

***FRONTLINE CORPORATION LIMITED***

***24th Annual Report***

***(2012-2013)***



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**24th Annual General Meeting on Monday, 30th September, 2013 at 10.00 a.m.**  
**at its Registered Office at 4, BBD Bag (East), Room No. 5, 1st Floor,**  
**Stephen House, Kolkata - 700 001**

**Board of Directors:**

Mr. Ram Prasad Agarwal	:	Director
Mr. Narayan Prasad Agarwal	:	Director
Mr. Saurabh Jhunjhunwala	:	Director
Mr. Bharat Arora	:	Independent Director
Mr. Virendra Sharma	:	Independent Director
Mr. Jiw Raj Khaitan	:	Independent Director
Mr. Sital Kumar Banerjee	:	Independent Director
Mr. Pawan Kumar Agarwal	:	Managing Director

**Company Secretary** : Mr. S. K. Verma

**Statutory Auditors** : M/S. Paresh Thothawala & Co.,  
Chartered Accountants,  
Ahmedabad

**Branch Auditors** : M/s. VPC & Associates,  
Chartered Accountants,  
Kolkata

**Bankers** : Axis Bank  
Bank of Baroda  
Dena Bank  
HDFC Bank Ltd.  
ICICI Bank Limited  
State Bank of India  
Punjab National Bank  
Punjab & Sind Bank  
The Jammu & Kashmir Bank Limited

**Registered Office** : 4, B. B. D. Bag (East),  
Stephen House  
Room No. 5, 1st Floor,  
Kolkata - 700 001

**Corporate Office** : 4th Floor, Shalin Building,  
Near Nehru Bridge Corner,  
Ashram Road,  
Ahmedabad - 380 009

**Registrar & Transfer Agent** : Sharepro Services (India) Pvt Ltd.  
416-420, 4th Floor, Devnandan Mall,  
Opp. Sanyas Ashram, Ellisbridge,  
Ahmedabad - 380 006,

**NOTICE**

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

**Ordinary Business:**

1. To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2013 and the Profit & Loss Account for the period ended on that date together with Auditors Report and the Directors' Report thereon.
2. To appoint a Director in place of Shri Narayan Prasad Agarwal who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Virendra Sharma who retires by rotation and being eligible offers himself for re-appointment
4. To appoint Statutory Auditors and Branch Auditors and to fix their remuneration.

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

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

**PAWANKUMAR AGARWAL**  
MANAGING DIRECTOR

**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxy in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the Annual General Meeting.
2. Pursuant to the provisions of Section 154 of the Companies Act, 1956, the Register of Members and the Share Transfer Books of the Company shall remain closed Tuesday, 24<sup>th</sup> September, 2013 to Monday, 30<sup>th</sup> September, 2013 (both days inclusive) in connection with the Annual General Meeting.
3. As per Circulars issued by the Ministry of Corporate Affairs( MCA) bearing Nos. 17/2011 and 18/2011 dated 21<sup>st</sup> April, 2011 and 29<sup>th</sup> April, 2011 respectively, members holding shares in dematerialized form are requested to register their email id with their Depository Participant (DP) and members holding shares in Physical Form are requested to register their email addresses with the Company at [frontlinecorporlimited@gmail.com](mailto:frontlinecorporlimited@gmail.com) or with the Registrar and Share Transfer Agent viz : M/s. Sharepro Services (India) Pvt Ltd at [bharti.parikh@shareproservices.com](mailto:bharti.parikh@shareproservices.com) and changes therein from time to time, to enable the Company to serve notice /document/Annual report etc., through e-mail, in compliance with Section 53 of the Companies Act, 1956.
4. Corporate members are requested to send a duly certified copy of the Board Resolution /power of Attorney authorised authorizing their representative to attend and vote at the Annual General Meeting.
5. Non-resident Indian members are requested to inform the Company's Registrar and Transfer Agent, M/s. Sharepro Services (India) Pvt Ltd., immediately of:
  - a. Change in their Residential Status on return to India for permanent settlement
  - b. Particulars of their Bank Account maintained in India with Complete name, branch account type, account number with 9 digit MICR code and address of the Bank with PIN Code No. if not furnished earlier.
6. Information under Clause 49 of the Listing Agreement with the designated stock exchanges in respect of Directors seeking appointment/re-appointment (item No. 2 and 3 of the Notice) is given hereinafter.

7. Members holding shares in dematerialized mode are requested to intimate all changes with respect to their bank details, mandate, nomination, power of attorney, changes of address, e-mail address, change in name etc. immediately to the Company.
8. The Security & Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding Shares in electronic form are, therefore requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to submit their PAN details to the Company.
9. SEBI vide its Circular dated May 20, 2009 has stated that for securities market transactions and off-market transactions involving transfer of shares in physical form of listed companies, it shall be mandatory for the transferee(s) to furnish copy of PAN Card to the Company /RTA for registration of such transfer of shares.
10. To prevent fraudulent transactions, members are also advised to exercise due diligence and notify the Company of any change in address or staying abroad or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holding should be obtained from the concerned DP and holding should be verified.
11. Consolidation of Folios: The members holding shares in the same name or in the same order of names, under different folios, are requested to notify the relevant details of the said holdings to the Registrar and Share Transfer Agent of the Company M/s. Sharepro Services (India) Pvt Ltd., for consolidation of their shareholding into a single Folio.
12. Members desiring any information on the accounts at the Annual General Meeting are requested to write to the Company atleast ten days in advance, so as to enable the Company to keep the information ready.
13. Members are requested to kindly bring their copies of the Report and Accounts to the meeting.
14. Members' attention is particularly drawn to the "Corporate Governance" section in respect of general information for shareholders.

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

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

**PAWANKUMAR AGARWAL**  
MANAGING DIRECTOR

**Important Communication to Members**  
**"Green Initiatives"**

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies and has issued circular stating that service of notice /documents including Annual Report can be sent by email to its members. To support this green initiative of the Government in full measures, members who have not registered their e-mail addresses in respect of electronic holding with the Depository through their concerned Depository Participant.

**Particulars of the Directors seeking Appointment / Re-appointment at the forthcoming Annual general Meeting**

**(Pursuant to Clause 49 of the Listing Agreement)**

<b>Name of the Director</b>	<b>Shri Narayan Prasad Agarwal</b>		<b>Shri Virendra Sharma</b>	
Date of Birth	06-07-1958		31-12-1954	
Date of Appointment on the Board	04-12-1989		17-12-1996	
Qualifications	B.Com		B. Com	
Experience and Expertise in specific functional areas	aged about 55 years, is a Promoter Director of the Company since 04.12.1989. He is a Commerce Graduate from St. Xavier's College, Calcutta and has 30 years of rich experience mainly in the Financial Activities of their own Group Companies. He is also involved in active trading and supplies of Coal, Coke and Chemicals like Soda Ash.		aged about 59 years, a Commerce Graduate, has been appointed as an Additional Director of the Company on 17.12.1996 and later on he has been appointed as Director by members of the Company at their 8th Annual General Meeting held on 30.09.1997. He is an Independent Director of the Company since appointment. He is also member of Audit Committee, Remuneration Committee and Shareholders'/ Investors' Grievance Committee since 22.03.2003.	
Directorship held in other Public Companies (excluding foreign and Private Companies)	Directorship in other Companies	Designation	None	
	Fairdeal Supplies Limited	Chairman & Director		
	Frontline Industries Limited	Director		
	Prima Financial Services Ltd.,	Director		
Membership/ Chairmanship of Committees across public Companies	None		Audit Committee of Frontline Corporation Limited	Member
			Remuneration Committee of Frontline Corporation Limited	Member
			Shareholders'/ Investors' Grievance Committee of Frontline Corporation Limited	Member
No. of Shares held in the Company	684700 Equity Shares		NIL	

## Directors' Report & Management Discussion and Analysis

To  
The Members,  
**Frontline Corporation Limited**

Your Directors present their Report on the Audited Accounts of the Company for the year ended 31st March, 2013

### Financial Performance :

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

#### Note :

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

#### Dividend:

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

#### Review of Operations:

The year 2012-2013 marked deterioration in the fundamentals of both the global and the Indian economies. The year under review was a challenging one for your company as well. However, Your Company posted Net Loss of Rs. 161.20 Lacs against Net Loss of Rs. 231.17 Lacs in the earlier year. The Exceptional & Extra Ordinary Items include prior period income (net) of Rs 35.61Lacs and profit on sale of assets of Rs37.27 Lacs and loss on sale of fixed assets of Rs. 0.33 Lacs in comparison to prior period expenses (net) of Rs. 24.62 Lacs, profit on sale of fixed assets of Rs. 25.77 Lacs and loss on sale of fixed assets of Rs. 11.37 Lacs.

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

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



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

**Exports:**

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

**Finance & Investment:**

Tight Monetary Policy throughout the year kept bank base rate high which resulted in increased and high interest rates for the Company. Since interest rate are expected to remain high and owing to the relatively high amount of leverage, it is the intent of the Company to reduce debt in the years to come.

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

**Segment information,**

Segments information is given along with financial statements. The company has identified four segments viz "Transportation, Trading, Renting of immovable properties & Wind Power Generation". The major and material activities of the company are restricted to three geographical segments i.e. Kolkata, Ahmedabad and Bangalore.

**Transportation:**

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

The road transportation industry has been the most significant constituent of the Indian logistics industry. However, the segment continues to struggle to cater to the country's size and widely spread consumption hubs.

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

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

The Company has two different kind of contracts viz, "Logistic Contracts and own trucks contract. Under the logistic contract, the Company enters into contract with its client for providing logistic support to various destinations by hiring trucks from the market and ensures transportation of goods to the designated destinations of its client.

Under the contract for deployment of own trucks, the Company deploys its own trucks/ vehicles with its client round the clock. The Company expects 15-20% growth in both contracts.

During the year under review, your Company continued to get / renewed transportation Contracts from valued customers to cater needs of its valued clients. The Revenue from Transport Operations decreased from Rs. 15.78 Crores in the previous year to Rs 11.86 Crores in the current year registering a decrease by 24.84% due to closure of unviable Branches and increased cost of oil and spare parts. The Company has already restructured its transport activities for optimum utilization of its fleet of commercial vehicles and is hopeful to come out with satisfactory results in the days to come.

**Trading**

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

The growth outlook for the automotive aftermarket industry in India continues to be positive, driven by sustained increase in vehicle population and a shift towards high end vehicles.

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

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

BOSCH Division is acting as the Main Distributor for Auto Components manufactured by "BOSCH Ltd." for the Automotive Aftermarket and supplies such spares to Authorised Service Centers of Bosch as well as to retail outlets and neutral garages and workshops. BOSCH is the global leader in Automotive Components and "BOSCH" brand products come as OE fitments in all ranges of vehicles worldwide. With newer models of vehicles being introduced in the market every year, the business has very good potential in future. The Revenue from trading Operations of automotive parts of "BOSCH" increased to Rs. 19.41 Crores in comparison to Rs. 18.45 Crores in the previous year registering an increase 5.20%.

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

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

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

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

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

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

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

Industry Scenario /opportunity & Out Look / Risk & concern

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

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

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

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

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

The Revenue from Operations of the division increased to Rs. 1.22 Crores in comparison to Rs. 1.20 Crores in the previous year registering an increase of 1.67% due to favourable weather condition during peak seasons.

**Renting of immovable properties:**

Industry Scenario /opportunity & Out Look / Risk & concern

The growth in warehousing in India is primarily being driven by the burgeoning manufacturing activity, increasing international trade and the emergence of organised retail in the country. Increasing private and foreign investments in infrastructure and easing government regulations are further bolstering the growth of the warehousing sector in India.

Policy reforms from the government including the establishment of logistics parks in the PPP model, the implementation of the Warehousing and Development Act 2007 and serious attempts to roll out Goods and Services Tax (GST) are added reasons for the expected expansion in the warehousing sector.

Infrastructure is one of the key growth factors for warehousing. Insufficient and inefficient infrastructure has been a major drawback of the Indian warehousing sector. The government has allocated funds in order to address this issue.

India has become a manufacturing hub for most industries. The main reasons for this are increasing domestic consumption and the cost-effectiveness of outsourcing manufacturing activities. Some industries have gained tremendous traction over the last few years, cashing in on the ongoing trend of the economy. These include the Automotive, Retail, Pharmaceutical and Agriculture.

Indian economy, the opportunities that the Indian landscape presents and its immense potential for growth, the Indian warehousing sector confronts several challenges. While the lack of sufficient physical infrastructure is one of these challenges, the time lag between devising and implementing strategies due to the lack of international warehousing standards is another. Indian warehousing players face challenges and bottlenecks at various stages of their operation lifecycle. Some of these challenges are strategic while others are operational and need to be managed on an ongoing basis.

The government has introduced good tax structures to reduce supply chain costs and also to encourage the participation of private players in the system. Octroi was one of the traditional taxes introduced by the government. This was introduced with a view to develop warehouses and trans-shipment hubs outside Octroi/state boundaries. However, it was objected to by logistics organisations since they allow delays at the Octroi check post as they ensure that only goods which need to enter the Octroi zone do so. Otherwise, further delays are involved in pre-paying Octroi on other goods and collecting the refunds later.

Investments are needed in the warehousing sector in India to provide organised capital to achieve a world-class infrastructure platform and to support greater sophistication in services. CRISIL Research projects investments of 170 billion to 190 billion in establishing warehouses by 2012-13 in India. A significant proportion of investments in warehousing are envisaged in the free trade and warehousing zones and logistics parks. The growth will be driven by organised warehousing, changing tax structure and potential savings in carrying costs.

The Revenue from Operations of the division decreased to Rs. 2.10 Crores in comparison to Rs. 2.55 Crores in the previous year registering a decrease of 17.78% due to lower demand of warehousing requirement mainly by Iron Ore Exporters due to stiff international market conditions. However your Company is looking forward to increase in the revenue by tapping more opportunities.

**Transfer to Reserve & Surplus**

The Board of Directors proposes to transfer Loss of Rs. 1.61 Crores to Reserve & Surplus aggregating to Rs. 6.94 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 Conversation 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 Narayan Prasad Agarwal and Shri Virendra Sharma, Directors of the Company retire by rotation and being eligible offer themselves for re-appointment. You are requested to accord your approval to their re-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 is 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.

Based on the recommendations of the Audit Committee, the Board of Directors proposes the re-appointment of M/s. VPC & Associates, Chartered Accountants, Kolkata as Branch Auditors of the Kolkata Division.

You are requested to re-appoint the Auditors.

The internal audit system is being strengthened in terms of size and operations of the company. The slight delay in payment of statutory dues viz. VAT on sale of fixed assets, payment of service tax and payment of TDS has been caused on account of clerical oversight and the company is strengthening the system to avoid any such delays in future.

There are no qualifications in the Independent Audit Report of the Statutory Auditors. The Statutory Auditors has raised certain attentions in the "Emphasis of Matters" in their Report. With regard to Emphasis of Matter included in Auditors Report, the position of the Board is adequately explained in the Notes to the Account which is an integral part of the Financial Statement.

Your attention is invited to the following notes which explain special matters in the Emphasis of Matters raised by Statutory Auditors as follows:

**Point No. 1 to Emphasis of Matters :**

The company has provided Corporate Guarantee to UCO Bank in respect of Credit Facilities enjoyed by Fairdeal Supplies Ltd. later on corporate guarantee was discontinued but company has given some of its Fixed Assets as Collateral Securities. UCO Bank has issued demand notice dated 28-04-2011 to the borrowers/guarantors/mortgagors to repay the amount mentioned in the notice, failing on which the bank has taken Symbolic Possession of the properties in exercise of powers conferred upon them under the SARFAESI Act, 2008. However the Company has protested the contention and filed case against the Bank in Debt Recovery Tribunal, Kolkata.

**Point No. 2 and 3 to Emphasis of Matters:**

Punjab & Sind Bank, one of the bankers to company has taken Symbolic Possession of one sub leased property at Infocity, Gandhinagar, Gujarat and taken physical possession of company's another property situated at 8, OCH Street, Kolkata, West Bengal to recover its dues. The bank is under process of auction of Kolkata Property. However the company has protested the contention against case filed by the Bank in Debt Recovery Tribunal Kolkata.

**Point No. 4 to Emphasis of Matters:**

The inventory of Iron Ore Fines at Vizag Branch in Visakhapatnam measuring 7754.400 Mt Valued at Rs. 2,55,89,520 has been technically tested by M/s Anatest & Maritime Consultants Visakhapatnam and the same being certified of no value. The entire stock has been sold off for Rs.7,75,440/- to reduce carrying cost of said materials. This material was purchased against an export order for China but due to decline of the price it could not be exported. Meanwhile the intrinsic value of the material was also degraded and thus became unsuitable for export as well as also unsuitable for domestic sale to Steel manufacturers. The company was also incurring carrying cost for retaining the material. Finally the material was sold at scrap value to save the carrying cost.

**Point No. 5 to Emphasis of Matters:**

The company has incurred cash loss of Rs 1,97,63,119/- during the year and has also incurred cash loss in the immediately preceding previous year. However it has not affected the going concern status of the company.

The above points are properly recorded and disclosed in the Books of Account in accordance with applicable provisions of law, governing Accounting Standards and generally accepted Accounting principles and practice.

As regards the observations in the annexure to the Auditor's Report, your company has taken/is taking necessary steps to ensure improvement in certain procedures and also compliance of relevant laws. The internal audit system is being strengthened in terms of size and operations of the company. The slight delay/oversight in payment of statutory dues viz. VAT on sale of fixed assets, payment of service tax and payment of TDS has been caused on account of clerical oversight and the company is strengthening the system to avoid any such delays in future. The negotiations with bankers/financial institutions are going on and your company is expecting to get an amicable solutions. The Company is contemplating to file application for compounding of contravention of provisions of section 295 of the Companies Act, 1956.

**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 has installed CCTV in some of its Divisions, which brings 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 wishes 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**

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

**PAWANKUMAR AGARWAL**  
MANAGING DIRECTOR

**RAMPRASAD AGARWAL**  
CHAIRMAN

**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
Total Foreign Exchange earning	Euro 17472 (Previous Year Euro 19524) USD NIL (Previous Year USD 3900240.34)	Rs. 1,218,752/- Rs. 12,49,026/- Rs. NIL (Previous Year 189206252.05)
Total Foreign Exchange outgo	USD 655.20 (Previous Year USD 886465.15)	Rs. 35535/- (Previous Year Rs 43456307)

**FORM - A**

**Disclosure of particulars with respect to Conservation of Energy for the year ended 31.03.2013**

**A. POWER AND CONSUMPTION**

**1. ELECTRICITY**

a) Purchased	2012-2013	2011-2012
- Units (In Lacs)	—.—	—.—
- Total Amount (In Lacs)	—.—	—.—
- Rate (Rs./Units)	—.—	—.—
<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

**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<br>not taken place, reasons thereof and<br>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**

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 Company	No. of Board meetings attended	Attendance at the Last AGM	No. of outside Directorship held	Total No. Memberships/ Chairmanship of Committees	
						across all companies	
						Member	Chairman
Shri Ram Prasad Agarwal	Non Executive Director and Promoter	783622	7	Yes	4	-	-
Shri Narayan Prasad Agarwal	Non Executive Director and promoter	684700	7	Yes	4	-	-
Shri Pawan Kumar Agarwal	Managing Director - Executive and Promoter	622266	8	Yes	4	-	-
Shri Saurabh Jhunjhunwala	Non Executive	385440	11	Yes	2	3	-
Shri Virendra Sharma	Independent	-	11	Yes	-	3	-
Shri Bharat Arora	Independent Director	-	11	Yes	-	3	3
Shri Jiw Raj Khaitan	Independent Director	-	6	Yes	-	-	-
Shri Sital Kumar Banerjee	Independent Director	-	6	Yes	-	-	-

**Shri Narayan Prasad Agarwal** and **Shri Virendra Sharma**, Directors of the Company retire by rotation and being eligible offer themselves for re-appointment. The Profile of Directors seeking re-appointment are provided in Director's Report. 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:**

Sixteen Board Meetings were held during the financial year 2012-2013 as against the minimum requirement of 4 meetings. The dates on which the meetings were held are given below:-

01.04.2012	21.07.2012	14.09.2012	14.12.2012
09.05.2012	10.08.2012	29.09.2012	14.02.2013
30.05.2012	14.08.2011	11.10.2012	27.02.2013
25.06.2012	01-09-2012	12.11.2012	11.03.2013

**3 Code of Conduct :**

Code of Conduct for Board members and Senior Managers 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) Qualified & 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	4	4
2	Shri Virendra Sharma	Independent Director	Member	4	4
3	Shri Saurabh Jhunjhunwala	Non-Executive Director	Member	4	4

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 4 times during the year 2012—2013 on 30.05.2012, 14.08.2012, 12.11.2012 and 14.02.2013

**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 30.05.2012. 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	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 30<sup>th</sup> 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 18.04.2012, 30.05.2012, 14.08.2012, 12.11.2012 and 14.02.2013 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 31.03.2013. 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, are provided in note no. 35 to the Financial Statement.

#### **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 2013-2014.

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 summery 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 interests, 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 :** 30th September, 2013 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:

<b>AGM</b>	<b>Date</b>	<b>Time</b>	<b>Venue</b>	<b>No. of special resolutions approved</b>
23	29.09.2012	10.a.m.	4, B. B. D. Bag (East), Room No. 5 Stephen House, 1st Floor, Kolkata - 700 001	Nil
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

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, 2012 to 31st March, 2013
First Quarter ended	:	30th June, 2012
Half year ended	:	30th September, 2012
AGM for the year 2010-2011	:	29th September, 2012
Date of the Book Closure	:	<b>Tuesday, 24th September, 2013 to Monday, 30th September, 2012</b> (both days inclusive).
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 Catagorywise Distribution of Shareholdings as on 31.03.2013**

Status Description	Physical.		N S D L		C D S L		Total	
	Holder	Holding	Holder	Holding	Holder	Holding	Holder	Holding
Associated Companies	0	0	2	197200	0	0	2	197200
Domestic Companies	6	22100	8	8837	5	20789	19	51726
Individuals	267	865122	175	269145	94	119112	536	1253379
NRI REP	0	0	2	1327	0	0	2	1327
Promoters	0	0	21	3496368	0	0	21	3496368
<b>TOTAL</b>	<b>273</b>	<b>887222</b>	<b>208</b>	<b>3972877</b>	<b>99</b>	<b>139901</b>	<b>580</b>	<b>5000000</b>



**Categories of Shareholders (as on 31.03.2013)**

**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
(A)	Shareholding of Promoter and Promoter Group							
<b>1</b>	<b>Indian</b>							
(a)	Individuals/ Hindu Undivided Family	21	3496668	3496368	69.93	69.93	0	0.00
(b)	Central Government/ State Government(s)				0.00	0.00	0	0.00
(c)	Bodies Corporate	2	197200	197200	3.94	3.94	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>23</b>	<b>3693568</b>	<b>3693568</b>	<b>73.87</b>	<b>73.87</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

**FRONTLINE CORPORATION LIMITED**  
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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 Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>23</b>	<b>3693568</b>	<b>3693568</b>	<b>73.87</b>	<b>73.87</b>	<b>0</b>	<b>0.00</b>
(B)	Public shareholding							
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	19	51726	29626	1.03	1.03		
(b)	Individuals				0.00	0.00	0	0.00
I	Individuals -							
	i. Individual shareholders holding nominal share capital up to Rs 1 lakh	522	573241	219541	11.46	11.46		
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	14	680138	168716	13.60	13.60		

(c)	Other								
(c-i)	i) Employees								
	ii) Non Resident repatriate	2	1327	1327	0.03	0.03		0	0.00
					0.00	0.00			
	<b>Sub-Total (B)(2)</b>	<b>557</b>	<b>1306432</b>	<b>419210</b>	<b>26.13</b>	<b>26.13</b>			
(B)	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>557</b>	<b>1306432</b>	<b>419210</b>	<b>26.13</b>	<b>26.13</b>			
	<b>TOTAL (A)+(B)</b>	<b>580</b>	<b>5000000</b>	<b>4112778</b>	<b>100.00</b>	<b>100.00</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>580</b>	<b>5000000</b>	<b>4112778</b>				<b>100.00</b>	<b>0</b>
									<b>0.00</b>

Sl. No.	Category (Shares)	Electronic			Physical			Total		
		Holders	Shares shares	% to total shares	Holders	Shares	% to total shares	Holders	Shares	% to total shares
1	1-500	188	32212	0.64	115	47100	0.94	303	79312	1.58
2	501-1000	39	34799	0.70	70	67200	1.34	109	101999	2.04
3	1001-2000	16	22791	0.46	6	8500	0.17	22	31291	0.63
4	2001-3000	19	47846	0.96	54	133800	2.68	73	181646	3.64
5	3001-4000	1	3100	0.06	6	21500	0.43	7	24600	0.49
6	4001-5000	8	38129	0.76	10	47100	0.94	18	85229	1.70
7	5001- 10000	10	72021	1.44	6	50600	1.01	16	122621	2.45
8	10001-20000	8	119796	2.40	3	48200	0.96	11	167996	3.36
9	Above 20000	18	3742084	74.84	3	463222	9.26	21	4205306	84.10
	<b>TOTAL</b>	<b>307</b>	<b>4112778</b>	<b>82.26</b>	<b>273</b>	<b>887222</b>	<b>17.73</b>	<b>580</b>	<b>5000000</b>	<b>99.99</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 82.26 % of the Equity Capital of the Company has been dematerialized as on 31.03.2013 as follows:

**Details of Demat share Holding as on 31/03/2013**

<b>Particulars</b>	<b>No. of Shares</b>	<b>% of Capital</b>
National Securities Depository Ltd.	<b>3972877</b>	<b>79.46</b>
Central Depository Services (India) Ltd	<b>139901</b>	<b>2.80</b>
Total Dematerialized	<b>4112778</b>	<b>82.26</b>
Physical	<b>887222</b>	<b>17.74</b>
<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, 2013.

**FRONTLINE CORPORATION LIMITED**

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

**PAWANKUMAR AGARWAL**  
MANAGING DIRECTOR

**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, 2013 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**

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

**PAWANKUMAR AGARWAL**  
MANAGING DIRECTOR

**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, 2013 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 2012-2013 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, 2013, 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

**(CA. Paresh K. Thothawala)**

Proprietor

Membership No.: 48435

Date : 30<sup>th</sup> May, 2013

Place : Ahmedabad

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of Frontline Corporation Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion:**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of the Statement of Profit and Loss, of the profit/ loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Emphasis of Matter:**

**We draw attention to**

1. ***Note no. 10.2 regarding properties given as collateral security to UCO Bank to secure various credit facilities enjoyed by M/s Fairdeal Supplies Limited (Group Company) and these properties have been symbolically possessed by UCO Bank.***
2. ***Note no. 10.3 regarding symbolic possession of leased property situated at Gandhinagar taken by Punjab and Sind Bank toward recovery of amount due.***
3. ***Note No. 14.1 regarding physical possession of property situated at Kolkata taken by Punjab and Sind Bank and the bank in the process of auction of said property.***
4. ***Note No. 15.1 regarding inventory of Iron Ore worth ' 2,55,89,520/- (7754.400 Mt) at Vizag Branch in Visakhapatnam has been sold off at ' 7,75,440/- due to inappropriate chemical composition as approved by the technical test report of M/s Anatest & Maritime Consultants.***
5. ***The company has incurred cash loss of ' 1,97,63,119/- covered by our audit and it has also incurred cash loss in immediately preceding financial year, however it has not affected the going concern status of the company.***

Our opinion is not modified in respect of the matters stated above.

**Other Matters:**

We did not audit the financial statements of Kolkata Branch, whose financial statements reflect total assets (net) of ' 441420324 as at March 31, 2013 and total revenues (net) of ' 60081832 for the year ended on that date. These financial statements have been audited by Branch auditors whose reports have been furnished to us and our opinion, is based solely on the reports of the Branch auditors. Our opinion is not qualified in respect of this matter.

**Report on Other Legal and Regulatory Requirements:**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 purpose 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
  - 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.
  - d) in our opinion the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

**Paresh K. Thothawala**  
Proprietor  
MembershipNo.48435

Ahmedabad, May 31<sup>st</sup> 2013



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 31<sup>st</sup> March 2013.
  - (b) Management of the company has carried physical verification of assets during the financial year 2012-13 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 Stock in trade have been physically verified during the year by the management. In our opinion, the frequency of such verification is reasonable. 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 in terms of quantity referred to in Para (ii) (a) above as compared to book records however the quality of stock in trade of iron ore amounting to Rs 255.89 Lac is contaminated with extraneous materials and the same has been sold at Rs.7,75,440/- . The shortages and excesses noticed on physical verification as mentioned in Para (ii) (a) above are not abnormal and material except as stated 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 Three Party. The Maximum amount involved during the year was ' 200.90 Lacs and year-end balance of loans taken from such parties was Rs. 69.67 Lacs.
  - (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***
- (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/expenses amounting to '1010.33 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. **The company has not provided and deposited vat on fixed assets sold during the year.**
- (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, 2013 for a period of more than six months from the date they become payable except for the dues details given below which was outstanding for a period of more than six months from the date they became due for payment as at the last day of Financial Year:-

Particulars	Amount
Service Tax	2,05,870/-
Tax Deducted at Source	1,19,171/-

- (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
Income Tax Act, 1961	Income Tax	7,63,072 (Penalty u/s 271 C)	A.Y. 2006-2007	CIT (A)
Income Tax Act, 1961	Income Tax	42,10,480 (Section 156)	A.Y. 2010-2011	CIT (A)
Finance Act, 1994	Service Tax	26,34,837	F.Y. 2009-10 and 2010-11	High Court Delhi

- (x) The Company does not have accumulated losses and However the company has incurred cash losses of Rs.1,97,63,119 in the current financial year covered by our audit and the company has incurred cash loss in

immediately preceding financial year.

- (xi) **The Company has defaulted in repayment of principal amounting to Rs. 3500.31 Lacs and interest amounting to Rs. 546.01 Lacs 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)
Shri Ram Finance Ltd (Including Interest of Rs 7.98 Lac)	36 Months	41.25
Punjab & Sindh Bank Towards Principal	12 Months	3467.04
Punjab & Sindh Bank Towards Interest	12 Months	538.03
<b>TOTAL</b>		<b>4046.32</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, prejudicial to the interest of the Company as the approval of Central government under section 295 of Companies Act, 1956 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 except loan given to Gateway Commodities Ltd. 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

**Paresh K. Thothawala**

Proprietor

MembershipNo.48435

Ahmedabad, May 31<sup>st</sup> 2013

**BALANCE SHEET AS AT 31ST MARCH, 2013**

PARTICULARS	NOTES	AS AT 31/03/2013 Amount in Rs.	AS AT 31/03/2012 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"	69,406,319	85,526,483
<b>NON CURRENT LIABILITIES</b>			
Long Term Borrowings	"4"	37,442,291	56,707,564
Other Long Term Liabilities	-	-	-
Deferred Tax Liabilities (Net)	"5"	-	24,763,707
<b>CURRENT LIABILITIES</b>			
Short Term Borrowings	"6"	366,188,402	455,368,186
Trade Payables	"7"	147,061,458	146,260,692
Other Current Liabilities	"8"	95,416,299	28,792,137
Short Term Provisions	"9"	1,951,112	12,707,526
<b>TOTAL :</b>		<b>767,240,381</b>	<b>859,900,794</b>
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Fixed Assets			
Tangible Assets	"10"	287,411,952	304,701,440
Intangible Assets	"10"	21,356	41,564
Capital Work In Progress	"10"	1,959,820	1,937,705
Non Current Investments	"11"	8,728,626	94,334,928
Deferred Tax Assets (Net)	"5"	917,305	-
Long Term Loans & Advances	"12"	143,504,638	56,254,306
Other Non-Current Assets	"13"	1,151,363	-
<b>CURRENT ASSETS</b>			
Trade Investments	"14"	69,461,889	-
Inventories	"15"	86,425,995	119,290,078
Trade Receivable	"16"	101,102,852	118,048,819
Cash & Cash Equivalent	"17"	10,356,994	33,326,975
Short Term Loans and Advances	"18"	46,730,783	131,964,978
Other Current Assets	"19"	9,466,808	-
<b>TOTAL :</b>		<b>767,240,381</b>	<b>859,900,794</b>
<b>Significant Accounting Policies</b>			
<b>Notes on Financial Statements</b>			
		"1 to 36"	

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  
Date : 31/05/2013  
Place : Ahmedabad

S.K.Verma  
Company Secretary

Pawankumar Agarwal  
Managing Director

Date : 31/05/2013  
Place : Ahmedabad

**PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31 ST MARCH, 2013**

PARTICULARS	NOTES	Year Ended 31/03/2013 Amount in Rs.	Year Ended 31/03/2012 Amount in Rs.
<b>INCOME</b>			
Revenue from Operations	"20"	439,495,687	697,772,214
Other Income	"21"	34,438,950	17,034,068
		<b>473,934,637</b>	<b>714,806,281</b>
<b>EXPENDITURE</b>			
Cost of Material Consumed	"22"	-	-
Purchase of Stock in Trade	"23"	264,626,118	368,575,796
Change in Inventories of Finished Goods & Stock in Trade	"24"	32,847,072	8,795,023
Employee Benefits Expenses	"25"	17,508,940	15,878,041
Financial Costs	"26"	65,145,435	68,183,266
Depreciation	"10"	22,038,057	24,051,793
Other Expenses	"27"	120,825,217	259,771,717
		<b>522,990,839</b>	<b>745,255,635</b>
<b>PROFIT/(LOSS) BEFORE TAX &amp; EXCEPTIONAL AND EXTRA ORDINARY ITEMS</b>		<b>(49,056,202)</b>	<b>(30,449,354)</b>
Provision for Current Taxes	"28"	-	-
Provision for Deferred Taxes	"29"	(25,681,012)	(3,756,295)
<b>Earlier Periods</b>			
Income Tax	-		(4,597,839)
<b>PROFIT/(LOSS) AFTER TAX BUT BEFORE EXCEPTIONAL AND EXTRA ORDINARY ITEMS</b>		<b>(23,375,190)</b>	<b>(22,095,220)</b>
Exceptional & Extra Ordinary Items	"30"	(7255025)	1021587
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<b>(16,120,164)</b>	<b>(23,116,807)</b>
<b>Basic/Dilluted Earning/(Loss) Per Share(Rs.)</b>		<b>(3.24)</b>	<b>(4.64)</b>
<b>Significant Accounting Policies</b>			
<b>Notes on Financial Statements</b>		<b>"1 to 36"</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  
Date : 31/05/2013  
Place : Ahmedabad

**S.K.Verma**  
Company Secretary

**Pawankumar Agarwal**  
Managing Director

Date : 31/05/2013  
Place : Ahmedabad

**CASH FLOW STATEMENT FOR THE PERIOD FROM APRIL, 2011 TO MARCH, 2013**

Particulars	For the year ended	
	31st March, 2013	31st March, 2012
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and extraordinary items	(49,056,202)	(30,449,354)
<b>Adjusted for</b>		
Depreciation	22,038,057	24,051,793
Interest Income	(22,815,417)	(13,510,638)
Interest Expenses	65,145,435	68,183,266
Provisions	314,000	32,702
(Profit) / Loss on sale of Investments	(8,004,714)	(1,185,879)
Prior Period Adjustment of Defined Benefit Obligation		
	<b>56,677,361</b>	<b>77,571,244</b>
<b>Operating Profit Before Working Capital Changes</b>	<b>7,621,159</b>	<b>47,121,890</b>
<b>Adjusted for</b>		
Trade & Other Receivables	93,985,158	119,056,425
Stock in Hand	32,864,083	8,844,406
Trade Payable, Other Current Liab. & Provision	59,240,562	(129,844,488)
	<b>186,089,803</b>	<b>(1,943,656)</b>
<b>Cash Generated from Operations</b>	<b>193,710,962</b>	<b>45,178,234</b>
Direct Taxes Paid	4,366,955	(2,588,339)
<b>Cash Flow Before Extra-ordinary Items</b>	<b>189,344,008</b>	<b>47,766,573</b>
Extra-ordinary Items:		
Compensation		
Prior period adjustments	(3,561,384)	2,461,655
<b>Cash Flow from Operating Activities</b>	<b>192,905,392</b>	<b>45,304,918</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(5,515,529)	(8,528,604)
Disposal of Fixed Assets	4,480,811	5,826,444
Increase in Capital Work in Progress	(22,115)	(338,845)
Movement in Loans & Advances	(84,469,181)	(55,452,723)
Interest Received	22,815,417	13,510,638
Investment during the year	24,149,127	1,267,596
<b>Net Cash from Investing Activities</b>	<b>(38,561,470)</b>	<b>(43,715,494)</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	(89,179,783)	320,377,052
Repayment of Long Term Borrowing	(18,266,030)	(248,506,277)
Movement in Unsecured Loans	(3,531,040)	(345,691)
Interest Paid	(65,145,435)	(68,183,266)
Dividend & Corporate Dividend Tax Paid	(40,250)	(54,750)
<b>Net Cash from Financing Activities</b>	<b>(176,162,538)</b>	<b>3,287,067</b>
<b>Net Cash Flows During the Year (A+B+C)</b>	<b>(21,818,617)</b>	<b>4,876,491</b>
<b>Opening Balance of Cash and Cash Equivalents</b>	<b>33,326,975</b>	<b>28,450,484</b>
<b>Closing Balance of Cash and Cash Equivalents</b>	<b>11,508,358</b>	<b>33,326,975</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 31.03.2013</b>	<b>As at 31.03.2012</b>
Cash in hand	6,057,687	7,169,672
Balances with banks:-		
- In Current Accounts	2,024,307	25,008,189
- In Fixed Deposits	3,426,363	1,149,115
	<b>11,508,358</b>	<b>33,326,975</b>

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As Per our Report of Even Date

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

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

**Date : 31/05/2013**  
**Place : Ahmedabad**

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

**On Behalf of Board**

**Narayanprasad Agarwal**  
**Director**

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

**Date : 31/05/2013**  
**Place : Ahmedabad**

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**

**General Information**

Frontline Corporation Ltd. ("the Company") is engaged in the services of transportation, trading of Bricks and Automobile parts & Lubricants, Iron Ore, Renting of Property and production of wind energy. The company has its operations mainly in India.

**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 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.

**1.3 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.

(c) Provision is made for obsolete, slow-moving and defective stocks, where necessary.

**1.4 Fixed Assets and Depreciation :**

**Tangible Fixed Assets :**

- (a) Fixed asset are stated at cost of acquisition or construction less accumulated depreciation and impairment losses, if any. The cost of an item of tangible fixed assets comprises its purchase price, including import duties and other non-refundable taxes or levies and any attributable costs of bringing the asset to its working condition for intended use. Any trade discount and rebates are deducted in arriving at the purchase price.
- (b) Advance paid towards acquisition of tangible fixed assets outstanding at each Balance Sheet date, are shown under long-term loans and advances and cost of assets not ready for intended use before the year end, are shown as capital work-in-progress. All costs relating to the acquisition and installation of fixed assets are capitalised until the asset is ready for use.



**Depreciation on Tangible:**

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.

**Intangible Assets and Amortisation:**

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:

<b>Intangible Asset</b>	<b>Estimated Useful Life (Years)</b>
Softwares	3 years

**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.

**1.5 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. Reversal of impairment loss is recognised as income in the statement of profit & loss.

**1.6 Borrowing Cost:**

Borrowing costs are interest and other costs (including exchange differences arising from foreign currency borrowings to the extent that they are regarded as adjustment to interest cost) incurred by the company in connection with the borrowing of fund. Borrowing costs that are directly 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 the statement of profit and loss.

**1.7 Leases:**

Asset taken on lease by the Company in its capacity as lessee, where the Company has substantially assumed all risks and rewards of ownership are classified as finance lease. Such a lease is capitalised at the inception of the lease period at lower of fair value or present value of the minimum lease payments and a liability is recognised for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vests with the lessor, are recognised as operating leases. Lease rentals under operating leases are recognised in the statement of profit and loss on a straight line basis.

**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.
- (d) In respect of rent Income, revenue is recognised on accrual basis except in case where ultimate collection is considered doubtful.

**Other Income**

- (a) In respect of Interest Income, revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- (b) In respect of Dividend Income, revenue is recognised when the right to receive payments is established.

**1.9 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.

**1.10 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 statement of profit and loss account.

Premium or discount on forward contracts where there are underlying assets/liabilities are amortised over the life of the contract. Such foreign exchange contracts are revalued at the balance sheet date and the exchange difference between the spot rate at the date of the contract and spot rate on the balance sheet date is recognised as gain/loss in the statement of profit and loss.

**1.11 Accounting for employee benefits:**

**A. Post Retirement Benefits:**

**(a) 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.

**(b) 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.

**B. Other Employee Benefits:**

**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.

**1.12 Taxes on Income:**

- (a) Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the income tax act, 1961.

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.

**1.13 Cash & Cash Equivalents:**

Cash and cash equivalents for the purpose of cash flow statement comprise of cash at bank and in hand and short term investments/bank deposits with an original maturity of three months or less.

**1.14 Provision:**

A provision is recognised when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimates required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

**1.15 Contingent Liabilities:**

Contingent liabilities exist and are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of company, unless the possibility of an outflow is remote. A present obligation that arises from past events where it is either not probable that an outflow of resources will be required or a reliable estimate of the amount cannot be made is termed as contingent liability.

**1.16 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	31/03/2013	31/03/2012
<b>Authorised Capital</b>		
60,00,000 Equity Shares (P.Y. 60,00,000 Equity Shares) OF RS.10/- each	60,000,000	60,000,000
Issued & Subscribed and Paid up		
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 2013		As at 31st March 2012	
		% 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 Jhunjhunwala	385440	7.71	385440	7.71	385440
Rewa Devi Agarwal	251400	5.03	251400	5.03	251400
Falgun Financial Services Limited	161900	3.24	272900	5.46	272900

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

Particulars	As at 31st March 2013 No. of Shares	As at 31st March 2012 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	31/03/2013	31/03/2012
Surplus : Opening Balance	85,526,483	108,643,290
Add: Profit/(Loss) transferred from Profit & Loss for the year	(16,120,164)	(23,116,807)
Less: Transferred to Reserves	-	-
	<b>69,406,319</b>	<b>85,526,483</b>

**Note 4 : Long Term Borrowing**

<b>PARTICULARS</b>	<b>31/03/2013</b>	<b>31/03/2012</b>
<b>Secured</b>		
Term Loans from Banks	5,877,803	16,720,564
Term Loans -Others	165,099	5,056,571
	<b>60,42,902</b>	<b>21,777,135</b>
<b>Unsecured</b>		
From Body Corporate		
From Related Parties	1,724,827	1,595,585
Others	21,946,632	20,696,414
From Directors	275,000	275,000
Security Deposit and Trade advances	7,452,929	12,363,429
	<b>31,399,388</b>	<b>34,930,428</b>
<b>TOTAL LONG TERM BORROWING</b>	<b>37,442,291</b>	<b>56,707,564</b>
<b>Particulars of Continuing Default</b>		
Term Loan from Banks		
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)	36	24
Amount	4,125,000	3,327,745
Period of Default (in Months)	-	2
Amount	-	-
Period of Default (in Months)	-	2
<b>Amount</b>	-	<b>901,855</b>

Term Loan (Secured) 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 @ 16.50% p.a. and The Loan is repayable in 36 Monthly Installment of Rs. 5,10,773/- each excluding 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/-. (Current Year - Balance Outstanding - NIL)

Term Loans -others @ 12% p.a. rate of interest and 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 35 Equal monthly installment of Rs.2,25,003 /-.

Unsecured Loans varying @ 0 to 9% p.a. rate of interest. The terms of repayment not specified for Unsecured Loan from Body Corporate, Related Parties, Others and Directors. However the same are not repayable in within one year.

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

<b>PARTICULARS</b>	<b>31/03/2013</b>	<b>31/03/2012</b>
Deferred Tax Liability	20,891,211	25,435,745
Deferred Tax Assets	21,808,516	672,038
	<b>(917,305)</b>	<b>24,763,707</b>

**Deferred Tax**

**Particulars**

**Year Ended**

**31/03/13                      31/03/12**

A. The movement in deferred tax account is as follows :		
Opening Balance	24,763,707	2,85,20,002
Provision for current year deferred tax liability( net)	(2,568,102)	(37,56,295)
Closing balance of deferred tax liability	<b>(917,305)</b>	<b>2,47,63,707</b>
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	20,891,211	2,54,35,745
Deferred Tax Assets	(21,808,516)	(6,72,038)
	<b>(917,305)</b>	<b>2,47,63,707</b>

**Particulars**

**Opening**

**Charged /Credited  
To P & L**

**Closing**

**Deferred Tax Liabilities**

Tax impact of difference between carrying amount of fixed assets in the financial statements and the income tax return

	25,435,745	(4,544,534)	20,891,211
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**TOTAL (A)**

	<b>25,435,745</b>	<b>(4,544,534)</b>	<b>20,891,211</b>
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**Deferred Tax Assets**

Tax impact of expenses charged in the financial statements but allowable in future years under income tax

Bonus Payable	1,33,509	36,229	1,69,738
Unabsorbed Depreciation	NIL	3,10,496	3,10,496
Expenses Disallowed U/s 43B	NIL	1,66,25,218	1,66,25,218
Business Losses	NIL	41,81,500	41,81,500
Speculation Losses	NIL	2,353	2,353
Provision. Doubtful Advances	12,360	NIL	12,360
Provision Doubtful Debts	5,26,169	(19,318)	5,06,851

**TOTAL(B)**

	<b>67,20,38</b>	<b>2,11,36,478</b>	<b>2,18,08,516</b>
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**Net Deferred Tax Liability (A-B)**

	<b>2,47,63,707</b>	<b>2,56,81,012</b>	<b>(917,305)</b>
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**Note 6 : Short Term Borrowings**

**PARTICULARS**

**31/03/2013**

**31/03/2012**

**Secured**

Working Capital Loans from Banks payable on demand	366,188,402	455,368,168
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	<b>366,188,402</b>	<b>455,368,168</b>
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- 6.1 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.
- 6.2 Working Capital Loans from Banks includes Rs 1467.04 Lac against Cash Credit Limit and Rs 2000.00 Lac against Export Packing Credit Limit from Punjab and Sind Bank has been slipped to Non Performing Assets with effect from 31-03-2012. The company has also defaulted in Interest Payable on said loan amounting to Rs 5,38,03,295/- for the period from 01/04/2012 to 31/03/2013.

**Note 7 : Trade Payables**

<b>PARTICULARS</b>	<b>31/03/2013</b>	<b>31/03/2012</b>
Micro, Small & Medium Enterprises		
Others	147,061,458	146,260,692
	<b>147,061,458</b>	<b>146,260,692</b>

Company has not received required information from suppliers regarding their status under the Micro, Small and Medium Enterprise Development Act, 2006, even after due efforts made by company. 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>31/03/2013</b>	<b>31/03/2012</b>
Current Maturities of Long Term Debts (Refer Note No 4)	12,139,111	14,670,908
Unclaimed Dividend*	-	40,250
Creditors for Capital Expenditure	16,814	-
Other Payables**	83,260,374	14,080,978
	<b>95,416,299</b>	<b>28,792,137</b>

\* There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund in current year.

\*\* Other Payables includes Statutory Dues, advance from Customers and Interest Payable of Rs 5,38,03,295 (Refer Note 6.2).

**Note 9: Short Term Provisions**

<b>PARTICULARS</b>	<b>31/03/2013</b>	<b>31/03/2012</b>
Provision for Employee Benefits	1,951,112	1,885,453
Other Provisions	-	10,822,073
	<b>1,951,112</b>	<b>12,707,526</b>

**"Note 10"**  
**FRONTLINE CORPORATION LTD.**  
**CALCULATION OF DEPRECIATION FOR 2011-2013**  
**NOTE- "10" FIXED ASSETS**

Sr No.	Particulars	GROSS BLOCK						Depreciation					NET BLOCK		
		As On 01/04/2012	Additions	Deletions/ Adjustments	As on 31/03/2013	As on 01/04/2013	For the Year	Deletions	As on 31/03/2013	As on 31/03/2013	As on 31/03/2013	As on 31/03/2012			
(A)	Intangible Asset														
	SOFTWARE	234,669	24,910	-	259,579	193,105	45,119	-	238,225	21,356	41,564				
	<b>TOTAL (A)</b>	<b>234,669</b>	<b>24,910</b>	<b>-</b>	<b>259,579</b>	<b>193,105</b>	<b>45,119</b>	<b>-</b>	<b>238,225</b>	<b>21,356</b>	<b>41,564</b>				
(B)	Tangible Asset														
I	LAND	97,019,793	4,659,126	-	101,678,919	-	-	-	-	101,678,919	97,019,793				
II	BUILDING	10,109,601	-	121,000	146,750,572	1,227,404	163,307	22,189	1,368,522	8,620,079	8,882,197				
III	PLANT & MACHINERY AND EQUIPMENTS	137,418,898	618,760	353,550	137,684,108	84,362,634	9,926,597	227,430	94,061,798	43,622,310	53,056,264				
IV	FURNITURE & FIXTURES	5,643,211	58,559	163,965	5,537,805	3,941,783	240,659	40,897	4,141,545	1,396,261	1,701,429				
V	VEHICLES	119,822,589	154,174	14,098,056	105,878,705	98,427,255	9,433,151	13,658,885	94,201,521	11,677,184	21,395,333				
I	Lease Hold Properties														
	BUILDING	13,67,61,971	-	-	13,67,61,971	141,15547	2229220	-	16344767	120417204	122646424				
	<b>TOTAL (B)</b>	<b>506,776,063</b>	<b>5,490,619</b>	<b>14,736,571</b>	<b>497,530,109</b>	<b>202,074,623</b>	<b>21,992,934</b>	<b>13,949,401</b>	<b>210,118,152</b>	<b>287,411,952</b>	<b>304,701,440</b>				
	<b>GRAND TOTAL</b>	<b>507,010,732</b>	<b>5,515,529</b>	<b>14,736,571</b>	<b>497,789,688</b>	<b>202,267,728</b>	<b>22,038,053</b>	<b>13,949,401</b>	<b>210,356,377</b>	<b>287,433,309</b>	<b>304,743,003</b>				
	Previous Year	513,403,746	8,528,606	14,921,618	507,010,732	188,751,177	24,051,793	10,535,242	202,267,728	304,743,004	324,652,569				
	Capital Work in Progress	1,937,705.00	22,115.00		1,959,820.00										



**10.1 Capital Work in Progress**

The company has incurred expenditure for site development in respect of various plots acquired during the year 2012-2013. Pending completion of work the amount is shown under Capital Work in Progress. Final allocation of the same to the respective plots will be done on completion of the work as tangible assets and amount Rs.19,59,820/- is still pending as WIP.

10.2 Following properties has been given as Collateral Securities to UCO Bank in respect of various credit facilities enjoyed by Fairdeal Supplies Ltd a group company and these properties have been symbolically possessed by the UCO Bank. Please refer the details in Note No. 32 in Notes on Accounts:-

FIXED ASSETS	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	Cost as on 01.04.2012	Additions	Deletions	Cost as 31.03.2013	As On 01.04.2012	Addition / Adjustments	01.04.2012 to 31.03.2013	Deletions/ Adjustments	Total	As on 31.03.2013	As on 31.03.12
Building (at B.K.M. road howrah)	456548			456548	109767		7442		117208	339340	346,781
Building (Boundry Wall)	3756567	0		3756567	162518		61232		223750	3532817	3,594,049
Godown	39555897	0	0	39555897	5670339	0	644761	0	6315100	33240796	33,885,558
Land & Site Development	93721139	4659126		98380265	0	0	0	0	0	98380265	93,721,139
WeighBridge	3248488	0	0	3248488	2087926	0	335894	0	2423819	824669	1,160,562
<b>Total</b>	<b>140738639</b>	<b>4659126</b>	<b>0</b>	<b>145397765</b>	<b>8030550</b>	<b>0</b>	<b>1049329</b>	<b>0</b>	<b>9079877</b>	<b>136317887</b>	<b>132708089</b>

10.3 Punjab & Sind Bank has taken Symbolic Possession of following sub leased property at Gandhi Nagar towards recovery amount due. However the company has protested the contention in case filed by the Bank in Debt Recovery Tribunal Kolkata

FIXED ASSETS	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	Cost as on 01.04.2012	Additions	Deletions	Cost as 31.03.2013	As On 01.04.2012	Addition / Adjustments	01.04.2012 to 31.03.2013	Deletions/ Adjustments	Total	As on 31.03.2013	As on 31.03.12
Building	90018791	-	-	90018791	6965934	-	1467306	-	8433240	81585550	83,052,857

**Note 11 : Non Current Investments**

PARTICULARS	31/03/2013	31/03/2012
Shares & Securities		
Non Trade Long Term (At Cost)		
A.Quoted Equity Shares (Fully Paid Up) <b>Face Value    Nos.    Amount</b>	<b>Amount</b>	<b>Amount</b>
<b>(Aggregate Market Value of Quoted Investments)</b>	-	-
NSC Certificate	100,000	100,000
Investment in Immovable Properties(At Cost)	<b>8,628,626</b>	<b>94,234,928</b>
<b>TOTAL</b>	<b>8,728,626</b>	<b>94,334,928</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**

PARTICULARS	31/03/2013	31/03/2012
(Unsecured and Considered Good)		
Capital Advances*	2,470,000	-
Security Deposits	466,397	468,547
Loans & Advances to Related Parties	47,081,651	49,728,583
Other Loans & Advances	93,486,590	6,057,176
	<b>143,504,638</b>	<b>56,254,306</b>

\*Capital Advance includes payment made for advance against purchase of Land amounting to Rs. 24,70,000/- but no agreement was executed in respect thereof.

**Note 13: Other Non-Current Assets**

<b>PARTICULARS</b>	<b>31/03/2013</b>	<b>31/03/2012</b>
Long Term Trade Receivables	-	-
Others		
- Fixed Deposits with Banks	1,151,363	-
	<b>1,151,363</b>	-

13.1 Fixed Deposits of Rs. 34,26,363/- (P.Y. 11,49,115/-) are pledged with bank for various facilities.

**Note 14: Trade Investments**

<b>PARTICULARS</b>			<b>31/03/2013</b>	<b>31/03/2012</b>
<b>Shares &amp; Securities</b>				
<b>Trade Short Term (At Cost)</b>				
A.Quoted Equity Shares (Fully Paid Up)	<b>Face Value</b>	<b>Nos.</b>	<b>Amount</b>	<b>Amount</b>
Equity shares of Shree Ashtavinayak	10.00	609,676.00	2,350,340	-
			<b>2,350,340</b>	-
<b>(Aggregate Market Value of Quoted Investments)</b>			<b>2,350,340</b>	-
<b>Investment in Immovable Properties(At Cost)</b>			<b>67,111,549</b>	-
<b>TOTAL</b>			<b>69,461,889</b>	-

14.1 Investment in Immovable Properties includes property situated at 8, OCH Street, Kolkata of Rs 671.11 Lacs is given to Punjab and Sind Bank as collateral security to secure various credit facilities enjoyed by the company. Physical Possession of said property is taken by bank. The bank is under process of auction of said properties. However the company has protested the contention in case filed by the Bank in Debt Recovery Tribunal Kolkata.

**Note 15: Inventories**

<b>PARTICULARS</b>	<b>31/03/2013</b>	<b>31/03/2012</b>
Consumables Stores & Tools	18,838	35,849
Stock in Trade	86,407,157	119,063,886
Finished Goods	-	-
Raw Materials	-	190,343
Work in Progress	-	-
	<b>86,425,995</b>	<b>119,290,078</b>

15.1 The inventory of Iron Ore Fines at Vizag Branch in Visakhapatnam measuring 7754.400 Mt Valued at Rs. 2,55,89,520 has been technically tested by M/s Anatest & Maritime Consultants Visakhapatnam and the same being certified of no value. The entire stock has been sold off for Rs.7,75,440/-.

**Note 16: Trade Receivable**

<b>PARTICULARS</b>	<b>31/03/2013</b>	<b>31/03/2012</b>
<b>Unsecured Considered Good</b>		
Debts Outstanding For a period Exceeding Six Months	22,121,205	24,550,339
Others#	78,981,646	93,498,479
	<b>101,102,852</b>	<b>118,048,819</b>
<b>Unsecured Considered Doubtful</b>		
Outstanding For a period exceeding six month	7,296,016	6,545,523
Others	-	-
Less: Provisions	1,640,296	1,674,106
Less: Provision for Claim	5,655,720	4,871,417
	-	-
	<b>101,102,852</b>	<b>118,048,819</b>

# Includes dues from Related Parties – Rs. 223.02 Lacs

**16.1 Provisions for Claims:**

Nature of Liability	Provisions as on 01.04.2012	Additions	Amount used	Reversal ,if any during the year	Provision as on 31-3-2013
Claims	48,71,417	7,84,303	Nil	Nil	56,55,720
Total	48,71,417	7,84,303	Nil	Nil	56,55,720

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.

16.2 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 17: Cash & Cash Equivalent**

PARTICULARS	31/03/2013	31/03/2012
Cash On Hand	6,057,687	7,169,672
Balances with Banks	2,024,307	25,008,189
In Fixed Deposits with Banks**	2,275,000	1,149,115
	<b>10,356,994</b>	<b>33,326,975</b>

\*\* Refer Note No. 13.1

**Note 18: Short Term Loans & Advances**

PARTICULARS	31/03/2013	31/03/2012
<b>LOAN &amp; ADVANCE</b>		
Unsecured Considered Doubtful		
Doubtful Advance	40,000	40,000
Less: Provision	40,000	40,000
	-	-
Unsecured Considered Good		
<b>Loans &amp; Advances</b>		
Recoverable in cash or in Kind or for value to be received	33,442,641	120,181,335
For Capital Expense	306,101	3,087,252
Deposits	2,971,648	3,052,954
Advance Income Tax (Net)	10,010,392	5,643,438
(Provision Rs 1,71,30,000/- Less Advance Tax Rs 2,71,40,392/-)		
(Previous Year Provision Rs 1,71,30,000/- Less Advance Tax Rs 2,27,73,438/-)		
	<b>46,730,783</b>	<b>131,964,978</b>
	<b>46,730,783</b>	<b>131,964,978</b>

18.1 The company has provided Unsecured Loan to Gateway Commodities(P) Ltd. during the year and yearend balance is Rs.8,74,29,414/- (Previous year Rs. 9,02,37,555/-). The said loan carry interest @ 14% p.a.

18.2 Short Term Loans & Advances includes Rs.1,00,10,392/-(P.Y. Rs. 56,43,438/-) 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 favorable disposal of the same and hence no provision is considered necessary in respect thereof.

**Note 19: Other Current Assets**

<b>PARTICULARS</b>	<b>31/03/2013</b>	<b>31/03/2012</b>
Other Receivable#	9,466,808	-
	<b>9,466,808</b>	-

# Includes Dues from Related Parties – Rs. 10.33 Lacs

**Note 20 : Revenue From Operations**

<b>Particular</b>	<b>31/03/2013</b>	<b>31/03/2012</b>
Sale of Products		
- Sale of Automobile Parts & Lubricants	277,316,278	290,381,539
- Sale of Iron Ore	6,766,368	201,206,132
- Sale of Bricks	591,137	7,195,276
Income from Services		
- Logistics Operations	118,609,769	157,820,439
- Rent Income on Let out Property	20,995,078	25,499,785
- Wind Energy	12,228,663	11,581,585
Other Operational Income	2,988,394	4,087,458
Less: Excise Duty	-	-
	<b>439,495,687</b>	<b>697,772,214</b>

**Note 21 : Other Income**

<b>Particular</b>	<b>31/03/2013</b>	<b>31/03/2012</b>
Interest on Banks(Gross,T.D.S.Rs.12702/-,P.Y.Rs.19604/-)	262,112	375,193
Interest on Others	22,553,304	13,135,445
Provision No Longer Required Written Back	33,810	482,008
Profit/(Loss) on Sale of Investments	8,004,714	1,185,879
Sundry Balances Written off	1,564,965	665,808
Miscellaneous Income	2,020,044	1,189,734
	<b>34,438,950</b>	<b>17,034,068</b>

**Note 22 : Cost of Materials Consumed**

<b>Particular</b>	<b>31/03/2013</b>	<b>31/03/2012</b>
<b>Raw Materials Consumed</b>		
Opening Stock	190,343	190,343
Add : Purchases	-	-
Less : Transferred to Traded Goods	190,343	-
Less : Closing Stock	-	190,343
	-	-

**Note 23 : Purchase of Stock in Trade**

Particular	31/03/2013	31/03/2012
<b>Goods Traded In</b>		
Purchases	264,626,118	368,575,796
- Purchase of Automobile Parts & Lubricants	264,265,523	268,960,263
- Purchase of Iron Ore	-	98,507,063
- Purchase of Bricks	360,595	1,108,470
	<b>264,626,118</b>	<b>368,575,796</b>

**Note 24 : Change in Inventories of Finished Goods & Stock in Trade**

Particular	31/03/2013	31/03/2012
Opening Stock	119,063,886	127,858,909
Add: Transferred from Raw Material	190,343	-
Less : Closing Stock	86,407,157	119,063,886
	<b>32,847,072</b>	<b>8,795,023</b>

**Note 25 : Employee Benefit Expenses**

Particular	31/03/2013	31/03/2012
Salary, Bonus & Allowances	15,029,150	13,700,968
Staff Welfare Expense	1,583,473	1,848,643
Employers Contribution to P.F., E.S.I.,etc.	896,317	328,430
	<b>17,508,940</b>	<b>15,878,041</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	2012-13	2011-12
<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	1514063	1930538
	Interest cost	121125	154443
	Current Service Cost	201531	279269
	Benefits paid	(71413)	(272559)
	Actuarial (gain)/loss on obligations	(61607)	(577628)
	Present Value of Obligation as at end of Year	1826913	1514063
<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	2112354	2197318
	Expected return on plan assets	186862	187595
	Contributions	11798	NIL
	Benefits paid	(71413)	(272559)
	Actuarial Gain/(Loss) on Plan assets	NIL	NIL
	Fair value of plan assets at the end of year	2239601	2112354
<b>3</b>	<b>Table showing fair value of plan assets</b>		
	Fair value of plan assets at beginning of year	2112354	2197318
	Actual return of plan assets	186862	187595
	Contributions	11798	NIL
	Benefits paid	(71413)	(272559)

	Fair value of plan assets at the end of year	2239601	2112354
	Funded status	412688	598291
	Excess of Actual over estimated return on plan assets Actual rate of return = Estimated rate of return as ARD fails on 31 <sup>st</sup> March)	NIL	NIL
<b>4</b>	<b>Actuarial Gain/Loss recognized</b>		
	Actuarial (gain)/loss for the year –Obligation	61607	577628
	Actuarial (gain)/Loss for the year – plan assets	NIL	NIL
	Total (gain)/Loss for the year – plan assets	(61607)	(577628)
	Actuarial (gain)/Loss recognized in the year	(61607)	(577628)
<b>5</b>	<b>Amounts to be recognized in the balance sheet</b>		
	Present value of obligations as at the end of year	1826913	1514063
	Fair value of plan assets as at the end of the year	2239601	2112354
	Funded status	412688	598291
	Net Asset/(liability) recognized in balance sheet	412688	598291
<b>6</b>	<b>Expenses Recognized in statement of profit &amp; loss</b>		
	Current Service cost	201531	279269
	Interest cost	121125	154443
	Expected return of plan assets	(186862)	(187595)
	Net actuarial (gain)/Loss recognized in the year	(61607)	(577628)
	Expenses recognized in statement of profit & loss	(197401)	(331511)
	<b>Assumptions</b>		
	Discount Rate	8 %	8 %
	Salary Escalation	7 %	7 %

**Note 26 : FINANCIAL CHARGES**

<b>Particular</b>	<b>31/03/2013</b>	<b>31/03/2012</b>
Interest on Term Loans	86,763	4,026,620
Bank Interest**	59,743,171	51,451,987
Others	5,315,501	12,704,660
	<b>65,145,435</b>	<b>68,183,266</b>

\*\* Refer Note No. 6.2

**Note 27 : OTHER EXPENSES**

<b>Particular</b>	<b>31/03/2013</b>	<b>31/03/2012</b>
<b>Consumable Stores &amp; Tools</b>		
Opening Stock	-	32,372
Add : Purchases	-	1,126
Less : Closing Stock	-	-
	-	<b>33,498</b>
<b>Operation Expenses</b>		
Freight Payment	714,422	65,847,502
Trip Expense And Allowances	21,544,378	33,979,368
Diesel Expense	52,647,135	58,597,041
Claims	4,026,057	3,852,915

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Loading & Unloading Expense	3,679	6,138
Power	12,394	292,679
Repair and Maintenance - Machinery	11,383,015	8,506,376
Repair and Maintenance - Building	184,590	849,863
Repair and Maintenance - Others	2,578,790	3,230,580
Other Operational Expense	3,458,337	48,635,206
	<b>96,552,796</b>	<b>223,797,669</b>

**Administrative & Other Expenses**

Travelling & Conveyance Expense	1,357,543	1,777,309
Auditors Remuneration	307,811	221,911
Insurance Premium	2,616,369	2,611,204
Rates & Taxes	966,893	1,171,837
Rent	699,973	7,534,267
Provision for doubtful debts and advances	314,000	32,702
Foreign Exchange Fluctuation	1,763,499	829,495
Bad debt Written off/Sundry Balance Written off (Net)	3,558,491	421,241
Penalty/Fines	11,890	38,638
Loss on Foreign Exchange Forward Booking	635,000	9,225,000
Other Administrative Expense	11,564,452	12,057,800
Brokerage and commission	476,500	19,145
	<b>24,272,421</b>	<b>35,940,550</b>
<b>TOTAL OTHER EXPENSES</b>	<b>120,825,217</b>	<b>259,771,717</b>

**Payment to Auditors:**

<b>PARTICULAR</b>	<b>Year ended 31/03/2013</b>	<b>Year ended 31/03/2012</b>
a) Audit Fees	240395	210675
b) Taxation Matters	67416	11236
c) Management Consultancy	NIL	NIL
d) Service Tax	NIL	NIL

**Note 28 : Provision for Current Taxes**

<b>Particular</b>	<b>31/03/2013</b>	<b>31/03/2012</b>
Provision for Current Tax	-	-
	-	-

**Note 29 : Provision for Deferred Taxes**

<b>Particular</b>	<b>31/03/2013</b>	<b>31/03/2012</b>
Provision for Deferred Tax	(25,681,012)	(3,756,295)
	<b>(25,681,012)</b>	<b>(3,756,295)</b>

**Note 30 : Exceptional & Extra Ordinary Items**

<b>Particular</b>	<b>31/03/2013</b>	<b>31/03/2012</b>
Prior Period Expenses (Net)	(3,561,384)	2,461,655
(Profit) on Sale of Assets	(3,727,057)	(2,577,110)
Loss on Sale of Fixed Assets	33,415	1,137,042
	<b>(7,255,025)</b>	<b>1,021,587</b>

**Note 31 : Contingent liabilities not provided for**

Particulars	2012-13	2011-12
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	1,00,89,146	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	NIL
Service tax on Rental Income (the matter is Sub-Judice in Hon'ble High Court, New Delhi)	26,34,837	26,34,837
<b>TOTAL CONTINGENT LIABILITY</b>	<b>325,41,63,271</b>	<b>325,46,89,719</b>

31.1 The company has provided Corporate Bank Guarantee to UCO Bank in respect of Credit Facilities enjoyed by Fairdeal Supplies Ltd. In respect of such guarantee, company has given some of its Fixed Assets as Collateral Securities. Details of such Fixed Assets have been given in Note No 10.2. UCO Bank has issued demand notice dated 05-08-2012 to the borrowers/guarantors/mortgagors to repay the amount mentioned in the notice being Rs 235,94,31,422.65, failing on which the bank has taken Symbolic Possession of the properties in exercise of powers conferred upon them under the SARFAESI Act, 2008.

31.2 In respect of the corporate guarantee given by the company in respect of Credit facilities of Fairdeal Supplies Ltd (a group company) by UCO Bank, Government approval has not been obtained in terms of Section 295 of The Companies Act, 1956.

**Note : 32 Foreign Currency Exposure**

**32.1 Expenditure in Foreign Currency**

Particulars	2012-13	2011-12
Ship Freight & Demmorage Charges (Prev. Year - Freight-1574187.93 US\$ & Demmorage-27949.05 US\$)	NIL	42,868,615
Sampling & Analysis Charges (Prev. Year - 41200 US\$)	NIL	2,63,750
Supervision charges (Prev. Year - 2000 US\$)	NIL	2,91,089
Professional Fees (VCS Issuance & VCS Levy Fee) (658.80 US\$)	35,901	NIL

**32.2 Receipt in Foreign Currency**

Particulars	2012-13	2011-12
Export Sale (Prev. Year 39,00,240,.34 US\$)	NIL	189,206,252

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

Nature of Instrument	As at 31 March 2013	As at 31 March 2012
i) Payables in USD	NIL	641088.89

Note : 33 Earning Per Share (EPS) Basic and Diluted

Particulars	For the year ending	
	March 31, 2013	March 31, 2012
Profit/(Loss) after tax (Amount Rs.)	(161,20,164)	(2,31,16,807)
Weighted Average Number of Equity shares outstanding	49,77,450	49,77,450
Earning / (Loss) Per Share (Rupees)	(3.24)	(4.64)



**Note : 34 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	447,706	70,859,532	1,169,203	238,178,616	1,264,257	251,777,847	NIL	352,652	82394278
		(437908)	(71772085)	(1391052)	(275279351)	(1430991)	(269943063)	NIL	(447706)	(70859532)
Lubricants	Ltr.	3,602	3,356,731	31,534	26,086,907	29,930	25,538,431	NIL	5206	3739889
		(3393)	(2158913)	(29943)	(22200605)	(29734)	(20438476)	NIL	(3602)	(3356731)
Bricks	Pcs	Nil	NIL	17368	360595	9273	591137	NIL	8095	272990
		(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)
Iron Ore	M.T.	9,332	44,670,478	NIL	NIL	9,331#	6,766,368	1	NIL	NIL
		(12278)	(59222795)	(29876)	(98507063)	(33267)	(201206132)	(446)	(9332)	(44670478)

# Refer Note no. 15.1

**Note : 35 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.	Associates/Joint Ventures	
Nature of Transaction with Related Parties	2012-13	2011-12
<b>1 Interest on Loan</b>	<b>1020774</b>	<b>457052</b>
Shiv Shakti Steel Pvt. Ltd	Nil	196577
Falgun Exports Pvt. Ltd.	Nil	140917
Prima Financial Services Ltd.	129242	119558
Fairdeal Supplies Ltd	990589	Nil
<b>2 Purchase of Goods</b>	<b>Nil</b>	<b>Nil</b>
<b>3 Sale of Goods</b>	<b>97562269</b>	<b>123676292</b>
Fairdeal Supplies Ltd	Nil	231253
M/S Fairdeal(partnership firm)	75244001	99061633
Scientific Weigh Bridge & Auto parts(partnership firm)	22709116	24383406
<b>4 Transportation Income</b>	<b>Nil</b>	<b>Nil</b>
<b>5 Sale of Internet Service</b>	<b>Nil</b>	<b>Nil</b>
<b>6 Rent Income</b>	<b>61176</b>	<b>61176</b>
Fairdeal Supplies Ltd	61176	61176
<b>7 Rent Expense</b>	<b>218164</b>	<b>218164</b>
Fairdeal Supplies Ltd	66000	66,000
Ramprasad Agrawal	119,894	119,894
Bajjnath & Sons-HUF	32,270	32,270
<b>8 Weigh Bridge Income</b>	<b>2,832</b>	<b>Nil</b>
Falgun Export Pvt. Ltd.	2,832	Nil
<b>9 Income from Excavator</b>	<b>Nil</b>	<b>Nil</b>
<b>10 Income from Tipper</b>	<b>758,430</b>	<b>720,963</b>
Fairdeal Supplies Ltd	Nil	16,000
Falgun Export Pvt. Ltd.	Nil	1,800
Shiv Shakti Steel Pvt. Ltd.	758,430	703,163
<b>11 Income from Loading &amp; Unloading</b>	<b>15104</b>	<b>199648</b>
Fairdeal Supplies Ltd		120936
Falgun Export Pvt. Ltd.	15104	78712
<b>12 Sale of Tipper</b>	<b>2,025,000</b>	<b>Nil</b>
Shiv Shakti Steel Pvt. Ltd	2,025,000	Nil
<b>13 Outstanding as at year end</b>		
<b>Net Receivable</b>	<b>49,911,945</b>	<b>611,063</b>
Fairdeal Supplies Ltd	Nil	(237,461)
Falgun Export Pvt.Ltd	1,263,899	848,524
Shiv Shakti Steel Pvt Ltd.	1,566,395	Nil
Bajrang Refractories Pvt. Ltd.	47,081,651	Nil
Ram Prasad Agarwal	8,99,904	10,19,798
<b>Net payable</b>		
<b>Unsecured Loan</b>	<b>6,693,779</b>	<b>1,595,585</b>
Prima Financial Services Ltd.	1,724,827	1,595,585
Fairdeal Supplies Ltd	4,968,952	Nil
<b>Advance from Customer/Creditors</b>	<b>Nil</b>	<b>Nil</b>

**36. Segment Information**

**Business Segment**

Particulars	Wind Energy	Trading	Manufacturing	Transportation	Renting of Immovable Properties	Others	Total Rs.
<b>Revenue</b>							
<b>External Sales :</b>							
Domestic Sales	12,228,663	284,673,783	-	118,609,769	20,839,078	37,583,345	473,934,637
	11,993,590	326,824,679	-	157,820,439	25,343,785	20,137,350	542,119,843
<b>Export Sales</b>	-	-	-	-	-	-	-
	-	201,206,132	-	-	-	-	201,206,132
Total External Sales	12,228,663	284,673,783	-	118,609,769	20,839,078	37,583,345	473,934,637
	11,993,590	528,030,811	-	157,820,439	25,343,785	20,137,350	743,325,976
Total Segment Sales / Revenue	<b>12,228,663</b>	<b>284,673,783</b>	-	<b>118,609,769</b>	<b>20,839,078</b>	<b>37,583,345</b>	<b>473,934,637</b>
	<b>11,993,590</b>	<b>528,030,811</b>	-	<b>157,820,439</b>	<b>25,343,785</b>	<b>20,137,350</b>	<b>743,325,976</b>
Segment result before interest, exceptional/ extraordinary items & tax	2,372,024	41,472,865	-	(30,748,592)	18209265	10,464,682	4,1770,245
	1,949,651	36,651,833	-	11,963,092	21,364,915	(6,513,099)	414,902,208
Add : Unallocated Income Net of Unallocable Exp.						-	
Less : Interest	3,090,204	23,676,697	-	-20,752,728	884,726	58,246,536	65,145,435
	3,767,186	23,556,677	-	35,657,057	884,726	4,317,620	68,183,266
Profit Before Exceptional/ Extra Ordinary items & tax	(7,181,80)	17,796,168	-	(9,995,864)	17,324,539	(47781854)	(23375190)
	<b>(1817535)</b>	<b>13095155</b>	-	<b>(47620149)</b>	<b>20480189</b>	<b>(10830719)</b>	<b>26693059</b>
Prior Period Adjustment and exceptional/extra ordinary Items	(4,725)	(90,377)	-	(98,913)	3,767,261	3,681,779	7,255,025
	-	(6,000)	(6,000)	(2,251,134)	(20,500)	(184,021)	(2,467,655)
Profit Before taxes	(722,905)	17,705,791	-	(10,094,777)	21,091,800	(44,100,074)	(16,120,164)
	<b>(1,817,535)</b>	<b>13,089,155</b>	<b>(6,000)</b>	<b>(49,871,283)</b>	<b>20,459,689</b>	<b>(11,014,740)</b>	<b>(29,160,714)</b>
Taxes							-
							(4,612,098)
<b>Profit After Taxes</b>							<b>(16120164)</b>
							<b>33,772,812</b>
<b>Total Assets</b>							
Segment Assets	42,703,439	220,376,754	-	196,370,700	216,905,564	79,956,226	756,312,684
	49,601,670	196,426,307	-	302,773,652	214,435,399	91,020,329	854,257,356
<b>Unallocable Asset at HO Total</b>							<b>756312684</b>

Particulars	Wind Energy	Trading	Manufacturing	Transportation	Renting of Immovable Properties	Others	Total Rs.
							854,257,356
Total Cost Incurred during the year to acquire segment Assets	7,450	549,092	-	4,508,640	213,286	237,061	5,515,528
Total Cost Incurred during the year to acquire unallocable Asset	638,209	186,648	-	5,853,689	213,286	1,636,774	8,528,606
							-
							-
<b>Segment Depreciation</b>	<b>7,239,213</b>	<b>381,110</b>	<b>-</b>	<b>11,487,518</b>	<b>2,235,521</b>	<b>694,696</b>	<b>22,038,057</b>
	7,866,907	461,503	-	12,320,392	2,235,521	1,167,471	24,051,793
<b>Segment Depreciation (Unallocable Asset)</b>						-	
<b>Non-cash expenses other than depreciation</b>	-	-	-	3,558,491	-	-	3,558,491
	-	730	-	420,511	-	-	421,241

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>59,090,915</b>	<b>332,042,892</b>	<b>82,800,830</b>	<b>473,934,637</b>
	<i>48,009,519</i>	<i>406,460,162</i>	<i>87,650,162</i>	<i>542,119,843</i>
Export Sales	-	-	-	-
	<i>201,206,132</i>	-	-	<i>201,206,132</i>
<b>Total Sales/Income</b>	<b>59,090,915</b>	<b>332,042,892</b>	<b>82,800,830</b>	<b>473,934,637</b>
	<i>249,215,651</i>	<i>406,460,162</i>	<i>87,650,162</i>	<i>743,325,976</i>
Add: Inter Segment Sales	-	-	-	-
	-	-	-	-
<b>Total Sales</b>	<b>59,090,915</b>	<b>332,042,892</b>	<b>82,800,830</b>	<b>473,934,637</b>
	<i>249,215,651</i>	<i>406,460,162</i>	<i>87,650,162</i>	<i>743,325,976</i>
Less: Inter Segment Sales	-	-	-	-
	-	-	-	-
<b>Total Revenue</b>	<b>59,090,915</b>	<b>332,042,892</b>	<b>82,800,830</b>	<b>473,934,637</b>
	<i>249,215,651</i>	<i>406,460,162</i>	<i>87,650,162</i>	<i>743,325,976</i>
<b>Total Assets</b>				
<b>Segment Assets</b>	<b>442,022,390</b>	<b>308,856,810</b>	<b>5,433,484</b>	<b>756,312,684</b>
	<i>534,890,997</i>	<i>313,028,232</i>	<i>6,338,128</i>	<i>854,257,356</i>
Unallocable Asset				-
Total Cost Incurred during the year to acquire segment assets	<b>4,659,126</b>	<b>811,202</b>	<b>45,200</b>	<b>5,515,528</b>
	<i>8,519,457</i>	<i>(74,373)</i>	<i>83,522</i>	<i>8,528,606</i>

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 & Transportation, Renting of Immovable property) the differing risk & returns the organization structure and internal reporting System. The Company's operation predominantly relate to Bulk Transportation of Goods & Trading in Automotive Parts.
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: 31/05/2013  
Place: Ahmedabad

Date : 31/05/2013  
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)

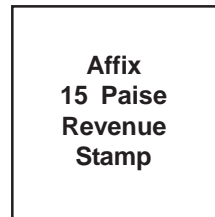
Folio No. : \_\_\_\_\_

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

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

I / We hereby record my presence at the 24th Annual General Meeting of the Company held on Monday, the 30th September, 2013 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 24th Annual General Meeting of the Company held on Monday, the 30th September, 2013 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 -----, 2013

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.**

BOOK - POST

If Undelivered Please return

To ***FRONTLINE CORPORATION LIMITED***

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

**FORM A**  
(Pursuant to Clause 31(a) of Listing Agreement)

No.	Particulars	Details
1	Name of the Company	Frontline Corporation Limited
2	Annual Standalone financial statements for the year ended	31 <sup>st</sup> march 2013
3	Type of Audit Observation	<p>The Statutory Auditors in their Independent Audit Report dated 31.05.2013 drew attention of the stakeholders as follows:</p> <p><b>Emphasis of Matter:</b></p> <ol style="list-style-type: none"> <li>1. Note no. 10.2 regarding properties given as collateral security to UCO Bank to secure various credit facilities enjoyed by M/s Fairdeal Supplies Limited (Group Company) and these properties have been symbolically possessed by UCO Bank.</li> <li>2. Note no. 10.3 regarding symbolic possession of leased property situated at Gandhinagar taken by Punjab and Sind Bank toward recovery of amount due.</li> <li>3. Note No. 14.1 regarding physical possession of property situated at Kolkata taken by Punjab and Sind Bank and the bank in the process of auction of said property.</li> <li>4. Note No. 15.1 regarding inventory of Iron Ore worth Rs.2,55,89,520/- (7754.400 Mt) at Vizag Branch in Visakhapatnam has been sold off at Rs. 7,75,440/- due to inappropriate chemical composition as approved by the technical test report of M/s Anatest &amp; Maritime Consultants.</li> <li>5. The company has incurred cash loss of Rs. 1,97,63,119/- covered by our audit and it has also incurred cash loss in immediately preceding financial year, however it has not affected the going concern status of the company.</li> </ol> <p>The Statutory Auditors in their Annexure to the Independent Audit Report dated 30.05.2013 drew attention of the stakeholders as follows:</p> <p style="text-align: center;"><i>at para (ii) (C)</i></p> <p style="text-align: center;"><i>According to the records produced for our verification, there were no material discrepancies noticed on physical</i></p>





verification of stocks in terms of quantity referred to in Para (ii) (a) above as compared to book records however the quality of stock in trade of iron ore amounting to Rs. 255.89 Lac is contaminated with extraneous materials and the same has been sold at Rs.7,75,440/-. The shortages and excesses noticed on physical verification as mentioned in Para (ii) (a) above are not abnormal and material except as stated according to the nature of the business of the company.

at para (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**

at para (ix) (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, cus- toms 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. **The company has not provided and deposited vat on fixed assets sold during the year.**

at para (xi)

The Company has defaulted in repayment of principal amounting to Rs. 3500.31 Lacs and interest amounting to Rs. 546.01 Lacs in respect of various loans taken from banks and financial institutions. Particulars of amount and period of defaults are under:

Lender Concerned	Period of Default	Amount of Default (Rs. in Lac)
------------------	-------------------	--------------------------------



Shri Ram Finance Ltd (Including Interest of Rs. 7.98 Lac)	36 Months	41.25
Punjab & Sindh Bank Towards Principal	12 Months	3467.04
Punjab & Sindh Bank Towards Interest	12 Months	538.03
<b>TOTAL</b>		<b>4046.32</b>

at para (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, prejudicial to the interest of the Company as the approval of Central government under section 295 of Companies Act, 1956 for Corporate Guarantee given to secure various credit facilities amounting to Rs. 318 Crore to M/s Fairdeal Supplies Limited Group Company not obtained.*

**Reply of the Company:**

**Point No. 1 To Emphasis of Matters-**

The company has provided Corporate Guarantee to UCO Bank in respect of Credit Facilities enjoyed by Fairdeal Supplies Ltd. In respect of such guarantee, company has given some of its Fixed Assets as Collateral Securities. UCO Bank has issued demand notice dated 05-08-2012 to the borrowers/guarantors/mortgagors to repay the amount mentioned in the notice, failing on which the bank has taken Symbolic Possession of the properties in exercise of powers conferred upon them under the SARFAESI Act, 2008.

**Point No 2 and 3 To Emphasis of Matters-**

Punjab & Sind Bank, one of the bankers to company has taken Symbolic Possession of one sub leased property at Infocity, Gandhinagar, Gujarat and taken physical possession of company's another property situated at 8, OCH Street, Kolkata, West Bengal to recover its dues. The



bank is under process of auction of Kolkata Property. However the company has protested the contention against case filed by the Bank in Debt Recovery Tribunal Kolkata.

**Point No 4 To Emphasis of Matters-**

The inventory of Iron Ore Fines at Vizag Branch in Visakhapatnam measuring 7754.400 Mt Valued at Rs. 2,55,89,520 has been technically tested by M/s Anatest & Maritime Consultants Visakhapatnam and the same being certified of no value. The entire stock has been sold off for Rs.7,75,440/- to reduce carrying cost of said materials. This material was purchased against an export order for China but due to decline of the price it could not be exported.

Meanwhile the intrinsic value of the material was also degraded and thus became unsuitable for export as well as also unsuitable for domestic sale to Steel manufacturers. The company was also incurring carrying cost for retaining the material. Finally the material was sold at scrap value to save the carrying cost.


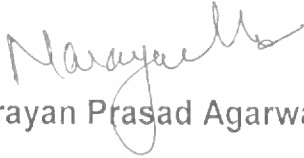


**Point No 5 To Emphasis of Matters-**

The company has incurred cash loss of Rs 1,97,63,119/- during the year and has also incurred cash loss in the immediately preceding previous year. However it has not affected the going concern status of the company.

The above points are properly recorded and disclosed in the Books of Account in accordance with applicable provisions of law, governing Accounting Standards and generally accepted Accounting principles and practice.

As regards the observations in the annexure to the Auditor's Report, your company has taken/is taking necessary steps to ensure improvement in certain procedures and also compliance of relevant laws. The internal audit system is being strengthened in terms of size and operations of the company. The slight delay/oversight in payment of statutory dues viz. VAT on sale of fixed assets, payment of service tax and payment of TDS has been caused on account of clerical oversight and the company is strengthening the system to avoid any such delays in future. The negotiations with bankers/financial institutions are going on and your company is expecting to get an amicable solutions. The Company is contemplating to file application for compounding of contravention of provisions of section 295 of the Companies Act, 1956.







4	Frequency of observation	Current year
5	To be signed by: <ul style="list-style-type: none"> <li data-bbox="258 577 456 651">• Managing Director</li> <li data-bbox="258 779 429 813">• Director</li> <li data-bbox="258 1021 471 1126">• Audit Committee Chairman</li> <li data-bbox="258 1249 460 1323">• Auditor of Company</li> </ul>	<div style="text-align: center; margin-bottom: 10px;">   <b>Pawan Kumar Agarwal</b> </div> <div style="text-align: center; margin-bottom: 10px;">   <b>Narayan Prasad Agarwal</b> </div> <div style="text-align: center; margin-bottom: 10px;">   <b>Bharat Arora</b> </div> <div style="text-align: center;">   <b>Paresh Thothawala &amp; Co.</b> </div>



FORM B

(Clause 31(a) of Listing Agreement)

Format of covering letter of the annual audit report to be filed with the stock exchanges

No.	Particulars	Details
1	Name of the Company	Frontline Corporation Limited
2	Annual Financial statements for the year ended	31 <sup>st</sup> march 2013
3	Type of Audit Qualification	Nil
4	Frequency of observation	Not Applicable
5	Draw attention to relevant notes in the annual financial statement and management response to the qualification in the director's report.	Suitably replied in the Directors' Report
6	Additional comments from the Board/Audit Committee Chairman	Not Applicable
5	To be signed by: <ul style="list-style-type: none"> <li>• Managing Director</li> <li>• Director</li> <li>• Audit committee chairmen</li> <li>• Auditors of Company</li> </ul>	 Pawan Kumar Agarwal   Narayan Prasad Agarwal   Bharat Arora   Paresh Thothawala & Co.

