



FRONTLINE CORPORATION LIMITED



17th

ANNUAL REPORT

2005 - 2006



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
Statutory Auditors	:	M/S. Jain Kedia & Sharma Chartered Accountants, Ahmedabad
Branch Auditors	:	M/s. VPC & Associates, (Formerly R K Vyas & Co.), Chartered Accountants, Kolkata
Bankers	:	ABN AMRO Bank Ltd. CITI Bank Dena Bank HDFC Bank Ltd. ICICI Bank Limited Oriental Bank of Commerce Punjab & Sindh Bank Limited
Registered Office	:	4, B. B. D. Bag (East), Stephen House Room No. 5, 1st Floor, Kolkata - 700 001
Corporate Office	:	4th Floor, Shalin Building, Near Nehru Bridge Corner, Ashram Road, Ahmedabad - 380 009
Registrar & Transfer Agent	:	Pinnacle Shares Registry Private Ltd. Unit: Frontline Corporation Limited Near Asoka Mills, Naroda Road, Ahmedabad - 380 025

**NOTICE**

NOTICE is hereby given that the Seventeenth Annual General Meeting of the members of M/s. Frontline Corporation Limited will be held on Saturday, the 30th December, 2006 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, 2006 and the Profit & Loss Account for the period ended on that date together with Auditors' Report and the Directors' Report thereon.
2. To appoint a Director in place of Shri Saurabh Jhunjhunwala, who retires by rotation and being eligible offers himself for re-appointment
3. To appoint a Director in place of Shri Bharat Arora, who retires by rotation and being eligible offers himself for re-appointment
4. To re-appoint Statutory Auditors and Branch Auditors and to fix their remuneration.

Special Business:

5. To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution:

RESOLVED THAT pursuant to the provisions of Section 149(2A) of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company to the commencement in INDIA OR ANY PART OF THE WORLD the business as manufacturers, formulators, processors, job workers, assemblers, packers, repackers, sellers, buyers, marketers, exchangers, distributors, wholesalers, suppliers, redistributors, stockists, retailers, dealers, consignment agents, Indenting agents, C & F agents, exporters and importers and consultants in all kinds of pharmaceuticals and to establish, takeover, plants, factories, and manufacturing facilities to manufacture and research in pharmaceutical formulations, pharmaceutical products, drugs, bulk drugs, medicaments, intermediates and their raw materials, medicines, patents, proprietary medicines, I.V. fluids, common medical preparations, antibiotics, liquid-drugs, vitamins, multivitamins and vitamin preparations, contraceptives, vaccines, hormones preparations, liver extracts, veterinary medicines and its preparations, tinctures, tonics in the form of injectables and transfusion solutions, injections, tablets, pills, capsules, syrups, elixirs, drops, granules, ointments, lotions, aerosols, plasma cosmetics, medical and bio-medical equipments, scientific apparatus, devices, surgical equipments, disposable hospital products, syringes, needles, I.V. sets, plasters, adhesives, band-aids, bandages, inhalers, inherub, monoclonal antibodies, insulin, genetic engineering products, culture products, cosmetics, medicated soaps, shampoos, toiletries, healthcare products, items of personal hygiene, for human and / or animal consumption and application prescribed under Drug Act and rules in any branch of medicine including Allopathic, Ayurved, Homeopathy, Unani, Naturopathy, Nature Cure, Herbal, Veterinary, or any other medicinal system for oral, intra-muscular, intra-dermal, parental and external application under any therapy for Human Beings, Birds, Animals, Insects or other purpose.

6. To consider fit and if thought fit to pass with or without modification the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to Section 163 of the Companies Act, 1956, the Company hereby approves that the register of members, indices, returns and copies of certificates and documents, instead of being kept at the registered office of the Company at the Registered Office at 4, B.B.D. Bag (East), Stephen House, Room No. 5, 1st Floor, Kolkata - 700 001 be kept at the corporate office of the company at 4th Floor, "Shalin", Near Nehru Bridge Corner, Ashram Road, Ahmedabad - 380 009, Gujarat with effect from 4th December, 2006 where the necessary registers, indexes, returns as mentioned above shall remain open for inspection during business hours of the company from 10.00 a.m. to 1.00 p.m. except Saturdays.

For and on behalf of Board of Director of
FRONTLINE CORPORATION LIMITED

Date: 4th December, 2006
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 **Saturday, 23rd December, 2006 to Saturday, 30th December, 2006** (both days inclusive).
3. 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 Year ended 31st March 1999 to the Fund. Members who have yet not encashed their Dividend Warrants for the years ended 31st March 1999 to 31st March 2006 are requested to contact the Company at its Corporate Office at 4th Floor, Shalin Building, Near Nehru Bridge Corner, Ashram Road, Ahmedabad - 380 009.
4. 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.
5. Members are requested to kindly bring their copies of the Report and Accounts to the meeting.
6. 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 of Directors of
FRONTLINE CORPORATION LIMITED

Date: 4th December, 2006

Place: Ahmedabad

PAWANKUMAR AGRAWAL
MANAGING DIRECTOR



EXPLANATORY STATEMENT OF MATERIAL FACTS AS REQUIRED UNDER SECTION 173 OF THE COMPANIES ACT, 1956

Item No. 5

The Company is engaged in the business of transportation, trading in automotive spare parts, refractory bricks, warehousing and wind power generation. The Board of Directors of the Company at their meeting held on 12.09.2006 approved the result of Postal Ballot submitted by the Scrutinizer appointed for amendment in the object clause of the Memorandum of Association of the Company. The Main Object clause of the Memorandum of Association of the Company was amended by insertion of a new clause as Clause III (A) 6 after the existing Clause III (A) 5, relating to carry on the business of pharmaceutical activities. The prospects in the field of Pharmaceutical activities can enhance the profitability of the Company and the shareholders' worth may also be increased.

The new activity as incorporated in the Main Object of the Memorandum of Association can not be commenced unless approved by the members by way of a Special Resolution. Your Directors recommend the resolution for your approval.

A copy of the Memorandum and Articles of Association of the Company is available for inspection by any member during the business hours on any working day upto the date of the Annual General Meeting of the Company.

None of the Directors of the Company in any way concerned or interested directly or indirectly in the above resolution.

Item No. 6

The Board of Directors of the Company at their meeting held on 4th December, 2006 have unanimously passed a Board Resolution for shifting of Corporate Office of the Company from 301, 3rd Floor, Saffron Building, Near Ambawadi Circle, Ahmedabad - 380 006 to 4th Floor, "Shalin", Near Nehru Bridge Corner, Ashram Road, Ahmedabad - 380 009, Gujarat. Accordingly the Company has filed the necessary documents with the Registrar of Companies, West Bengal for shifting of Corporate Office of the Company, where, presently all statutory registers/ documents are being maintained instead of Registered Office of the Company vide Special resolution passed by the members of the Company at their meeting held on 31.08.2004. Since, your Company continues to function with out change in any manpower and business activity from its Corporate Office at Ahmedabad , it is felt to maintain all records at its Corporate Office only and not at its Registered Office at Kolkata.

For and on behalf of Board of Directors of
FRONTLINE CORPORATION LIMITED

Date: 4th December, 2006

Place: Ahmedabad

PAWANKUMAR AGRAWAL
MANAGING DIRECTOR

**Directors' Report**

Dear Members,

Your Directors have pleasure in presenting the Seventeenth Annual Report for the year ended 31st March 2006

Financial Performance:

(Rs, in Lacs)

		Current Year 31-3-2006	Previous Year 31-3-2005
Income from Sales		4469.01	5292.30
Income from Operations		4152.43	4318.70
Other Income		358.34	394.07
Finance Charges		316.83	206.09
Depreciation		340.95	313.41
Profit Before Taxation		107.83	370.34
Provision for Income-Tax	Current year	-	48.00
	Deferred	101.28	106.92
	Fringe Benefit Tax	5.24	-
Profit after Taxation		1.31	215.42
Prior Period Adjustments		2.12	0.88
Income Tax of Earlier years		1.06	1.33
Profit Brought Forward		412.69	256.22
Proposed Dividend		-	49.76
Balance Carried to Balance-Sheet		412.94	412.69

Operations:

Your Company has earned an income of Rs. 4469.01 Lacs from Sales as compared to Rs. 5292.30 Lacs in the previous year recording a decrease of 15.56 %. The Income Operations has also decreased to Rs. 4152.43 Lacs in comparison to Rs. 4318.70 Lacs in the previous year recording a slight decrease of 3.85 %. The Company has earned a Profit before Tax of Rs. 107.83 Lacs as compared to Rs. 370.34 Lacs in the previous year. The Company has earned a Profit after Tax of Rs. 1.31 Lacs (Previous year Rs. 215.42 Lacs) after providing for taxation of Rs. Nil for current year, Rs. 101.28 Lacs for Deferred Taxation and Rs. 5.24 Lacs for Fringe Benefit Tax. A Balance of Rs. 412.94 Lacs has been carried forward to Balance Sheet.

Dividend:

With a view to conserve the resources, your directors have decided not to recommend any dividend for the year under review.

Transport Division:

During the year under review, the Transport Division witnessed ups & downs because of stiff competition in the market. Income from Transport Operations decreased to Rs. 3926.36 Lacs as compared to Rs. 4149.01 Lacs in the previous year. The decline in income is mainly due to discontinuation of transport operation in non- viable sectors and also discontinuation of some of the bulk transportation contracts. The Company has already restructured its transport activities for optimum utilization of its fleet of commercial vehicles and is hopeful to come out with positive results in the days to come.

Trading Division:

The Trading Division has done well in the year under review. The Division is planning to add another two product lines of Caltex Engine Oils and TAFE Tractor Spare parts in whole of the Gujarat

Export Division:

During the year under review, the Export Division performed well. It has exported Chemicals to USA and 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.

**Refractory Division:**

The Brick Division had established itself in the National Market as well as International Market. It had successfully executed orders of some of the national level Industries to their satisfaction.

During the year under review, the division had also exported Refractory Brick to Kenya and anticipate to bag more orders for the Company in the current year.

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 Conservation 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. Saurabh Jhunjunwala and Mr. Bharat Arora, 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, Statutory Auditors of the Company retires at the ensuing Annual General Meeting and are eligible for reappointment. You are requested to reappoint the Auditors.

M/s. VPC & Associates, (Formerly R K Vyas & Company) ,Chartered Accountants, Kolkata, Branch Auditors of the Company retires at the ensuing Annual General Meeting and are eligible for reappointment. You are requested to reappoint the Auditors.

With regards to the observations made by the Auditors in their Report, the Directors inform that 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 of 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 quantitative details of fixed assets and is in the process of putting the same in the Fixed Assets Register.

The offence under section 297 of the Companies Act 1956 has been committed unknowingly, unwillingly, unintentionally, and inadvertently. The Company is filing of petition for of compounding of contravention offence under section 621A of the Companies



Act, 1956.

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 of Directors of
FRONTLINE CORPORATION LIMITED

Date: 4th December, 2006

Place: Ahmedabad

RAM PRASAD 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, 2006 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.

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 4th December, 2006

(Ramesh Kedia)
Partner



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

The Securities and Exchange Board of India had introduced a Code of Corporate Governance for implementation by companies listed with Stock Exchanges from the year 2002-2003. The Board of Directors of your Company strongly supports the principles of corporate governance. Further the Board lays emphasis on transparency, accountability and integrity in all its operations and dealings with outsiders. Your company had adopted all the best practices in corporate governance. The revised clause 49 of the Listing Agreement of the Stock Exchange is applicable effective from 1st January, 2006. Your Company is fully compliant with all its provisions. The details of compliance are as follows:

1. Board of Directors:

The Board should have an optimum combination of Executive and Non-Executive Directors and at least 50% of the Board should comprise of Non-executive Directors. Further, at least one-third of the Board should comprise of Independent Directors if the Chairman is non-executive and at least half of the Board should be independent in case of an executive Chairman. Also a Director shall not be a member of more than ten committee or act as Chairman of more than five committees across all companies in which he is a director.

Your Company's Board comprises of 3 Non-executive directors and 2 independent directors. The details of the directors with regard to outside directorship position in audit committee or shareholders investor grievance committee as well as attendance at Board Meeting /Annual General Meeting are as follows:

(a) Composition of the Board (for the financial year 2005-2006):

Director	Executive/ Non-executive/ Independent	No. of shares held in the Company	No. of meetings attended	No. of outside Directorship held	Total No. of Memberships/ Chairmanship of Committees across all companies	
					Member	Chairman
Shri Ram Prasad Agarwal	Non Executive and promoter Director	783622	19	5	-	-
Shri Narayan Prasad Agarwal	Non Executive and promoter Director	684700	18	5	-	-
Shri Pawan Kumar Agarwal	Executive and Promoter Director	622266	14	4	-	-
Shri Saurabh Jhunjhunwala	Non Executive Director	385440	17	-	1	-
Shri Virendra Sharma	Independent Director	300	12	-	1	-
Shri Bharat Arora	Independent Director	-	12	-	1	1

(b) None of the Directors of the company is a member in more than 10 committees or chairman of more than 5 committees across all companies in which he is a Director.

Non Executive Directors' compensation and disclosures:

All fees/compensation, (except sitting fees) paid to non-executive directors, including independent directors, shall be fixed by the Board of Directors and shall require shareholders' approval. The shareholders' resolution shall specify the limits for the maximum number of stock options that can be granted to non-executive directors, including independent directors.

The Chairman's office expenses incurred in performance of his duties are not reimbursed by the company.

Other provisions of the Board:

The Board shall meet at least four times a year, with a maximum time gap of four months between any two meetings. The minimum information to be made available to the Board as prescribed in Clause 49 of the Listing Agreement.



All the Directors except Shri Bharat Arora attended the last Annual General Meeting held on 30.09.2005. 28 Board Meetings were held during the financial year 2005-2006, as against the minimum requirement of 4 meetings. The dates on which the meetings were held are given below:-

07.04.2005	22.04.2005	29.04.2005	27.05.2005	28.05.2005	09.07.2005
27.07.2005	30.07.2005	01.08.2005	22.08.2005	24.08.2005	31.08.2005
15.09.2005	26.09.2005	10.10.2005	15.10.2005	31.10.2005	01.12.2005
06.12.2005	07.12.2005	10.01.2006	24.01.2006	25.01.2006	06.02.2006
17.02.2006	02.03.2006	15.03.2006	31.03.2006	-	-

Code of Conduct

Code of Conduct for Board members and Senior Managers was approved at the Board Meeting held on 10.01.2006. It is being placed on website of the Company. The Company had obtained confirmation for the compliance of Code of Conduct from all the Board Members and Senior Management personnel of the Company on an annual basis.

A declaration by Managing Director affirming the compliance of Code of Conduct by Board members and Senior Management executives is also annexed separately in this Annual Report

Board Committees:

* Audit Committee

The company constituted the Audit Committee in 22.03.2003. During the year, the terms of Reference were comprehensively reviewed and the Audit Committee has been mandated with the same Terms of Reference fully conform to the requirements of Clause 49 of the Listing Agreement. The committee at present comprises of three non-executive independent directors. All the members have good financial knowledge. The composition of the Audit committee and the attendance of each director at these meetings are given below:-

Sr. No.	Name of Directors	Status	No. of Meetings Held	No. of Meetings Attended
1	Shri Bharat Arora	Chairman	7	7
2	Shri Virendra Sharma	Member	7	7
3	Shri Saurabh Jhunjhunwala	Member	7	3

Mr. S K Verma, Company Secretary, acts as the Secretary to the Committee. Representatives from the Statutory Auditors, Internal Auditors, attended the meeting of the Committee as invitees. The Committee met seven times during the year 2005-2006 on. 14.04.2005, 27.05.2005, 30.07.2005, 31.08.2005, 31.10.2005, 25.01.2006 and 06.02.2006.

The Audit Committee held discussions with the Statutory Auditors and Internal Auditors of the company concerning the financial reports of the company, internal control systems, and scope of audit and observations of the Statutory Auditors/Internal auditors. The Audit Committee also reviewed the quarterly, half-yearly and annual financial results of the company before submission to the Board, on the "Limited review" of the quarterly accounts, matters relating to compliance of Accounting Standards, their observations arising from the Internal/ Annual Audit of the Company's accounts and other related matters.

No bonus shares and stock options are issued to any of the directors

* 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 31.08.2006. The following are the members and their attendance at Committee Meetings:-