



FRONTLINE CORPORATION LIMITED

23rd Annual Report

(2011-2012)

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23rd Annual General Meeting on Saturday, 29th September, 2012 at 10.00 a.m.
at its Registered Office at 4, BBD Bag (East), Room No. 5, 1st Floor,
Stephen House, Kolkata - 700 001

Board of Directors:

Mr. Ram Prasad Agarwal	: Director
Mr. Narayan Prasad Agarwal	: Director
Mr. Saurabh Jhunjhunwala	: Director
Mr. Bharat Arora	: Independent Director
Mr. Virendra Sharma	: Independent Director
Mr. Jiwan Raj Khaitan	: Independent Director
Mr. Sital Kumar Banerjee	: Independent Director
Mr. Pawan Kumar Agarwal	: Managing Director

Company Secretary : Mr. S. K. Verma

Statutory Auditors : M/S. Paresh Thothawala & Co.,
Chartered Accountants,
Ahmedabad

Branch Auditors : M/s. VPC & Associates,
Chartered Accountants,
Kolkata

Bankers : Axis Bank
Bank of Baroda
Dena Bank
HDFC Bank Ltd.
ICICI Bank Limited
State Bank of India
Punjab National Bank
Punjab & Sind Bank
The Jammu & Kashmir 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 : Sharepro Services (India) Pvt Ltd.
416-420, 4th Floor, Devnandan Mall,
Opp. Sanyas Ashram, Ellisbridge,
Ahmedabad - 380 006,

NOTICE

NOTICE is hereby given that the 23rd Annual General Meeting of the members of M/s. Frontline Corporation Limited will be held at 10.00 a.m. on Saturday, the 29th September, 2012 at its Registered Office at 4, B. B. D. Bag (East), Stephen 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, 2012 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 Ram Prasad Agarwal 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 appoint Statutory Auditors and Branch Auditors and to fix their remuneration.

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

Sd/-

PAWANKUMAR AGARWAL
MANAGING DIRECTOR

Date : 30th May, 2012
Place : Ahmedabad

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. Pursuant to the provisions of Section 154 of the Companies Act, 1956, the Register of Members and the Share Transfer Books of the Company shall remain closed Monday, 24th September, 2012 to Saturday, 29th September, 2012 (both days inclusive) in connection with the Annual General Meeting.
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 interim 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 2005 to the Fund. Members who have yet not encashed their Dividend Warrants for the years ended 31st March 2005 to 31st March 2012 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. As per Circulars issued by the Ministry of Corporate Affairs(MCA) bearing Nos. 17/2011 and 18/2011 dated 21st April, 2011 and 29th April, 2011 respectively, members holding shares in dematerialized form are requested to register their email id with their Depository Participant (DP) and members holding shares in Physical Form are requested to register their email addresses with the Company at frontlinecorporplimited@gmail.com or with the Registrar and Share Transfer Agent viz : M/s. Sharepro Services (India) Pvt Ltd at bharti.pariikh@shareproservices.com and changes therein from time to time, to enable the Company to serve notice /document/Annual report etc., through e-mail, in compliance with Section 53 of the Companies Act, 1956.
5. Corporate members are requested to send a duly certified copy of the Board Resolution /power of Attorney authorised authorizing their representative to attend and vote at the Annual General Meeting.
6. Non-resident Indian members are requested to inform the Company's Registrar and Transfer Agent, M/s. Sharepro Services (India) Pvt Ltd., immediately of:
 - a. Change in their Residential Status on return to India for permanent settlement
 - b. Particulars of their Bank Account maintained in India with Complete name, branch account type, account number with 9 digit MICR code and address of the Bank with PIN Code No. if not furnished earlier.

7. Information under Clause 49 of the Listing Agreement with the designated stock exchanges in respect of Directors seeking appointment/re-appointment (item No. 2 and 3 of the Notice) is given hereinafter.
8. Members holding shares in dematerialized mode are requested to intimate all changes with respect to their bank details, mandate, nomination, power of attorney, changes of address, e-mail address, change in name etc. immediately to the Company.
9. The Security & Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding Shares in electronic form are, therefore requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to submit their PAN details to the Company.
10. SEBI vide its Circular dated May 20, 2009 has stated that for securities market transactions and off-market transactions involving transfer of shares in physical form of listed companies, it shall be mandatory for the transferee(s) to furnish copy of PAN Card to the Company /RTA for registration of such transfer of shares.
11. To prevent fraudulent transactions, members are also advised to exercise due diligence and notify the Company of any change in address or staying abroad or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holding should be obtained from the concerned DP and holding should be verified.
12. Consolidation of Folios: The members holding shares in the same name or in the same order of names, under different folios, are requested to notify the relevant details of the said holdings to the Registrar and Share Transfer Agent of the Company M/s. Sharepro Services (India) Pvt Ltd., for consolidation of their shareholding into a single Folio.
13. 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.
14. Members are requested to kindly bring their copies of the Report and Accounts to the meeting.
15. Members' attention is particularly drawn to the "Corporate Governance" section in respect of general information for shareholders.

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

Sd/-

PAWANKUMAR AGARWAL
MANAGING DIRECTOR

Date : 30th May, 2012
Place : Ahmedabad

Important Communication to Members
"Green Initiatives"

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies and has issued circular stating that service of notice /documents including Annual Report can be sent by email to its members. To support this green initiative of the Government in full measures, members who have not registered their e-mail addresses in respect of electronic holding with the Depository through their concerned Depository Participant.

Particulars of the Directors seeking Appointment / Re-appointment at the forthcoming Annual general Meeting

(Pursuant to Clause 49 of the Listing Agreement)

Name of the Director	Shri Ram Prasad Agarwal	Shri Bharat Arora
Date of Birth	31.12.1952	28.09.1960
Date of Appointment on the Board	04-12-1989	17-12-1996
Qualifications	B.Com	B. Pharma
Experience and Expertise in specific functional areas	aged about 60 years, is a Promoter Director of the Company since 04.12.1989. He is a Commerce Graduate from St. Xavier's College, Calcutta and has 32 years of rich experience in Transportation and Trading of Coal & Coke.	aged about 52 years, a B. Pharma Graduate, has been appointed as an Additional Director of the Company on 17.12.1996 and later on he has been appointed as Director by members of the Company at their 8th Annual General Meeting held on 30.09.1997. He is an Independent Director of the Company since appointment. He is Chairman of Audit Committee, Remuneration Committee and Shareholders'/ Investors' Grievance Committee since 22.03.2003.
Directorship held in other Public Companies (excluding foreign and Private Companies)	Directorship in other Companies Designation Fairdeal Supplies Limited Chairman & Director Frontline Industries Limited Director	
Membership/ Chairmanship of Committees across public Companies	None	Audit Committee of Frontline Corporation Limited Chairman Remuneration Committee of Frontline Corporation Limited Chairman Shareholders'/ Investors' Grievance Committee of Frontline Corporation Limited Chairman
No. of Shares held in the Company	783622	NIL

Directors' Report & Management Discussion and Analysis

To
The Members,
Frontline Corporation Limited

Your Directors present their Report on the Audited Accounts of the Company for the year ended 31st March, 2012

Financial Performance :

		(Rs, in Lacs) Current Year 31-03-2012	Current Year 31-03-2011
Revenue from Operations		6977.72	10149.02
Other Income		455.54	649.69
Finance Charges		681.83	765.34
Depreciation		240.52	353.34
Profit Before Taxation		(304.49)	168.42
Provision for Income-Tax	Current Taxes	NIL	107.30
	Earlier Periods	(45.98)	5.28
Profit /(Loss) after taxation but before exceptional and Extra Ordinary Items			
Exceptional & Extra Ordinary Items		220.95	119.58
Profit/ (Loss) for the year		10.22	70
Profit Brought Forward		(231.17)	186.93
Proposed Dividend		1086.43	896.86
Balance Carried to Balance-Sheet		NIL	NIL
		855.26	1086.43

Notes :

Previous years' figures have been regrouped wherever necessary to bring them in line with the current year's representation of figures.

DIVIDEND :

Considering the loss incurred by the Company, your Directors do not recommend any dividend on equity shares for the year.

Review of Operations :

The year 2011-2012 marked deterioration in the fundamentals of both the global and the Indian economies. The year under review was a challenging one for your company as well. It marked a first loss for the Company since its inception.

The company operates in five main business segments viz. Transportation, Trading, manufacturing, Generation of wind energy, and renting of immovable properties.

During the year the company has achieved operational income of Rs. 6977.72 Lacs as against Rs. 10149.03 Lacs in the previous year. The company posted Loss before tax of Rs. 304.49 Lacs as against Profit before Tax of Rs. 168.42 Lacs in the previous year. The Company incurred Loss after Tax of Rs. 231.17 Lacs as against Rs. Profit after Loss of Rs. 189.57 Lacs in the previous year. A balance of Rs. 855.26 Lacs has been carried forward to Balance Sheet as against Rs. 1086.43 Lacs in the previous year.

Exports :

During the year under review your Company exported 30,070.000 MT amount to US Dollar 39,00,240.34 (INR_18,92,06,252.06) to China/ Singapore as against 68,200 MT amounting to US Dollar 84,30,041.65 (INR

38,59,18,465.39) in the previous year despite slowdown in the market. Your Company look forward to get the better opportunity in the current year.

Finance & Investment :

Tight Monetary Policy throughout the year kept bank base rate high which resulted in increased and high interest rates for the Company. Since interest rate are expected to remain high and owing to the relatively high amount of leverage, it is the intent of the Company to reduce debt in the years to come.

Over time the Company intends to unlock value from non-core assets such as land, aged fleets and other unproductive assets.

The Company follows a conservative policy in managing its foreign exchange liabilities to minimize the risk associated with fluctuation in foreign exchange rates.

The Company along with its one of bankers has earlier worked out a realignment of certain long term loan. As a result of this, repayment of this term loan will be extended by about 2 years.

Segment information :

Segments information is given along with financial statements. The company has identified five segments viz "Transportation, Trading, Manufacturing of Refractory Bricks, Renting of immovable properties & Wind Power Generation". The major and material activities of the company are restricted to three geographical segments i.e. Kolkata, Ahmedabad and Bangalore.

Transportation :

Industry Scenario /opportunity & Out Look / Risk & concern

The Division foresees a difficult year in terms of the economy and policy reforms. The Division is however optimistic and geared up to meet the opportunities and challenges of the next fiscal. It is hopeful that policy reforms like GST, FDI etc will spur growth and create opportunities for the sector. Increasing efficiency and cost control for strong operations and incubation of new business segments will be a priority for the year 2012-2013.

The Company has two different kind of contracts viz, "Logistic Contracts and own trucks contract. Under the logistic contract, the Company enters into contract with its client for providing logistic support to various destinations by hiring trucks from the market and ensures transportation of goods to the designated destinations of its client.

Under the contract for deployment of own trucks, the Company deploys its own trucks/ vehicles with its client round the clock. The Company expects 15-20% growth in both contracts.

During the year under review, your Company continued to get / renewed transportation Contracts from valued customers to cater needs of its valued clients. The Revenue from Transport Operations decreased from Rs. 35.88 Crores in the previous year to Rs 25.43 Crores in the current year registering a decrease by 29.11% due to closure of unviable Branches and increased cost of oil and spare parts. The Company has already restructured its transport activities for optimum utilization of its fleet of commercial vehicles and is hopeful to come out with satisfactory results in the days to come.

Trading :

Industry Scenario /opportunity & Out Look / Risk & concern

The Indian automotive aftermarket is estimated to touch Rs 44,000 Crore by 2015, said a McKinsey report released on Friday. The Indian automotive aftermarket is growing at 11 per cent per annum and is currently worth Rs 1,9000 cr- Rs 24,000 crore.

The growth has been primarily driven by the increasing number of vehicles on the road as well as aggressive expansion of independent and foreign players. While current margins of the industry remain attractive, players across the value chain may see margins reducing to the levels observed in developed economies, said a report, Opportunities in the Indian automotive aftermarket, released in Chennai at a three-day 'AutoServe 2010' conference organised by the Confederation of Indian Industry (Cii). The global aftermarket size is estimated to be around \$540 billion, it said.

To sustain profitability, it is imperative that players evaluate additional ways of capturing value, including expanding service networks, developing branded generic parts, forward integrating and building scale. Looking ahead, the revenue pools remain large across the value chain, hence if players are able to pursue appropriate strategies, significant profits can be made in this sector, the report pointed out. The aftermarket includes manufacturers, distributors, retailers, service providers and garages.

According to the report, spurious parts comprise 30 per cent of the aftermarket. Commercial vehicles, which include multi-axle vehicles, LCVs, buses and trailers, account for roughly 22 per cent of the market while states such as Maharashtra, Tamil Nadu, Gujarat and Kerala alone account for over 40 per cent.

The car market holds 34 per cent. Tamil Nadu, Maharashtra, Andhra Pradesh and Delhi account for 40 per cent of the car aftermarket. Two-wheeler, considered to be the largest, holds 44 per cent of the total aftermarket with states such as TN, Maharashtra, Gujarat, Uttar Pradesh constituting 45 per cent. This market is expected to grow faster given the large volume of two-wheelers entering into this segment.

BOSCH Division is acting as the Main Distributor for Auto Components manufactured by "BOSCH Ltd." for the Automotive Aftermarket and supplies such spares to Authorised Service Centers of Bosch as well as to retail outlets and neutral garages and workshops. BOSCH is the global leader in Automotive Components and "BOSCH" brand products come as OE fitments in all ranges of vehicles worldwide. With newer models of vehicles being introduced in the market every year, the business has very good potential in future. The Revenue from trading Operations of automotive parts of "BOSCH" increased to Rs. 16.46 Crores in comparison to Rs. 14.50 Crores in the previous year registering a increase 13.52%.

Mahindra & Mahindra Division is acting as the Super Distributor for Auto Components & Farm Equipment manufactured by "Mahindra & Mahindra Ltd.," for the Automotive Aftermarket. With newer models of vehicles being introduced in the market every year, the business has very good potential in future. The Revenue from trading Operations of automotive parts of "Mahindra & Mahindra Ltd" increased to Rs. 13.06 Crores in comparison to Rs. 9.85 Crores in the previous year registering a higher increase of 32.60% mainly due to good potential in current scenario.

Iron & Steel Division :

Industry Scenario /opportunity & Out Look / Risk & concern

Iron ore market had seen a paradigm shift since 2000 with emergence of Chinese industrial demand. In the first decade of the 21st millennium, China emerged as the largest producer of steel and consequently became the largest consumer of iron ore. Steel production dropped marginally in 2008 and about 8.1% last year on account of global slowdown. The demand, however, picked up this year once again due to China and it is estimated China alone needs more than 650 million tons of imported iron ore this year to feed its ever growing steel industry. Chinese demand benefited largely global exporters of ore as China's inland production is not enough to meet the demand both on qualitative and quantitative terms.

Indian iron ore market :

India has emerged as the fourth largest miner and the third largest exporter of iron ore. India has currently estimated iron ore resource of 25 billion tons. IOSDA expects India to definitely strengthen its position as a major ore producer. However, it foresees moderation in iron ore exports from India going forward. With a number of steel projects coming on stream in the next one year, IOSDA anticipates a steep increase in internal demand for iron ore. It also opines that India needs to invest in infrastructure in order to develop the industry from a long term perspective. It is asserted that Indian iron ore miners face high political risks. Uncertainty regarding future policy direction affects capital flows, efficiency and productivity. On logistical ground, rail movement and poor

port facilities pose serious scale-up challenges. Agreeing on the need to develop infrastructure, MMTC called for policy changes in iron ore export so as to make it more competitive. MMTC feels that there is a need of removing export duty on iron ore and rationalization of railway freight. Besides, facilities like rakes, good roads and ports capable of berthing large size vessels are urgently needed. Is there a case for banning iron Ore exports? While Ministry of Steel is very much vocal against the export of iron ore in order to support the domestic steel industry, exporters have a strong case in defense. According to them, steel majors like Tata Steel and Sail have their own captive resources. Others are getting ore from domestic miners. Indian iron ore production has always been higher than the steel mill's capacity to consume. Besides, surplus remains even after exports. Goa sector (which is of low grade ore) constitutes about 40% of the total iron ore exports from India and cannot be used by domestic industry. So what purpose would a ban on iron ore exports serve?

Recently, Assocham, an industry body, recommended imposition of 20% duty on exports of iron ore fines from current 5% level. Mining industry disagreed with this proposition stating "Indian steel industry is predominantly based on lumps as raw material input. In view of huge demand of lumps in India, the export of lumps from India has declined over the years. Iron ore fines are produced while producing lumps. If export of fines is restricted, it will escalate lumps cost." So discouraging iron ore fines exports will ultimately lead to increase