



16th ANNUAL REPORT

2004 - 2005



Board of Directors	: Mr. Ram Prasad Agarwal Mr. Narayan Prasad Agarwal Mr. Bharat Arora Mr. Virendra Sharma Mr. Saurabh Jhunjhunwala
Managing Director	: Mr. Pawan Kumar Agarwal
Company Secretary	: Mr. S. K. Verma
Auditors	: M/S. Jain Kedia & Sharma Chartered Accountants, Ahmedabad
Bankers	: CITI Bank Dena Bank ABN Amro Bank Ltd. HDFC Bank Ltd. ICICI Bank Limited Oriental Bank of Commerce
Registered Office	: 4, B. B. D. Bag (East), Stephen House Room No. 5, 1st Floor, Kolkata - 700 001
Corporate Office	: 301,3rd Floor, Saffron Building, Ambawadi Circle Ahmedabad - 380 006
Registrar & Transfer Agent	: Pinnacle Shares Registry Private Ltd. Unit: Frontline Corporation Limited Near Asoka Mills, Naroda Road, Ahmedabad - 380 025



FRONTLINE CORPORATION LIMITED

NOTICE

NOTICE is hereby given that the Sixteenth Annual General Meeting of the members of M/s. Frontline Corporation Limited will be held on Friday, the 30th September, 2005 at 10.00 a.m. at its Registered Office at 4, B. B. D. Bag (East), Stephan House, Room No. 5, 1st Floor, Kolkata - 700 001 to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2005 and the Profit & Loss Account for the period ended on that date together with Auditors Report and the Directors' Report thereon.
2. To declare dividend on Equity Shares of the Company for the year 2004-2005
3. To appoint a Director in place of Shri Ram Prasad Agarwal, who retires by rotation and being eligible offers himself for re-appointment
4. To appoint a Director in place of Mr. Narayan Prasad Agarwal, who retires by rotation and being eligible offers himself for re-appointment
5. To re-appoint Auditors and fix their remuneration

For and on behalf of Board
FRONTLINE CORPORATION LIMITED

Date: 31st August, 2005

Place: Ahmedabad

PAWANKUMAR AGRAWAL
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/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxy in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the Annual General Meeting.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from **Friday, 23rd September, 2005 to Friday, 30th September, 2005** (both days inclusive)
3. The Dividend on shares as recommended by the Directors when declared at the Annual General Meeting will be paid to those Shareholders whose names appear on the Register of Members of the Company on 30th September 2005. In respect of Shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Ltd. and Central Depository Services (India) Ltd. for this purpose.
4. Consequent upon amendment in Section 205A of the Companies Act, 1956 and introduction of Section 205C, by the Companies (Amendment) Act, 1999, the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund (Fund). Accordingly the Company would be transferring unclaimed/unpaid dividend in respect of Financial Years ended 31st March 1998 to the Fund. Members who have yet not encashed their Dividend Warrants for the years ended 31st March 1998 to 31st March 2005 are requested to contact the Company at its Corporate Office at **301, 3rd Floor, Saffron Building, Ambawadi Circle, Ambawadi, Ahmedabad - 380 006.**
5. Members desiring any information on the accounts at the Annual General Meeting are requested to write to the Company atleast ten days in advance, so as to enable the Company to keep the information ready.
6. Members are requested to kindly bring their copies of the Report and Accounts to the meeting.
7. Members are requested to notify changes in their mailing address, to **M/s. Pinnacle Shares Registry Private Limited, Near Asoka Mills, Naroda Road, Ahmedabad - 380 025.** In case of dematerialized shares, the change of mailing address, bank mandates etc., should be directly sent to the Depository Participant concerned.

For and on behalf of Board
FRONTLINE CORPORATION LIMITED

Date: 31st August, 2005

Place: Ahmedabad

PAWANKUMAR AGRAWAL
MANAGING DIRECTOR

**Directors' Report**

Dear Members,

Your Directors have pleasure in presenting the Sixteenth Annual Report for the year ended 31st March, 2005

Financial Performance:

(Rs. in Lacs)

		Current Year 31-3-2005	Previous Year 31-3-2004
Income from Transport Operations		4318.71	4405.39
Sales		5292.30	860.16
Other Income		394.07	157.00
Extra-Ordinary Income - Compensation		---	350.00
Finance Charges		206.09	173.90
Depreciation		313.41	192.68
Profit Before Taxation		370.34	467.62
Provision for Income-Tax	Current year	48.00	42.00
	Deferred	106.92	126.57
Profit after Taxation		215.42	299.05
Prior Period Adjustments		0.88	2.68
Income Tax of Earlier years		1.33	-
Profit Brought Forward		256.22	16.91
Proposed Dividend		49.76	49.73
Balance Carried to Balance-Sheet		412.69	256.22

OPERATIONS:

Your Company has earned an income of Rs. 4318.71 Lacs from transportation operations as compared to Rs. 4405.39 Lacs in the previous year recording a slight decrease of 1.97%. However sales has increased to Rs. 5292.30 Lacs in comparison to Rs. 860.16 Lacs in the previous year recording an impressive growth of 515.27%. The Company has earned a Profit before Tax of Rs. 370.34 Lacs as compared to Rs. 467.62 Lacs in the previous year. The Company has earned a Profit after Tax of Rs. 215.42 Lacs (Previous year Rs. 299.05 Lacs) after providing for taxation of Rs. 48.00 Lacs for current year and Rs. 106.92 Lacs for Deferred Taxation. A balance of Rs. 412.69 Lacs has been carried forward to Balance Sheet.

Transport Division:

During the year under review, the Transport Division witnessed up & downs because of severe competition in the market. With a view to improving the bottom-line, some of the Bulk Transportation Contracts had been discontinued. However the Company is contemplating restructuring of its transport activities for optimum utilization of its fleet of commercial vehicles.

Distribution Division:

Your Company has expanded its scope of auto component division of Mahindra & Mahindra Spare Parts to Saurashtra area in addition to its area.

Export Division:

During the year under review, your Company has revived its export operation. It has recently exported chemicals to Zambia. The Company is expecting some valued export orders from U. S. and European Countries also.

Wind Energy Generation Division:

During the year under review, the generation of wind energy was upto expected levels. Your Company is in the process of setting up of more Wind Energy Generators. The selection of site and total capacity is under final stage of negotiation.

Refractory Division:

The products of the Bricks Division have been widely accepted in the national market. The Division has also made foray in the international market to tap growing demand of Refractory Bricks and has recently procured a valued export order for supply of the same.



Anticipating fixed long term requirement of Magnisite Bricks, recently a new product namely Magnisite Bricks has been successfully launched in the market and the Division has procured a valued order for supply of the same.

Recently the Division has applied for accreditation of ISO 9001:2000 for assessment of the Management System for compliance of the requirements of Joint Accreditation System of Australia and New Zealand. Your Directors are pleased to inform that the Division has been accredited ISO 9001: 2000 vide Certificate No. 18929.05 by with Joint Accreditation System of Australia and New Zealand. The Division has also received Registration Certificate No. 18929.05 dated 10th June, 2005 for the period of 10th June, 2005 to 24th May, 2008 for the Scope of Registration of Manufacture of Refractory Dense Bricks and Bonding Material from International Certification Ltd., Auckland, New Zealand, which will further boost up business volume of the Company resulting in increase of profitability.

Dividend:

Your Directors are pleased to recommend the payment of a dividend of Rs. 1.00 (previous year Rs. 1.00) per share amounting to Rs. 49,76,450 /-(Previous Year Rs. 49, 73, 450/-) out of the current year on 50, 00, 000 Equity Shares (Rs. 1/- on 49,52,900 Fully Paid -up Equity Shares and Rs. .50 P on 47,100 Partly Paid Equity Shares) on the Equity Shareholders of the Company, whose name appear in the Register of Members on Book Closure Date fixed for the purpose. The dividend for the current year will be free of tax in the hands of Shareholders.

Deposits:

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

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo :

The details of Conversation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are given in the Annexure 'B' which forms part of the Directors' Report.

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 judgments 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. Ram Prasad Agarwal and Mr. Narayan 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 appointments.

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 re-appoint the Auditors and fix their remuneration.

With regards to the observations made by the Auditors in their Report, the Directors inform that the though the Company had sent the balance confirmation statements to the parties well in advance but the Company had received the balance confirmations from few parties only inspite reminding them quite often. However the Company will take appropriate measures in the current year to get the balance confirmation certificates in time.

The Company is pursuing the recovery of doubtful debts and advances and is hopeful of recovery.



The Company is having quantities details of fixed assets and is in the process of putting the same in the Fixed Assets Register.

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
FRONTLINE CORPORATION LIMITED

Date: 31st August, 2005
Place: Ahmedabad

RAMPRASAD AGRAWAL
CHAIRMAN

CERTIFICATE

To,
The Members of
Frontline Corporation Limited

We have examined the compliance of conditions of Corporate Governance by M/s. Frontline Corporation Limited for the year ended 31st March, 2005 as stipulated in clause 49 of the Listing Agreement of the said with Stock Exchanges of India.

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

The Company's Quarterly Results have not been put up on its Website, nor were they setup in such a form so as to enable the Stock Exchanges in which the Company's Shares are listed, to put up the same on the Stock Exchange's Website. The Company has not also published the Quarterly Results for the Quarter ending 31.03.2005 and there has been a minor delay in publishing the results of another Quarter.

Subject to this, in our opinion and to the best of our information and according to the explanation 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 grievance 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 the affairs of the Company.

For Jain Kedia & Sharma
Chartered Accountants

Place: Ahmedabad
Date 31st August, 2005

(Ramesh Kedia)
Partner



ANNEXURE 'A'
REPORT ON CORPORATE GOVERNANCE
COMPANY'S PHILISOPHY ON CODE OF GOVERNANCE

Your Company committed to the adoption of best governance practices and its adherence in the true spirit, at all times. Our governance practices are a product of self desire and reflect the culture of trusteeship that is deeply ingrained in our value system and reflected in the strategic thought process. At a macro level, our governance philosophy rests on five basic tenets viz., Board accountability to the Company and Shareholders; Strategic guidance and effective monitoring by the Board; Protection of minority interests and rights; Equitable treatment of all shareholders as well as Superior transparency and timely disclosure.

Your Company is compliant with the provisions of clause 49 of the Listing Agreement and is committed to ensure compliance with amendment that may be proposed.

1. Board of Directors

* Composition of the Board

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 Cmpliance 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 Ram Prasad Agarwal	Chairman & Director	Promoter	5	-	32	Yes
Shri Narayan Prasad Agarwal	Director	Non Executive Promoter	5	-	32	Yes
Shri Pawan Kumar Agarwal	Managing Director	Promoter	4	-	5	Yes
Shri Saurabh Jhunhunwala	Director	Non Executive	1	3	31	Yes
Shri Virendra Sharma	Director	Independent	-	3	7	Yes
Shri Bharat Arora	Director	Non Executive Independent	-	3	7	Yes

During the year, 36 Board Meetings were held on the following dates, which were attended by requisite directors:

20.04.2004	21.04.2004	22.04.2004	23.04.2004	28.04.2004	30.04.2004
02.05.2004	07.05.2004	20.05.2004	09.06.2004	24.06.2004	30.06.2004
31.07.2004	24.08.2004	31.08.2004	07.09.2004	09.09.2004	21.09.2004
09.10.2004	18.10.2004	30.10.2004	05.11.2004	30.11.2004	10.12.2004
15.12.2004	24.12.2004	05.01.2005	07.01.2005	10.01.2005	24.01.2005
25.01.2005	22.02.2005	07.03.2005	11.03.2005	24.03.2005	31.03.2005

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

2. Board Committees

* Audit Committee

An Audit Committee at the Board level with the powers and role that are in accordance with Clause 49 II (C) and (D) of the Listing Agreement was constituted on 22nd March, 2003. The Committee acts as a link between the management the statutory and



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internal auditors and the Board of Directors and overseas the financial reporting process. The Audit Committee consists of Mr. Bharat Arora, Mr. Virendra Sharma and Mr. Saurabh Jhunjhunwala as members of the Committee.

During the year under review, the Committee met 3 times on 31.08.2004, 30.10.2004 and 25.01.2005. The following are the members and their attendance at Committee Meetings:-

Sr. No.	Name of Directors	Status	No. of Meetings	
			Held	Attended
1	Shri Bharat Arora	Chairman	3	3
2	Shri Virendra Sharma	Member	3	3
3	Shri Saurabh Jhunjhunwala	Member	3	3

* 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 looks into issues relating to shareholders, including transfer/transmission of Shares, issue of duplicate share certificates, non-receipt of dividend, Annual Reports etc. The Committee meets to review status of investor grievances ratify share transfers, approve transmission of shares and issue duplicate share certificates from time to time. Besides, officers of the Company have been authorised to approve issue of share certificates, approve transfer/transmission of shares/consolidation, sub-division, split of share certificates, etc. The Committee also recommends steps to be taken for further implementation in the quality and services to the investors.

During the year under review, the Committee met 3 times on 31.08.2004, 30.10.2004 and 25.01.2005. The following are the members and their attendance at Committee Meetings:-

Sr. No.	Name of Directors	Status	No. of Meetings	
			Held	Attended
1	Shri Bharat Arora	Chairman	3	3
2	Shri Virendra Sharma	Member	3	3
3	Shri Saurabh Jhunjhunwala	Member	3	3

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

Shri S. K. Verma, Company Secretary of the Company has been designated as Compliance Officer.

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

	Particulars	Received	Redressed
1.	Non-receipt of Share Certificates	NIL	NIL
2.	Non-receipt of Dividend Warrants	NIL	NIL
3.	Non-receipt of Balance Sheet	NIL	NIL
4.	For Demat	NIL	NIL
5.	Others	NIL	NIL

* Remuneration Committee

The Remuneration Committee was formed by the Board of Directors on 30th January, 2003 to ensure the recommendation of Remuneration of Executive Directors. During the year under review, the Committee met one time on 31.08.2004. The following are the members and their attendance at Committee Meetings:-

Sr. No.	Name of Directors	Status	No. of Meetings	
			Held	Attended
1	Shri Bharat Arora	Chairman	1	1
2	Shri Virendra Sharma	Member	1	1
3	Shri Saurabh Jhunjhunwala	Member	1	1

The Committee had also considered and recommended his re-appointment as Managing Director for a further period of 5 years w. e. f. 21.01.2005 without remuneration. During the year no remuneration was paid to any director.



* Non-Executive Directors

No sitting fee was paid to any of the Non-Executive Directors of the company.

3. Other Disclosures

1. There are no material transactions with related parties that require separate disclosure. A comprehensive list of related party transactions as required by the Accounting Standard (AS) 18 issued by the Institute of Chartered Accountants of India, forms part of Part E of Schedule T to the Accounts in the Annual Report.
2. There is no material transaction with any Non-Executive as well as Independent Directors of the Company that requires a separate disclosure.
3. During the year, your Company had received letter from The Stock Exchange, Mumbai for suspension of trading of securities on their Stock Exchange for non-compliance of some clauses of Listing Agreement. Your Company has already complied the provisions of Listing Agreement and replied to their letter for lifting of suspension of trading and is awaiting lifting of the suspension order. Besides above, there was no instance of Non-compliance of any matter related to the capital markets during the last three years.
4. The Company ensures compliance of various statutory requirements by all its divisions and obtains quarterly reports in the form of certificates from the head of the divisions. These certificates are placed before the Board on quarterly basis.
5. All the statutory registers that are required to be maintained, particularly Register of Contracts in which Directors have interests, Register of Directors' Shareholdings, Register of Investments etc. are maintained and continuously updated.

* Means of Communication

During the year, Quarterly and Half Yearly (Unaudited) and Annual Financial Results (Audited) of the company were submitted to the Stock Exchanges immediately after the Board meeting approved the same and were published in the Business Standard (Kolkata and Ahmedabad edition) in English and Dainik Lipi (Kolkata edition) in Bengali. The Company website www.frontlinecorporation.com is under construction. The above data will be displayed once the Company website is constructed.

* General Body Meeting

Current AGM: Date, time and venue : 30th September, 2005 at 10.00 a.m.
: 4, B. B. D. Bag (East), Room No. 5 Stephen House,
1st Floor, Kolkata - 700 001

The location and time of the last three Annual General Meetings are as under:

AGM	Date	Time	Venue	No. of special resolutions approved
13th	30.09.2002	5.00 p.m.	Jhunhunwala Farm House, Thaltej Road, Ahmedabad - 380 054	-
14th	30.09.2003	5.00 p.m.	Jhunhunwala Farm House, Thaltej Road, Ahmedabad - 380 054	-
15th	30.09.2004	10.00 a.m.	4, B. B. D. Bag (East), Room No. 5 Stephen House, 1st Floor, Kolkata - 700 001	5

No Extra Ordinary General Meeting was held during the Year 2004-05.



FRONTLINE CORPORATION LIMITED

* Financial Calendar for the Financial Year 2005-06

Financial Year	:	1st April, 2005 to 31st March, 2006
First Quarter ended	:	30th June, 2005
Half year ended	:	30th September, 2005
AGM for the year 2004-05	:	30th September, 2005
Date of the Book Closure	:	Friday, 23rd August, 2005 to Friday, 30th September, 2005 (both days inclusive)
Dividend Payment Date	:	Within 30 days from the date of approval by the members in their ensuing Annual General Meeting
Listing on Stock Exchange	:	The Calcutta Stock Exchange Association Limited The Stock Exchange, Mumbai The Stock Exchange, Ahmedabad
Stock Code	:	CSE: F 057 BSE : 532042 ASE : 17661/Frontlinenet

* MARKET PRICE DATA

The shares of the company are infrequently traded on the above Stock Exchanges.

* Distribution of Shareholdings as on 31.03.2005

No. of Equity Shares Held		No. of Share holders	% of Share holders	No. of Shares Held	% of Share holding
1	500	185	38.30	76628	1.53
501	1000	112	23.19	105900	2.12
1001	2000	21	4.35	30800	0.62
2001	3000	91	18.84	226710	4.53
3001	4000	10	2.07	36300	0.73
4001	5000	19	3.93	91600	1.83
5001	10000	16	3.31	127300	2.55
10001	& above	29	6.00	43044762	86.10
TOTAL		483	100.00	5000000	100.00

* Share Transfer System

The company has appointed Pinnacle Shares Registry Pvt. Ltd. as its Registrar and Transfer Agents for physical and demat registry work. All the shareholders are requested to correspond directly with them at the following address on the matters relating to both transfers of shares as well as for demat of the shares of the company:

Pinnacle Shares Registry Private Ltd.
Unit: Frontline Corporation Limited
Near Asoka Mills, Naroda Road, Ahmedabad - 380 025

The transfers are normally processed within 20 days from the date of receipt, if the documents are complete in all respects.

* Dematerialization of Shares

The Equity shares of the company are traded compulsorily in the dematerialized form by all the investors. The Company has already entered into an agreement with both National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) whereby the shareholders have an option to dematerialize their shares with either of the depository.