

FRONTLINE CORPORATION LIMITED

21st Annual Report
(2009-2010)

2009-2010

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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. 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 & Sindh 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	:	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 21st Annual General Meeting of the members of M/s. Frontline Corporation Limited will be held on Thursday, the 30th September, 2010 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, 2010 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 Virendra Sharma 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.

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 pursuant to section 198,269,309,314, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and Consent of the Company be and is hereby given to the re-appointment Shri Pawan Kumar Agarwal as Managing Director of the Company for a period of five years 21.01.2010 on the following terms & conditions :

- (a) **SALARY** : Upto Rs. 50,000/- per month with such increments as may be decided by the Board of Directors (which includes any committee thereof) from time to time, after taking into account the Company's performance
- (b) **PERQUISITIES & ALLOWANCES** : Shri Pawan Kumar Agarwal will be entitled to the following perquisites in addition to the salary restricted an amount the value of which shall not exceed Rs.50,000/- per month.

CATEGORY A:

This will comprise of house rent allowance, house maintenance allowance, leave travel concession, medical reimbursement, fees of clubs, personal accident insurance and such other benefits, facilities and allowances as may be available and allowed to Shri Pawan Kumar Agarwal as per the rules of the Company. These may be provided as under:

HOUSING:

- i) The expenditure incurred by the Company on hiring furnished accommodation of Shri Pawan Kumar Agarwal will be subject to the ceiling of 60% of the Salary, over and above 10% (ten percent) payable by Shri Pawan Kumar Agarwal.
- ii) In case, the company owns the accommodation, 10% (ten percent) of the salary of Shri Pawan Kumar Agarwal shall be deducted by the Company.
- iii) In case, no accommodation is provided by the Company, Shri Pawan Kumar Agarwal shall be entitled to House Rent Allowance subject to the ceiling laid down under Clause (i) above.

Explanation :

The Expenditure incurred by the Company on Gas, Electricity, Water and Furnishing shall be valued as per the Income Tax Rules, 1962 wherever applicable. In the absence of any such rules, perquisites and allowance shall be evaluated at actual cost. This shall be however subject to a maximum ceiling of 10% (ten percent) of the salary of Shri Pawan Kumar Agarwal.

**Medical Reimbursement:**

Expenses incurred for self and his family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.

Leave Travel Concession:

For Shri Pawan Kumar Agarwal and his family once in a year incurred in accordance with the Rules of the Company.

Club Fees:

Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.

Personal Accident Insurance:

Of an amount, the annual premium of which does not exceed Rs. 10,000/- per annum to Shri Pawan Kumar Agarwal.

Other Benefits and Allowance:

Any other benefits, facilities and allowances as may be available and allowed to Shri Pawan Kumar Agarwal as per the rules of the Company.

CATEGORY B:

- i) Contributions to Provident Fund and Superannuation/ Annuity Fund will not be included in the computation on perquisites to the extent not taxable under the Income Tax Act, 1962.
- ii) Gratuity payable shall be half a month's salary for each completed year of service.
- iii) Encashment of Leave at the end of the tenure will be permitted and will not be included in the computation of the ceiling on perquisites.
- iv) Reimbursement of actual entertainment expenses, actual traveling and hotel expenses for the Company's business and/or allowances as per the Company's Rules.

CATEGORY C:

Provision of Car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and Use of Car for private purpose shall be billed by the Company to Shri Pawan Kumar Agarwal.

Sitting Fees:

Shri Pawan Kumar Agarwal so long as he acts as the Managing Director of the Company be not paid any sitting fee for attending any meeting of the Board or any Committee thereof.

Other Terms

- (a) Shri Pawan Kumar Agarwal shall not during the continuance of his employment hereunder or at any other time thereafter, divulge or disclose to any person or make use whatever for his own or for any other purpose, any confidential information or knowledge acquired by him during his employment under the Company as to business or affairs of the Company or as to any trade secret or secrets, processes of the Company, and shall during the continuance of his employment hereunder use his best endeavors to prevent any other person from doing so.
- (b) Shri Pawan Kumar Agarwal hereby undertakes that so long he functions as the Managing Director of the Company; he shall not become interested or otherwise concerned directly or indirectly with any competitors or acquire a dealership or any other business during the tenure of his employment as Managing Director.
- (c) The terms and conditions of the said appointment and/or Agreement may be altered and varied from time to time by the Board and/or any Committee formed later on for the purpose of deciding Remuneration of Executive Directors as they may, in their discretion, deem fit within the maximum amount payable to Managing Director in accordance with rules of the Company, or any amendment made hereafter in this regard.



- (d) The Draft Agreement may be terminated by either party giving the other party six months' party six month's notice of the Company paying six month's remuneration in lieu thereof.
- (e) If at any time Shri Pawan Kumar Agarwal ceases to be the Director of the Company for any cause whatsoever, he shall cease to be the Managing Director.

Service of Notice

- (a) Any notice to be given hereunder shall be sufficiently given or served in case of Shri Pawan Kumar Agarwal by being delivered either personally to him or left for him at his address last known to the Company or sent by registered post addressed to him at such address and in case of the Company be being delivered at or sent by registered post addressed to its registered office, any such notice if so posted shall be deemed served on the date following that day on which it was posted.
- (b) The terms and conditions of the said appointment and/or Agreement may be altered and varied from time to time by the Remuneration Committee and/or Board as they may, in their discretion, deem fit within the maximum amount payable to Managing Director, Whole Time Directors and Executive Directors in accordance with Schedule XIII to the Act, or any amendment made hereafter in this regard.
- (c) The Agreement may be terminated by either party giving the other party six months' party six month's notice of the Company paying six month's remuneration in lieu thereof.
- (d) If at any time Shri Pawan Kumar Agarwal ceases to be the Director of the Company for any cause whatsoever, he shall cease to be the Managing Director.

Service of Notice

Any notice to be given hereunder shall be sufficiently given or served in case of Shri Pawan Kumar Agarwal by being delivered either personally to him or left for him at his address last known to the Company or sent by registered post addressed to him at such address and in case of the Company be being delivered at or sent by registered post addressed to its registered office, any such notice if so posted shall be deemed served on the date following that day on which it was posted.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, things and matters as may be necessary to give effect to the foregoing."

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

**Date: 3rd September, 2010
Place: Ahmedabad**

**PAWANKUMAR AGARWAL
MANAGING DIRECTOR**

**EXPLANATORY STATEMENT OF MATERIAL FACTS AS REQUIRED UNDER SECTION 173 OF THE COMPANIES ACT, 1956****Item No. 5**

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 and again with effect from 21st January, 2005 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 21st January, 2010 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 2010 and the other terms & conditions as set out in the Agreement and stated in the Resolution aforesaid. Your Directors recommend the resolution for your approval.

A copy of the Draft Agreement to be entered into detailing the terms and conditions of his re-appointment and the aforesaid consent is available for inspection at the Registered Office of the Company during normal business hours on any working day upto the date of the meeting.

The Text of the resolution may be deemed as abstract of the terms and conditions of appointment of Mr. Pawan Kumar Agarwal under section 302(2) of the Companies Act, 1956 as the Managing Director of the Company.

None of the Directors except Mr. Pawan Kumar Agarwal, being the appointee and Mr. Ram Prasad Agarwal , Mr. Narayan Prasad Agarwal and Mr. Saurabh Jhunjhunwala being related, may be deemed to be concerned or interested directly or indirectly in the above resolution.

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

**Date: 3rd September, 2010
Place: Ahmedabad**

**PAWANKUMAR AGARWAL
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 Monday, 27th September, 2010 to Thursday, 30th September, 2010 (both days inclusive).
3. An Explanatory Statement pursuant to Section 173(2) of the Company, 1956 is annexed hereto.
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. Sharepro Services (India) Pvt Ltd.**, 416-420, 4th Floor, Devnandan Mall, Opp. Sanyas Ashram, Ellisbridge, Ahmedabad - 380 006, 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: 3rd September, 2010
Place: Ahmedabad

PAWANKUMAR AGARWAL
MANAGING DIRECTOR



Directors' Report

Dear Members,

Your Directors have pleasure in presenting the 21st Annual Report for the year ended 31st March, 2010

Financial Performance:

(Rs, in Lacs)

		Current Year 31-3-2010	Previous Year 31-3-2009
Revenue from Operations		9319.69	6457.49
Other Income		363.66	202.97
Finance Charges		446.12	335.80
Depreciation		437.30	405.02
Profit Before Taxation		374.16	210.22
Provision for Income-Tax & Fringe Benefit Tax	Current Taxes	203.95	75.62
	Earlier Periods	Nil	2.03
Profit after Taxation		170.21	132.57
Prior Period Adjustments		15.35	1.52
Profit for the year		154.86	131.04
Profit Brought Forward		742.00	610.95
Proposed Dividend		NIL	NIL
Balance Carried to Balance-Sheet		896.86	742.00

PERFORMANCE REVIEW:

Your Company has earned Revenue from Operations of Rs. 9319.69 Lacs as compared to Rs 6457.49 Lacs in the previous year registering a robust increase of 44.32 %. The Company posted Profit before Taxation of Rs. 374.16 Lacs in comparison to Profit before Tax of Rs. 210.22 Lacs in the earlier year. The Company earned a Profit after Tax of Rs. 154.86 Lacs in comparison to Rs. 131.04 Lacs in the previous year, after prior period adjustment of Rs. 15.35 Lacs in the current year. A Balance of Rs. 896.86 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.

TRANSFER TO RESERVE & SURPLUS

The Board of Directors proposes to transfer Rs. 154.86 to Reserve & Surplus aggregating to Rs. 896.86 Lacs.

SEGMENT INFORMATION

Segments 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.

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 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 increased to Rs. 3784.62 Lacs in the previous year to Rs. 3587.74 Lacs in the current year registering a slight decrease by 5.20 % due to 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 robust results in the days to come. Your Company is confident to increase its turnover in the current year and thus post an 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 Revenue from trading Operations of automotive parts of "BOSCH" increased to Rs. 1267.12 Lacs in comparison to Rs. 1011.06 Lacs in the previous year registering a robust increase of 25.32%.

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" decreased to Rs. 908.88 Lacs in comparison to Rs. 643.15 Lacs in the previous year registering a highly increase of 41.32% mainly due to good potential current scenario.

Your Company has also received order for bulk supply of coal/coke. The supply of the same has already taken place.

Bricks Division

Your Company has facilities to manufacture Refractories Bricks of various sizes and qualities to cater the need of Steel Plants and Glass Plants.

The company's manufacturing facility is located in Kadi, Gujarat. The plant is modern and is supported by a team of qualified professionals. The plant's existing Installed Capacity is 4,800 Metric tons per annum.

The company produces complete range of Refractories including:

- Fireclay in Medium & High heat duty in all Shapes and sizes with Alumina contents from 30 to 45%
- High Grog & High Alumina Refractories with Alumina contents from 45% to 99% for various applications in Steel plants, Cement kilns, Glass furnaces, Sponge Iron, Aluminum, Non-Ferrous and Petrochemical Industries.
- Sillimanite & Andalusite bricks and blocks for Glass plants.
- Basic bricks including Magnesite, Magnesite Carbon, Magnesite Chrome, Chrome Magnesite, Alumina Chrome, Alumina Magnesite Carbon, Direct bonded Mag chrome etc
- Mortars for Power Plants & Chemical Industry
- Insulation bricks in conventional and special light weight bricks
- Various grades of mortars, ramming masses, gunning mixes and full range of Castables

Within a short span of its commencement of manufacturing of Refractories Bricks, The Division has long list of satisfied customers. The Revenue from Operations of the division increased to Rs. 547.10 Lacs in comparison to Rs. 369.31 Lacs in the previous year registering a robust increase of 48%. During the year under review the Company has not exported bricks.

Wind Energy Generation:

Your company has been promoting Green Power through Wind Energy. We totally have commissioned capacity of 2.365 MW.

Your company has successfully registered the VER project with APX Registry. Your company has also sold the first VERs to First Climate, Germany. Next issuance is being planned in the next financial year i.e. 2011-2012 to get some volume.

Monsoon was not good but due to north east monsoon and some extended monsoon would give some better generation. Wind Energy division had streamlined the process and had made efforts to put the machines running so that they have better Plant Load Factor (PLF).

We continue to face the problem of realization of funds from the government. All the power generated is being sold to the Government and hence we need to wait for the payment which is getting delayed. This is having serious repercussions on the payments to be made for various term loans.



The Revenue from Operations of the division increased to Rs. 121.76 Lacs in comparison to Rs. 64.62 Lacs in the previous year registering a robust increase of 88%.

Renting of immovable properties

Looking to the prevailing recessionary trends in reality sector, Your Company is in the process of making investments in plots of various sizes at the competitive prices and is in the process of developing the plots. The income from Leave & Licence Agreement with TCS Ltd., is giving a steady source of income.

The Revenue from Operations of the division increased to Rs. 248.14 Lacs in comparison to Rs. 223.45 Lacs in the previous year registering a increase of 11%.

Subsidiary of the Company

The Company does not have any subsidiary Company.

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.

Directors' 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:

Shri Narayan Prasad Agarwal and Shri Virendra Sharma, Directors of the Company retire by rotation and being eligible offer themselves for re-appointment. You are requested to accord your approval to their appointment.

During the year Shri Ram Prasad Agarwal, Director of the Company has resigned as Chairman of the Company on 29.09.2009. However he is continuing as Director of the Company.

None of the Directors of your Company is disqualified as per provisions of Section 274(1) (g) of the Companies Act, 1956. The Directors of the Company have made necessary disclosures as required under various provisions of the Companies Act, 1956 and Clause 49 of the Listing Agreement.