MR. RAMPRASAD AGARWAL : DIRECTOR
MR. NARAYANPRASAD AGARWAL : DIRECTOR
MR. BHARAT ARORA : DIRECTOR
MR. VIRENDRA SHARMA : DIRECTOR
MR. SAURABH JHUNJHUNWALA : DIRECTOR

AUDITORS

M/S.JAIN KEDIA & SHARMA,
CHARTERED ACCOUNTANTS,
AHMEDABAD

BANKERS

DENA BANK
STATE BANK OF INDIA
INDUSIND BANK LTD.
CITI BANK
PUNJAB & SIND BANK

REGISTERED OFFICE

4TH FLOOR, SHALIN BUILDING,
NEAR NEHRU BRIDGE CORNER,
ASHRAM ROAD,
AHMEDABAD-380 009.

CORPORATE OFFICE

301, 3RD FLOOR,
SAFFRON BUILDING,
AMBAWADI CIRCLE,
AHMEDABAD - 380 006.

FRONTLINE CORPORATION LIMITED

NOTICE

NOTICE is, hereby given that the **Fourteenth** Annual General Meeting of the members of M/s. Frontline Corporation Limited will be held on Tuesday, the 30th day of September, 2003 at 5 p.m. at Jhunjhunwala Farm House, Thaltej Road, Ahmedabad-380 054 to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2003 and the Profit & Loss Account for the period ended on that date together with the Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Mr. Saurabh Jhunjhunwala, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Ram Prasad Agarwal, who retires by rotation and being eligible offers himself for re-appointment.
4. To re-appoint Auditors and fix their remuneration.

By ORDER OF THE BOARD OF DIRECTORS

PLACE : AHMEDABAD
DATED : 9th AUGUST, 2003

PAWANKUMAR AGARWAL
MANAGING DIRECTOR

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

A proxy, in order to be valid, should be lodged at the Registered Office of the Company not later than 48 hours of the time of the Annual General Meeting.

2. The Register of Members and Share Transfer Books of the Company shall remain closed from 26th September, 2003 to 30th September, 2003 (both days inclusive).
3. Members are requested to intimate the change in their addresses, if any, immediately to the Company.
4. Members are requested to bring their copy of the Annual Report at the meeting.

FRONTLINE CORPORATION LIMITED**DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting the Fourteenth Annual Report for the year ended 31st March, 2003.

FINANCIAL PERFORMANCE:

(Rs. in Lacs)

	Current Year 31-3-2003	Previous Year 31-3-2002
Income from Transport Operations	4036.32	3621.79
Income from Leasing Operations	NIL	1.13
Sales	447.37	428.65
Other Income	129.50	89.41
Interest	131.19	113.25
Depreciation	129.73	85.09
Profit Before Taxation	55.37	57.08
Provision for Income-Tax		
	Current Year	2.00
	Deferred	6.85
Profit after Taxation	15.68	48.23
Transfer to General Reserve	NIL	NIL
Prior Period Adjustments	(0.83)	(0.62)
Profit Brought Forward	29.50	31.62
Proposed Dividend	NIL	49.73
Balance Carried to Balance-Sheet	16.91	29.50

OPERATIONS

Your Company has earned an income of Rs. 4036.32 Lacs from transportation operations as compared to Rs. 3621.79 Lacs in the previous year recording a growth of 11.5% (approx.). The Company has earned a Gross Profit of 55.37 Lacs as compared to Rs. 55.08 Lacs in the previous year. The Company has earned a Net Profit of Rs. 15.68 Lacs (Previous Year Rs. 48.23 Lacs) after providing for taxation of Rs. 3.50 Lacs for current year and Rs. 35.20 Lacs for Deferred taxation. A Balance of Rs. 16.91 Lacs has been carried forward to Balance Sheet.

During the year under review, your Company has consolidated its transportation activities and with the support of Citi Bank, ICICI Banking Corporation Limited and GE Capital, your Company has strengthened its fleet of transportation vehicles. The Company is also acting as an Authorised Distributor for Ahmedabad city for MICO products. The Company has also taken Distributorship of Mahindra and Mahindra spare parts. Your directors are hopeful to further improve the position of your Company. The Company also has 3 wind farms.

DIVIDEND

In order to plough back the profits earned, your Directors express their inability to recommend any dividend on the Equity Shares of the Company for the year under review and decided to skip the payment of dividend.

DEPOSITS

The Company has not accepted any deposits from public to which the provisions of Section 58-A to the Companies Act, 1956 and rules made thereunder are applicable.

FRONTLINE CORPORATION LIMITED**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :**

* The particulars regarding Conservation of Energy and Technology absorption pursuant to Section 217(1)(e) of the Companies Act, 1956 are not applicable.

PARTICULARS OF EMPLOYEES

There is no employee who is in receipt of remuneration exceeding Rs.24,00,000/-, if employed through out the year or Rs.2,00,000/- per Month, if employed for part of the year, pursuant to Section 217(2A) of the Companies Act, 1956.

RESPONSIBILITY STATEMENT

THE DIRECTORS CONFIRM :

- a) that in the preparation of Annual Accounts, the applicable Accounting Standards have been followed and that no material departures have been made from the same;
- b) that they have selected such Accounting Policies and applied them consistently and made judgements and estimates that are responsible 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 or Loss of the Company for that period;
- c) that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that they have prepared the Annual Accounts on a Going concern basis.

DIRECTORS

Mr. Saurabh Jhunjhunwala and Mr. Ram Prasad Agarwal, Directors of the Company retire by rotation and being eligible offers themselves for re-appointment. You are requested to accord your approval to their appointment.

AUDITORS AND THEIR OBSERVATIONS

M/s. Jain Kedia and Sharma, Chartered Accountants, Ahmedabad retire at the ensuing Annual General Meeting and are eligible for reappointment. You are requested to reappoint the Auditors and fix their remuneration.

With regards to the observations made by the auditors in their report, the directors inform that the balance confirmation at the end of the year are being obtained from some of the parties. The Company is pursuing the recovery of doubtful debts and advances and is hopeful of recovery. The fixed assets register is maintained by the Company. In the matter of other observations, the Board is taking adequate measures to act thereupon.

CORPORATE GOVERNANCE REPORT

As per Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section on Corporate Governance practices followed by the Company together with a Certificate from the Company's Auditors confirming compliance is set out in the Annexure "A" forming part of this Report.

ACKNOWLEDGEMENT

The Board of Directors of the Company wishes to express its appreciation for the co-operation received from the Financial Institutions, Bankers and executives and staff members of the Company and look forward to their continued support in the years to come.

FOR AND ON BEHALF OF BOARD

NARAYAN PRASAD AGRAWAL
DIRECTOR

PAWANKUMAR AGRAWAL
MANAGING DIRECTOR

DATE : 9th August, 2003
PLACE : AHMEDABAD

FRONTLINE CORPORATION LIMITED**AUDITORS CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT(S)**

To
The Members of
Frontline Corporation Limited.

We have examined the compliance of conditions of Corporate Governance by Frontline Corporation Limited for the year ended 31st March, 2003 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges of India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders' / Investors' Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted and affairs of the Company.

**FOR, JAIN KEDIA & SHARMA
CHARTERED ACCOUNTANTS**

PLACE : AHMEDABAD
DATE : 9TH AUGUST, 2003

**RAMESH KEDIA
PARTNER
MEMBERSHIP NO. 35997**

FRONTLINE CORPORATION LIMITED

ANNEXURE 'A'
REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILISOPHY ON CODE OF GOVERNANCE

Your company has always believed in the concept of good Corporate Governance involving a high level of transparency, accountability and responsibility in all areas of its operations to ensure investors protection. Your company has made necessary changes in the systems and procedures required for effective control, for the steady growth of the company and to increase the value for all stakeholders. Mandatory provisions of corporate Governance as stipulated under listing agreements of Stock Exchanges are being complied with.

2. BOARD OF DIRECTORS

The Board of Directors has 1 Executive Promoter Director, 2 Non- Executive Promoter Directors and 3 Non-Executive Independent Directors. The composition of Board is in compliance with the requirements of Clause 49(1)(A). The detailed composition of the Board and other related information is given in the table below:

Name of the Director	Designation	Category	No. of other Directorships held	No. of Board Committee Memberships held	No. of Board Meetings attended	Attendance at last Annual General Meeting
Shri Pawan Kumar Agarwal	Managing Director	Promoter Executive	5	-	11	Yes
Shri Ramprasad B. Agarwal	Director	Promoter Non Executive	5	-	20	Yes
Shri Narayanprasad B. Agarwal	Director	Promoter Non Executive	5	-	20	Yes
Shri Bharat Arora	Director	Independent Non Executive	-	3	11	Yes
Shri Virendra Sharma	Director	Independent Non Executive	-	3	11	Yes
Shri Saurabh Jhunjhunwala	Director	Non Executive	1	3	20	Yes

During the year, thirty-one Board meetings were held on the following dates, which were attended by three directors:

25-04-02	17-05-02	18-05-02	29-06-02	01-07-02	04-07-02	08-07-02	15-07-02
19-07-02	20-08-02	27-08-02	29-08-02	02-09-02	08-09-02	16-09-02	04-10-02
07-10-02	30-10-02	16-11-02	18-11-02	20-11-02	02-12-02	07-12-02	09-12-02
16-12-02	31-12-02	11-01-03	30-01-03	05-02-03	08-03-03	22-03-03	—

The time gap between any two meetings was less than 4 months.

FRONTLINE CORPORATION LIMITED**3. AUDIT COMMITTEE**

The Audit Committee comprising following Directors was constituted by the Board of Directors in its meeting held on 30th January, 2003.

The terms of reference are as under:

- To investigate into any matter in relation to the items specified in Section 292(A) of the Companies Act 1956, and also as contained under Clause 49 of the Listing Agreement.
- Reviewing of the Company's Financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment of external Auditor and fixation of their Audit fee.
- Reviewing with management the Annual financial statements and half yearly and quarterly financial results before submission to the Board
- Reviewing periodically the adequacy of the internal control system.
- Discussions with Internal Auditor on any significant findings and follow up there on.

The composition of the Audit Committee is as under:

Name of the Director	Category	Remarks
Shri Bharat Arora	Independent Non-Executive	Chairman
Shri Virendra Sharma	Independent Non-Executive	Member
Shri Saurabh Jhunjunwala	Non-Executive	Member

During the year, one meeting of the committee was held on 22nd March, 2003, which was attended by all the members of the committee.

4. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

The Shareholders' / Investors' Grievance Committee was formed by the Board of Directors on 30th January, 2003 to ensure the effective redressal of the complaints of the investors. The Committee also recommends steps to be taken for further implementation in the quality and services to the investors.

Composition of the Investors' Grievance Committee:

Name of the Director	Category	Remarks
Shri Bharat Arora	Independent Non-Executive	Chairman
Shri Virendra Sharma	Independent Non-Executive	Member
Shri Saurabh Jhunjunwala	Non-Executive	Member

During the year, one meeting of the committee was held on 22nd March, 2003, which was attended by all members of the committee.

The Minutes of Shareholders Grievance Committee are discussed and taken note of by the Board of Directors.

Shri Pawan Kumar Agarwal, Managing Director of the Company has been designated as Compliance Officer

The particulars of Investors Grievance received and redressed during the financial year are furnished below: