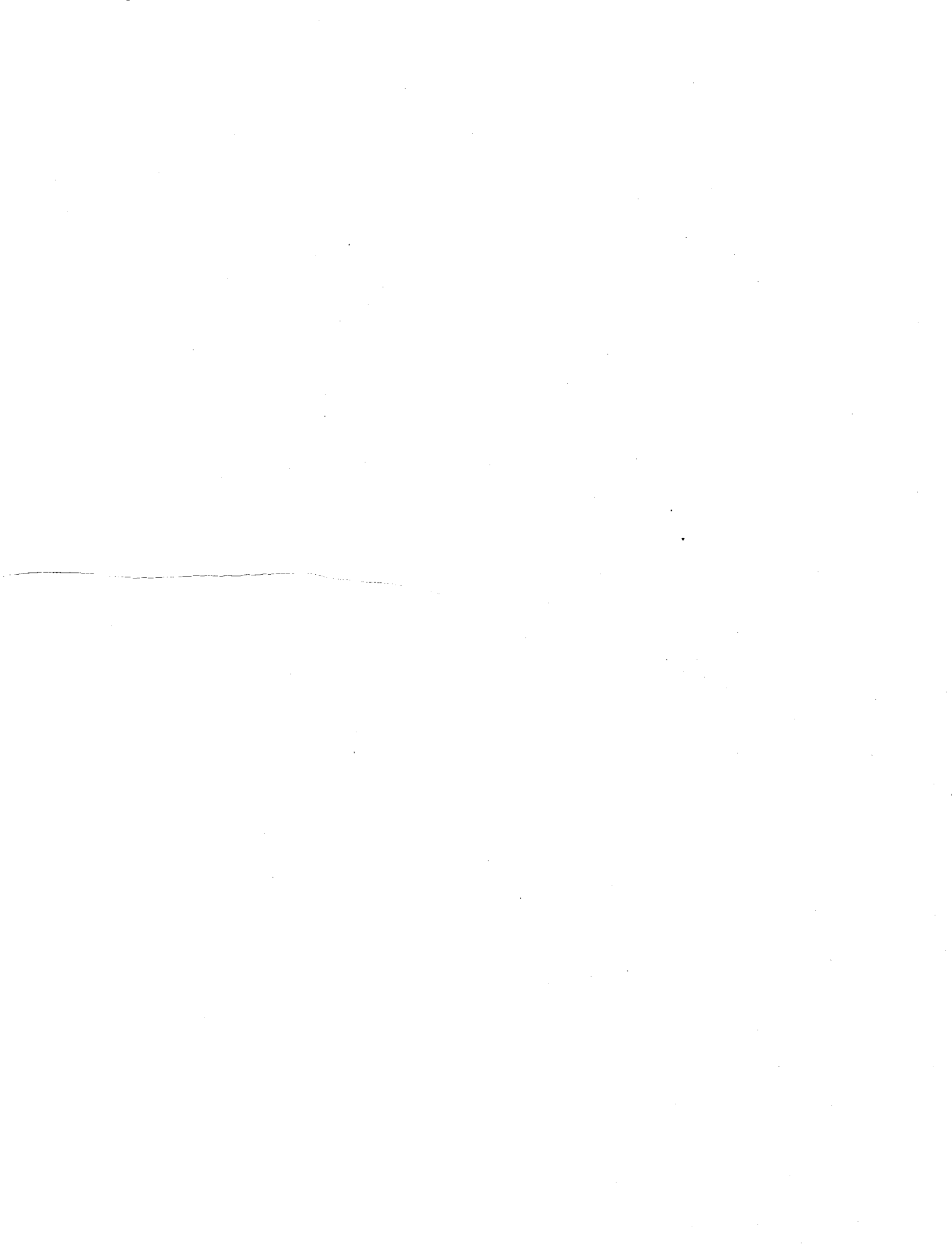


***FRONTLINE CORPORATION LIMITED***

***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 Jhunjunwala	:	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 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](mailto:frontlinecorporplimited@gmail.com) or with the Registrar and Share Transfer Agent viz : M/s. Sharepro Services (India) Pvt Ltd at [bharti.pariikh@shareproservices.com](mailto: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)**

<b>Name of the Director</b>	<b>Shri Ram Prasad Agarwal</b>	<b>Shri Bharat Arora</b>
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		220.95	119.58
Exceptional & Extra Ordinary Items		10.22	70
Profit/ ( Loss) for the year		(231.17)	186.93
Profit Brought Forward		1086.43	896.86
Proposed Dividend		NIL	NIL
Balance Carried to Balance-Sheet		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

in steel product prices. Furthermore, since domestic steel industry does not have adequate sintering capacity, dumped fines will cause huge environmental problems. On development issue, they feel that banning iron ore fines will create not only socio-economic problems like unemployment, non-utilization of infrastructure etc. but would also result in huge loss of foreign exchange for the country.

**Export of Iron Ores :**

During the year your Company exported 68,200 MT amounting to US D 84,30,041.65/- ( INR 38,59,18,465.39) to China & Singapore as against 22,800 MT amount to US D 27,90,185.55 (INR 12,71,20,854) in the previous year, despite ups and down in International market . Your Company look forward to continue export iron ores in the current year.

**Manufacturing Division :**

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

The Iron & Steel Industries and Glass Industries continued to face stiff resistance in the depressed market. The refractory division was equally facing the market resistance since few years. Therefore during the year, your Company has decided to close down the manufacturing division to provide working capital to its other divisions.

**Wind Energy Generation :**

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

Winds are caused by the uneven heating of the atmosphere by the sun, the irregularities of the earth's surface, and rotation of the earth. The earth's surface is made of different types of land and water. These surfaces absorb the sun's heat at different rates, giving rise to the differences in temperature and subsequently to winds. During the day, the air above the land heats up more quickly than the air over water. The warm air over the land expands and rises, and the heavier, cooler air rushes in to take its place, creating winds. At night, the winds are reversed because the air cools more rapidly over land than over water. In the same way, the large atmospheric winds that circle the earth are created because the land near the earth's equator is heated more by the sun than the land near the North and South Poles. Humans use this wind flow for many purposes: sailing boats, pumping water, grinding mills and also generating electricity. Wind turbines convert the kinetic energy of the moving wind into electricity.

**Wind Energy for power generation :**

Wind Energy, like solar is a free energy resource. But is much intermittent than solar. Wind speeds may vary within minutes and affect the power generation and in cases of high speeds- may result in overloading of generator. Energy from the wind can be tapped using turbines.

Setting up of these turbines needs little research before being established. Be it a small wind turbine on a house, a commercial wind farm or any offshore installation, all of them, at first, need the Wind Resource to be determined in the area of proposed site. The Wind Resource data is an estimation of average and peak wind speeds at a location based on various meteorological. The next step is to determine access to the transmission lines or nearest control centre where the power generated from the turbines can be conditioned, refined, stored or transmitted. It is also necessary to survey the impact of putting up wind turbines on the community and wildlife in the locality. If sufficient wind resources are found, the developer will secure land leases from property owners, obtain the necessary permits and financing; purchase and install wind turbines. The completed facility is often sold to an independent operator called an independent power producer (IPP) who generates electricity to sell to the local utility, although some utilities own and operate wind farms directly. Wind mills can be set up ranging scales of:

- \* On-shore grid connected Wind Turbine systems
- \* Small Wind and Hybrid Energy Decentralized systems (Floating)

**Advantages**

- \* Can be used for both distributed generation or grid interactive power generation using on-shore or off shore technologies.
- \* Ranges of power producing turbines are available. Micro-turbines are capable of producing 300W to 1MW and large wind turbines have typical size of 35kW/3MW.
- \* Wind turbine is suitable to install in remote rural area, water pumping and grinding mills
- \* Average capacity factor can be close or higher than 30%

### Disadvantages

- \* The total cost can be cheaper than solar system but more expensive than hydro.
- \* Electricity production depends on- wind speed, location, season and air temperature. Hence various monitoring systems are needed and may cost expensive.
- \* High percentage of the hardware cost (for large WT) is mostly spent on the tower designed to support the turbine.

### Technology

The range of wind speeds that are usable by a particular wind turbine for electricity generation is called productive wind speed. The power available from wind is proportional to cube of the wind's speed. So as the speed of the wind falls, the amount of energy that can be got from it falls very rapidly. On the other hand, as the wind speed rises, so the amount of energy in it rises very rapidly; very high wind speeds can overload a turbine. Productive wind speeds will range between 4 m/sec to 35 m/sec. The minimum prescribed speed for optimal performance of large scale wind farms is about 6 m/s. Wind power potential is mostly assessed assuming 1% of land availability for wind farms required @12 ha/MW in sites having wind power density exceeding 200 W/sq.m. at 50 m hub-height.

The energy in the wind turns two or three propeller-like blades around a rotor. The rotor is connected to the main shaft, which spins a generator to create electricity. Wind turbines are mounted on a tower to capture the most energy. At 100 feet (30 meters) or more above ground, they can take advantage of faster and less turbulent wind. Wind turbines can be used to produce electricity for a single home or building, or they can be connected to an electricity grid for more widespread electricity distribution. Furthermore projects are going on exploring in Research Design and Development to achieve following goals:

- " Continue cost reduction: improved site assessment, better modeling for aerodynamics, intelligent/recyclable materials, stand-alone and hybrid systems.
- " Increase value and reduce uncertainties: forecasting power performance, improving standards and engineering integrity and storage techniques.
- " Enable large-scale use: Load flow control and adaptive power quality
- " Minimize environmental impacts: Noise impacts, Flora and Fauna, utilization of land resources and aesthetics integration India's Unique Proposition
- " Geographic Location and Wind Potential: The potential is far from exhausted. it is estimated that with the current level of technology, the 'on-shore' potential for utilization of wind energy for electricity generation is of the order of 65,000 MW. India also is blessed with 7517km of coastline and its territorial waters extend up to 12 nautical miles into the sea. The unexploited resource availability has the potential to sustain the growth of wind energy sector in India in the years to come.

### World Market Share :

Major world companies are pouring into the fast evolving Wind Energy market in India: Vestas, GE Wind, Enercon and Gamesa have already opened up their establishments across various cities in India.

Government Support and Policies: Several states have come up with renewable energy policies like Karnataka, Tamilnadu and Andhra Pradesh.

Installed Capacity: According to MNRE's Achievement Report, The cumulative installed capacity of Grid Interactive Wind Energy in India by the end of September 2011 was 14989MW (of which 833MW was installed during 2011-2012 against a target of 2400MW). Aerogenerators and hybrid systems contributed 1.20MW during 2011-12 to yield cumulative off-grid wind capacity of 15.55MW.

India in the windy world: In 2008, India shared 6.58% of total wind energy installed capacity around the world, according to World Wind Energy Report-2008. According to GSR-2011, the world witnessed highest renewable energy installations through wind energy. Total installed capacity of wind energy reached 198GW by the end of 2010. India ranked third in the world in annual capacity additions and fifth in terms of total wind energy installed capacity. India has been able to fast pace its growth in wind energy installations and bring down costs of power production. The GSR 2011 reported on-shore wind power (1.5-3.5MW; Rotor diameter 60-100m) at 5-9 cents/kWh and off shore wind power (1.5-5MW; Rotor diameter 75-120m) at 10-20 cents/kWh. But India's onshore wind power cost reached 6-9cents/kWh in 2008 itself (Indian Renewable Energy Status Report-2010).

Clean Wind to overcome power shortage: Electricity losses in India during transmission and distribution have been extremely high over the years and this reached a worst proportion of about 24.7% during 2010-11. India is in a pressing need to tide over a peak power shortfall of 13% by reducing losses due to theft. Theft of electricity, common in most parts of urban India, amounts to 1.5% of India's GDP. Due to shortage of electricity, power cuts are common throughout India and this has adversely affected the country's economic growth. Hence a cheaper, non-polluting and environment friendly solution to power rural India is needed.

" Wind energy as job generator: Wind energy utilization creates many more jobs than centralized, non-renewable energy sources. Wind Energy companies have opened up huge career options. Also the ease and accessibility of manufacturing technology has given entrepreneurs with new business options to venture in. The wind sector worldwide has become a major job generator: Within only three years, the wind sector worldwide almost doubled the number of jobs from 235,000 in 2005 to 440,000 in the year 2008. These highly skilled employees are contributing to the generation of 260 TWh of electricity.

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 project under VCS. Second issuance is in process.

We continue to face the problem of realization of funds from the government and also the Load Shedding. Besides the late arrival of monsoon and the non availability of grid has affected the PLF. 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. 1.17 Crores in comparison to Rs. 1.22 Crores in the previous year registering a decrease of 4.10% due to unfavourable weather condition during peak seasons

#### **Renting of immovable properties :**

#### **Industry Scenario /opportunity & Out Look / Risk & concern**

The real estate in India is one of the major revenue generating sectors with the growth and the depreciation of this sector influencing the economy. The steady expansion and the development of the IT sectors in India had played a major role in the development of the real estate sector. Owing to a rising global-economic concerns most industries are hit including the IT sector which has inadvertently caused strain on the real estate sector.

This is a strange and trying time for the real estate sector with very few (if at all) options of expanding into multiple projects. On one hand in a few metros residential sales are at an all time low and in some others that of commercial real estate is growing by leaps and bounds. Take for example in Mumbai, developers are hard pressed to de-leverage their positions in the Mumbai residential market as they are getting buried under continuously mounting debts with the market offering them little respite. Project approvals that were practically stalled in 2011, have started coming through again as the Development Control Regulations were amended early this year. However, demand is likely to remain subdued due to the prevailing uncertainty in the economy.

With respect to commercial real estate the first half of 2012 recorded total absorption of approximately 13.4 million sq ft of office space in India registering a decline of 21 per cent compared to same period last year which was 16.9 million sq ft. Bangalore witnessed the highest absorption in first half of 2012 at 3.01 million sq ft followed by Mumbai with 2.78 million sq.ft.

The biggest concerns in India are the currency depreciation and political paralysis, but fundamentally India is attractive, with a strong domestic consumption story. The government recently extended by one year the one per cent interest subsidy scheme on housing loans of up to Rs 15 lakh, where the cost of the house does not exceed Rs 25 lakhs. When interest rates have risen, even one per cent relief is a relief for the middle class and lower middle class.

The budget 2012 was not the most supportive of the industry either. It remains to see how real estate companies cope with the current scenario and are able to optimize their processes.

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. 2.49 Crores in comparison to Rs. 2.48 in the previous year registering an increase of 0.40%.

#### **Transfer to Reserve & Surplus :**

The Board of Directors proposes to transfer Rs. 1.87 Crores to Reserve & Surplus aggregating to Rs. 10.84 Crores.

**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 Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are given in the Annexure 'B' which forms part of the Directors' Report

**Green initiative :**

The members are informed that in accordance with Circular Nos. 17/2011 dated 21.4.2011 and 18/2011 dated 29.4.2011 issued by Ministry of Corporate Affairs, Government of India, henceforth, the company is proposing to send documents like notice of general meetings, audited accounts, Directors Report, Auditors Report and other documents/communications to the members in electronic form by email. Members holding shares in dematerialized form are requested to register/update their Email addresses with their depository participants. Members holding shares in physical form are requested to register/update their Email addresses with the company via Email at: investors@frontlinecorporation.com.

**Directors :**

Shri Ram Prasad Agarwal and Shri Bharat Arora, 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.

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.

**Audit Committee :**

The Company has constituted an Audit Committee pursuant to the provisions of section 292A of the Companies Act, 1956 and clause 49 of the Listing Agreement. The Audit Committee consists of Shri Bharat Arora, Shri Virendra Sharma and Shri Saurabh Jhunjunwala. Shri Bharat Arora, Independent Director is chairman of the Audit Committee.

**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.

**Auditors and Auditors' Report :**

M/s. Paresh Thothawala & Co., Chartered Accountants, Ahmedabad, Statutory Auditors of the Company holds office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a letter from them to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1b) of the Companies Act 1956 and they are not disqualified for such re-appointment within the meaning of section 226 of the said Act.

Based on the recommendations of the audit Committee, the Board of Directors of the Company proposes the re-appointment of M/s. Paresh Thothawala & Co., Chartered Accountants, as the Statutory Auditors of the Company.

M/s. VPC & Associates, Chartered Accountants, Kolkata, Branch Auditors of the Company retires at the ensuing Annual General Meeting and are eligible for reappointment. You are requested to re-appoint the Auditors.

Based on the recommendations of the Audit Committee, the Board of Directors proposes the re-appointments the re-appointment of M/s. Paresh Thothawala & Co., Chartered Accountants as the Statutory Auditors of the Company and M/s. VPC & Associates, Chartered Accountants, Kolkata as Branch Auditors of the Company.

The comments on statement of accounts referred to in the report of the auditors are self explanatory and therefore do not call for any further comments

**Internal Control Systems and their adequacy :**

The Company maintains adequate internal control systems, which provides , among other things , reasonable assurance of recording the transactions of its operations in all material respects and of providing protection against significant misuse or loss of company's assets.

Internal Controls are adequately supported by internal audit and periodical review of by the management. The audit committee meets periodically to review with the management and statutory auditors , financial statements. The Audit Committee also meets with the internal auditors to review adequacy /scope of internal audit function, significant findings and follow up thereon and finding of abnormal nature.

Your Company is in the process of installing CCTV in some of its Divisions, which on its implementation will bring optimum utilisation of strength of its employees and will surely safeguard the assets from theft/burglary or any unforeseen events.

**The Corporate Governance & Management Discussion & Analysis (MDA) Report :**

The Corporate Governance & Management Discussion & Analysis (MDA) Report forms part of the Directors' Report. The certificate from the Statutory Auditors of the Company certifying compliance of the conditions of the Corporate Governance as stipulated in Clause 49 of the Listing Agreement is annexed to the report on Corporate Governance

**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.

**Corporate Social Responsibility :**

The Company as a responsible corporate citizen is contributing to sustainable development by its economic activities combined with the fulfillment of its social responsibilities for the communities it operates in.

**Cautionary Statements :**

Statements in this Directors' Report & Management Discussion and Analysis describing the Company's Objectives, projections, estimates, expectations, or prediction may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual result might differ materially from those expressed or implied.

The Company assumes no responsibility in respect of the forward looking statements herein, which may undergo changes in future on the basis of subsequent developments, information or events.

**Acknowledgement :**

The Board of Directors of the Company takes this opportunity to thank the Banks, Financial Institutions, Central and State Government Authorities, regulatory Authorities, Customers, Suppliers, Shareholders and investors at large for their continued support to the Company and look forward to having the same support to the Company and look forward to having the same support in the years to come.

The Board of Directors of the Company also wish to place on record their deep and special appreciation for the unstinting diligence and dedication of the Company's employees.

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

Sd/-

**PAWANKUMAR AGARWAL**  
MANAGING DIRECTOR

Date : 30th May, 2012  
Place : Ahmedabad

**ANNEXURE 'A'**

**TO THE DIRECTORS' REPORT**

Information as required under Section 217(1) (e) read with the Corporate (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988

**A CONSERVATION OF ENERGY**

**Energy Conservation measures taken :**

The Company through continuously improving its manufacturing process and efficiency at its plants and offices continues its endeavor to improve energy conservation and utilisation.

**Additional Investments and proposals being implemented for reduction of consumption of Energy :**

The efforts to conserve energy on other areas are in progress.

**Impact of above measures :**

More efficient utilization of power and reduction in energy consumption.

**Total energy consumption and energy consumption per unit of production :**

As per Form - A attached

**TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATIONS.**

**Efforts made in technology absorption :**

As per Form - B Annexed

**FOREIGN EXCHANGE EARNING AND OUTGO**

Activities relating to export, initiative taken to increase exports development of new export markets for products and services, and export plans :

**Total foreign exchange used and earned :**

Particulars	Amount in Foreign Currency	Amount (Rs. In Crores)
Total Foreign Exchange earning	Euro 19524 (Previous Year Euro 72428) USD 3900240 (Previous Year USD 84,30,041.65)	Rs. 0.125 Rs. 0.40 Rs. 18.93 (Previous Year 38.59 Crores)
Total Foreign Exchange outgo	USD 886465.15 (Previous Year USD 1645336.98)	Rs. 4.345 (Previous Year Rs 7.40 Crores)

**FORM - A**

Disclosure of particulars with respect to Conservation of Energy for the year ended 31.03.2012

**A. POWER AND CONSUMPTION**

**1. ELECTRICITY**

	2011-2012	2010-2011
<b>a) Purchased</b>		
- Units (In Lacs)	—	2.08
- Total Amount (In Lacs)	—	12.95
- Rate (Rs./Units)	—	6.22
<b>b) Through Diesel generator</b>		
- Units (In Lacs)	—	—
- Units per Ltr. Of Diesel Oil	—	—
- Cost (Rs. /Units)	—	—



**B. CONSUMPTION PER UNIT OF PRODUCTION**

Electricity (Units/Mt.)

Units per MT

Units per MT

62.66

**FORM- B**

**Form for disclosure of particulars with respect to technology absorption**

**RESEARCH AND DEVELOPMENT (R&D)**

1. Specific Areas in which R&D proposed to be carried out by the Company :
2. Benefits derived :
3. Future plan of action taken:
4. Expenditure on R&D (Rs. In Lacs)
 

a) Capital	:	NIL
b) Recurring	:	NIL
c) Total	:	---
d) Total R&D Expenditure as a Percentage total turnover	:	NIL

**TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION**

1. **Efforts made** : The Company absorbs the knowledge of latest power saving technology from various sources, such as know how from similar Companies. Published literature etc and thereafter adopt the same to company's infrastructure, effects improvement to the products and process of the Company including containment of pollution and control of effluents.
  - a. **Benefits** : Benefits derived from these efforts include process rationalization. Product, quality improvement an environmental friendly product.
1. **Particulars of Technology imported during last 5 Years** :
 

(a) Technological import	:	N
(b) Year of Import	:	
(c) Has technology been fully absorbed	:	I
(d) If not absorbed, areas where this has not taken place, reasons thereof and future plans of action.	:	L

**Green Initiative**

**Dear Shareholder,**

We value relationship with Frontline Corporation Limited. Thank you for all your support.

As you are aware the Ministry of Corporate Affairs (MCA) had issued Circular No. 17/2011 dated 21.04.2011 followed by Circular No. 18/2011 dated 29.04.2011 propagating "Green Initiative" by allowing paperless compliances by serving documents through electronic mode(e-mail). In response to our earlier communication, we are getting response from many of you joining hand in this initiative and registering their e - mail id with the Company/ Depository Participants (D/P), As an enlightened Corporate Citizen, we would strive to continue the initiative this year also to further the cause of saving forests & purpose to send all future shareholders' communication like Notices, Company's Annual Report, etc through electronic mode.

We request and encourage you to register your e-mail address/addresses with the Company at the earliest. In case you have not registered your e-mail id with the Company's Registrar & Transfer Agent i.e. M/s. Sharepro Services (India) Pvt Ltd., or with your DP. Pls. note that in case you have already registered your e-mail address, you are not required to re-register unless there is a change in your email address.

You can also send email to [frontlinecorp@gmail.com](mailto:frontlinecorp@gmail.com) giving your email details. Kindly note that if we do not hear from you, the existing email id registered with your depository participant / the registrar & transfer agent will be used for sending you the communication(s).

Pls. note that you will be entitled to be furnished, free of cost, with a printed copy of the annual report of the Company and all other documents and communication that may be sent to you electronically, upon receipt of a requisition from you, as a member of the Company.

Soliciting your co-operation and continued patronage.

Thanking you,

**For Frontline Corporation Limited**

Sd/-

Suresh Kumar Verma

Company Secretary

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**Registration of Email id with the Company**

The Company Secretary,  
Frontline Corporation Limited  
4, B.B, D. Bag (East), Stephen House,  
Room No. 5, 1st Floor, Kolkata - 700 001

Dear Sir,

Pls. register my/our email id as mentioned here in below or serving documents through electronic mode to me/us. If there is a change in the email-id, I /we will promptly communicate the same to you and/or to the Depository Participant, as applicable.

Email id : \_\_\_\_\_

Folio No./DP ID and Client ID : \_\_\_\_\_

Name of the Registered Holder : \_\_\_\_\_

Signature of the Shareholder : \_\_\_\_\_

**Annexure - A**

**REPORT ON CORPORATE GOVERNANCE**

**1. Company Philosophy on Code of Governance :**

Corporate Governance envisages attainment of the highest levels of transparency, accountability and equity in all shapes of its operations. Your Company is committed to achieve and maintain good standards of Corporate Governance. Your Company is fully compliant with all its provisions. The details of compliance are as follows:

**2 Board of Directors:**

Your Company's Board comprises of 1 Executive Director, 3 Non-executive directors and 4 independent directors. The details of the directors with regard to outside directorship position in audit committee or shareholders investor grievance committee as well as attendance at Board Meeting /Annual General Meeting are as follows:

**(i) Composition of the Board :**

Director	Executive/ Non-executive/ Independent	No. of shares held in the	No. of Board meetings Company	Attendance at the Last attended	No. of outside Directorship AGM	Total No. Memberships/ Chairmanship of Committees held across all companies	
						Member	Chairman
Shri Ram Prasad Agarwal	Non Executive Director and Promoter	783622	10	Yes	3	-	-
Shri Narayan Prasad Agarwal	Non Executive Director and promoter	684700	10	Yes	3	-	-
Shri Pawan Kumar Agarwal	Managing Director - Executive and Promoter	622266	17	Yes	3	-	-
Shri Saurabh Jhunjhunwala	Non Executive	385440	11	Yes	1	3	-
Shri Virendra Sharma	Independent	300	10	Yes	-	3	-
Shri Bharat Arora	Independent Director	-	10	Yes	-	3	3
Shri Jiw Raj Khaitan	Independent Director	-	4	Yes	-	-	-
Shri Sital Kumar Banerjee	Independent Director	-	4	Yes	-	-	-

**Shri Ram Prasad Agarwal** and **Shri Bharat Arora**, 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.

None of the Directors of the company is a member in more than 10 committees or chairman of more than 5 committees across all companies in which he is a Director.

**(ii) Non Executive Directors' compensation and disclosures:**

The Chairman's office expenses incurred in performance of his duties are not reimbursed by the company.

**(iii) Other provisions as to the Board:**

Eighteen Board Meetings were held during the financial year 2011-2012 as against the minimum requirement of 4 meetings. The dates on which the meetings were held are given below:-

01.04.2011	20.04.2011	16.07.2011	17.08.2011	30.09.2011	15.11.2011
08.04.2011	14.05.2011	08.08.2011	30.08.2011	10.10.2011	18.11.2011
12.04.2011	13.06.2011	12.08.2011	03.09.2011	11.11.2011	14.02.2012

**3 Code of Conduct :**

Code of Conduct for Board members and Senior Managers was approved at the Board Meeting held on 30.09.2011. It is placed on website of the Company. The Company had obtained confirmation for the compliance of Code of Conduct from all the Board Members and Senior Management personnel of the Company on an annual basis.

There is no system of training of Board Members and no mechanism for evaluating non executing non-executive Board members by peer group in the Company.

A declaration by Managing Director affirming the compliance of Code of Conduct by Board members and Senior Management executives is also annexed separately in this Annual Report

**4 Board Committees :**

**" Audit Committee**

**(i) Quaiified & Independent Audit Committee:**

The company constituted the Audit Committee in 22.03.2003. During the year, the terms of Reference were comprehensively reviewed and the Audit Committee has been mandated with the same Terms of Reference fully conform to the requirements of Clause 49 of the Listing Agreement. The committee at present comprises of three non-executive independent directors. All the members have good financial knowledge. The composition of the Audit committee and the attendance of each director at these meetings are given below :-

#	Director	Category of Directorship	Chairman/ Member	No. of Meetings held	No. of Meeting attended
1	Shri Bharat Arora	Independent Director	Chairman	5	5
2	Shri Virendra Sharma	Independent Director	Member	5	5
3	Shri Saurabh Jhunjhunwala	Non-Executive Director	Member	5	5

Mr. S K Verma, Company Secretary, acts as the Secretary to the Committee. Representatives from the Statutory Auditors, Internal Auditors, attended the meeting of the Committee as invitees.

**a. Meeting of Audit Committee**

The Committee met five times during the year 2011-2012 on 14.05.2011, 12.08.2011, 03.09.2011, 15.11.2011 and 14.02.2012

**b. Powers of Audit Committee**

The audit committee shall have following powers:

- i) to investigate any activity within its terms of reference.
- ii) to seek information from any employee.
- iii) to obtain outside legal or other professional advice.
- iv) to secure attendance of outsiders with relevant expertise, if it considers necessary.

**c. Role of Audit Committee**

The role of the audit committee shall include the following :

- i. Oversight 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.

- ii. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
  - iii. Reviewing with management the annual financial statements before submission to the board, focusing primarily on;
    - § Any changes in accounting policies and practices.
    - § Major accounting entries based on exercise of judgment by management.
    - § Qualifications in draft audit report.
    - § Significant adjustments arising out of audit.
    - § The going concern assumption.
    - § Compliance with accounting standards.
    - § Compliance with stock exchange and legal requirements concerning financial statements
    - § Any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large.
  - iv. Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
  - v. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
  - vi. Discussion with internal auditors any significant findings and follow up there on.
  - vii. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
  - viii. Discussion with external auditors before the audit commences nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
  - ix. Reviewing the company's financial and risk management policies.
  - x. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- d. review of information by Audit Committee**
- i. Management Discussion and analysis of financial condition and result of operations
  - ii. Statement of Significant related party transaction submitted by Management
  - iii. Management Letters/Letters of Internal Control weakness issued by the Statutory Auditors
  - iv. Internal Audit records relating to internal control weakness and
  - v. The appointment removal and terms of remuneration of the Chief Internal Auditors shall be subject to review by the Audit Committee

The Audit Committee held discussions with the Statutory Auditors and Internal Auditors of the company concerning the financial reports of the company, internal control systems, and scope of audit and observations of the Statutory Auditors/Internal auditors. The Audit Committee also reviewed the quarterly, half-yearly and annual financial results of the company before submission to the Board, on the "Limited review" of the quarterly accounts, matters relating to compliance of Accounting Standards, their observations arising from the Internal/ Annual Audit of the Company's accounts and other related matters.

No bonus shares and stock options are issued to any of the directors

**" Remuneration Committee :**

The Remuneration Committee was formed by the Board of Directors on 30th January, 2003 to ensure the recommendation of Remuneration of Executive Directors. During the year under review, the Committee met one time on 03.09.2011. The following are the members and their attendance at Committee Meetings:-

Sr. No.	Name of Directors	Status	Category of Directorship	No. of Meetings Held	No. of Meetings Attended
1	Shri Bharat Arora	Chairman	Independent Director	1	1
2	Shri Virendra Sharma	Member	Independent Director	1	1
3	Shri Saurabh Jhunjunwala	Member	Non-Executive Director	1	1

The Company has appointed a Remuneration Committee. The re-appointment of the Managing Director with remuneration had been recommended by the committee and was subsequently approved by the Board.

**" Shareholders'/ Investors' Grievance :**

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 looks into issues relating to shareholders, including transfer/transmission of Shares, issue of duplicate share certificates, non-receipt of dividend, Annual Reports etc. The Committee meets to review status of investor grievances ratify share transfers, approve transmission of shares and issue duplicate share certificates from time to time. Besides, officers of the Company have been authorised to approve issue of share certificates, approve transfer/transmission of shares/consolidation, sub-division, split of share certificates, etc. 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 5 times on 14.05.2011, 12.08.2011, 03.09.2011, 15.11.2011 and 14.02.2012. The following are the members and their attendance at Committee Meetings:-

Sr. No.	Name of Directors	Status	Category of Directorship	No. of Meetings Held	No. of Meetings Attended
1	Shri Bharat Arora	Chairman	Independent Director	5	5
2	Shri Virendra Sharma	Member	Independent Director	5	5
3	Shri Saurabh Jhunjunwala	Member	Non-Executive Director	5	4

The minutes of Shareholders Grievance Committee are discussed and taken note of by the Board of Directors. Shri S. K. Verma, Company Secretary 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

During the year, No complaint letter was received from the share holder. There was no pending complaint from the shareholders as on 31.03.2012. Delivery of equity shares of the Company by all investors/shareholders is now mandatory in the dematerialized form in all Stock Exchanges.

## Subsidiary Companies

The company has no subsidiary company.

## 5 Other Disclosures :

### a. Basis of related party transaction:

The Company places all the aforesaid details before the Audit Committee from time to time. A comprehensive list of related party transactions as required by the Accounting Standard (AS) 18 issued by the Institute of Chartered Accountants of India, forms part of Part E of Schedule 'W' to the Accounts in the Annual Report.

### b. Disclosure of Accounting treatments:

The Company has followed all relevant Accounting Standards while preparing the financial Statements.

### c. Board Disclosures - Risk Management :

The Company has developed comprehensive risk management policy and same is reviewed by the Audit Committee, which in turn, informs the Board about the risk assessment and minimization procedures. Since the risk control frame work is new to Indian Corporate Culture, it is being strengthened on continuous basis using the outside professional help.

### d. Proceeds from public issues, right issues, preferential issues etc:

Not applicable, as no capital has been raised by the Company in last 5 Years.

During the year, your Company had received letter from The Stock Exchange Mumbai for Suspension of Trading of securities on their Stock Exchange for non-compliance of some clauses of Listing Agreement. Your Company has already complied the provisions of Listing Agreement and replied to their letter for lifting of Suspension of Trading and is awaiting lifting of the suspension order. Besides above, there was no instance of Non-compliance of any matter related to the capital markets during the last three years.

### e. Remuneration of Directors :

The Company has a system where all the directors or senior management of the Company are required to disclose all pecuniary relationship or transactions with the Company. No sitting fee was paid to any of the Non-Executive Directors of the Company during the financial year 2011-2012.

There is no material transaction with any Non-Executive as well as Independent Directors of the Company that requires a separate disclosure.

The Company publishes its criteria of making payments to non-executive directors, if any, in its annual report.

### f. Management :

The Management Discussion and Analysis Report published and is prepared in accordance with the requirements laid out in Clause 49 of the Listing Agreement forms part of the Annual Report.

No material transaction has been entered into by the Company with the Promoters, Directors or the Management, their subsidiaries or relatives etc. that may have a potential conflict with interests of the Company.

### g. Shareholders :

The Company is regularly providing details of new Directors and Directors seeking reappointment, in the Annual General Meeting Notice attached with the Annual Report.

The quarterly results are published in the news papers viz. Business Standard/ Western Times in English and Dainik Lipi in Bangla Newspapers.

The quarterly results are sent to concerned stock exchanges simultaneously so as to enable them to put them on their notice board/website.

The Company publishes half yearly Un- audited (Provisional) Results in the designated Newspapers. However the Company does not send Half Yearly Declaration of Financial Performance including summary of the significant events in the last six months to its members.

**h. CEO/ CFO Certification :**

The CEO certification of the financial statements and the cash flow statements for the year is enclosed separately at the end of the report.

**i. Report on Corporate Governance :**

A separate section on Corporate Governance forms part of the Annual Report, Certificate from the Statutory Auditors confirming compliance with the conditions of Corporate Governance as stipulated in clause 49 of the listing agreement of the Stock Exchange in India forms part of this report.

j. The Company ensures compliance of various statutory requirements by all its divisions and obtains quarterly reports in the form of certificates from the head of the divisions. These certificates are placed before the Board on quarterly basis.

k. The company has already establish a mechanism for whistle blower policy which is a non-mandatory requirement.

l. All the statutory registers that are required to be maintained, particularly Register of Contracts in which Directors have interest, Register of Directors' Shareholdings, Register of Investments etc. are maintained and continuously updated

**6 Shareholders Information :**

**General Body Meetings:**

**Current AGM :**

**Date, time and venue : 29th September, 2012 at 10.00 a.m.**  
4, B. B. D. Bag (East), Room No. 5  
Stephen House, 1st Floor,  
Kolkata - 700 001

The location and time of the last three Annual General Meetings are as under:

AGM	Date	Time	Venue	No. of special resolutions approved
22	30.09.2011	10.a.m.	4, B. B. D. Bag (East), Room No. 5 Stephen House, 1st Floor, Kolkata - 700 001	Nil
21	30.09.2010	10.a.m.	4, B. B. D. Bag (East), Room No. 5 Stephen House, 1st Floor, Kolkata - 700 001	Nil
20	30.09.2009	10.a.m.	4, B. B. D. Bag (East), Room No. 5 Stephen House, 1st Floor, Kolkata - 700 001	Nil

No Extra-ordinary General Meeting was held in the Year under review.

During the year under review no resolutions were put through Postal Ballot



**7 Financial Calendar for the Financial Year 2011-2012**

Financial Year	:	1st April, 2011 to 31st March, 2012
First Quarter ended	:	30th June, 2011
Half year ended	:	30th September, 2011
AGM for the year 2010-2011	:	30th September, 2011
Date of the Book Closure	:	<b>Monday, 24th September, 2012 to Friday, 29th September, 2012 (both days inclusive).</b>
Listing on Stock Exchange	:	The Calcutta Stock Exchange Association Limited Bombay Stock Exchange Limited The Ahmedabad Stock Exchange Limited
Stock Code	:	CSE: F 057 BSE : 532042 ASE : 17661/FROTLINENET

Demat ISIN Number for both NSDL and CDSL for the Company's Equity Shares is INE092D01013.

**8 Means of Communication**

The quarterly results are published in the news papers viz. Dainik Lipi in Bangla Newspapers and Western Times in English. The above Results are also posted at its website, [www.frontlinecorporation.org](http://www.frontlinecorporation.org)

**9 Market Price Data**

Your Company had made all compliances as required by Bombay Stock Exchange Limited for Revocation of Suspension of Trading of securities on their Stock Exchange. Besides above, there was no instance of Non-compliance of any matter related to the capital markets during the last three years.

As informed by Ahmedabad Stock Exchange and Calcutta Stock Exchange the Shares of the Company were not traded at their Stock Exchange.

**10 Distribution of Shareholdings as on 31.03.2012**

Description	# Folio(s) Shareholding	Physical Holding	Demat Holding	Total	%
INDIVIDUAL	529	740822	374212	1115324	22.3007
IN TRANSIT	0	0	0	0	0.0000
DOMESTIC COMPANIES	23	22100	315571	337671	6.7534
ASSOCIATED COMPANIES	3	40300	9000	49300	0.9860
DIRECTORS	14	2506	2473822	2476328	49.5266
DIRECTORS RELATIVE	16	17700	1002640	1020340	20.4068
NRI REP	2	0	1327	1037	0.025
	<b>587</b>	<b>823428</b>	<b>4176572</b>	<b>5000000</b>	<b>100.00</b>

**Categories of Shareholders (as on 31.03.2012)**

**Statement Showing Shareholding Pattern**

Category Code	Category of Shareholders	Number of Shareholders	Total Number of shares	Number of shares held in dematerialized From	Total Shareholding as a percentage of total number of shares		Shares Pledged of otherwise encumbered	
					As a percentage of (A+B)	As a percentage of (A+B+C)	Number of Shares	As a percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX) = (VIII)/(IV) x100
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group2</b>							
<b>1</b>	<b>Indian</b>							
(a)	Individuals/ Hindu Undivided Family	30	3496668	3476462	69.93	69.93	0	0.00
(b)	Central Government/ State Government(s)				0.00	0.00	0	0.00
(c)	Bodies Corporate	3	49300	9000	0.99	0.99	0	0.00
(d)	Financial Institutions/ Banks				0.00	0.00	0	0.00
(e)	Any Others (Specify)				0.00	0.00	0	0.00
(e-i)					0.00	0.00	0	0.00
(e-ii)					0.00	0.00	0	0.00
	<b>Sub Total(A)(1)</b>	<b>33</b>	<b>3545968</b>	<b>3485462</b>	<b>70.92</b>	<b>70.92</b>	<b>0</b>	<b>0.00</b>
<b>2</b>	<b>Foreign</b>							
a	Individuals (Non-Residents Individuals/ Foreign Individuals)				0.00	0.00	0	0.00
b	Bodies Corporate				0.00	0.00	0	0.00
c	Institutions				0.00	0.00	0	0.00
d	Any Others (Specify)				0.00	0.00	0	0.00
d-i					0.00	0.00	0	0.00

d-ii					0.00	0.00	0	0.00
	<b>Sub Total(A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>
	<b>Total Share-holding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>33</b>	<b>3545968</b>	<b>3485462</b>	<b>70.92</b>	<b>70.92</b>	<b>0</b>	<b>0.00</b>
(B)	Public share-holding							
1	Institutions							
(a)	Mutual Funds / UTI				0.00	0.00	0	0.00
(b)	Financial Institutions / Banks				0.00	0.00	0	0.00
(c)	Central Government/ State Government(s)				0.00	0.00	0	0.00
(d)	Venture Capital Funds				0.00	0.00	0	0.00
(e)	Insurance Companies				0.00	0.00	0	0.00
(f)	Foreign Institutional Investors				0.00	0.00	0	0.00
(g)	Foreign Venture Capital Investors				0.00	0.00	0	0.00
(h)	Any Other (specify)				0.00	0.00	0	0.00
(h-i)					0.00	0.00	0	0.00
(h-ii)					0.00	0.00	0	0.00
	<b>Sub-Total (B)(1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>
<b>B 2</b>	<b>Non-institutions</b>							
(a)	Bodies Corporate	23	337671	315571	6.75	6.75	0	0.00
(b)	Individuals				0.00	0.00	0	0.00
I	Individuals -							
	i. Individual shareholders holding nominal share capital up to Rs 1 lakh	516	559896	205496	11.20	11.20	0	0.00
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	13	555138	168716	11.10	11.10	0	0.00

(c)	Any Other (specify)	2	1327	1327	0.03	0.03	0	0.00
(c-i)					0.00	0.00	0	0.00
(c-ii)					0.00	0.00	0	0.00
	<b>Sub-Total (B)(2)</b>	<b>554</b>	<b>1454032</b>	<b>691110</b>	<b>29.08</b>	<b>29.08</b>	<b>0</b>	<b>0.00</b>
(B)	<b>Total Public Shareholding (B)= (B)(1)+ (B)(2)</b>	<b>554</b>	<b>1454032</b>	<b>691110</b>	<b>29.08</b>	<b>29.08</b>	<b>0</b>	<b>0.00</b>
	<b>TOTAL (A)+(B)</b>	<b>587</b>	<b>5000000</b>	<b>4176572</b>	<b>100.00</b>	<b>100.00</b>	<b>0</b>	<b>0.00</b>
(C)	Shares held by Custodians and against which Depository Receipts have been issued							
1	Promoter and Promoter Group	0	0	0	0	0.00	0	0.00
2	Public	0	0	0	0	0.00	0	0.00
	<b>Sub-Total (C )</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>587</b>	<b>5000000</b>	<b>4176572</b>		<b>100.00</b>	<b>0</b>	<b>0.00</b>

**Distribution of shareholding as on 31st March 2012**

Sr. No.	Range of Holding	No. of shareholders	% to Shareholders	No. of shares	% to Capital
1	Upto - 500	304	51.79	78524	1.57
2	500 to 1000	112	19.08	104460	2.09
3	1001 to 2000	23	3.92	33574	0.67
4	2001 to 3000	73	12.44	181646	3.63
5	3001 to 4000	7	1.19	24600	0.49
6	4001 to 5000	19	3.24	90679	1.82
7	5001 to 10000	17	2.89	131621	2.63
8	Above 10000	32	5.45	4354896	87.10
	<b>Total</b>	<b>587</b>	<b>100.00</b>	<b>5000000</b>	<b>100.00</b>

**11. Registrar and Share Transfer Agents**

The company has appointed M/s. Sharepro Services (India) Pvt. Ltd., as its Registrar and Transfer Agents for physical and demat registry work. All the shareholders are requested to correspond directly with them at the following address on the matters relating to both transfers of shares as well as for demat of the shares of the company:

**Sharepro Services (India) Pvt Ltd.**  
416-420, 4th Floor, Devnandan Mall,  
Opp. Sanyas Ashram, Ellisbridge,  
Ahmedabad - 380 006,  
Contact Person: Mr. Paresh Dave

The transfers are normally processed within 20 days from the date of receipt, if the documents are complete in all respects.

**12 Share Transfer system :**

Share transfers are registered and returned within a period of 30 days from the date of receipt, if the documents are clear in all respects. The power to approve transfer of securities has been delegated by the Board to the Shareholders /Investors Grievance and Share Transfer Committee, which meets once in a fortnight. Share transfer requests are processed within an average of 15 days from the date of receipt. Letters are sent to the share holders after transfer of shares in their names giving an option for dematerialization of shares of the physical shares. Physical shares are dematerialized and electronic credit is given to those shareholders, who opt for dematerialization and in respect of other shareholders, who have not opted dematerialization, share certificates are dispatched by the Registered Post.

**13 Dematerialization of shares & Liquidity :**

Consequent upon the compulsory demat of the Equity Shares of the Company as notified by SEBI, about 83.53 % of the Equity Capital of the Company has been dematerialized as on 31.03.2012 as follows:

**Details of Demat share Holding as on 31/03/2012**

<b>Particulars</b>	<b>No. of Shares</b>	<b>% of Capital</b>
National Securities Depository Ltd.	4037998	80.76
Central Depository Services (India) Ltd	138574	2.77
Total Dematerialized	4176572	83.53
Physical	823428	16.47
<b>Grand Total</b>	<b>5000000</b>	<b>100</b>

The shares of the Company are listed in The Calcutta Stock Exchange, Bombay Stock Exchange and Ahmedabad Stock Exchange.

There is no GDRs/ ADRs/ warrants or any convertible instruments and hence there is no impact on equity.

**14 Address for correspondence :**

- 1. Registered Office** : 4, B.B.D. Bag (East)  
Stephen House,  
Room No. 5, 1st Floor,  
Kolkata - 700 001
- 2. Corporate Office** : 4th Floor, Shalin Building  
Near Nehru Bridge Corner,  
Ashram Road,  
Ahmedabad - 380 006

**DECLARATION**

Declaration by the Managing Director Under Clause 49 (D) of the Listing Agreement regarding adherence to the Code of Conduct

As accordance with the Clause 49 sub-clause of the Listing Agreement with the Stock Exchange, I further confirm that all the board members and senior management personnel of the Company have affirmed compliance with the Code of Conduct, as applicable to them for the year ended 31st march, 2012.

**FRONTLINE CORPORATION LIMITED**

Sd/-

**PAWANKUMAR AGARWAL**  
MANAGING DIRECTOR

Date : 30th May, 2012  
Place : Ahmedabad

**C.E.O. CERTIFICATION**

(Issue in accordance with provisions of Clause 49 of the Listing Agreement)

- (a) I have reviewed the financial statements, read with the cash flow statement of Frontline Corporation Ltd. For the year ended March 31, 2012 and that to the best of our knowledge and belief, I state that :
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of my knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.
- (c) I accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, and steps taken or propose to be taken for rectifying these deficiencies.
- (d) I have indicated to the auditors and the Audit Committee :
- (i) Significant changes in internal control over financial reporting during the year;
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed suitably in the notes to the financial statements; and
  - (iii) That there were no instances of significant fraud of which I have become aware.

**FRONTLINE CORPORATION LIMITED**

Sd/-

**PAWANKUMAR AGARWAL**  
MANAGING DIRECTOR

Date : 30th May, 2012  
Place : Ahmedabad

**CERTIFICATE ON CORPORATE GOVERNANCE**  
[Under Clause 49 of the Listing Agreement]

To,

**The Members of Frontline Corporation Limited.**

We have examined the compliance of the conditions of Corporate Governance by Frontline Corporation Limited for the year ended on 31st March, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

The quarterly results published by the company for the Financial Year 2011-2012 were subject to Limited Review.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Clause 49 of the Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that based on the conditions given by the Registrar and Transfer Agent of the Company, as on 31st March, 2012, there was no investor grievance, remaining unattended.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For, Paresh Thothawala & Co.**  
Chartered Accountants  
FRN: 114777W

Sd/-  
**(CA. Paresh K. Thothawala)**  
Proprietor  
Membership No.: 48435

Date : 30th May, 2012  
Place : Ahmedabad

AUDITOR'S REPORT

To,  
**The Members of Frontline Corporation Ltd.**

We have audited the attached Balance Sheet of FRONTLINE CORPORATION LIMITED as on 31st March 2012, the Statement of Profit and Loss and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In accordance with the provisions of Section 227 of the Companies Act 1956, we report that:

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the annexure referred to above, we report that:
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the branches not visited by us. The Report of Branch Auditors of Kolkata Division has been forwarded to us and has been appropriately dealt with;
  - (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the audited reports from the Kolkata Division;
  - (d) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - (e) On the basis of the written representations received from the Directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give true and fair view in conformity; with the accounting principles generally accepted in India.
    - i) In the case of Balance Sheet, of the state of affairs of the company as at 31st March, 2012:
    - ii) In Case of Statement of Profit and Loss, of the Loss for the year ended on that date: and
    - iii) In case of the Cash Flow Statement, of the cash flow for the year ended on that date.

**For, Paresh Thothawala & Co.**  
Chartered Accountants  
FRN: 114777W

Sd/-  
**Paresh K. Thothawala**  
Proprietor  
MembershipNo.48435

Ahmedabad, May 30, 2012



**Annexure to Auditor's Report**

(Referred to in paragraph 1 of our Report of even date to the members of FRONTLINE CORPORATION LIMITED)

**(i) In respect of Fixed Assets :**

- (a) The Company is maintaining fixed assets register showing full particulars including quantitative details and situation of its fixed assets till 31st March 2012.
- (b) Management of the company has carried physical verification of assets during the financial year 2011-12 and no material discrepancies were noticed on such verification.
- (c) During the year, the Company has not disposed off major part of the fixed assets hence the question of affecting the going concern status of the Company does not arise.

**(ii) In respect of Inventories :**

- (a) Inventories of finished goods, stock in trade, raw materials and stores spares have been physically verified during the year by the management. In our opinion, the frequency of such verification is reasonable. In case of stocks of items like Refractory Bricks, due to the nature of the stock and the manner of its storage, the actual quantities of stocks cannot be measured on physical verification with substantial accuracy. However the difference, if any, in actual receipts and issues, is accounted for suitably.
- (b) The procedures of physical verification of inventories followed by the management are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) According to the records produced for our verification, there were no material discrepancies noticed on physical verification of stocks referred to in Para (ii) (a) above as compared to book records and the same have been properly dealt with in the books of account. The shortages and excesses noticed on physical verification as mentioned in Para (ii) (a) above are not abnormal and material according to the nature of the business of the company.

**(iii) In respect of loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:**

- (a) The Company had taken loans from Seven Party. The Maximum amount involved during the year was Rs.163.97 Lac and year-end balance of loans taken from such parties was Rs.18.97 Lacs. The Company has granted unsecured loan of Rs.4.00 Lac to one party. The maximum amount involved during the year was Rs.4.00 Lac and the year-end balance was Rs.Nil.
- (b) In our opinion, the rate of interest where ever applicable and other terms and conditions, secured or unsecured on which loans have been taken / given from / to such parties are not, prima facie, prejudicial to the interest of the Company.
- (c) In respect of loans taken by the Company, the principal amounts are repayable on demand and the interest payments are regular. In respect of loan given there is no stipulation as to the repayment and the interest is received regularly where ever applicable.
- (d) Since there is no stipulation as to repayment on loan given, the question of over-due amounts does not arise.

**(iv) In respect of Internal Controls :**

In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure in correcting major weakness in internal controls systems. **However the company needs to strengthen internal controls over generation and disposal of scrap and accounting for fixed assets.**

**(v) In respect of transactions covered under section 301 of the Companies Act, 1956:**

- (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section. Total income amounting to Rs.1236.77 Lac has been generated during the year from these parties.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party

during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

- (vi) In our opinion and according to the information and explanation provided to us during the year company has not accepted the public deposit within the meaning of Section 58A of The Indian Companies Act, 1956.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) According to the information and explanation provided to us, the Central Government has not prescribed for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for any of the products of the company.
- (ix) In respect of statutory dues :
- (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, income tax, sales tax, wealth tax, customs duty, excise duty, service tax, cess and other material statutory dues applicable to it though there was a slightly delay in case of Service Tax, Professional Tax and Tax Deducted at Source except service tax and tds were not deposited regularly. It is informed by the company that the ESI is not applicable to the Company.
- (b) According to the information and explanations given to us, no disputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty, service tax and cess were in arrears as at 31st March, 2012 for a period of more than six months from the date they become payable except for professional Tax as under:

Nature of Tax	Amount (Rs.)	Period to which the Amount Relates	Due Dates	Date of Payment
Professional Tax	6038/-	April 10 to August 10	15th of Next Month	—

- (c) According to the information and explanations given to us, the dues of income tax and excise duty which have not been deposited on account of disputes and the forum where dispute is pending are as under:

Name of the Statute	Nature of Dues	Amount (Rs.)	Period to which Amount Relates	Forum Where dispute is pending
Income Tax Act, 1961	Income Tax	35,72,862	A.Y. 2005-2006	CIT (A)
Income Tax Act, 1961	Income Tax	10,38,853	A.Y. 2006-2007	ITAT
Income Tax Act, 1961	Income Tax	5,03,879	A.Y. 2008-2009	ITAT

- (x) The Company does not have accumulated losses and has not incurred cash losses in the current financial year covered by our audit and the immediately preceding financial year.
- (xi) The Company has defaulted in repayment of Rs. 54.90 Lacs (principal and interest amount) in respect of various loans taken from banks and financial institutions. Particulars of amount and period of defaults are as under:

Lender Concerned	Period of Default	Amount of Default (Rs. In Lac)
Bank of Baroda	2 Months	5.33
Bank of Baroda	3 Months	7.29
Shri Ram Finance Ltd (Including Interest of Rs 4.32 Lac)	24 Months	33.27
Tata Motors Finance Limited	2 Months	9.01
<b>Total</b>		<b>54.90</b>

- (xii) During the year, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order 2003, are not applicable to the Company.
- (xiv) According to the information and explanations given by the management, the Company is not dealing in or trading in shares, securities, debentures and other investments. However, the Company is holding certain investments in equity shares of companies as long term investments.
- (xv) According to the information and explanation given to us, we are of the opinion that the terms and conditions of the guarantees given by the Company, during the year, for the loan taken by others from banks or financial institutions are, prima facie, not prejudicial to the interest of the Company. However approval of Central government for Corporate Guarantee given to secure various credit facilities amounting to Rs. 318 Crore to M/s Fairdeal Supplies Limited Group Company not obtained.
- (xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets.
- (xviii) The Company has not made preferential allotment of shares to parties and Companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.
- (xix) During the financial year, the Company did not issue any debentures. Hence, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003, regarding creation of security for debentures are not presently applicable to the Company.
- (xx) The Company has not raised any money by way of public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Companies (Auditor's Report) Order, 2003, on the end use of money are not presently applicable to the Company.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our Audit.

**For, Paresh Thothawala & Co.**  
Chartered Accountants  
FRN: 114777W

Sd/-  
Paresh K. Thothawala  
Proprietor  
MembershipNo.48435

Ahmedabad, May 30, 2012

**BALANCE SHEET AS AT 31ST MARCH, 2012**

PARTICULARS	NOTES	AS AT 31/03/2012 Amount in Rs.	AS AT 31/03/2011 Amount in Rs.
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDER'S FUNDS</b>			
Share Capital	"2"	49,774,500	49,774,500
Reserves And Surplus	"3"	85,526,483	108,643,290
<b>NON CURRENT LIABILITIES</b>			
Long Term Borrowings	"4"	56,707,564	293,280,534
Deferred Tax Liabilities (Net)	"5"	24,763,707	28,520,002
<b>CURRENT LIABILITIES</b>			
Short Term Borrowings	"6"	455,368,186	134,991,133
Trade Payables	"7"	146,260,692	246,580,733
Other Current Liabilities	"8"	28,792,137	62,003,837
Short Term Provisions	"9"	12,707,526	21,354,019
<b>TOTAL :</b>		<b>859,900,794</b>	<b>945,148,049</b>
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Fixed Assets			
Tangible Assets	"10"	304,701,440	324,623,229
Intangible Assets	"10"	41,564	29,340
Capital Work In Progress	"10"	1,937,705	1,598,860
Non Current Investments	"11"	94,334,928	94,416,645
Long Term Loans & Advances	"12"	56,254,306	35,178,656
<b>CURRENT ASSETS</b>			
Inventories	"13"	119,290,078	128,134,484
Trade Receivable	"14"	118,048,819	190,985,282
Cash & Cash Equivalent	"15"	33,326,975	28,450,484
Short Term Loans and Advances	"16"	131,964,978	141,731,070
<b>TOTAL :</b>		<b>859,900,794</b>	<b>945,148,049</b>

Significant Accounting Policies  
Notes on Financial Statements

"1 to 33"


As Per our Report of Even Date

On Behalf of Board

**For Paresh Thothawala & Co.**  
Chartered Accountants  
FRN: 114777W

**Narayanprasad Agarwal**  
Director

Sd/-  
Paresh K. Thothawala  
Proprietor  
M.No. 48435

CERTIFIED TO BE TRUE COPY  
FOR FRONTLINE CORPORATION LTD  
S.K. Verma  
Company Secretary  
  
COMPANY SECRETARY

Pawankumar Agarwal  
Managing Director

Date : 30/05/2012  
Place : Ahmedabad

Date : 30/05/2012  
Place : Ahmedabad

**PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31 ST MARCH, 2012**

PARTICULARS	NOTES	Year Ended 31/03/2012 Amount in Rs.	Year Ended 31/03/2011 Amount in Rs.
<b>INCOME</b>			
Revenue from Operations	"17"	697,772,214	1,014,902,669
Other Income	"18"	45,553,762	64,968,780
		<b>743,325,976</b>	<b>1,079,871,449</b>
<b>EXPENDITURE</b>			
Cost of Material Consumed	"19"	-	25,933,659
Purchase of Stock in Trade	"20"	397,095,490	605,401,689
Change in Inventories of Finished Goods & Stock in Trade	"21"	8,795,023	(70,864,543)
Employee Benefits Expenses	"22"	15,878,041	26,161,599
Financial Costs	"23"	68,183,266	76,533,907
Depreciation	"10"	24,051,793	35,334,238
Other Expenses	"24"	259,771,717	364,529,074
		<b>773,775,329</b>	<b>1,063,029,623</b>
<b>PROFIT/(LOSS) BEFORE TAX &amp; EXCEPTIONAL AND EXTRA ORDINARY ITEMS</b>		<b>(30,449,354)</b>	<b>16,841,826</b>
Provision for Current Taxes	"25"	-	10,730,000
Provision for Deferred Taxes	"26"	(3,756,295)	(6,373,274)
<b>Earlier Periods</b>			
Income Tax		(4,597,839)	527,581
<b>PROFIT/(LOSS) AFTER TAX BUT BEFORE EXCEPTIONAL AND EXTRA ORDINARY ITEMS</b>		<b>(22,095,220)</b>	<b>11,957,519</b>
Exceptional & Extra Ordinary Items	"27"	1021587	(6999943)
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<b>(23,116,807)</b>	<b>18,957,462</b>
<b>Basic/Dilluted Earning/(Loss) Per Share(Rs.)</b>		<b>(4.64)</b>	<b>3.81</b>
Significant Accounting Policies Notes on Financial Statements	"1 to 33"		

As Per our Report of Even Date

For Paresh Thothawala & Co.  
Chartered Accountants  
FRN: 114777W

Sd/-  
Paresh K. Thothawala  
Proprietor  
M.No. 48435

Date : 30/05/2012  
Place : Ahmedabad

On Behalf of Board

Narayanprasad Agarwal  
Director

Pawankumar Agarwal  
Managing Director

Date : 30/05/2012  
Place : Ahmedabad

S.K.Verma  
Company Secretary

**CASH FLOW STATEMENT FOR THE PERIOD FROM APRIL, 2011 TO MARCH, 2012**

Particulars	For the year ended	
	31st March, 2012	31st March, 2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and extraordinary items	(30,449,354)	16,841,826
Adjusted for		
Depreciation	24,051,793	35,334,238
Interest Income	(13,510,638)	(16,276,894)
Interest Expenses	68,183,266	76,533,907
Provisions	32,702	1,068,571
(Profit) / Loss on sale of Investments	(1,185,879)	-
Prior Period Adjustment of Defined Benefit Obligation	-	-
	<b>77,571,244</b>	<b>96,659,822</b>
<b>Operating Profit Before Working Capital Changes</b>	<b>47,121,890</b>	<b>113,501,648</b>
Adjusted for		
Trade & Other Receivables	119,056,425	98,951,631
Stock in Hand	8,844,406	(65,755,832)
Trade Payable, Other Current Liab. & Provision	(129,844,488)	84,292,718
	<b>(1,943,656)</b>	<b>117,488,517</b>
<b>Cash Generated from Operations</b>	<b>45,178,234</b>	<b>230,990,165</b>
Direct Taxes Paid	(2,588,339)	(2,733,741)
<b>Cash Flow Before Extra-ordinary Items</b>	<b>47,766,573</b>	<b>233,723,906</b>
Extra-ordinary Items:		
Compensation		
Prior period adjustments	2,461,655	813,837
<b>Cash Flow from Operating Activities</b>	<b>45,304,918</b>	<b>232,910,069</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(8,528,604)	(13,591,303)
Disposal of Fixed Assets	5,826,444	53,722,691
Increase in Capital Work in Progress	(338,845)	(577,557)
Movement in Loans & Advances	(55,452,723)	(887,221)
Interest Received	13,510,638	16,276,894
Investment made in Real Estate	1,267,596	101,454
<b>Net Cash from Investing Activities</b>	<b>(43,715,494)</b>	<b>55,044,958</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of Share Capital	-	-
Proceeds from Long Term Borrowing	-	-
Proceeds from Working Capital Limit	320,377,052	(99,801,940)
Repayment of Long Term Borrowing	(248,506,277)	(46,983,684)
Movement in Unsecured Loans	(345,691)	(52,046,738)
interest Paid	(68,183,266)	(76,533,907)
Dividend & Corporate Dividend Tax Paid	(54,750)	-
<b>Net Cash from Financing Activities</b>	<b>3,287,067</b>	<b>(275,366,269)</b>
<b>Net Cash Flows During the Year (A+B+C)</b>	<b>4,876,491</b>	<b>12,588,759</b>
<b>Opening Balance of Cash and Cash Equivalents</b>	<b>28,450,484</b>	<b>15,861,725</b>
<b>Closing Balance of Cash and Cash Equivalents</b>	<b>33,326,975</b>	<b>28,450,484</b>

**Notes:**

1. The above Cash Flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.
2. Cash and Cash Equivalents at the end of the year consist of Cash, Cheques in hand and balances with banks.

	<b>As at 31.03.2012</b>	<b>As at 31.03.2011</b>
Cash in hand	7,169,672	11,696,748
Balances with banks:-		
- In Current Accounts	25,008,189	8,115,567
- In Fixed Deposits	1,149,115	8,638,168
	<b>33,326,975</b>	<b>28,450,484</b>

As Per our Report of Even Date

**On Behalf of Board**

**For Paresh Thothawala & Co.**  
**Chartered Accountants**  
**FRN: 114777W**

**Narayanprasad Agarwal**  
**Director**

**Sd/-**  
**Paresh K. Thothawala**  
**Proprietor**  
**M.No. 48435**

**S.K.Verma**  
**Company Secretary**

**Pawankumar Agarwal**  
**Managing Director**

**Date : 30/05/2012**  
**Place : Ahmedabad**

**Date : 30/05/2012**  
**Place : Ahmedabad**

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES****1.1 Basis of Preparation of Financial Statements :**

The company follows accrual method of accounting and the Financial Statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the Relevant Provisions of The Companies Act, 1956.

All assets and liabilities have been classified as current or non - current as per Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current - non current classification of assets and liabilities.

**1.2 Presentation and disclosure of financial statements :**

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

**1.3 Use of Estimate :**

The preparation of Financial Statements requires management to make assumptions that may affect reported amounts of assets and liabilities, the disclosure of contingent liabilities on the date of financial and the reported amounts of revenues and expense. Actual results could differ from those estimates. Any revisions to accounting estimates are recognized prospectively in current and future projects.

**1.4 Inventory Valuation :****(a) Trading Activities :**

Inventories are valued at cost or net realizable value whichever is lower. Cost of materials is ascertained on FIFO method.

**(b) Manufacturing Activities :**

Inventories are valued as per the following method:

Items	Method Of Valuation
Raw Material, Stores and Spares	Lower of the cost and net realisable value. Cost is determined based on the FIFO method. However aforesaid items are not valued below cost if finished products in which they are incorporated are expected to be sold at or above cost.
Work - in - Progress	Lower of the cost (ascertained on FIFO basis up to the stage of completion) and net realisable value.
Finished Goods	Lower of the total cost and net realisable value including excise duty. Production overheads are allocated on absorption costing method.

**1.5 Depreciation :**

Depreciation is provided on straight line method at the rates provided in Schedule XIV of the Companies Act, 1956 in accordance with the provisions of Section 205 (2) (b) of the Companies Act, 1956. In respect of Assets costing less than Rs. 5,000/- the rate of depreciation is taken as 100%. Depreciation is computed pro-rata with reference to the number of months of use during the year.

**1.6 Intangible Asset :**

Intangible assets including Export benefits under duty exemption passbook are recognised only if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

The intangible assets are recorded at cost and amortized on straight line basis over the estimated useful lives as follows:

Intangible Asset	Estimated Useful Life (Years)
Softwares	3 years



**1.7 Loose Tools :**

Loose Tools are being written off over a period of 5 years in equal Amounts. Damaged or unserviceable tools are charged to revenue in the same year.

**1.8 Revenue Recognition :**

Revenue is recognized on accrual basis if there is reasonable certainty of its ultimate realization/collection.

- (a) In respect of Transportation operations, revenue is recognised when the related service performed. Revenue in respect of contractual transport business is recognised in proportion to the value of work completed.
- (b) In respect of Wind Energy Generation, revenue is recognised on the basis of units generated and billed. Unbilled units are allocated on pro-rata basis based on Billing Cycle..
- (c) In respect of Trading and Manufacturing Activities, Sales is recognised at the time of dispatch of Goods to customers. The company collects value added taxes (VAT) and excise on behalf of the government and therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue. Sales stated net of return and trade discount.

**1.9 Fixed Assets :**

- (a) Fixed asset are stated at cost of acquisition or construction (net of Cenvat credits) less depreciation and impairment losses, if any. All costs relating to the acquisition and installation of fixed assets are capitalised.
- (b) Costs including expenses incurred on asset which are not ready for use in the financial year are accounted as Capital work in progress until the asset is ready for use.

**1.10 Foreign Currency Transactions :**

Transactions in foreign currency are recorded at the exchange rates prevailing on the date of transaction. Foreign Currency Assets and Liabilities are stated at the exchange rates prevailing at the date of balance sheet. Realised gains or losses on foreign exchange transaction are recognised in the profit and loss account.

**1.11 Investments :**

Current Investments are carried at lower of cost and quoted / fair value, computed category wise. Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.

**1.12 Accounting for employee benefits :**

**(a) Short Term Benefits**

Short term employee benefits are recognized as an expense at the undiscounted amount in profit & Loss Account of the year in which related service is rendered.

**(b) Defined Contribution Plan**

As per applicable laws the eligible employees of the company are entitled to receive benefits under the provident fund, a defined contribution plan, in which both employees and company make monthly contribution at specified percentage of the covered employee salary. The contributions as specified under the law are paid to the respective provident fund authorities as specified by law as per the scheme framed under the governing laws.

**(c) Defined Benefit Plan**

The company has not formulated any specific terms of employment providing for specific requirement benefits. However as per applicable laws, the company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees at retirement, death/disablement while in employment or termination of employment, of an amount equivalent to 15 days salary with reference to the number of completed year of service and last drawn salary. The Company has taken a Group Gratuity Scheme with Life Insurance Corporation of India covering all eligible employees. The liability in respect of Gratuity is recognised in accordance with Project Unit Credit Method.

**1.13 Borrowing Cost :**

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalised as a part of the cost of such asset. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All others borrowing cost are charged to revenue. There was no such case necessitating capitalisation of borrowing costs during the year.

**1.14 Taxes on Income :**

- (a) Current tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred tax is recognized, subject to consideration of prudence, on timing differences, being the difference between taxable incomes and accounting incomes that originate in one period and is capable of reversal in one or more subsequent periods.

- (b) Deferred tax is measured based on the tax rate and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognized only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against such deferred tax assets can be realised.

**1.15 Impairment of Assets :**

An Asset is treated as impaired when carrying cost of assets exceeds its recoverable value. An impairment loss is charged for when the asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

**1.16 Provision, Contingent Liabilities and Contingent Assets :**

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

**1.17 Inter-divisional Transfers :**

Inter-divisional transfers of goods for internal use as captive consumption are shown as contra items in the Profit & Loss Account to reflect the true economic value of the production inter-se the divisions. This accounting treatment has no impact on the profit of the Company.

**NOTES FORMING PART OF THE BALANCE SHEET**

**Note 2: Share Capital**

PARTICULARS	31/03/2012	31/03/2011
<b>Authorised Capital</b>		
60,00,000 Equity Shares (P.Y. 60,00,000 Equity Shares) OF RS.10/- each Issued & Subscribed and Paid up	60,000,000	60,000,000
50,00,000 Equity Shares (P.Y. 50,00,000 Equity Shares) of RS.10/-each	50,000,000	50,000,000
Less : Calls In Arrear	225,500	225,500
	<b>49,774,500</b>	<b>49,774,500</b>

**2.1 The details of Shareholders holding more than 5% Shares**

Name of the Share Holder	No of Shares	As at 31st March 2012		As at 31st March 2011	
		% held	No of Shares	% held	No of Shares
Ram Prasad Agarwal	783622	15.67	783622	15.67	783622
Narayan Prasad Agarwal	684700	13.69	684700	13.69	684700
Pawan Kumar Agarwal	622266	12.45	622266	12.45	622266
Saurabh Jhunjunwala	385440	7.71	385440	7.71	385440
Rewa Devi Agarwal	251400	5.03	251400	5.03	251400
Falgun Financial Services Limited	272900	5.46	272900	5.46	272900

**2.2 The reconciliation of the number of shares outstanding is set out below :**

Particulars	As at 31st March 2012 No. of Shares	As at 31st March 2011 No. of Shares
Equity Shares at the beginning of the year	5,000,000	5,000,000
Add : Shares issued	-	-
Equity Shares at the end of the year	5,000,000	5,000,000

**2.3 Terms/Rights attached to Equity Shares**

The Company has only one class of Equity Shares having Par Value of Rs 10/- per Share. Each holder of Equity Share is entitled to one vote per share.

**2.4 Calls in Arrear are pending for Rs 5/- per share on 45,100 Equity Shares.**

**2.5** In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. The holders of Partly Paid Equity Shares will have to contribute unpaid amount on the the Equity Shares held by them.

**Note 3 : Reserves & Surplus**

PARTICULARS	31/03/2012	31/03/2011
Surplus : Opening Balance	108,643,290	89,685,828
Add: Profit/(Loss) transferred from Profit & Loss for the year	(23,116,807)	18,957,462
Less: Transferred to Reserves	-	-
	<b>85,526,483</b>	<b>108,643,290</b>

**Note 4 : Long Term Borrowing**

<b>PARTICULARS</b>	<b>31/03/2012</b>	<b>31/03/2011</b>
<b>Secured</b>		
Term Loans from Banks	16,720,564	238,292,110
Term Loans -Others	5,056,571	19,712,305
	<b>21,777,135</b>	<b>258,004,415</b>
<b>Unsecured</b>		
From Body Corporate	22,291,999	24,384,348
From Directors	275,000	275,000
Security Deposit and Trade advances	12,363,429	10,616,771
	<b>34,930,428</b>	<b>35,276,119</b>
<b>TOTAL LONG TERM BORROWING</b>	<b>56,707,564</b>	<b>293,280,534</b>
<b>Particulars of Continuing Default</b>		
<b>Term Loan from Banks</b>		
Period of Default (in Months)	2	-
Amount	532,959	-
Period of Default	3	-
Amount	728,820	-
<b>Term Loan from Others</b>		
Period of Default (in Months)	24	12
Amount	3,327,745	4,429,413
Period of Default (in Months)	-	2
Amount	-	433,734
Period of Default (in Months)	2	-
<b>Amount</b>	<b>901,855</b>	<b>-</b>

Term Loan from Bank of Baroda secured against Hypothecation of 2 Wind Mill of the Company and further secured by way of equitable mortgage of some of property of the company and personal guarantee of some of directors of the company. The term loan carries interest rate @ 16.5% p.a. and The Loan is repayable in 36 Monthly Installment of Rs. 5,10,773/- each along with interest.

Term Loan from Punjab and Sind Bank is secured by way assignment of lease rentals and equitable mortgage of some of property of company. The Term Loan carries interest rate @ 13.75% p.a. and The loan is repayable in 84 Equal monthly installment of Rs. 1061712/-.

Term Loans -others @ varying rate of interest are secured by the Hypothecation of Specified vehicles Financed by the lenders to the company and also by personal guarantee of some of the Directors of the Company. The Loan is repayable in 48 Equal monthly installment of Rs. 7,71,031 /-.

**Note 5 : Deferred Tax Liability (Net)**

<b>PARTICULARS</b>	<b>31/03/2012</b>	<b>31/03/2011</b>
Deferred Tax Liability	25,435,745	29,493,218
Deferred Tax Assets	672,038	973,216
	<b>24,763,707</b>	<b>28,520,002</b>

**Deferred Tax**

Particulars	Year Ended	
	31/03/12	31/03/11
A. The movement in deferred tax account is as follows :		
Opening Balance	2,85,20,002	3,48,93,276
Provision for current year deferred tax liability( net)	(37,56,295)	(63,73,274)
Closing balance of deferred tax liability	2,47,63,707	2,85,20,002
B. Deferred tax assets and liabilities are being offset as they relate to taxes on income levied by the same governing taxation laws the following amounts are shown in the balance sheet		
Deferred Tax Liabilities	2,54,35,745	2,94,93,218
Deferred Tax Assets	(6,72,038)	(9,73,216)
	<b>2,47,63,707</b>	<b>2,85,20,002</b>

Particulars	Opening	Charged /Credited To P & L	Closing
<b>Deferred Tax Liabilities</b>			
Tax impact of difference between carrying amount of fixed assets in the financial statements and the income tax return	2,94,93,218	(40,57,473)	2,54,35,745
<b>TOTAL (A)</b>	<b>2,94,93,218</b>	<b>(40,57,473)</b>	<b>2,54,35,745</b>

**Deferred Tax Assets**

Tax impact of expenses charged in the financial statements but allowable in future years under income tax			
Bonus Payable	313963	(1,80,454)	133509
Disallowance of Exp. due to late payment of TDS	NIL	NIL	NIL
Provision. Doubtful Advances	12,360	NIL	12,360
Provision Doubtful Debts	646893	(120724)	526169
<b>TOTAL(B)</b>	<b>973216</b>	<b>(301178)</b>	<b>672038</b>
<b>Net Deferred Tax Liability (A-B)</b>	<b>28520002</b>	<b>(37,56,295)</b>	<b>2,47,63,707</b>

**Note 6 : Short Term Borrowings**

PARTICULARS	31/03/2012	31/03/2011
<b>Secured</b>		
Working Capital Loans from Banks payable on demand	455,368,186	134,991,133
	<b>455,368,186</b>	<b>134,991,133</b>

Working Capital Facilities are secured by hypothecation of inventories, Book Debts and commercial vehicles of the company as well as by way of mortgage of some of the property of the company. The Bank is also holding personal guarantee of some of the Directors of the company as well as Corporate Guarantee of other group Companies.

**Note 7 : Trade Payables**

PARTICULARS	31/03/2012	31/03/2011
Micro, Small & Medium Enterprises		
Others	146,260,692	246,580,733
	<b>146,260,692</b>	<b>246,580,733</b>

Company has not received the required information from suppliers regarding their status under the Micro, Small and Medium Enterprise Development Act, 2006. Hence Disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/ payable as required under the said Act have not been made.

**Note 8 : Other Current Liabilities**

<b>PARTICULARS</b>	<b>31/03/2012</b>	<b>31/03/2011</b>
Current Maturities of Long Term Debts (Refer Note No 4)	14,670,908	26,949,906
Unclaimed Dividend	40,250	95,000
Creditors for Capital Expenditure	-	1,247,641
Other Payables*	14,080,978	33,711,290
	<b>28,792,137</b>	<b>62,003,837</b>

\*Other Payables includes Statutory Dues and advance from Customers.

**Note 9: Short Term Provisions**

<b>PARTICULARS</b>	<b>31/03/2012</b>	<b>31/03/2011</b>
Provision for Employee Benefits	1,885,453	2,681,724
Other Provisions	10,822,073	18,672,295
	<b>12,707,526</b>	<b>21,354,019</b>

"Note 10"  
FRONTLINE CORPORATION LTD.  
CALCULATION OF DEPRECIATION FOR 2011-2012  
NOTE- "10" FIXED ASSETS

Sr No.	Particulars	GROSS BLOCK						Depreciation					NET BLOCK		
		As On 01/04/2011	Additions	Deletions/ Adjustments	As on 31/03/2011	As on 01/04/2011	For the Year	Deletions	As on 31/03/2011	As on 31/03/2011	As on 31/03/2011	As on 31/03/2011	As on 31/03/2011		
(A)	Intangible Asset SOFTWARE	234,669	-	-	234,669	118,376	74,728	-	193,105	41,564	116,293				
(B)	Tangible Asset														
I	LAND	97,461,147	213,286	654,640	97,019,793	-	-	-	-	97,019,793	97,461,147				
II	BUILDING	146,871,572	-	-	146,871,572	12,948,945	2,394,066	-	15,342,951	131,528,621	133,922,627				
III	PLANT & MACHINERY AND EQUIPMENTS	136,864,654	4,601,015	4,046,772	137,418,898	78,432,166	9,972,386	4,041,915	84,362,634	53,056,264	58,432,488				
IV	FURNITURE & FIXTURES	5,601,085	42,127	-	5,643,212	3,621,066	320,717	-	3,941,783	1,701,429	1,980,019				
V	VEHICLES	126,370,619	3,672,178	10,220,206	119,822,589	93,630,625	11,289,957	6,493,327	98,427,255	21,395,333	32,739,995				
	<b>TOTAL (B)</b>	<b>513,169,077</b>	<b>8,528,606</b>	<b>14,921,618</b>	<b>506,776,063</b>	<b>188,632,801</b>	<b>23,977,065</b>	<b>10,535,242</b>	<b>202,074,624</b>	<b>304,701,440</b>	<b>324,536,276</b>				
	Previous Year	583,733,719	13,591,303	83,921,274	513,403,746	191,429,308	35,334,238	38,012,362	188,751,177	324,652,569	392,304,411				
	Capital Work in Progress				1,937,705.00										

**Note 11 : Non Current Investments**

<b>PARTICULARS</b>	<b>31/03/2012</b>	<b>31/03/2011</b>
Shares & Securities		
Non Trade Long Term (At Cost)		
A.Quoted Equity Shares (Fully Paid Up)	Face Value    Nos.    Amount	Amount
NIL (P.Y.6628)Shares of Green Ply industries Ltd.	-                    -                    -	705,096
		705,096
<b>(Aggregate Market Value of Quoted Investments)</b>	<b>-</b>	<b>705,096</b>
NSC Certificate	100,000	100,000
Investment in Immovable Properties(At Cost)	94,234,928	93,611,549
<b>TOTAL</b>	<b>94,334,928</b>	<b>94,416,645</b>

Note : The company is holding 600 Equity Shares of Rs.10 each of Sonal Sil-Chem Ltd which has been delisted and the amount has been fully written off in the Books of Account.

**Note 12 : Long Term Loans & Advances**

<b>PARTICULARS</b>	<b>31/03/2012</b>	<b>31/03/2011</b>
(Unsecured and Considered Good)		
Capital Advances	-	-
Security Deposits	468,547	468,547
Loans & Advances to Related Parties	49,728,583	34,552,933
Other Loans & Advances	6,057,176	157,176
	<b>56,254,306</b>	<b>35,178,656</b>

**Note 13 : Inventories**

<b>PARTICULARS</b>	<b>31/03/2012</b>	<b>31/03/2011</b>
Conusmable Stores & Tools	35,849	85,232
Stock in Trade	119,063,886	122,822,914
Finished Goods	-	4,928,195
Raw Materials	190,343	190,343
Work in Progress	-	107,800
	<b>119,290,078</b>	<b>128,134,484</b>

**Note 14 : Trade Receivable**

<b>PARTICULARS</b>	<b>31/03/2012</b>	<b>31/03/2011</b>
Unsecured Considered Good		
Debts Outstanding For a period Exceeding Six Months	24,550,339	23,650,189
Others	93,498,479	167,335,093
	<b>118,048,819</b>	<b>190,985,282</b>
Unsecured Considered Doubtful		
Outstanding For a period exceeding six month	6,545,523	6,962,843
Others	-	2,080
Less: Provisions	1,674,106	2,093,506
Less: Provision for Claim	4,871,417	4,871,417
	<b>118,048,819</b>	<b>190,985,282</b>



**14.1 Provisions for Claims :**

Nature of Liability	Provisions as on 01.04.2011	Additions	Amount used	Reversal if any during the year	Provision as on 31.03.2012
Claims	48,71,417	Nil	Nil	Nil	48,71,417
Total	48,71,417	Nil	Nil	Nil	48,71,417

Provisions for claims are made based on deductions made for thefts and shortages by various clients. The Final Amounts of deductions will be settled only after completion of counter claims and other legal proceedings. However, based on the information available with company and past empirical experience, necessary provision has been made as per the best judgement.

14.2 The management is rigorously pursuing the recovery against doubtful debts and advances and is hopeful of recovery. Provision is made to the extent considered necessary in accordance with the principal of prudence and conservatism.

**Note 15 : Cash & Cash Equivalent**

PARTICULARS	31/03/2012	31/03/2011
Cash On Hand	7,169,672	11,696,748
Balances with Banks	25,008,189	8,115,567
In Fixed Deposits with Banks	1,149,115	8,638,168
	<b>33,326,975</b>	<b>28,450,484</b>

Fixed Deposits of Rs. 11,49,115/- are pledged with bank for various facilities.

**Note 16 : Short Term Loans & Advances**

PARTICULARS	31/03/2012	31/03/2011
<b>LOAN &amp; ADVANCE</b>		
Unsecured Considered Doubtful		
Doubtful Advance	40,000	40,000
Less: Provision	40,000	40,000
	—	—

Unsecured Considered Good

**Loans & Advances**

Recoverable in cash or in Kind or for value to be received	120,181,335	131,504,343
For Capital Expense	3,087,252	3,398,342
Deposits	3,052,954	3,194,447
Advance Income Tax (Net)	5,643,438	3,633,938
	<b>131,964,978</b>	<b>141,731,070</b>
	<b>131,964,978</b>	<b>141,731,070</b>

16.1 The company has provided Unsecured Loan to Gateway Commodities(P) Ltd. during the year and year end balance is Rs.9,02,37,555/- (Previous year Rs. 8,07,57,806/-)

16.2 Short Term Loans & Advances includes Rs.56,43,438/- (P.Y. Rs. 36,33,938) being advance tax refundable under Income Tax Act,1961 in respect of various years withheld by authorities in respect of disputed tax demands for which appeals are pending before various authorities. The company is confident of favourable disposal of the same and hence no provision is considered necessary in respect thereof.

**Note 17 : Revenue From Operations**

Particular	31/03/2012	31/03/2011
Sale of Products	498,782,947	715,995,530
Income from Services	194,901,809	291,118,191
Other Operational Income	4,087,458	7,788,948
Less: Excise Duty	—	—
	<b>697,772,214</b>	<b>1,014,902,669</b>

**Note 18 : Other Income**

<b>Particular</b>	<b>31/03/2012</b>	<b>31/03/2011</b>
Interest on Banks(Gross,T.D.S.Rs.19604/-, P.Y.Rs.18912/-)	375,193	194,569
Interest on Others	13,135,445	16,082,325
Provision No Longer Required Written Back	482,008	754,831
Profit/(Loss) on Sale of Investments	1,185,879	-
Incentive from Supplier	25,998,634	18,273,212
Foreign Exchange Fluctuation	-	570,723
Sundry Balances Written off	665,808	466,264
Miscellaneous Income	3,710,794	28,626,857
	<b>45,553,762</b>	<b>64,968,780</b>

**Note 19 : Cost of Materials Consumed**

<b>Particular</b>	<b>31/03/2012</b>	<b>31/03/2011</b>
Raw Materials Consumed		
Opening Stock	190,343	4,888,695
Add : Purchases	—	21,235,307
Less : Closing Stock	190,343	190,343
	—	<b>25,933,659</b>

**Note 20 : Purchase of Stock in Trade**

<b>Particular</b>	<b>31/03/2012</b>	<b>31/03/2011</b>
<b>Goods Traded In</b>		
Purchases (Refer Note No. 31)	397,095,490	605,401,689
	<b>397,095,490</b>	<b>605,401,689</b>

**Note 21 : Change in Inventories of Finished Goods & Stock in Trade**

<b>Particular</b>	<b>31/03/2012</b>	<b>31/03/2011</b>
Opening Stock	127,858,909	56,994,365
Less : Closing Stock	119,063,886	127,858,909
	<b>8,795,023</b>	<b>(70,864,543)</b>

**Note 22 : Employee Benefit Expenses**

<b>Particular</b>	<b>31/03/2012</b>	<b>31/03/2011</b>
Salary, Bonus & Allowances	13,700,968	22,182,605
Staff Welfare Expense	1,848,643	2,578,066
Employers Contribution to P.F., E.S.I.,etc.	328,430	1,400,929
	<b>15,878,041</b>	<b>26,161,599</b>

As per Accounting Standard 15 "Employee Benefits", the disclosure of Employee benefits as defined in the Accounting Standard are given below:

Sr. No.	Particulars	2011-12	2010-11
<b>1</b>	<b>Reconciliation of opening and closing balance of the defined benefit obligation</b>		
	Present value of obligations as at beginning of year	1930538	1723148
	Interest cost	154443	137852
	Current Service Cost	279269	365452
	Benefits paid	(272559)	(224695)
	Actuarial (gain)/loss on obligations	(577628)	(71219)
	Present Value of Obligation as at end of Year	1514063	1930538
<b>2</b>	<b>Reconciliation of opening and closing balances of the fair value of plan asset</b>		
	Fair value of plan assets at beginning of year	2197318	2204761
	Expected return on plan assets	187595	197539
	Contributions	NIL	19713
	Benefits paid	(272559)	(224695)
	Actuarial Gain/(Loss) on Plan assets	NIL	NIL
	Fair value of plan assets at the end of year	2112354	2197318
<b>3</b>	<b>Table showing fair value of plan assets</b>		
	Fair value of plan assets at beginning of year	2197318	2204761
	Actual return of plan assets	187595	197539
	Contributions	NIL	19713
	Benefits paid	(272559)	(224695)
	Fair value of plan assets at the end of year	2112354	2197318
	Funded status	598291	266780
	Excess of Actual over estimated return on plan assets		
	Actual rate of return = Estimated rate of return as ARD fails on 31st March)	NIL	NIL
<b>4</b>	<b>Actuarial Gain/Loss recognized</b>		
	Actuarial (gain)/loss for the year -Obligation	577628	71219
	Actuarial (gain)/Loss for the year - plan assets	NIL	NIL
	Total (gain)/Loss for the year - plan assets	(577628)	(71219)
	Actuarial (gain)/Loss recognized in the year	(577628)	(71219)
<b>5</b>	<b>Amounts to be recognized in the balance sheet</b>		
	Present value of obligations as at the end of year	1514063	1930538
	Fair value of plan assets as at the end of the year	2112354	2197318
	Funded status	598291	266780
	Net Asset/(liability) recognized in balance sheet	598291	266780
<b>6</b>	<b>Expenses Recognized in statement of profit &amp; loss</b>		
	Current Service cost	279269	365452
	Interest cost	154443	137852
	Expected return of plan assets	(187595)	(197539)
	Net actuarial (gain)/Loss recognized in the year	(577628)	(71219)
	Expenses recognized in statement of profit & loss	(331511)	234546
	Assumptions		
	Discount Rate	8 %	8 %
	Salary Escalation	7 %	7 %

**Note 23 : FINANCIAL CHARGES**

<b>Particular</b>	<b>31/03/2012</b>	<b>31/03/2011</b>
Interest on Term Loans	4,026,620	11,485,362
Bank Interest	51,451,987	46,672,452
Others	12,704,660	18,376,093
	<b>68,183,266</b>	<b>76,533,907</b>

**Note 24 : OTHER EXPENSES**

<b>Particular</b>	<b>31/03/2012</b>	<b>31/03/2011</b>
Consumable Stores & Tools		
Opening Stock	32,372	374,924
Add : Purchases	1,126	558,491
Less : Closing Stock	—	32,372
	33,498	901,043
Operation Expenses		
Freight Payment	65,847,502	137,303,161
Trip Expense And Allowances	33,979,368	43,631,376
Diesel Expense	58,597,041	72,139,849
Claims	3,852,915	7,998,108
Loading & Unloading Expense	6,138	69,958
Power	292,679	1,294,552
Repair and Maintenance	12,586,819	22,207,068
Other Operational Expense	48,635,206	43,984,711
	<b>223,797,669</b>	<b>328,628,782</b>
<b>Administrative &amp; Other Expenses</b>		
Travelling & Conveyance Expense	1,777,309	2,293,336
Auditors Remuneration	221,911	208,986
Insurance Premium	2,611,204	2,819,611
Rates & Taxes	1,171,837	1,623,938
Rent	7,534,267	1,998,146
Provision for doubtful debts and advances	32,702	1,068,571
Foreign Exchange Fluctuation	829,495	—
Bad debt Written off/Sundry Balance Written off (Net)	421,241	770,181
Penalty/Fines	38,638	90,875
Loss on Foreign Exchange Forward Booking	9,225,000	—
Other Administrative Expense	12,057,800	23,619,442
Brokerage and commission	19,145	506,164
	<b>35,940,550</b>	<b>34,999,250</b>
<b>TOTAL OTHER EXPENSES</b>	<b>259,771,717</b>	<b>364,529,074</b>

**Payment to Auditors :**

<b>PARTICULAR</b>	<b>Year ended</b>	<b>Year ended</b>
	<b>31/03/2012</b>	<b>31/03/2011</b>
a) Audit Fees	210675	208986
b) Taxation Matters	11236	11030
c) Management Consultancy	NIL	8824
d) Service Tax	NIL	NIL

**Note 25 : Provision for Current Taxes**

Particular	31/03/2012	31/03/2011
Provision for Current Tax	—	10,730,000
	—	10,730,000

**Note 26 : Provision for Deferred Taxes**

Particular	31/03/2012	31/03/2011
Provision for Deferred Tax	(3,756,295)	(6,373,274)
	<b>(3,756,295)</b>	<b>(6,373,274)</b>

**Note 27 : Exceptional & Extra Ordinary Items**

Particular	31/03/2012	31/03/2011
Prior Period Expenses (Net)	2,461,655	813,837
(Profit) on Sale of Assets	(2,577,110)	(8,276,403)
Loss on Sale of Fixed Assets	1,137,042	462,623
	<b>1,021,587</b>	<b>(6,999,943)</b>

**Note 28 : Contingent liabilities not provided for**

Particulars	2011-12	2010-11
Corporate Bank Guarantee	318,00,00,000	318,00,00,000
Claims against the Company not acknowledged as debts (including MACT claims aggregating to Rs.3,49,00,258/- for which the Company holds adequate Insurance)	4,01,51,518	4,01,51,518
Disputed Direct and Indirect Taxes for which appeals are pending at different forums	51,15,594	51,15,594
Suit filed by The New India Insurance Co Ltd to recover amount under The Carries Act	2,12,87,770	2,12,87,770
Advance on purchase of Land	NIL	22,00,000
Service tax on Rental Income	26,34,837	26,34,837
<b>TOTAL CONTINGENT LIABILITY</b>	<b>325,46,89,719</b>	<b>335,48,89,719</b>

**Note : 29 Foreign Currency Exposure**

**29.1 Expenditure in Foreign Currency**

Particulars	2011-12	2010-11
Ship Freight & Demurrage Charges (Freight-1574187.93 US\$ & Demurrage-27949.05 US\$)	42,868,615	73,739,294
Sampling & Analysis Charges (41200 US\$)	2,63,750	1,87,584
Supervision charges (2000 US\$)	2,91,089	91,400

**29.2 Receipt in Foreign Currency**

Particulars	2011-12	2010-11
Export Sale	189,206,252	385,918,465

**29.3 Foreign Exchange Exposures not hedged at close of the Year :**

Nature of Instrument	As at 31 March 2012	As at 31 March 2011
i) Payables in USD	641088.89	56,832.40

**Note : 30 Earning Per Share (EPS) Basic and Diluted**

Particulars	For the year ending	
	March 31, 2012	March 31, 2011
Profit/(Loss) after tax (Amount Rs.)	(23116807)	18957462
Weighted Average Number of Equity shares outstanding	49,77,450	49,77,450
Earning / (Loss) Per Share (Rupees)	(4.64)	3.81

**Note : 31 Quantitative Details of Major items.**

Description	Units	Opening Stock		Purchase		Sale		Short/ Excess	Closing Stock	
		Qty.	Value (Rs.)	Qty.	Value (Rs.)	Qty.	Value (Rs.)		Qty.	Value (Rs.)
Automobile Components	Pcs	437,908 (262,321)	71,772,085 (39,162,510)	1,391,052 (1,420,868)	275,279,351 (286,075,011)	1,430,991 (1,245,279)	269,943,063 (276,082,917)	NIL NIL	447,706 (437,908)	70,859,532 (71,772,085)
Lubricants	Ltr.	3,393 (1,045)	2,158,913 (598,164)	29,943 (22,362)	22,200,605 (11,254,716)	29,734 (20,014)	20,438,476 (8,932,606)	NIL NIL	3,602 (3,393)	3,356,731 (2,158,913)
Lam Coke	M.T.	NIL (NIL)	NIL (NIL)	NIL (680)	NIL (12,954,000)	NIL (680)	NIL (12,971,000)	NIL NIL	NIL (NIL)	NIL (NIL)
Iron Ore	M.T.	12,278 (12,278)	59,222,795 (59,222,795)	29,876 (77,477)	98,507,063 (295,117,961)	33,267 (71,200)	201,206,132 (401,818,465)	446 NIL	9,332 (12,278)	44,670,478 (59,222,795)

**Note : 32 Related Party disclosures under Accounting Standard 18**

- 1 Party where control exists** Nil
- 2 Other related parties with whom transactions have taken place during the year**

Joint Venture Company Nil

Associates  
 Fair deal Supplies Limited  
 Falgun Export Pvt. Limited  
 Centre for Advanced studies in Engineering  
 Fair Chemical & Marketing  
 Prima Financial Services Ltd.  
 Fair deal (partnership firm)  
 Frontline Industries Limited  
 Jhunjhunwala Charitable Trust  
 Scientific Weigh Bridge & Auto parts(partnership firm)  
 Shiv Shakti Steel Pvt .Ltd
- 3 Key Management Personnel & their relatives :**

Pawankumar Agrawal  
 Narayanprasad Agrawal  
 Saurabh Jhunjhunwala  
 Ramprasad Agrawal  
 Baijnath Agrawal & Sons H.U.F.  
 Bhagwani Devi Agrawal  
 Gaurav Jhunjhunwala  
 Hansa Agrawal  
 Shraddha Jhunjhunwala  
 Raja Jhunjhunwala  
 Mukund Jhunjhunwala  
 Narayanprasad Agrawal & sons H.U.F.  
 Ramprasad Agrawal & sons H.U.F. -  
 Renudevi Jhunjhunwala  
 Rewadevi Jhunjhunwala  
 Shilpi Jhunjhunwala  
 Kritin Jhunjhunwala  
 Venya Jhunjhunwala

Sr. No.	Nature of Transaction with Related Parties	Associates/Joint Ventures	
		2011-12	2010-11
1	Interest on Loan	6,00,914	24,25,531
	Shiv Shakti Steel Pvt. Ltd	1,96,577	23,07,729
	Falgun Exports Pvt. Ltd.	1,40,917	Nil
	Prima Financial Services Ltd.	1,19,558	1,17,802
2	Purchase of Goods	Nil	85,00,000
	Shiv Shakti Steel Pvt. Ltd.	Nil	85,00,000
3	Sale of Goods	12,36,76,292	10,17,53,556
	Fairdeal Supplies Ltd	231253	45,53,290
	M/S Fairdeal(partnership firm)	9,90,61,633	7,90,77,227
	Scientific Weigh Bridge & Auto parts(partnership firm)	2,43,83,406	1,81,23,039
4	Transportation Income	Nil	54,91,142
	Fairdeal Supplies Ltd	Nil	2,90,274
	Shiv Shakti Steel Pvt. Ltd.	Nil	51,96,968
	Falgun Export Pvt. Ltd.	Nil	3,900
5	Sale of Internet Service	Nil	4,48,778
	Centre of Advanced Studies in Engineering	Nil	4,48,778
6	Rent Income	61,176	61,180
	Fairdeal Supplies Ltd	61,176	61,180
7	Rent Expense	2,18,164	2,66,164
	Fairdeal Supplies Ltd	66,000	66,000
	Ramprasad Agrawal	1,19,894	1,19,894
	Bajjnath & Sons-HUF	32,270	32,270
	Pawankumar Agrawal	Nil	48,000
8	Weigh Bridge Income	Nil	71,909
	Falgun Export Pvt. Ltd.	Nil	71,909
9	Income from Excavator	Nil	2,06,511
	Falgun Export Pvt. Ltd.	Nil	2,06,511
10	Income from Tipper	720963	Nil
	Fairdeal Supplies Ltd	16000	Nil
	Falgun Export Pvt. Ltd.	1800	Nil
	Shiv Shakti Steel Pvt. Ltd	703163	Nil
11	Income from Loading & Unloading	217448	7,71,175
	Fairdeal Supplies Ltd	120936	Nil
	Falgun Export Pvt. Ltd.	78712	7,71,175
12	Outstanding as at year end		
	Net Receivable	(2,37,461)	2,08,88,258
	Fairdeal Supplies Ltd	(2,37,461)	2,08,66,110
	Neha Trades & Finance Pvt. Ltd.	Nil	22,148
	Net payable		
	Unsecured Loan	1595585	37,87,934
	Shiv Shakti Steel Pvt. Ltd	Nil	22,11,907
	Prima Financial Services Ltd.	1595585	15,76,027
	Advance from Customer/Creditors	Nil	2,13,51,839
	Fairdeal Supplies Ltd	Nil	96,88,429
	Shiv Shakti Steel Pvt. Ltd	Nil	85,03,032
	Falgun Export Pvt. Ltd.	Nil	31,60,378
	Bad Debts Written Off	Nil	1,48,895
Neha Trades & Finance Pvt Ltd	Nil	1,48,895	

**33. Segment Information**

**Business Segment**

Particulars	Wind Energy	Trading	Manufacturing	Transportation	Reading of Immovable Properties	Others	Total Rs.
<b>Revenue</b>							
<b>External Sales :</b>							
Domestic Sales	11,993,590	326,824,679	-	157,820,439	25,343,785	20,137,350	542,119,843
	13,008,527	304,634,648	47,741,011	254,344,198	24,886,242	58,366,883	702,981,509
<b>Export Sales</b>		<b>201,206,132</b>	-	-	-	-	<b>201,206,132</b>
	-	385,918,465	-	-	-	-	385,918,465
Total External Sales	11,993,590	528,030,811	-	157,820,439	25,343,785	20,137,350	743,325,976
	13,008,527	690,553,113	47,741,011	254,344,198	24,886,242	58,366,883	1,088,899,974
Add: Inter Segment Sales	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Total Segment Sales /Revenue	11,993,590	528,030,811	-	157,820,439	25,343,785	20,137,350	743,325,976
	13,008,527	690,553,113	47,741,011	254,344,198	24,886,242	58,366,883	1,088,899,974
Segment result before interest, exceptional/ extraordinary items & tax	1,949,651	36,651,833	-	(11,963,092)	21,364,915	(6,513,099)	41,490,208
	3,653,136	41,111,612	8,925,324	62,913,148	21,571,020	(36,984,728)	101,189,512
Add : Unallocated Income Net of Unallocable Exp.							-
Less : Interest	3,767,186	23,556,677	-	35,657,057	884,726	4,317,620	68,183,266
	3,900,150	19,818,574	44,777	45,726,852	2,147,859	4,895,695	76,533,907
Profit Before Exceptional/ Extra Ordinary items & tax	(1,817,535)	13,095,155	-	(47,620,149)	20,480,189	(10,830,719)	(26,693,059)
	(247,014)	21,293,038	8,880,547	17,186,296	19,423,161	(41,880,423)	24,655,605
Prior Period Adjustment	-	(6,000)	(6,000)	(2,251,134)	(20,500)	(184,021)	(2,467,655)
	(15,848)	-	(245,840)	(36,912)	(461,360)	(53,877)	(813,837)
Profit Before taxes	(1,817,535)	13,089,155	(6,000)	(49,871,283)	20,459,689	(11,014,740)	(29,160,714)
	(262,862)	21,293,038	8,634,707	17,149,384	18,961,801	(41,934,300)	23,841,768
Taxes							-
							(4,612,098)
<b>Profit After Taxes</b>							<b>(29,160,714)</b>
							19,229,670
<b>Total Assets</b>							
Segment Assets	49,601,670	196,426,307	-	302,773,652	214,435,399	91,020,329	854,257,356
	52,765,926	198,813,789	58,502,985	363,082,200	217,065,713	51,283,499	941,514,111
Unallocable Asset at HO							-
<b>Total</b>							<b>854,257,356</b>
							941,514,111



Particulars	Wind Energy	Trading	Manufacturing	Transportation	Reading of Immovable Properties	Others	Total Rs.
<b>Total Liabilities</b>							
Segment Liabilities	2,903,384	104,892,805	-	63,612,334	-	11,266,069	182,674,591
	2,213,233	121,730,615	2,902,841	151,529,925	-	23,727,370	302,103,984
Unallocable Liability at HO							-
Total							182,674,591
							302,103,984
Total Cost Incurred during the year to acquire segment assets	638,209	186,648	-	5,853,689	213,286	1,636,774	8,528,606
	9,299	3,843,289	860,588	368,202,795	11,322,263	81,092	384,319,325
Total Cost Incurred during the year to acquire unallocable Asset							-
Segment Depreciation	7,866,907	461,503	-	12,320,392	2,235,521	1,167,471	24,051,793
	8,246,593	269,694	328,879	22,478,752	2,235,521	1,720,799	35,280,238
Segment Depreciation (Unallocable Asset)							-
							-
Non-cash expenses other than depreciation	-	730	-	420,511	-	-	421,241
	-	3,648	-	720,543	-	-	724,191

1. The Figures in Italics indicate Previous Years Figure.
2. The company has disclosed business segments as the primary segments which have been identified taking into account the nature of the activities ( i.e. Wind Energy, Trading, Manufacturing & Transportation ,Renting of immovable property) the Differing risk & returns the organizational structure and internal reporting system. The Company's operation predominantly relate to Bulk Transportation of Goods & Trading of Automotive Parts.
3. The company's business relates totally to the domestic market.
4. Segment revenue, segment results, segment assets, and segment liabilities include the respective amount identifiable to each of the segment.

**Geographical Segments**

Particulars	Calcutta Division	Ahmedabad Division	Banglore Division	Total Rs.
<b>Revenue</b>				
<b>External Sales :</b>				
Domestic Sales/Income	<b>48,009,519</b>	<b>406,460,162</b>	<b>87,650,162</b>	<b>542,119,843</b>
	<i>67,242,482</i>	<i>529,739,409</i>	<i>77,128,617</i>	<i>674,110,509</i>
Export Sales	201,206,132	-	-	201,206,132
	<i>385,918,465</i>	<i>-</i>	<i>-</i>	<i>385,918,465</i>
<b>Total Sales/Income</b>	<b>249,215,651</b>	<b>406,460,162</b>	<b>87,650,162</b>	<b>743,325,976</b>
	<i>453,160,947</i>	<i>529,739,409</i>	<i>77,128,617</i>	<i>1,060,028,974</i>
Add: Inter Segment Sales	-	-	-	-
	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>Total Sales</b>	<b>249,215,651</b>	<b>406,460,162</b>	<b>87,650,162</b>	<b>743,325,976</b>
	<i>453,160,947</i>	<i>529,739,409</i>	<i>77,128,617</i>	<i>1,060,028,974</i>
Less: Inter Segment Sales	-	-	-	-
	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>Total Revenue</b>	<b>249,215,651</b>	<b>406,460,162</b>	<b>87,650,162</b>	<b>743,325,976</b>
	<i>453,160,947</i>	<i>529,739,409</i>	<i>77,128,617</i>	<i>1,060,028,974</i>
<b>Total Assets</b>				
<b>Segment Assets</b>	<b>534,890,997</b>	<b>313,028,232</b>	<b>6,338,128</b>	<b>854,257,356</b>
	<i>550,470,624</i>	<i>384,800,175</i>	<i>6,243,313</i>	<i>941,514,112</i>
Unallocable Asset				-
Total Cost Incurred during the year to acquire segment assets	<b>8,519,457</b>	<b>(74,373)</b>	<b>83,522</b>	<b>8,528,606</b>
	<i>12,034,006</i>	<i>1,551,957</i>	<i>5,340</i>	<i>13,591,303</i>

1. The Figures in Italics indicate Previous Years Figure.
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3. Segment revenue, segment results, segment assets, and segment liabilities include the respective amount identifiable to each of the segment.

**For Paresh Thothawala & Co.**  
**Chartered Accountants**  
FRN: 114777W

**Narayanprasad Agrawal**  
**Director**

Sd/-  
**Paresh Thothawala**  
**Proprietor**  
M.No. 48435

**S. K. Verma**  
**Company Secretary**

**Pawankumar Agrawal**  
**Managing Director**

Date: 30/05/2012  
Place: Ahmedabad

Date : 30/05/2012  
Place : Ahmedabad

**ATTENDANCE SLIP**

Please complete this Attendance Slip and hand it over at the entrance of the Hall.

Full Name of the Shareholder (BLOCK LETTERS)

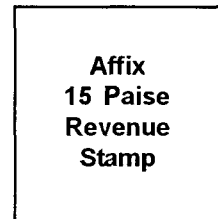
Folio No. : \_\_\_\_\_

DP ID No.\* : \_\_\_\_\_

No. of Shares held : \_\_\_\_\_

I / We hereby record my presence at the 23rd Annual General Meeting of the Company held on Saturday, the 29th September, 2012 at 10.00 a.m. at 4, B. B. D. Bag East), Stephen House, Room No. 5, 1st Floor, Kolkata - 700 001

Signature of the Shareholder \_\_\_\_\_



**Note : Only Shareholders of the Company of their Proxies will be allowed to attend the Meeting.**

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**FRONTLINE CORPORATION LIMITED**  
REGD. OFFICE: 4, BBD BAG (EAST), ROOM NO. 5,  
1ST FLOOR, STEPHEN HOUSE, KOLKATA - 700 001

**PROXY FORM**

Folio No. : \_\_\_\_\_

DP ID No.\* : \_\_\_\_\_

No. of Shares held : \_\_\_\_\_

I/We \_\_\_\_\_ of \_\_\_\_\_ in the District of \_\_\_\_\_ being a Member/  
Members of above \_\_\_\_\_ in the District of \_\_\_\_\_  
\_\_\_\_\_ of failing him Shri \_\_\_\_\_ as my/our proxy to vote for me/our behalf  
at 23rd Annual General Meeting of the Company held on Saturday, the 29th September, 2012 at 10.00 a.m. at  
4, B. B. D. Bag East, Stephen House, Room No. 5, 1st Floor, Kolkata - 700 001 or at any adjournment thereof.

As witness my/our hand (s) this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

Signature \_\_\_\_\_

**Note : The Proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting.**

If Undelivered Please return

To **FRONTLINE CORPORATION LIMITED**

4, BBD Bag (East), Room No. 5, 1st Floor,  
Stephen House, Kolkata - 700 001