

FRONTLINE CORPORATION LIMITED

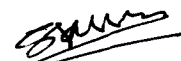
15TH ANNUAL REPORT

ACCOUNTING YEAR 2003 - 2004

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Certified True Copy

FOR, FRONTLINE CORPORATION LTD.


COMPANY SECRETARY

Registered Office:

Room No. 5, 1st Floor, Stephen House,
4, B.B.D. Bag (East), Kolkata – 700 001.

FRONTLINE CORPORATION LIMITED

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BOARD OF DIRECTORS

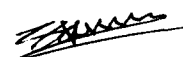
MR. PAWAN KUMAR AGARWAL	: MANAGING DIRECTOR
MR. RAM PRASAD AGARWAL	: DIRECTOR
MR. NARAYN PRASAD AGARWAL	: DIRECTOR
MR. BHARAT ARORA	: DIRECTOR
MR. VIRENDRA SHARMA	: DIRECTOR
MR. SAURABH JHUNJHUNWALA	: DIRECTOR

COMPANY SECRETARY

MR. SURESH KUMAR VERMA

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FUR, FRONTLINE CORPORATION LIMITED



COMPANY SECRETARY

AUDITORS

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

BANKERS

CITI BANK
DENA BANK
ICICI BANK
INDUSIND BANK LTD.,
PUNJAB & SIND BANK

REGISTERED OFFICE

4, B. B. D. BAG (EAST),
STEPHAN 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
ANNUAL REPORT 2003-2004
DIRECTORS' REPORT

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FOR, FRONTLINE CORPORATION LTD.

Dear Members,

Your Directors have pleasure in presenting the Fifteenth Annual Report for the year ended 31st March, 2004.

FINANCIAL PERFORMANCE:

(Rs, in Lacs)

		Current Year 31-3-2004	Previous Year 31-3-2003
Income from Transport Operations		4366.50	4019.11
Income from Leasing Operations		NIL	NIL
Sales		860.16	447.37
Other Income		195.89	150.84
Extra-Ordinary Income – Compensation		350.00	NIL
Interest		173.90	131.19
Depreciation		192.68	129.73
Profit Before Taxation		466.79	57.86
Provision for Income-Tax	Current year	42.00	3.50
	Deferred	126.57	23.20
Profit after Taxation		298.22	15.68
Transfer to General Reserve		NIL	NIL
Prior Period Adjustments		2.68	(0.83)
Profit Brought Forward		16.91	29.50
Proposed Dividend		49.73	NIL
Balance Carried to Balance-Sheet		256.22	16.91

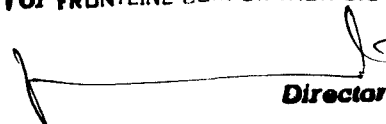
OPERATIONS

Your Company has earned an income of Rs. 4366.50 Lacs from transportation operations as compared to Rs. 4019.11 Lacs in the previous year recording a growth of 8.64% (approx.). The Company has earned a Gross Profit of 466.79 Lacs as compared to Rs. 57.86 Lacs in the previous year. The Company has earned a Net Profit of Rs. 298.22Lacs (Previous Year Rs. 15.68Lacs) after providing for taxation of Rs. 42.00Lacs for current year and Rs. 126.57Lacs for Deferred taxation. A Balance of Rs. 256.22Lacs has been carried forward to Balance Sheet.

PROJECTS UNDER IMPLEMENTATION

- 1) Your company has added one more windmill of 500 KVA capacity and installed the same at Pazahvoor in the State of Tamil Nadu. The new windmill has already been commissioned successfully during the year.

FOR FRONTLINE CORPORATION LTD.


Director

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- 2) Your Company has added an additional fleet of 75 Heavy Commercial Vehicles to execute transport contract with Hindustan Coca Cola Beverages Private Limited for their bottling plant in the State of Karnataka.
- 3) With prevailing positive outlook of the industry your Company had entered into the field of manufacturing of refractory bricks through job work basis at a plant at Kadi in Gujarat. Your Company is confident in establishing its identity in the domestic market in this field also.

During the Current Year, your Company is in the process to take over a close unit at Kadi, Gujarat, for manufacture of refractory bricks.

- 4) Your Company has also started carrying out export activities as Merchant Exporter. Your Company has so far exported the one consignment to USA and two consignments to U.K.
- 5) Keeping in mind the increasing demand of coal, coke and met-coke in the domestic market your company has started imported coal. Your company proposes to put more focus on this line of business as the Nation is going to witness shortage of coal in the years to come.
- 6) During the Current Year, your Company had further added 40 Heavy Commercial Vehicles to be deployed in the State of Orissa for transportation of Iron-Ore.

DIVIDEND

Your Directors are pleased to recommend the payment of a dividend of Rs. 1.00 (previous year Rs. Nil) per share amounting to Rs. 49, 73, 450/-(previous year Rs. Nil) out of the current year on 50, 00, 000 Equity Shares (Rs. 1/- on 49,46,900 Fully paid -up Equity Shares and Rs. .50 P on 53,100 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.

CHANGE OF REGISTERED OFFICE OF THE COMPANY

The Company Law Board, Western Region Bench, Mumbai, on a petition submitted by the Company, has passed an order on 5th August, 2004 for shifting of Registered Office of the Company from the State of Gujarat to the State of West Bengal. Accordingly the Company has filed the necessary documents with the Registrar of Companies, Gujarat for shifting of Registered Office of the Company from the State of Gujarat to the State of West Bengal. The Registrar of Companies, Gujarat has confirmed the Transfer of Registered Office on 24th, August, 2004. Your Company has filed necessary forms with Register of Companies, West Bengal is awaiting Certificate Registration confirming transfer of Registered Office from one State to another.

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Director

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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.

CONVERSION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The details of Conversion 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. Pawan Kumar Agarwal was appointed as Managing Director of the Company with effect from 21st January, 1995 for a period of 5 years. He was further appointed as Managing Director of the Company with effect from 21st January, 2000 for a further period of 5 years. The Company registered an excellent growth under his effective leadership and able guidance. The Board of Directors at its meeting held on 31st August 2004 had passed a resolutions re-appointing Mr. Pawan Kumar Agarwal as a Managing Director of the Company for a further period of five years w. e. f. 21st January 2005 without remuneration and the other terms & conditions as set out in the Agreement and

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FOR FRONTLINE CORPORATION LTD.


Director

FRONTLINE CORPORATION LIMITED

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stated in the Resolution aforesaid. Your Directors recommend the resolution for your approval.

Mr. Bharat Arora and Mr. Virendra Sharma, 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 and 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
FRONTLINE CORPORATION LIMITED


PAWANKUMAR AGRAWAL
MANAGING DIRECTOR

DATE: 31ST AUGUST, 2004
PLACE: Ahmedabad

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FOR FRONTLINE CORPORATION LTD.


Director

FRONTLINE CORPORATION LIMITED

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ANNEXURE 'A'

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FOR FRONTLINE CORPORATION LTD.

REPORT ON CORPORATE GOVERNANCE

[Signature]
SECRETARY

1. COMPANY'S PHILISOPHY ON CODE OF GOVERNANCE

The Company firmly believes in and has consistently endeavored to attain the highest level of corporate governance through total transparency, full disclosures, independent executive freedom coupled with appropriate accountability and equity in the management of affairs of the Company. Sound Corporate Governance consists of business practices, which result in enhanced shareholder value and enable the Company to fulfill its obligations to the customers, employees, financiers, creditors and the society in general.

Governance Structure

The practice of Governance Structure of the Company is a 3-tier level:

- | | | | |
|------|-----------------------|---|---|
| i) | STATAGIC SUPERVISIONS | - | by the board of Directors at the helm of the structure |
| ii) | STRATAGIC MANAGEMENT | - | by the Whole Time Director in regular |
| iii) | EXECUTIVE MANAGEMENT | - | by divisional heads under the supervision of the strategic management |

This 3 - tier structure enables the Board of Directors to supervise on behalf of the Shareholders unbiased of strategic management while sharpening the accountability of the Management. The strategic management remains free and unaffected from day to day Executive Management. It ensures Executive Management remaining free from collective strategic responsibilities and enhancing the quality, efficiency and effectiveness of the management in general.

In order to discharge individual responsibility more and more effectively each entity is empowered formally with requisite power and authorities.

The structure, process and practice ensure necessary focus on corporate purpose, while facilitating overall effective management.

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 :

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FOR FRONTLINE CORPORATION LTD.

[Signature]
Director

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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	-	9	Yes
Shri Ram Prasad B. Agarwal	Director	Promoter Non Executive	5	-	16	Yes
Shri Narayan Prasad B. Agarwal	Director	Promoter Non Executive	5	-	16	Yes
Shri Bharat Arora	Director	Independent Non Executive	-	3	9	Yes
Shri Virendra Sharma	Director	Independent Non Executive	-	3	9	Yes
Shri Saurabh Jhunjhunwala	Director	Non Executive	1	3	16	Yes

During the year, 27 Board Meetings were held on the following dates, which were attended by three directors:

17.04.03	30.04.03	01.05.03	12.05.03	02.06.03	21.06.03	19.07.03	31.07.03
09.08.03	26.08.03	29.08.03	31.10.03	07.11.03	15.11.03	17.11.03	03.12.03
10.12.03	15.12.03	29.12.03	02.01.04	15.01.04	30.01.04	31.01.2004	25.02.04
03.03.04	05.03.04	15.03.04	-----	-----	-----	-----	-----

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

3. AUDIT COMMITTEE

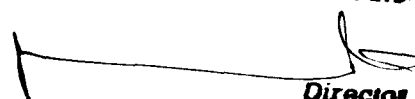
During the year under review, the Committee met 3 times on 09.08.2003, 31.10.2003 and 15.03.2004. The following are the members and their attendance at Committee Meetings:-

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

The Audit Committee comprising following Directors was constituted
The terms of reference are as under:

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For FRONTLINE CORPORATION LTD.


Director

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- 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.

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.

During the year under review, the Committee met 3 times on 09.08.2003, 31.10.2003 and 15.03.2004. The following are the members and their attendance at Committee Meetings:-

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

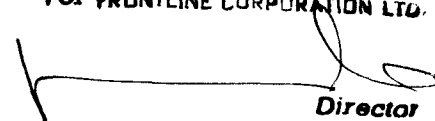
The minutes of Shareholders Grievance Committee are discussed and taken note of by the Board of Directors.

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

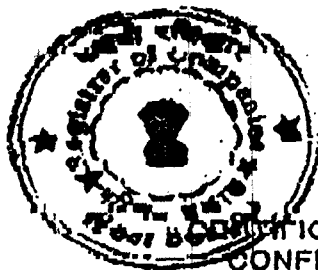
The particulars of Investors Grievance received and redressed during the financial year are furnished below:

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

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Director

C.N.No. 1 - 630961XB - 2004 P.L.C 099645



C.N.No. 1 - 99645

(Section 18 (1) of Companies Act, 1956)

CERTIFICATE OF REGISTRATION OF THE ORDER OF ~~COMPANY LAW~~ *Company Law*
 CONFIRMING TRANSFER OF THE REGISTERED OFFICE *Board*
 FROM ONE STATE TO ANOTHER.

The FRONTLINE CORPORATION LTD.

having by special resolution altered the provision of its Memorandum of Association with respect to the place of the registered office by changing it from the State of *Gujarat* to the State of *West Bengal* and such alteration having been confirmed by an order of *Company Law Board, Western Region, Bench, Mumbai* bearing date the *5-8-2004*

I hereby certify that a certified copy of the said order has this day been registered.

Given under my hand at *Kolkata* this *2nd* day of *September* Two thousand and *four*

Hanandaro
 Deputy / Assistant Registrar of Companies
 West Bengal, Kolkata

FOR FRONTLINE CORPORATION LTD

Director