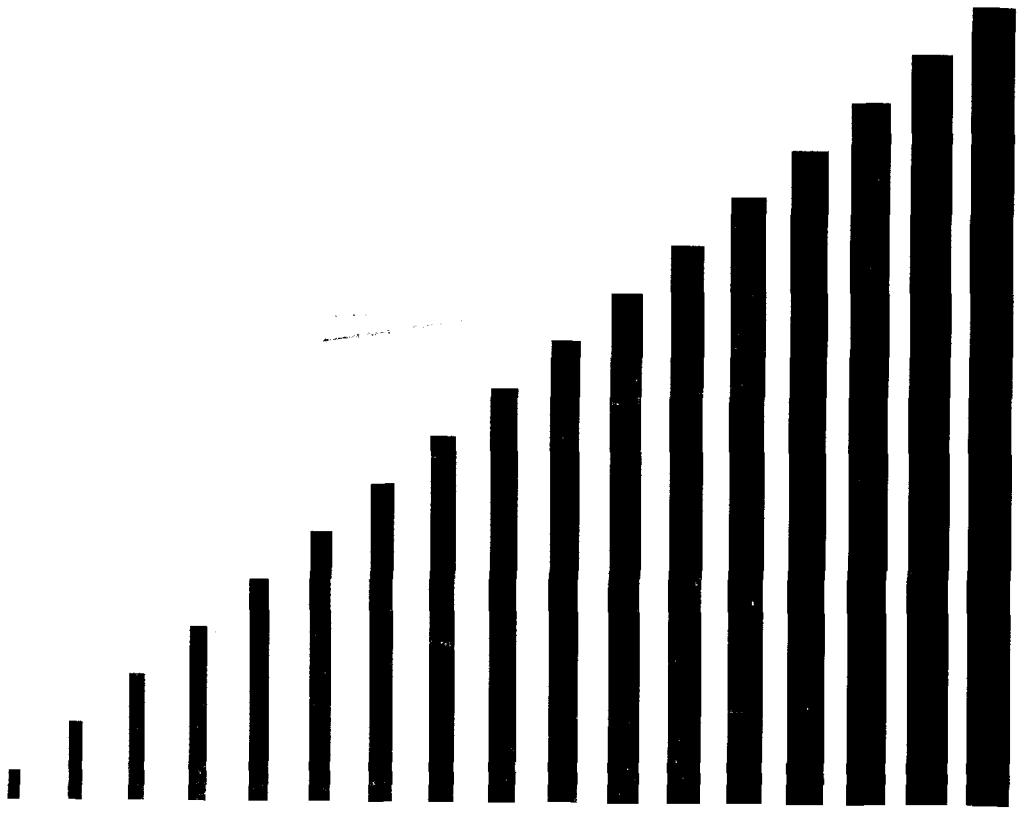
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FRONTLINE CORPORATION LIMITED

19th Annual Report

2007 - 2008



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Board of Directors	:	Mr. Ram Prasad Agarwal - **Chairman** Mr. Narayan Prasad Agarwal Mr. Bharat Arora Mr. Virendra Sharma Mr. Saurabh Jhunjhunwala Mr. Pawan Kumar Agarwal - **Managing Director**
Company Secretary	:	Mr. S. K. Verma
Statutory Auditors	:	M/S. Jain Kedia & Sharma Chartered Accountants, Ahmedabad
Branch Auditors	:	M/s. VPC & Associates, Chartered Accountants, Kolkata
Bankers	:	CITI Bank Dena Bank HDFC Bank Ltd. ICICI Bank Limited State Bank of India Oriental Bank of Commerce Punjab & Sind Bank Limited 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	:	Pinnacle Shares Registry Private Ltd. Unit: Frontline Corporation Limited Near Asoka Mills, Naroda Road, Ahmedabad – 380 025

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NOTICE

NOTICE is hereby given that the Nineteenth Annual General Meeting of the members of M/s. Frontline Corporation Limited will be held on Tuesday, the 30th September, 2008 at 10.00 a.m. 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, 2008 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 Narayan 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 re-appoint Statutory Auditors and Branch Auditors and to fix their remuneration.

SPECIAL BUSINESS:

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

   " RESOLVED THAT in supersession of the resolution limiting the borrowing power of the Board of Directors of the Company up to Rs. 100 Crores (Rupees One hundred Crores only) passed by members of the Company at their Extraordinary General Meeting held on the 7th November, 1994 and at Annual General Meeting of the Company held on 30.09.2004 the Board of Directors of the Company be and is hereby authorised under section 293(1) (d) of the Companies Act., 1956, to borrow money from time to time up to a limit not exceeding in the aggregate Rs. 500 Crores (Rupees Five hundred Crores Only) notwithstanding that money to be borrowed, together with the money already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purposes."

6. "RESOLVED THAT in suprsession of the resolution passed by members of the Company at their Extraordinary General Meeting held on the 7th November, 1994 and at Annual General Meeting of the Company held on 30-09-2004, pursuant of the provisions of clause (a) of sub-Section (1) of Section 293 and other applicable provisions, if any , of the Companies Act, 1956, and such other approvals as may be necessary and subject to such conditions and modifications as may be prescribed, required or directed in granting any such approvals or consents and which the Board of Directors be and is hereby authorised to accept; consent of the Company be and is hereby accorded to the Board of Directors of the Company for mortgaging and/or charging in any manner whatsoever of all movable and immovable properties of the Company where so ever situated, present or future and the whole of the undertaking of the Company, for borrowing of a sum not exceeding Rs. 500 Crores (Rupees Five hundred croce only) outstanding at any one time as loans from Banks, Financial Institutions or other bodies corporate or persons."

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

Date: 2nd September, 2008
Place: Ahmedabad

PAWANKUMAR AGRAWAL
MANAGING DIRECTOR

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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 Friday, 26th September, 2008 to Tuesday, 30th September, 2008 (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 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 Years ended 31st March 2001 to the Fund. Members who have yet not encashed their Dividend Warrants for the years ended 31st March 2001 to 31st March 2008 are requested to contact the Company at its Corporate Office at 4th Floor, Shalin Building, Near Nehru Bridge Corner, Ashram Road, Ahmedabad – 380 009.

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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.

7. An Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 is annexed thereto.

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

Date: 2nd September, 2008
Place: Ahmedabad

PAWANKUMAR AGRAWAL
MANAGING DIRECTOR

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

Item No. 5:

The members of the Company at their Extraordinary General Meeting held on the 7th November, 1994, have passed a special resolution authorizing the borrowing powers of the Board of Directors of the Company to borrow money from time to time up to a limit not exceeding in the aggregate Rs. 20 Crores (Rupees Twenty Crores Only) notwithstanding that money to be borrowed, together with the money already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purposes.

Further in supersession of the above resolution, the members of the Company at their Annual General Meeting held on the 30.09.2008, have passed a special resolution authorizing the borrowing powers of the Board of Directors of the Company to borrow money from time to time up to a limit not exceeding in the aggregate from Rs. 20 Crores (Rupees Twenty Crores Only) to Rs. 100 Crores (Rupees One hundred Crores only) notwithstanding that money to be borrowed, together with the money already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purposes.

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Now with the multiple growths of the business activities of the Company, it has become necessary for the Company to increase the Borrowing powers of the Company from Rs. 100 Crores to Rs. 500 Crores.

The Board of Directors accordingly, recommends the resolution set out at Item No. 5 of the accompanying Notice for the approval of the members.

None of the Directors except to the extent of their shareholding are deemed to be concerned or interested directly or indirectly in the above resolution.

Item No. 6:

The members of the Company at their Extraordinary General Meeting held on the 7th November, 1994, have passed a special resolution authorizing the borrowing powers of the Board of Directors of the Compan to borrow money from time to time up to a limit not exceeding in the aggregate Rs. 20 Crores (Rupees Twenty Crores only) not withstanding that money to be borrowed, together with the money already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purposes.

Further in supersession of the above resolution, the members of the Company at theier Annual General Meeting held

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on the 30-09-2004, have passed a special resolution authorizing the borrowing powers of the Boar of Directors of the Company to borrow money from time to time up to a limit not exceeding in the aggregate from Rs. 20 Crores (Rupees Twenty Crores only) to Rs. 100 Crores (Rupees One Hundred Crores only) not with standing that money to be borrowed, together with the money already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.

The borrowings by a Company, in general, is required to secured by a mortgage or charge on all or nay of the movable or immovable properties of the Company in such form, manner and ranking as may be determined by the Board of Directors of the Company from time to time, in consulation with the lender(s)

The mortgage and/or change on any of the movable and/or immovable properties and/or the whole or any part of the undertaking(s) of the Company, to secure borrowings of the Company or of any of its holding, subsidiary, affiliate or associate Company, with a power to charge holders to take over the management of the business and concern of the Company in certain events of default, may be regarded as disposal of the Company's undertaking(s) within the meaning of Section 293(1)(a) of the Companies Act 1956. Hence, it is necessary for the members to pass a resolution under the said section for securing the borrowings up to Rs. 500 Crores.

The Board of Directors accordingly, recommends the resolution set out at Item No. 6 of the accompanying Notice for the approval of the members.

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None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

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

Date: 2nd September, 2008
Place: Ahmedabad

PAWANKUMAR AGRAWAL
MANAGING DIRECTOR

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Directors' Report

Dear Members,

Your Directors have pleasure in presenting the Nineteenth Annual Report for the year ended 31st March, 2008

Financial Performance:

(Rs. in Lacs)

		Current Year 31-3-2008	Previous Year 31-3-2007
Revenue from Operations		**4249.73**	5468.39
Other Income		**23.83**	196.54
Finance Charges		**379.20**	384.58
Depreciation		**254.20**	283.02
Profit Before Taxation		**10.43**	(21.94)
Provision for Income-Tax & Fringe Benefit Tax	Current Taxes	**(4.50)**	(18.31)
	Earlier Periods	**0.38**	(173.35)
Profit after Taxation		**14.55**	169.72
Prior Period Adjustments		**0.33**	14.28
Profit for the year		**14.87**	184.01
Profit Brought Forward		**596.95**	412.94
Appropriation towards defined benefit obligations of earlier years		**0.87**	-
Proposed Dividend		-	-
Balance Carried to Balance-Sheet		**610.95**	596.95

Operations:

Your Company has earned an Income from Operations of Rs. 4249.73 Lacs as compared to Rs 5468.39 Lacs in the previous year recording a decrease of 22.29 %. The Company posted Profit before Taxation of Rs. 10.43 Lacs in comparison to Loss before Tax of Rs. 21.94 Lacs in the earlier year. The Company earned a Profit after Tax of Rs. 14.87 Lacs in comparison to Rs. 184.01 Lacs in the previous year, after appropriating amount towards defined benefit obligation of earlier period worth Rs. 0.87 Lacs. A Balance of Rs. 610.95 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.

Segment information :

Segment information are 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.

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Transportation :

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 cloak. The Company expects 15-20% growth in both contracts.

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. 2040.75 Lacs as compared to Rs. 2698.01 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. The Company has also received transportation Contracts from valued customers and confident to increase its turnover in the current year and thus post a increased profit.

Trading :

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 division posted a growth of more than 13.92% in sales in 2007 – 08 and expects to grow by more than 20% in 2008 – 09.

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 division posted a growth of more than 44.25 % in sales in 2007 – 08 and expects to grow by more than 60% in 2008 – 09.

Renting of immovable properties :

The Company recently acquired an office premises in Gandhinagar and let out the same on leave & licence basis for a period of 5 years to TCS Limited. The company is also concentrating in reality sectors and is planning to make foray in this segment at the appropriate time.

Wind Power Generation:

Power generation from wind has emerged as one of the most successful programmes in the renewable energy sector, and has started making meaningful contributions to the overall power requirements of different States. Research indicates that the total installed capacity of power from renewable today stands at nearly 1350 MW with contribution from wind power of nearly 1000 MW. Wind power installations worldwide have crossed 78728 MW producing about 54 billion KWh of energy annually while India is now the fourth largest wind power generator in the world after Germany, USA and Spain.

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Company Outlook

The company looks forward to reap the benefit of growing activities in transportation sector by procuring more logistic contracts and also procuring contracts for deployments of its own trucks to cater qualitative and competitive services as per the requirements of its esteemed customers so that the transportation services of the company can be treated at par with its competitors whereby affording further fillip and momentum for the healthy growth of the Company in general and its products in particular.

The Company is also expanding its client network all across Gujarat for trading in automotive parts of Bosch Limited and Mahindra & Mahindra Limited.

The Company is also contemplating to make foray in the reality at the appropriate time.

The Company has applied with the Ministry of Environment & Forest, Government of India for availing.Carbon Credit Development Mechanism. The company anticipates that the company can address its environmental concern and issues positively. As regards to the Wind Power Generation, no other renewable energy based electricity producing technology has attained the same level of the maturity as wind power. The company foresees the output generation from this project can go to reduce its cost of production.

Opportunities & Threats and Risk & Concern :

Despite slowdown in the industrial growth, the transportation activity of your company is increasing. Further road transportation is a proven economic and reliable mode of transportation. Timely delivery and safety of goods is the essence of transportation business. The Company stress fully on both the areas. The employees are being periodically trained by the Human Resource Department from time to time to cater business needs of its customers

Cut throat competition among the key market players may bring down the profitability of the trading division. However with the increase in the number of vehicles the Company feels that the Company can make a wonder by penetrating deep inside the market and increasing the distribution network.

The demand for Refractory Bricks is increasing with increase in steel and glass manufacturing units. However the increase in demand of Refractory Bricks may go down in case any recessionary trend is seen in the above two sectors. Keeping in view of the investments made so far in the Bricks Division, the Company does not see any major threat to its business activities.

The reality Boom is going to stay in the future. The Company looks forward to enter into this segment at the appropriate time.

On Wind Power generation front, there are no major technical barriers to large scale penetration of wind power. As per projections made by Ministry of Non-conventional Energy Sources, 10% of the 2,40,000 MW (i.e. 24,000 MW) installed capacity requirement by the year 2012 will come from renewables. It is envisaged that 50% of the capacity or 12,000 MW may come from wind power.

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Internal Control Systems and their adequacy :

The Company has a well structured internal control mechanism and the same is monitored by the internal audit department of the company which reviews and strengthens the control measures. The Internal Audit team regularly briefs the Management and the Audit Committee on their findings and also on the steps to be taken with regard to deviation, if any.

The company's internal control systems and their adequacy is based on the nature of business and size of operations and the company's internal control system has been designed to provide for.

- Accurate recording of transactions with internal checks and prompt reporting
- Adherence to applicable Accounting standards and policies
- Review of capital investments and long terms business plans
- Periodic review meetings to guide optimum utilization of resources
- Compliance with applicable statutes, policies, listing requirements and management policies and procedures
- Effective use of resources and safeguarding of assets

Cautionary Statement :

The statement in this report may be forward looking within the meaning of applicable laws or regulations. These statements are made on certain assumptions and expectations of future events. Actual results could however differ materially from those stated above. The company and its Board of Directors assume no responsibility in respect of the forward looking statements herein which may undergo changes in future on the basis of subsequent developments, information and events.

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:

The information required under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of the Employee) Rules, 1975 as amended to date is not attached as there are no employees who are in receipt of remuneration in excess of prescribed limits.

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.

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