

***FRONTLINE CORPORATION LIMITED***

***24th Annual Report***

***(2012-2013)***



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**24th Annual General Meeting on Monday, 30th September, 2013 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. Jiw 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 24th Annual General Meeting of the members of M/s. Frontline Corporation Limited will be held at 10.00 a.m. on Monday, the 30<sup>th</sup> September, 2013 at its Registered Office at 4, B. B. D. Bag (East), Stephen House, Room No. 5, 1<sup>st</sup> Floor, Kolkata – 700 001 to transact the following business:

**Ordinary Business:**

1. To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2013 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.

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

Date : 31<sup>st</sup> May, 2013  
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. 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 Tuesday, 24<sup>th</sup> September, 2013 to Monday, 30<sup>th</sup> September, 2013 (both days inclusive) in connection with the Annual General Meeting.
3. As per Circulars issued by the Ministry of Corporate Affairs( MCA) bearing Nos. 17/2011 and 18/2011 dated 21<sup>st</sup> April, 2011 and 29<sup>th</sup> 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 [frontlinecorporlimited@gmail.com](mailto:frontlinecorporlimited@gmail.com) or with the Registrar and Share Transfer Agent viz : M/s. Sharepro Services (India) Pvt Ltd at [bharti.parikh@shareproservices.com](mailto:bharti.parikh@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.
4. 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.
5. 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.
6. 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.

7. 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.
8. 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.
9. 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.
10. 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.
11. 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.
12. 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.
13. Members are requested to kindly bring their copies of the Report and Accounts to the meeting.
14. 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**

Date : 31<sup>st</sup> May, 2013  
Place : Ahmedabad

**PAWANKUMAR AGARWAL**  
MANAGING DIRECTOR

**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)**

<b>Name of the Director</b>	<b>Shri Narayan Prasad Agarwal</b>		<b>Shri Virendra Sharma</b>	
Date of Birth	06-07-1958		31-12-1954	
Date of Appointment on the Board	04-12-1989		17-12-1996	
Qualifications	B.Com		B. Com	
Experience and Expertise in specific functional areas	aged about 55 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 30 years of rich experience mainly in the Financial Activities of their own Group Companies. He is also involved in active trading and supplies of Coal, Coke and Chemicals like Soda Ash.		aged about 59 years, a Commerce 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 also member 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	None	
	Fairdeal Supplies Limited	Chairman & Director		
	Frontline Industries Limited	Director		
	Prima Financial Services Ltd.,	Director		
Membership/ Chairmanship of Committees across public Companies	None		Audit Committee of Frontline Corporation Limited	Member
			Remuneration Committee of Frontline Corporation Limited	Member
			Shareholders'/ Investors' Grievance Committee of Frontline Corporation Limited	Member
No. of Shares held in the Company	684700 Equity Shares		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, 2013

**Financial Performance :**

		(Rs, in Lacs) Current Year 31-03-2013	Current Year 31-03-2012
Revenue from Operations		4394.96	6977.72
Other Income		344.39	170.34
Finance Charges		651.45	681.83
Depreciation		220.38	240.52
Profit Before Taxation		(490.56)	(304.49)
Provision for Income-Tax	Current Taxes	NIL	NIL
	Differed Taxes	(256.81)	(37.56)
	Earlier Periods	NIL	(45.98)
Profit /( Loss) after taxation but before exceptional and Extra Ordinary Items			
Exceptional & Extra Ordinary Items		233.75	220.95
Profit/ ( Loss) for the year		72.55	10.22
Profit Brought Forward		(161.20)	(231.17)
Proposed Dividend		855.26	1086.43
Balance Carried to Balance-Sheet		NIL	NIL
		694.06	855.26

**Note :**

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

**Dividend:**

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

**Review of Operations:**

The year 2012-2013 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. However, Your Company posted Net Loss of Rs. 161.20 Lacs against Net Loss of Rs. 231.17 Lacs in the earlier year. The Exceptional & Extra Ordinary Items include prior period income (net) of Rs 35.61Lacs and profit on sale of assets of Rs37.27 Lacs and loss on sale of fixed assets of Rs. 0.33 Lacs in comparison to prior period expenses (net) of Rs. 24.62 Lacs, profit on sale of fixed assets of Rs. 25.77 Lacs and loss on sale of fixed assets of Rs. 11.37 Lacs.

Your company is hopeful to make better performance in current financial year.

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



During the year the company has achieved operational income of Rs. 4394.96 Lacs as against Rs. 6977.72 Lacs in the previous year. The company posted Loss before tax of Rs. 490.56 Lacs as against Loss before Tax of Rs. 304.49 Lacs in the previous year. The Company incurred Loss after Tax of Rs. 161.20 Lacs as against Rs. Loss of Rs. 231.17 Lacs in the previous year. A balance of Rs. 694.06 Lacs has been carried forward to Balance Sheet as against Rs. 855.26 Lacs in the previous year.

**Exports:**

Due to global slowdown and also various restrictions on export of Iron Ore, your company did not export as against export of 27336.55 MT amounting to USD 3900240.34 (INR 189,206,252.05) in the previous year. However, your company is keeping a close watch on the market and would re-commence the export iron ores at the appropriate time.

**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.

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

**Segment information,**

Segments information is given along with financial statements. The company has identified four segments viz "Transportation, Trading, 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 road transportation industry has been the most significant constituent of the Indian logistics industry. However, the segment continues to struggle to cater to the country's size and widely spread consumption hubs.

Despite significant improvement in road transportation, the sector has been witnessing several challenges namely, infrastructure constraints, rising fuel prices

As road transportation is a low-margin business, the unfavorable trend of rising fuel prices (estimated to constitute 50–60 percent of total transportation expenditure) critically affects operators' profitability.

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. 15.78 Crores in the previous year to Rs 11.86 Crores in the current year registering a decrease by 24.84% 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 growth outlook for the automotive aftermarket industry in India continues to be positive, driven by sustained increase in vehicle population and a shift towards high end vehicles.

Except for large automotive distributors, players across the aftermarket faced margin pressure in the last few years.

This trend is likely to continue as most players in the Indian aftermarket are still sub-scale and will be at risk of margin decline due to pricing pressures as well as rising costs.

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. 19.41 Crores in comparison to Rs. 18.45 Crores in the previous year registering an increase 5.20%.

**Mahindra & Mahindra Division** is acting as the Super Distributor Farm Equipment Segment manufactured by "Mahindra & Mahindra Ltd.," Mahindra & Mahindra Ltd., has withdrawn the distributorship of Automotive Components w. e. f. 01.04.2012 due to change in their policy and allowed the Company only to operate Farm Equipment Segment in central and northern clusters of Gujarat. The Revenue from trading Operations of automotive parts of "Mahindra & Mahindra Ltd" decreased to Rs. 8.34 Crores in comparison to Rs. 10.61 Crores in the previous year registering a decrease of 21.39% as the turnover in the previous year consisted of both revenue from sale of automotive components and Farm Equipment parts. Your Company is focusing on increase the revenue by increasing clientele of Farm Equipment Segment by aggressive sales campaign in the current year.

#### **Iron & Steel Division:**

Industry Scenario /opportunity & Out Look / Risk & concern:

During the year under review, the global Iron – ore market witnessed volatile market conditions owing to sharp decrease in its prices. The demand of Iron Ore was decreased due to lower offtake by China and other countries. During the same period the Steel Sector witness slump. Our government also imposed higher export duty on export of iron ores for safeguarding natural resources. The demand of steel from Infrastructure Sector also declined due to their financial constraints Furthermore, since domestic steel industry does not have adequate sintering capacity, dumped fines will cause huge environmental problems.

#### **Export of Iron Ores**

Due to global slowdown and also various restrictions on export of Iron Ore, your company did not export as against export of 27336.55 MT amounting to USD 3900240.34 (INR 189,206,252.05) in the previous year. However, your company is keeping a close watch on the market and would re-commence the export iron ores at the appropriate time.

#### **Wind Energy Generation:**

Industry Scenario /opportunity & Out Look / Risk & concern

India is the 3rd largest annual wind power market in the world, and provides great business opportunities for both domestic and foreign investors. Diverse incentives supported by a long-term policy and regulatory framework at the central and state levels have played a crucial role in achieving this goal. Wind power is now increasingly accepted as a major Complementary energy source for securing a sustainable and clean energy future for India.

Historically, the States of Tamil Nadu, Karnataka, Maharashtra and Gujarat have been the leaders in terms of total wind installations. The States of Rajasthan, Madhya Pradesh and Kerala are quickly catching up.

More than 95 percent of the nation's wind energy development to date is concentrated in just five states in southern and western India – Tamil Nadu, Andhra Pradesh, Karnataka, Maharashtra, and Gujarat. These five states accounted for over 85% of the total installed capacity at the end of the last plan period. Rajasthan is another emerging State with rising wind turbine installations.

Wind power generation in India began in 1986. many of the older low-capacity (< 500 kW) wind turbines installed more than 10 to 12 years ago occupy some of the best wind sites in India. These turbines need to be replaced with more efficient, larger capacity machines. one of the immediate benefits after replacing the old wind turbines is that more electricity can be generated from the same site.

However due to a lack of policy guidelines and incentives for replacing, concerns are raised on a number of subjects including disposal of old machines, fragmented land ownership in existing wind farms, clarity on the feed-in tariff offered to newly repowered projects and constrained evacuation of the extra power generated.