



Frontline Business Solutions Ltd.



18th Annual report 2010 - 2011



BOARD OF DIRECTORS

Mr. Natwar Sureka	-	Chairman & Managing Director
Mr. Ratish Tagde	-	Director
Mr. Mahendrakumar More	-	Director
Mrs. Manju Sureka	-	Director
Mr. Brijkishor Ruia	-	Director

BANKERS

ICICI Bank.
Kotak Mahindra Bank

STATUTORY AUDITORS

P.C.Baradiya & Co
Chartered Accountants

REGISTERED OFFICE

Block No. A – 1, The Parle Colony CHS., Sahakar Road,
Vile – Parle (East), Mumbai-400 057

REGISTRAR AND TRANSFER AGENT

Universal Capital Securities Private Limited
(Formerly known as Mondkar Computers Private Limited)
21, Shakil Niwas, Opp. Satya Saibaba,
Temple, Mahakali Caves Road,
Andheri (East), Mumbai-400 093.



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NOTICE

NOTICE is hereby given that the Eighteenth Annual General Meeting of **Frontline Business Solutions Limited** will be held on Thursday, September 29, 2011 at 12.30 p.m. at the 141/6, Nityanand Nagar No. 4, Behind Better Home, Sahar Road, Andheri (East), Mumbai-400 069 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2011, Profit and Loss Account for the year ended on that date and the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Mahendra Kumar More, who retires by rotation, and being eligible offers him for re-appointment.
3. To appoint statutory auditors to hold office from the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS:

4. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOVED THAT Mr. Brijkishor Ruia, who was appointed as an Additional Director with effect from April 12, 2011 by the Board of Directors and who by virtue of Section 260 of the Companies Act, 1956 holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Act from a member proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company and whose period of office shall be liable to determination by retirement by rotation.”

5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT the relevant date of April 5, 2011 as mentioned in the Notice of Extra Ordinary General Meeting dated May 5, 2011 with reference to the approval of shareholders for preferential issue as per SEBI (ICDR) Regulations, 2009 under Section 81(1A) of the Companies Act, 1956 be considered as ‘April 4, 2011’ as per directions from Bombay Stock Exchange Limited.”

On behalf of the Board of Directors

Sd/-

Natwar Sureka

Chairman & Managing Director

Registered Office:

Block No. A-1, Parle Colony CHS.,
Sahakar Road, Vile – Parle (East),
Mumbai-400 057.

Place: Mumbai

Date: August 22, 2011



NOTES:

1. The relevant details as required by Clause 49 of the Listing Agreement entered into with the Stock Exchange, of persons seeking re-appointment as Director, is also annexed.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE 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.** Proxies, in order to be effective, must be received at the Company's Registered Office not less than 48 hours before the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from September 27, 2011 to September 29, 2011 (both days inclusive).
4. Shareholders are requested to forward their queries in respect of accounts for the financial year ended March 31, 2011 to the Company at least 10 days in advance, to enable the management to keep the required information available at the Annual General Meeting.
5. Memorandum and Articles of Association is open for inspection at the Registered Office of the Company on all working days between 11.00 a.m. to 2.00 p.m.
6. The Ministry of Corporate Affairs has come out with a circular dated 29th April 2011 which allows the companies to send documents including Annual Reports and other intimation by an email. Therefore, you are requested to register your email IDs with the Registrar and Transfer Agent of the Company. The Company is already having email ID of the members holding their shares in Demat through their respective Depository Participants, The said email ID shall be considered as registered email ID for the said members unless informed otherwise to the Company or Registrar and Transfer Agent.
7. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Item No. 4 & 5 of the Notice set out above, is annexed hereto.



EXPLANATORY STATEMENT

Pursuant to Section 173(2) of the Companies Act, 1956

As required by Section 173 of the Companies Act, 1956 ("Act"), the following explanatory statements set out all material facts relating to the business mentioned under Item No. 4 and 5:

Item No. 4:

Mr. Brijkishore Ruia was appointed as an Additional Director of the Company with effect from April 12, 2011. As per provisions of Section 260 of the Companies Act, 1956, he holds office only upto the conclusion of this Annual General Meeting but is eligible for appointment as a Director. The Company has received Notice in writing from a member under the provisions of Section 257 of the Act, proposing the candidature of Mr. Brijkishore Ruia for the office of a Director of the Company.

None of the Directors of the Company except Mr. Brijkishore Ruia is concerned or interested in the passing of the Resolution.

Item No. 5:

The Company has passed special resolutions for issue up to 950,000 Equity Shares of ₹ 10/- each at a price of ₹ 20/- per share (including premium of ₹ 10/- per share) and to issue & allot up to 800,000 convertible share warrants at ₹ 20/- each having an option to apply for and be allotted upto 800,000 (Eight Lacs) Equity Shares on preferential basis to Promoters and Non-Promoters of the Company.

Accordingly, the Company has made an application under Clause 24(a) of the Listing Agreement seeking In-Principal Approval for the abovementioned issuance of shares from Bombay Stock Exchange Limited. BSE had directed that the relevant date shall be considered April 4, 2011 instead of April 5, 2011 and advised company to take approval from the shareholders for the said change by way of ratification of resolution passed in an Extra Ordinary General Meeting held on May 5, 2011.

The Board recommends the ratification of the special resolution passed at Extra Ordinary General Meeting of the Company held on May 5, 2011 for approval of members by way of special resolution.

None of the directors of the Company is in any way, concerned or interested in this resolution except to the extent of their shareholdings.

On behalf of the Board of Directors

**Sd/-
Natwar Sureka
Chairman & Managing Director**

Registered Office:

Block No. A-1, Parle Colony CHS.,
Sahakar Road, Vile – Parle (East),
Mumbai-400 057.

Place: Mumbai

Date: August 22, 2011

**DIRECTORS' REPORT**

To,
The Members,

We have pleasure in presenting the 18th Annual Report of the Company along with the Audited Statements of Accounts for the year ended March 31, 2011. The summarized financial results are given below.

FINANCIAL HIGHLIGHTS:

(₹ In Lacs)

FINANCIAL RESULTS:	2010 – 2011	2009 – 2010
Total Income	17.12	11.84
Total Expenditure excluding Depreciation	45.54	19.30
Profit Before Interest, Depreciation & Taxation	(26.42)	(7.47)
Less: Interest Charges	-	-
Profit Before Depreciation & Taxation	(26.42)	(7.47)
Less: Depreciation	7.06	1.37
PROFIT BEFORE TAXATION	(33.48)	(8.84)
Less: Provision for Taxation	-	-
Less: Deferred Tax Liability/(Assets)	(3.19)	(37.86)
Less: Transferred from Capital Reserve	(2368.21)	-
PROFIT AFTER TAXATION	2337.92	29.03
Balance Brought Forward from Previous Year	(2512.41)	(2541.44)
Profit/(Loss) Carried to Balance Sheet	(174.49)	(2512.41)

PERFORMANCE REVIEW:

During the year under review, the Company earned income of ₹ 17.12 Lacs from as compared to previous year of ₹ 11.84 Lacs.

DIVIDEND:

In view of accumulated losses, your directors do not recommend any dividend for the financial year 2010 – 2011.

TRANSFER OF RESERVES:

In view of accumulated losses, the Company has not transferred any amount to reserves.

CHANGE IN SHARE CAPITAL:

Pursuant to the Scheme of Arrangement under section 78, 100, 391 & 394 of the Companies Act 1956 and subsequent order of Bombay High Court Dated 25th June 2010 thereon, the paid up share capital of the company of Rs. 12,01,00,000/- divided into 1,20,10,000 equity shares of Rs 10/- each has been reduced to Rs 1,20,10,000/- divided into 12,01,000 equity shares of Rs 10/- each without payment of the cancelled value of said shares to the shareholders of the company. The capital so reduced of Rs 10,80,90,000/-, share premium Rs 83,145/- and the capital reserve to the extent of Rs 12,86,48,232/- aggregating to Rs. 23,68,21,377 has been set off against accumulated



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losses of Rs 25,41,43,793/- of the company thereby reducing the accumulated losses to that extent.

Subsequently, during the year under review, 77,11,039 (Seventy – Seven Lacs Eleven Thousand Thirty Nine) Equity shares of Rs. 10/- each at a premium of Rs. 2.32/- per share were allotted on preferential basis to the promoters and non-promoters.

Subsequent to the year end, pursuant to the special resolution passed by the shareholders at their Extra Ordinary General Meeting held on May 5, 2011, company made an allotment of 950,000 equity shares of Rs. 10/- each fully paid up and 800,000 convertible share warrants [having an options to apply for and be allotted up to 800,000 equity shares to the promoters and non – promoters on preferential basis, at a price of Rs. 20/- per share (including a premium of Rs. 10/- per share).

Consequent to the aforesaid allotment, the paid up capital of the Company is Rs. 98,620,390/- comprising of 9,862,039 equity shares of Rs. 10/- each fully paid up.

DIRECTORS:

Mr. Mahendra Kumar More retires by rotation and being eligible offer themselves for re-appointment.

Mr. Brijkishore Ruia was appointed as an Additional Director with effect from April 12, 2011. He holds office upto the date of conclusion of ensuing Annual General Meeting of the Company. The Company has received notice from member proposing the candidature of Mr. Brijkishore Ruia as a Director of the Company in terms of Section 257 of the Companies Act, 1956.

MANAGEMENT DISCUSSION AND ANALYSIS:

Management Discussion and Analysis Report for the year under review as required under Clause 49 of the Listing Agreement is presented in a separate section forming part of the Annual Report.

DEPOSITS:

The Company has not accepted deposits falling within the provisions of Section 58A of the Companies Act, 1956 read with Companies (Acceptance of the Deposits) Rules, 1975 during the year under review.

SUBSIDIARIES:

The Company does not have any subsidiary Company.

CORPORATE GOVERNANCE:

Pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchanges, the Company has complied with all the provisions of Corporate Governance and a report on corporate governance is annexed hereto and forms part of this report. A certificate from Auditors of the Company regarding compliance of Corporate Governance, as stipulated under Clause 49 of the Listing Agreement, is appended to the Annual Report.



DIRECTORS' RESPONSIBILITY STATEMENT:

In terms of Section 217(2AA) of the Companies Act, 1956, we, the Directors of Frontline Business Solutions Limited state in respect of financial year 2010 – 2011 that:

- a) in the preparation of annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to true and fair view of the state of the affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this act for safeguarding the assets of the Company and fro preventing and detecting fraud and other irregularities;
- d) That the directors had prepared the annual accounts for the financial year 31st March, 2011 on a going concern basis.

AUDITORS:

The Auditors M/s. P. C. Baradiya & Co., Chartered Accountant, Mumbai, hold office until the conclusion of the ensuing Annual General Meeting of the Company and have confirmed their eligibility and willingness to accept the office of the Auditors, if reappointed. Certificate from the Auditors has been received to the effect their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

PARTICULARS OF EMPLOYEES:

Since none of the employees are drawing remuneration beyond the prescribed limits, there is no information to be provided in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (particulars of employees) Rules.

DEPOSITORY SYSTEM:

As on March 31, 2011, 81.80% of the Company's paid-up share capital representing 5,842,101 shares is in dematerialized form. In view of the numerous advantages offered by the Depository system, Members holding shares in physical mode are requested to avail of the facility of dematerialization of the Company's shares on either of Depositories.

DISCLOSURE UNDER SECTION 217(1) (e) OF THE COMPANIES ACT, 1956:

The particulars required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is given in Annexure-I to this Directors Report.



GO GREEN INITIATIVE:

Very recently the Ministry of Corporate Affairs Government of India, through its Circular Nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively, has allowed companies to send the annual reports and other official documents to their shareholders electronically as part of its green initiatives in Corporate, provided the e-mail address of the shareholder is obtained by the Company from the shareholders.

This move by the Ministry will benefit the society at large through reduction in paper consumption and contribution towards a Greener Environment. It will also ensure prompt receipt of communication and avoid loss in postal transit.

Keeping in view the above, your Company proposes to send documents such as the Notice of the Annual General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report, etc., henceforth to the shareholders in Electronic Form, to the e-mail address provided by them and/or made available to the Company by the Depositories.

The Company solicits active cooperation of shareholders in helping the Company to implement the e-governance initiatives of the Government

ACKNOWLEDGEMENT:

Your Directors thank the Company's bankers, financial institutions, Central Government, other government authorities and shareholders for their consistent support to the Company. The Directors also sincerely acknowledge to the significant contributions made by all stake holders for their dedicated services and support to the Company.

On behalf of the Board of Directors
Sd/-
Natwar Sureka
Chairman & Managing Director

Place: Mumbai
Date: August 22, 2011

**ANNEXURE I****I. CONSERVATION OF ENERGY:**

The Company is presently not carrying the manufacturing operations therefore; there is no material information to be given under Conservation of Energy and Technology Absorption.

- (a) Energy conservation measures taken – NIL
- (b) Additional investments and proposals if any, being implemented for reduction of consumption of energy – NIL
- (c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods – NIL
- (d) Total energy consumption and energy consumption per unit of production – NIL

FORM-A: FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

- A. Power and fuel consumption: NIL
- B. Consumption per unit of production: NIL

II. TECHNOLOGY ABSORPTION

Research & Development: Company has not incurred any expenditure on this account during the year under review.

FORM-B: FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION ETC.,

- I Research and Development: NIL
- II Technology Absorption, Adaptation and Innovation: NIL

II. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange Earnings and outgo: Since the Company had ceased its operations; there is no Foreign Exchange Earning and Outgo during the year under review.

- I. Earnings in Foreign Exchange during the year NIL
- II. Foreign Exchange outgo during the year NIL

On behalf of the Board of Directors

Sd/-
Natwar Sureka
Chairman & Managing Director

Place: Mumbai
Date: August 22, 2011



MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENT:

Frontline is in the business of providing value added “*One Stop Shop*” solutions and services in the areas of staffing, Sales & Marketing of telecom, financial products, Human Resource Management & solutions, KPO & BPO solutions, Call Centre, Back Office Process and Event Management etc. Frontline is structured and positioned to deliver the cost effective services to our customer’s business by efficiently. Frontline is in the process to built its team of talented employees to cater to the needs of many Indian as well as multinational companies helping them to enhance their profitability as well as corporate image in the market. Growing from strength to strength, the Indian BPO/KPO industry has continued to widen its base globally by means of introducing new product portfolio and creating new business verticals. The growth comes from the stupendous performance of Indian service providers as well as their multinational counterparts and global giants who leveraged on India’s fundamental strength of ‘low cost-high quality’ performance.

OPPORTUNITIES AND THREATS:

The outsourcing industry in India has witnessed significant transformation over the past decade. Starting with basic data entry tasks, it now includes increasingly complex processes. The domestic market has also contributed to the growth of the segment as a whole and ongoing momentum is estimated considering the large addressable market that it offers. In a growing competitive environment, threats as well as opportunities fluctuate with respect to the changes in market conditions. Your Company is proposing to position itself as a business solution provider predominantly for a medium scales business houses especially SME sector. SME sector can not afford to hire services of top consulting firms and therefore are lacking in professional standards and business vision.

On the other hand, threats are that we will be entering into a highly competitive segment wherein the competition is with giant service providers having decades of experience and brand equity in the market. These companies have long-standing client relationships, project performances, increase scale of service to provide one-stop solutions, maintain financial strength to make strategic investments in human resources, Outsourcing backlash and physical infrastructure through business cycles.

SEGMENT WISE PRODUCT WISE PERFORMANCE:

Since the Company is operating under one segment only there is no need to give information under this head.

OUTLOOK:

The Indian economy is firmly on the recovery path and the key indicators support the perception of a consolidating recovery. The improved performance of the industrial and services sector is also reflected in the improved profitability in the corporate sector. Acceleration of reforms and capital inflows will spur investment; however, the risks from high inflation, higher cost of capital arising from high fiscal deficit and exit from the expansionary monetary policy could have a dampening effect on the growth. India’s growth prospects remain bright with its growth being well balanced and largely driven by domestic consumption.



With strengthening of the economy and stable economic environment, the Indian capital market is expected to perform well. Given the robust growth prospects, we seek to consolidate our position as one of the leading financial services groups in India. Our strategy for achieving this goal is to keep deepening our portfolio of financial services and products, provide effective financial solutions, effective risk management and build a business model that is well diversified across financial market activities with unique strengths in each business. We will continue to focus on our clients and endeavor to deliver unique solutions to their satisfaction and ensure accountability, transparency, professionalism and risk containment.

We will continue to capitalize on the advisory and funds raising opportunities thrown up by the growing economic activity and the outlook utilizing our team of experienced and committed professionals.

RISKS AND CONCERN:

In the course of conducting business operations, the Company is exposed to a variety of risks that are inherent to the industry it operates in. The Company is in the process of adopting a Risk Management Policy, which comprises risk organization structure, procedures and the risk management policies.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:

Your Company has evolved a system of internal controls to ensure that the assets are safeguarded and transactions are authorised, recorded and correctly reported. The internal control system is supplemented by management reviews and independent periodical reviews by the outside chartered accountancy firms, which evaluate the functioning and quality of internal controls and provides assurance of its adequacy and effectiveness. The Company has an audit committee, which oversees the internal control systems and procedures of the Company's financial operating processes and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible. Audit Committee reviews such audit findings and the adequacy of internal control systems. The Statutory Auditors of the Company also interact with the Audit Committee to share their findings and the status of corrective actions under implementation.

DISCUSSION AND FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

During the year, total income of the Company grew to Rs. 17.12 Lacs as against Rs. 11.84 Lacs in the previous year.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS FRONT:

People are an important resource at Frontline. The Company recognises the importance of human capital and values it highly. The Company lays great emphasis on proper management of human resources and believes that this is the most important ingredient for achieving excellence in performance and sustainable growth. The management constantly reviews the skill mix and takes appropriate steps to achieve desired skill mix. For upgrading the skill, special emphasis is laid on training. Selective and intensive training is being imparted to employees at various levels.



CAUTIONARY STATEMENT:

The statements in the Management Discussion and Analysis Report describing the Company's objectives, activities, projections, estimates, expectations or predictions may be "*forward looking statements*" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could influence the Company's operations include economic developments within the country, demand and supply conditions in the industry, changes in Government regulations, tax laws and other factors.

On behalf of the Board of Directors

Sd/-

Natwar Sureka

Chairman & Managing director

Place: Mumbai

Date: August 22, 2011

REPORT ON CORPORATE GOVERNANCE:

1. Company’s Philosophy on Corporate Governance

Corporate Governance means achievement of excellence in business by increasing the shareholders value in the long run. This aim can be achieved by keeping in mind the needs, interests of all its stakeholders, and comply with all the rules, regulations and laws. Corporate Governance lays strong emphasis on transparency, accountability and integrity, professionalism & accountability so that it meets all the stakeholders’ aspirations. The Company looks upon good corporate governance practices as a key driver of sustainable corporate growth and long-term shareholder value creation. Your Company’s policy on Corporate Governance envisages these principles in the conduct of the Company’s business and its affairs vis-à-vis its employees, shareholders, bankers, government etc.

Clause 49 of the Listing Agreement stipulates norms and disclosures standards to be followed on the corporate governance by listed companies. The Board of Directors of Frontline Business Solutions Ltd has adequate representation of the qualified, professional, non-executive and independent directors.

2. BOARD OF DIRECTORS

A Composition of Board of Directors

The Board of Directors consists of professionals drawn from diverse fields. The Chairman of the Board is an Executive Director. The current strength of the Board is five comprising of two executive directors and three non-executive directors. Of the five directors, three are independent directors and two are non-independent. The day-to-day management is conducted by the Managing Director with the help of the other non-executive directors. The office of the Managing Director is subject to the supervision and control of the Board of Directors of the Company. The composition of Board of Directors is as given below:

- Two Promoters, Executive Director
- Three Non Promoters, Non – Executive and Independent Directors

None of the Directors on the Board is a Member of more than ten committees and Chairman of more than five committees across all Companies in which they are Directors.

The Composition of the Board of Directors, the number of other Directorship and Committee positions held by Directors of which the Director is a member/Chairman is as under:

Name of the Directors	Category of Directors	No. of Committee Membership, Chairmanships and Directorships of Public Companies (#) as on March 31, 2011		
		Committee Membership	Committee Chairmanship	Directorship
Mr. Natwar Sureka	Promoter-Executive Director	-	-	2
Mrs. Manju Sureka	Promoter- Non-Executive director	-	-	2



Mr. Mahendrakumar More	Independent-Non-Executive Director	-	-	-
Mr. Ratish Tagde	Independent – Non Executive Director	-	-	3
Mr. Brijkishore Ruia	Independent – Non Executive Director	-	-	-

(#) Excludes Private Limited Companies, foreign companies, companies registered under Section 25 of the Companies Act, 1956.

B Board Meetings and Attendance during the year :

Eight meetings of the Board of Directors were held during the year ended 31st March, 2011 and the gap between two meetings did not exceed four months. The dates on which the meetings were held are as follows:

April 30, 2010; July 31, 2010; August 24, 2010; August 31, 2010; October 16, 2010; October 27, 2010; February 5, 2011 and March 2, 2011.

The Seventeenth Annual General Meeting (AGM) of the Company was held on September 30, 2010.

The attendance of the Directors at these Meetings is as under:

<i>Name of the Director</i>	<i>Designation</i>	<i>Attendance in Board Meetings during 2010 – 2011</i>	<i>Attendance at the last Annual General Meeting held on September 30, 2010</i>
Mr. Natwar Sureka	Chairman & Managing Director	8	Yes
Mrs. Manju Sureka	Director	8	Yes
Mr. Mahendrakumar More	Director	8	Yes
Mr. Ratish Tagde	Director	8	Yes
Mr. Brijkishore Ruia \$	Director	-	No

\$ Mr. Brijkishore k. Ruia has been appointed as an Additional Director with effect from April 12, 2011.

C Non executive directors' compensation and disclosures:

The Non-Executive Directors have not drawn any remuneration including sitting fees from the Company for the year ended 31st March, 2011. None of the Non-executive Directors have any material pecuniary relationship or transactions with the Company.

No convertible instruments/employee stock options have been granted by the Company to the Non-Executive Directors of the Company.

D Code of conduct:

The Board has laid down a code of conduct for all Board members and senior management of the Company and all board members and senior management personnel are affirming its compliance on an annual basis. The required declaration of this compliance from CEO is presented herewith.

3. AUDIT COMMITTEE:

a. Composition:

The Audit Committee comprises of Three Directors. Out of three directors, two of them are Non Executive and Independent Directors and one Director is a Non - Executive and Non Independent Director. All the Directors possess knowledge of corporate finance, accounts and company law. An Independent, Non Executive Director acts as Chairman of the Committee Meetings. The Statutory Auditors are also invited to the meetings. The quorum of the Audit Committee is two members. In the absence of Company Secretary, Mr. Ratish Tagde also acts as a Secretary to the Committee.

During the financial year ended March 31, 2011, five Audit Committee meetings were held respectively on **April 30, 2010; July 31, 2010; August 31, 2010; October 27, 2010 and February 5, 2011.** The composition of the audit committee and numbers of meetings attended by each member were as follows:

<i>Name of the Director</i>	<i>Designation</i>	<i>Category</i>	<i>No. of Meetings attended</i>
Mr. Ratish Tagde	Chairman	Non-Executive, Independent	4
Mr. Mahendrakumar More	Member	Non-Executive, Independent	4
Mrs. Manju Sureka	Member	Non-Executive, Non-Independent	4

The role of the Audit Committee is to monitor and provide effective supervision of the Company's financial reporting process with a view to ensure that the financial statements are accurate, sufficient and credible.

Terms of reference of Audit Committee as defined by the Board are:

- a. The scope of the Audit Committee includes:
 - I. Review of financial statements before they are submitted to the Board for adoption.
 - II. Recommending the appointment or removal of statutory auditors, fixation of audit fees and approval for payment for other services provided by the auditors.
 - III. Review of quarterly, half yearly and yearly financial statements before they are presented to the Board, focusing inter alia upon –
 - Accounting Policies and any changes thereto.
 - Ensure compliance with the Accounting Standards.
 - Compliance with the laws, rules, regulations and notifications issued by the Stock Exchange and other regulatory authorities relating to the preparation and disclosure of financial statements.
 - Qualifications in draft audit report, if any.
 - Significant issues arising out of audit.



- The going concern assumption.
 - Major accounting entries based on exercise of judgment by management.
 - Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management or relatives, etc. that may have potential conflict with the interest of the Company at large.
- b. Review with the management, auditors the adequacy of internal control systems.
- c. Discussions with the Statutory Auditors on matters relating to internal controls, periodic financial statements and any significant findings and follow up thereon.
- d. Review of the Company's financial and risk management policies.
- e. Carry out any other function as is mentioned in the terms of reference to the Audit Committee.

4. REMUNERATION/COMPENSATION COMMITTEE:

Mr. Natwar Sureka was appointed as a Managing Director of the Company with effect from June 20, 2008 at no remuneration therefore the Board members have not constituted remuneration committee pursuant to the Listing Agreement. Therefore, relevant reporting under this head in pursuance of the Listing Agreement is not applicable.

Executive Directors

Mr. Natwar Sureka

Mr. Natwar Sureka was appointed a Managing Director of the Company with effect from June 20, 2008 for a period of five years. Subsequently the Company has passed a resolution for payment of remuneration of Rs. 200,000/- p.m. for his remaining tenure with effect from April 1, 2011.

Mrs. Manju Sureka

Mrs. Manju Sureka was appointed a Director of the Company with effect from April 6, 2008. Subsequently, Mrs. Manju Sureka was appointed as an Executive Director for a period of five years with effect from April 1, 2011 at a remuneration of Rs. 200,000/- p.m.

5. SHAREHOLDERS/ INVESTORS GRIEVANCE COMMITTEE:

The Company's Share Transfer and Shareholders/Investors Grievance Committee functions under the Chairpersonship of Mr. Ratish Tagde, a Non-Executive Director. Mr. Mahendrakumar More and Mrs. Manju Sureka are other members of the Committee. Mr. Natwar Sureka is a Compliance Officer of the Company.

The Committee normally deals with various matters relating to:

- Transfer / transmission of shares
- Consolidation / splitting of folios
- Issue of new share certificate for lost, rematerialized etc. share certificates.
- Investor grievances and redressal mechanisms including measures to improve the Investor Relations.
- Complaints of shareholders and letters from Stock Exchanges, SEBI and Department of Company Affairs on matters relating to transfer of shares, non - receipt of annual report etc.



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The main intention of the committee is to service the shareholders more expeditiously and at the same time meet the requirement as specified under Clause 49 of the listing agreement of the Stock Exchange

During the year, the Company has received only one complaint, which was satisfactorily resolved. There were no complaints outstanding as on March 31, 2011. No Share Transfers remained unattended/pending for more than thirty days as on March 31, 2011.

6. SUBSIDIARY COMPANIES:

The Company does not have any subsidiary Company.

7. DISCLOSURES:

o **Disclosures of Transactions with Related Parties:**

The details of all materially significant transactions with related parties are periodically placed before the audit committee. During the financial year 2010 – 2011, there were no materially significant transactions entered into between the Company and its promoters, Directors or the management, or relatives, etc. that may have conflict with the interests of the Company at large.

o **Proceeds from Preferential issue of shares/warrants etc.**

During the year under review, the Company has raised an amount of Rs. 950 Lacs through preferential issue of Equity Shares to Promoter and Non-Promoters. The funds were utilized for their intended purposes as disclosed in the notice calling Extra Ordinary General Meeting of the shareholders of the Company.

o **Compliances by the Company:**

The Company is in compliance with the various requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to the capital market. During the year 2010 – 2011, no penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

o **Companies with the same group within the meaning of the Monopolies and Restrictive Trade Practices Act, 1969:**

M/s. Frontline HR Solutions Limited
M/s. Frontline Sales Limited
M/s. Frontline Bhoomi Vistar Private Limited
M/s. Frontline Sales Support Private Limited

o **Details of shareholding of Directors of the Company:**

➤ Mr. Natwar Sureka	-	3.63%
➤ Mrs. Manju Sureka	-	0.90%
➤ Mr. Mahendrakumar More	-	Nil
➤ Mr. Ratish Tagde	-	Nil
➤ Mr. Brijkishore Ruia	-	Nil

8. **MANAGEMENT DISCUSSION AND ANALYSIS:**

The Management Discussion and Analysis forms part of the Annual Report

9. **GENERAL BODY MEETING :**

- a. Location, time and date where last three Annual General Meetings were held are given below:

AGM	DAY	DATE	TIME	VENUE
15 th	Friday	June 20, 2008	12.00 Noon	Ground Floor, Samunder Mahal, Samunder Point, Dr. Annie Besant Road, Worli, Mumbai-400 018.
16 th	Friday	September 18, 2009	10.30 a.m.	Nityanand Nagar No. 4 Hall, Behind Better Home, Sahar Road, Andheri (East), Mumbai – 400 069.
17 th	Thursday	September 30, 2010	11.00 a.m.	Nityanand Nagar No. 4 Hall, Behind Better Home, Sahar Road, Andheri (East), Mumbai - 400 069.

- b. The following Special Resolutions were passed at the previous three Annual General Meetings:

AGM held on June 20, 2008:

- i. Appointment of Mr. Natwar Sureka as a Whole Time Director for a period of five years w.e.f April 6, 2008.
- ii. Amendment in the Name Clause of the Company.
- iii. Amendment in the Main Object Clause of the Company.
- iv. Commencement of new business as per amended Main Object Clause 1 of the Memorandum of Association of the Company.
- v. Regularization of Mr. Mahendrakumar More as a Director w.e.f. June 20, 2008.
- vi. Regularization of Mrs. Manju Sureka as a Director w.e.f. June 20, 2008.

AGM held on September 18, 2009:

No Special Resolution was passed at the AGM.

AGM held on September 30, 2010:

No Special Resolution was passed at the AGM.

- c. Details of Resolutions passed through Postal Ballot during the year 2010 – 2011 (Under Section 192A):

The Company has not passed any special resolution through Postal Ballot during the year 2010 – 2011 under Section 192A of the Companies Act, 1956.

- d. Details of any Special Resolutions is proposed to be conducted through Postal Ballot:

No resolutions are proposed to be passed by conducting a postal ballot.

**10. MEANS OF COMMUNICATION:**

All material information and financial results of the Company is promptly sent through fax and hand delivery to the Bombay Stock Exchange immediately after the same are considered by the Board.

11. GENERAL SHAREHOLDERS INFORMATION:**a) Annual General Meeting:**

<i>Date and Time of Meeting</i>	<i>Venue of the Meeting</i>
September 29, 2011 at 12.30 p.m.	141/6, Nityanand Nagar No. 4 Hall, Behind Better Home, Sahar Road, Andheri (East), Mumbai-400 069.

b) Financial Year

The Company follows April - March as its financial year. The results for every quarter beginning from April will be declared within the time period prescribed under the Listing Agreement.

c) Dates of Book Closure:

September 27, 2011 to September 29, 2011 (both days inclusive)

d) Dividend Payment Date: N.A.**e) Listing on Stock Exchange:**

The Equity Share of the Company are listed at the Bombay Stock Exchange Limited and the annual listing fees payable for the financial year 2011 – 2012 have been paid within the prescribed limit to the Bombay Stock Exchange Limited.

f) Stock Code:

Bombay Stock Exchange Limited (BSE) : 521167

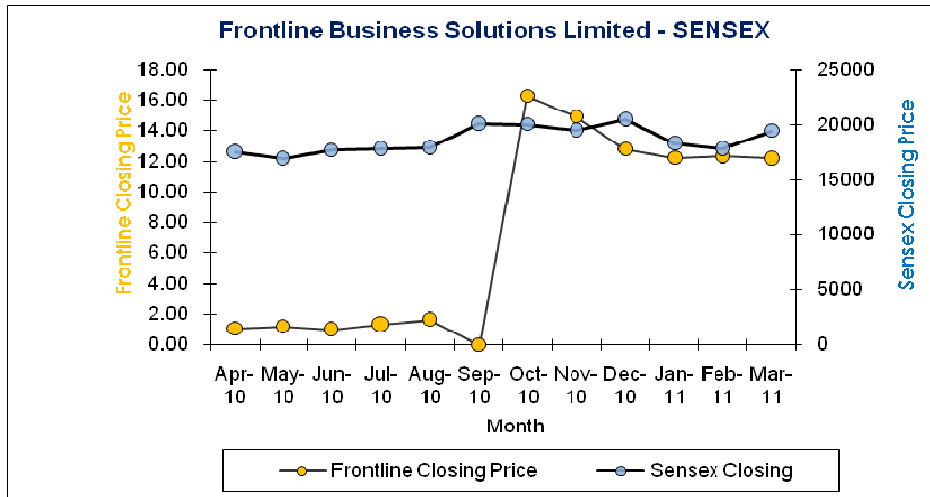
g) Market Price Data:

The monthly high and low quotations traded on the Bombay Stock Exchange Limited:

<i>Month</i>	<i>Equity Shares</i>	
	<i>High Price</i>	<i>Low Price</i>
April '2010	1.22	1.03
May' 2010	1.18	1.02
June' 2010	1.23	0.97
July' 2010	1.41	1.01
August' 2010	1.65	1.27
September' 2010	-	-
October' 2010	17.99	2.00
Novemeber' 2010	18.20	13.75
December' 2010	15.64	12.83
January' 2011	14.40	12.26
February' 2011	14.80	12.37
March' 2011	22.49	12.22

High and low are in rupees per traded share

h) Stock Performance:



i) Registrar and Share Transfer Agent:

Universal Capital Securities Private Limited
 (formerly known as Mondkar Computers Private Limited)
 21, Shakil Niwas, Opp. Satya Saibaba Temple,
 Mahakali Caves Road, Andheri (E), Mumbai- 400 093.

j) Share Transfer System:

The Company has appointed Universal Capital Securities Private Limited (formerly known as Mondkar Computers Private Limited) as Registrars and Share Transfer Agents. The shares lodged for physical transfer/ transmission/transposition are registered within the prescribed time period if the documents are complete in all respects. The shares in dematerialised form are admitted for trading with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). ISIN No. is INE485D01027.

k) Category wise distribution of equity shares as on March 31, 2011:

Sr. No.	Category of Shareholders	Total Holdings	% of Shareholdings
1.	Promoter & Promoter Group	1,215,199	13.64%
2.	Mutual Funds and UTI	480	0.01%
3.	Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/Non Govt. Inst.)	540	0.01%
4.	FII/Foreign Bodies	-	-
5.	Private Corporate Bodies	3,501,693	39.29%
6.	Indian Public	4,177,487	46.87%
7.	NRIs/OCBs	1,260	0.01%
8.	Clearing Member	15,380	0.17%
	TOTAL	8,912,039	100.00%

Distribution of shareholding as on March 31, 2011:

<i>No. of equity shares</i>	<i>Shareholders</i>		<i>Shareholdings</i>	
	<i>No.</i>	<i>% of holders</i>	<i>No.</i>	<i>% shares</i>
1 - 500	9228	97.352	350310	3.931
501 to 1000	108	1.139	86010	0.965
1001 to 2000	50	0.527	74010	0.830
2001 to 3000	25	0.264	62200	0.698
3001 to 4000	12	0.127	43010	0.483
4001 to 5000	7	0.074	32790	0.368
5001 to 10000	16	0.169	114230	1.282
10001 and above	33	0.348	8149479	91.443
Total	9479	100.00	8912039	100.00

l) Dematerialization of Equity shares:

81.80% of the Equity shares of the Company have been dematerialized as on March 31, 2011. The Company has entered into agreements with both National Securities Depository Limited and Central Depository Securities Limited whereby shareholders have an option to dematerialize their shares with either of the depositories.

m) Registered Office of the Company:

Block No. A-1, Parle Colony CHS.,
Sahakar Road, Vile – Parle (East), Mumbai – 400 057

n) Address for investor Correspondence:

Shareholders may correspond with the Registrar and Share Transfer Agents at:

Universal Capital Securities Private Limited
(formerly known as Mondkar Computers Private Limited)
21, Shakil Niwas, Opp. Satya Saibaba Temple,
Mahakali Caves Road, Andheri (E), Mumbai- 400 093.
Tel. No.: 0252 - 2820 7203 - 05, 2825 7641
Fax: 022 - 2820 7207

On all matters relating to transfer/dematerialization of shares, share transfer, transmission, change of address or any other query relating to Equity Shares of the Company.

The Company has designed frontline.investor@gmail.com as an exclusive email ID for Shareholders for the purpose of registering complaints.

For General Correspondence:

Frontline Business Solutions Limited
Block No. A-1, Parle Colony CHS.,
Sahakar Road, Vile – Parle (East),
Mumbai – 400 057.



12. COMPLIANCE CERTIFICATE FROM AUDITORS:

Compliance Certificate for Corporate Governance from M/s. P. C. Baradiya & Co., Chartered Accountants is annexed to this report.

13. CEO CERTIFICATION:

In terms of this clause, Mr. Natwar Sureka, Managing Director of the Company has certified to the Board of Director, the Annual Report and the Balance Sheet and the Profit and Loss Account and notes attached thereto. Members of the company can obtain copies of the said certificate available for inspection during the course of ensuing Annual General Meeting.

**DECLARATION BY THE MANAGING DIRECTOR UNDER CLAUSE 49 OF THE
LISTING AGREEMENT**

To,
The Members of Frontline Business Solutions Limited

I, Natwar Sureka, Chairman & Managing Director of Frontline Business Solutions Limited declare that all the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended March 31, 2011.

Natwar Sureka
Chairman & Managing Director

Mumbai, August 22, 2011.



CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To
The Members of
M/s Frontline Business Solutions Limited.

We have examined the compliance of conditions of Corporate Governance by **Frontline Business Solutions Limited ("The Company")** for the year ended March 31, 2011, as stipulated in Clause 49 of the Listing Agreement of the Company with the Bombay Stock Exchange Limited.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the 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 of the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Management of the Company, we certify that the Company has complied in all material respects with the conditions of the Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For P.C.Baradiya & Co.
Chartered Accountants

Sd/-
(K.C.Kankariya)
Partner
M. No. 43951

Mumbai
August 22, 2011.



AUDITORS REPORT

To
The Members

FRONTLINE BUSINESS SOLUTIONS LIMITED.

- 1 We have audited the attached Balance Sheet of FRONTLINE BUSINESS SOLUTIONS LIMITED as at 31st March, 2011 and also the Profit & Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurances about whether the financial statements are free of material misstatements. An audit includes examining, on test basis, evidence supporting the amounts and disclosure made by the management, in the financial statements. An audit includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 As required by the Companies (Auditor's Report) Order, 2003 (as amended by the Amendment Order 2004), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, (hereinafter referred to as the "Act") We enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable.
- 4 Further to our comments in the Annexure referred to in paragraph 3 above, we state 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 Accounts as required by the Law have been kept by the Company so far as appears from our examination of the books.
 - c) The Balance Sheet & Profit and Loss Account dealt with by this report are in agreement with the books of Accounts.
 - d) In our opinion, the Balance Sheet and the Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
 - e) On the basis of the written representation received from the directors as on 31st March, 2011, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a director in the terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956;



- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with 'Significant Accounting Policies and Notes to Accounts' in Balance Sheet and the Profit and Loss Account, read together with the notes thereon give the information as required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
- i. In the case of Balance Sheet, of the State of Affairs of the Company as on 31st March 2011 ;
 - ii. In the case of Profit and Loss Account, of the Loss of the Company for the year ended on that date; and
 - iii. In the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For P.C.Baradiya & Co.
Chartered Accountants

Sd/-
(K.C.Kankariya)
Partner
(M. No. 43951)

Mumbai
August 22, 2011.

ANNEXURE TO AUDITOR'S REPORT
REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

- 1)
 - (a) The Company has maintained proper records showing full particulars including Quantitative details and location of fixed assets.
 - (b) As explained to us, the assets have been physically verified by the management at reasonable intervals in accordance with the phased programme of verification which, in our opinion, is reasonable considering the size of the Company and the nature of its fixed assets. According to the information and explanation given to us, no material discrepancies have been noticed on such physical verification.
 - (c) The assets disposed off during the year are not significant and therefore do not affect the going concern assumption.
- 2)
 - (a) The Company has not granted any loan, secured or unsecured, to the firms. Companies or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
 - (b) The Company has taken unsecured loans from 2 parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 48.73 lakh and the year-end balance of such loans aggregated to Rs.15.95 lakh. There were no stipulation as to when the interest was payable, wherever applicable. In our opinion, the rate of interest and the other terms and condition of such loans are prima facie not prejudicial to the interest of the Company.
- 3) 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 fixed assets and for the sale of services. During the course of our audit, no major weakness has been noticed in the internal control procedures.
- 4) In our opinion and according to the information and explanation given to us, there are no contracts or arrangements referred to in section 301 of the Companies Act, 1956 during the year to be entered in the register required to be maintain under that section. Accordingly, the question of commenting on transaction made in pursuance of such contract or arrangement does not arise.
- 5) The Company has not accepted any deposits from the Public and consequently, the directives issued by the Reserve Bank of India , the provisions of Section 58A and 58AA of the Companies Act, 1956 and the rules framed there under are not applicable.
- 6) In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.
- 7) The Central Government has not prescribed maintenance of cost records under Cause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 in respect of activities of the Company.

- 8) According to the information and explanation given to us, and the record of the Company examined by us, in our opinion, the company is regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, service tax and other material statutory dues as applicable with the appropriate authorities.
- (a) According to the information and explanation given to us, no undisputed dues payable in respect of sales tax, income tax, custom duty, provident fund were outstanding at 31st March ,2011 for a period of more than six months from the date they became payable. No undisputed amount payable in respect of the aforesaid statutory dues were outstanding as at the last day of financial year for a period of more than six months from the date they become payable.
- (b) According to the records of the Company, there are no dues of Income Tax, Sales Tax, Custom Duty, Wealth Tax, Excise Duty which have not been deposited with the appropriate authorities on account of any dispute except the following :

Name of the Statute	Nature of Dues	Amount	Period	Forum where the dispute is pending
JCCI	Penalty	5,34,523	91-92	Appeal
Sales Tax	Assessment Dues	6,47,571	96-97	Appeal

- 9) Accumulated losses of the Company at Rs. 25,12,41,173/- is less than 50% of its net worth. It has incurred cash losses in the current financial year and the immediately preceding financial year.
- 10) The Company has not taken any loan from financial institution, banks and debenture holders and as such the question of commenting on default in repayment of dues to any financial institution, banks and debenture holder does not arise.
- 11) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 12) In our opinion, Company is not a chit fund or a nidhi/ mutual benefit fund or society and as such the provision of clause 4 (xiii) of the Order are not applicable to the Company.
- 13) In our opinion, the Company is not dealing or trading in shares, securities, debentures, and other investments and as such the provision of clause 4 (xiv) of the Order are not applicable to the company.
- 14) According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions and as such the provision of clause 4 (xv) of the Order are not applicable to the Company.
- 15) The Company has not raised any term loans and as such the provisions of Clause 4 (xvi) of the Order are not applicable to the Company.
- 16) According to the information and explanation given to us and on and overall examination of the balance sheet of the Company, in our opinion, the funds raised on short-term basis have, prima-facie, not been used for long term investment.



- 17) The Company, in strict compliance with the provision of Regulation 72(1)(2) of SEBI (ICDR) Regulation, 2009, has made preferential allotment of shares to the parties and Companies covered and recorded in the Register maintained under section 301 of the Companies Act, 1956. In our opinion, the price at which shares has been issued is not prejudicial to the interest of the Company.
- 18) The Company has not raised any money by way of issue of debenture during the year and as such the provision of 4 (xix) of the Order is not applicable to the Company.
- 19) The Company has not raised any money by public issues during the year. Accordingly clause 4 (xx) of the Order is not applicable to the Company.
- 20) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practice in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such cases by the management.
- 21) Considering the nature of business conducted by the Company, the clause, (ii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, is not applicable in the case of the Company for the current year, and hence in our opinion there is no matter which arises to be reported in the aforesaid clause of the order.

For P.C.Baradiya & Co.
Chartered Accountants

Sd/-
(K.C.Kankariya)
Partner
(M. No. 43951)

Mumbai
August 22, 2011.



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BALANCE SHEET AS AT MARCH 31, 2011.

PARTICULARS	Schedule	31.03.2011 Rupees	31.03.2010 Rupees
<u>I SOURCES OF FUNDS</u>			
<u>SHAREHOLDERS FUNDS</u>			
Share Capital	"1"	89,120,390	120,100,000
Share Application	"2"	10,000,000	
Reserves & Surplus	"3"	17,889,626	128,731,377
<u>LOAN FUNDS</u>			
Unsecured loans	"4"	6,982,748	9,424,116
TOTAL		123,992,764	258,255,493
<u>II APPLICATION OF FUNDS</u>			
Fixed Assets	"5"		
Tangible Assets			
Gross Block		4,071,375	3,270,271
Less Depreciation		1,313,422	2,090,629
Net Block		2,757,953	1,179,642
Investments	"6"	41,563,514	63,514
Deffered Tax Assets		4,105,347	3,786,155
Current Assets, Loans & Advances			
Sundry Debtors	"7"	1,289,486	721,600
Cash & Bank Balance	"8"	10,767,018	430,092
Loans, Advances & Deposits	"9"	46,861,881	497,904
Total Current Assets		58,918,385	1,649,596
Less : Current Liabilities & Provisions			
Current Liabilities	"10"	1,266,720	285,284
		1,266,720	285,284
NET CURRENT ASSETS		57,651,665	1,364,312
Deferred Revenue Expenses	"11"	465,523	620,697
Profit & Loss Account		17,448,762	251,241,173
TOTAL		123,992,764	258,255,493
Significant Accounting Policies and Notes on Accounts	"15"		

AS PER OUR REPORT OF EVENDATE ANNEXED
For P. C. BARADIYA & COMPANY
Chartered Accountants

On Behalf of the Board of Directors

Sd/-
(K. C. KANKARIYA)
Partner
Membership No F/53491
Mumbai August 22, 2011.

Sd/-
Natwar Sureka
Chairman & Managing Director

Sd/-
Manju Sureka
Director



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011.

PARTICULARS	SCH	31.03.2011 Rupees	31.03.2010 Rupees
<u>I INCOME</u>			
Business Income	"12"	1,712,498	1,183,938
		1,712,498	1,183,938
<u>II EXPENSES</u>			
Operating & Admin. Expenses	"13"	4,352,603	1,929,573
Financial Expenses	"14"	1,776	747
		4,354,379	1,930,320
Profit & (Loss) Before Depreciation		(2,641,881)	(746,382)
Less: Depreciation	"5"	706,277	137,153
PROFIT / (LOSS) BEFORE TAX		(3,348,158)	(883,535)
Less: Provision For Taxation			
Less: Deferred Tax Liability (Assets)		(319,192)	(3,786,155)
Less: Transferred From Share Capital, Share Premium Account & Capital Reserve		(236,821,377)	0
PROFIT / (LOSS) AFTER TAX		233,792,411	2,902,620
Balance Brought Forward		(251,241,173)	(254,143,793)
Profit /Loss Transferred To Balance Sheet		(17,448,762)	(251,241,173)

**Significant Accounting Policies and
Notes on Accounts**

"15"

AS PER OUR REPORT OF EVENDATE ANNEXED
For P. C. BARADIYA & COMPANY
Chartered Accountants
Sd/-
(K. C. KANKARIYA)
Partner
Membership No F/53491
Mumbai August 22, 2011.

On Behalf of the Board of Directors

Sd/-
Natwar Sureka
Chairman & Managing Director

Sd/-
Manju sureka
Director



SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31.03.2011

	31.03.2011 Rupees	31.03.2010 Rupees
<u>Schedule 1 : Share Capital</u>		
<u>Authorised</u>		
12505000 (12505000) Equity Shares of Rs. 10 each	<u>125,050,000</u>	<u>25,050,000</u>
<u>Issued, Subscribed and Paid Up</u>		
8912039 (12010000) Equity shares of Rs. 10 Each fully paid up (refer note 17 of schedule 15)	<u>89,120,390</u>	<u>120,100,000</u>
	<u>89,120,390</u>	<u>120,100,000</u>

Note : Out of the above capital

I. 600,500 (6,005,000) shares of Rs. 10/- each allotted as fully paid up by way of Bonus Shares by capitalization of Reserves.

II. 7711039 shares of Rs. 10/- each at a premium of Rs. 2.32 allotted as fully paid up on preferential allotment on 02/03/2011.

SCHEDULE 2 :

Share Application	<u>10,000,000</u>	<u>-</u>
	<u>10,000,000</u>	<u>-</u>

SCHEDULE 3 : Reserves and Surplus

Securities Premium

As per Last Balance sheet	83,145	83,145
Add : Premium on Preferential allotment	17,889,626	
Less : Transfer to P/L a/c (See Note)	<u>(83,145)</u>	17,889,626

Capital Reserve

As per Last Balance sheet	128,648,232	128,648,232
Less : Transfer to P/L a/c (See Note)	<u>(128,648,232)</u>	<u>-</u>
	<u>17,889,626</u>	<u>128,731,377</u>

SCHEDULE 4 : Unsecured Loans

Short Term Loan

From Members	4,765,248	4,765,248
From Others	<u>2,217,500</u>	<u>4,658,868</u>
	<u>6,982,748</u>	<u>9,424,116</u>



SCHEDULED 5:
Fixed Assets

Description	Rate	As at 31.03.10	Addition	Deductions/ Adjustments	As at 31.03.11	Upto 31.03.10	For the year	Deductions/ Adjustments	Upto 31.03.11	As at 31.03.2011	As at 31.03.2010
<u>Tangible Assets</u>											
Computer System	16.21	24,500	36,600		61,100	152	6,052		6,204	54,896	24,348
Furniture & Fixture	6.33	3,09,806			3,09,806	752	19,611		20,363	2,89,443	3,09,054
Plant & Machinery	4.75	19,62,096	0	1,962,096	0	1,390,284	93,200	1,483,484	0	0	5,71,812
Office Equipments	4.75	9,73,869	1,100		9,74,969	6,99,441	46,266		7,45,707	2,29,262	2,74,428
Air Conditioner	4.75				25,500		1,148		1,148	24,352	
<u>Intangible Assets</u>											
Software	20	0	27,00,000		27,00,000		5,40,000		5,40,000	21,60,000	
Total		32,70,271	27,63,200	19,62,096	40,71,375	20,90,629	7,06,277	14,83,484	13,13,422	27,57,953	11,79,642
Previous Year		28,65,690	4,04,581	0	32,70,271	19,53,476	1,37,153	0	20,90,629	11,79,642	9,12,214



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FRONTLINE BUSINESS SOLUTIONS LTD

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31.03.2011

	31.03.2011 Rupees	31.03.2010 Rupees
<u>SCHEDULE 6 : Investments</u>		
<u>Unquoted at Cost</u>		
Investment in Govt Securities		
National Saving Certificates(VIII)	63,514	63,514
Share Application Money		
Technopoint Mercantile Co Pvt. Ltd.	41,500,000	-
	41,563,514	63,514
CURRENT ASSETS, LOANS & ADVANCES		
<u>SCHEDULE 7 : Sundry Debtors</u>		
Unsecured Considered good		
Outstanding for over six months	159,138	-
Other Debts	1,130,348	721,600
	1,289,486	721,600
<u>SCHEDULE 8 : Cash and Bank Balances</u>		
Cash in Hand	259,902	36,828
Balances with Scheduled Banks in		
- Current Accounts	10,426,243	312,391
- Unpaid Dividend Account	80,873	80,873
	10,767,018	430,092
<u>SCHEDULE 9 : Loans, Advances and Deposits</u>		
Unsecured, considered good		
Advances recoverable in cash or in kind or for value to be received	46,544,000	-
TDS (Fy- 2009-2010)	2,557	331
TDS (Fy- 2010-2011)	55,324	-
Service Tax (Fy - 2009-2010)	-	24,117
Security Deposits	260,000	473,456
	46,861,881	497,904
<u>SCHEDULE 10 : Outstanding Liabilities</u>		
Sundry Creditors - Capital Goods	700,000	90,000
Sales Tax Payable - Bangalore	134,532	134,532
Outstanding Expenses	432,188	59,752
Tds Payable		1,000
	1,266,720	285,284
<u>SCHEDULE 11 : Deferred Revenue Expenses</u>		
<u>Expenses for Issue of Bonus Shares</u>		
Filling Fees CDSL - Bonus Issue	13,086	17,448
Filling Fees NSDL - Bonus Issue	1,822	2,429
Postage & Courier	96,955	129,273
Printing & Stationary	11,482	15,309
Processing Fees - BSE	26,966	35,955
Franking & Revenue Stamp	36,030	48,040
ROC Filling Fees - Bonus Issue	26,966	35,955
ROC Filling Fees - Share Capital	180,150	240,200
Stamp Duty - Share Capital	72,066	96,088
	465,523	620,697



FRONTLINE BUSINESS SOLUTIONS LTD

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

	Year Ended on 31st March 2011	Year Ended on 31st March 2010
<u>SCHEDULE 12 :</u>		
<u>INCOME</u>		
Education Center	-	729,228
Professional Fees	1,712,498	449,010
Interest Recd on income Tax Refund	-	5,700
	<u>1,712,498</u>	<u>1,183,938</u>

<u>SCHEDULE 13 :</u>		
<u>OPERATING & ADMIN. EXPENSES</u>		
Advertisement Expenses	27,232	188,100
Audit Fees	15,000	10,000
Deferred Revenue Expenses W/Off	-	155,174
Electricity Charges	61,360	72,050
Listing Fees	186,010	164,064
Membership & Subscription	25,555	24,600
News Paper Publication	600	24,930
Salary and Wages	2,396,996	526,193
Esic Employer Contribution	53,018	-
MLWF Employer Contribution	954	-
PF Administration Exp	13,510	-
PF employer Contribution	100,691	-
Mediclaime Insurance (Employer)	12,838	-
Amortization Expenses W/Off	-	-
Loss - Sale of Machinery	307,052	-
Office Exp	-	29,814
Postage & Courier Charges	170,000	71,827
Printing & Stationary	33,185	59,334
Professional & Legal Expenses	261,060	162,460
Professional Tax Paid	2,500	2,500
Recruitment Charges	36,691	-
Rent	170,664	221,998
Registrar & Transfer Exp	70,073	32,674
Repair & Maintenance	-	11,045
Sales Promotion	-	88,237
Service Tax Paid	-	19,763
Staff Welfare Expenses	14,589	3,693
Telephone Expenses	220,426	17,111
Traveling & Conveyance Exp	8,980	12,006
Website Development Charges	8,445	32,000
	<u>4,197,429</u>	<u>1,929,573</u>

<u>SCHEDULE 14 :</u>		
<u>FINANCIAL EXPENSES</u>		
Bank Charges	1,776	747
	<u>1,776</u>	<u>747</u>

SCHEDULE –15:**Significant Accounting Policies and Notes on Accounts****I. Significant Accounting Policies****1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention on accrual basis of accounting in accordance with the generally accepted accounting principles (GAAP) in India and comply with the Accounting Standards ("AS") prescribed in the Companies (Accounting Standards) Rules, 2006 and with the relevant provisions of the Companies Act, 1956, to the extent applicable.

2 Use of estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results may differ from those estimates. Any revisions to accounting estimates are recognised prospectively in current and future period.

3 Fixed Assets & Depreciation:**3.1 Fixed Assets:**

Fixed Assets are stated at the original cost of acquisition including incidental expenses related to acquisition and installation of the concerned assets. Fixed Assets are shown net of accumulated depreciation.

3.2 Depreciation:

Depreciation on fixed assets has been provided on straight line method at the rates and in the manner prescribed under schedule – XIV of the Companies Act, 1956 except computer software which is depreciated over a period of 5 years.

4 Impairment of Assets :

The management, assesses for any impairment of assets or cash generating units, in indicators, external or internal, suggests possibilities for reduction in net realizable value of assets or value in use of cash generating units below its carrying costs. Impairments, if any, will be recognized in the Profit and Loss Accounts.

5 Revenue Recognition:

The revenue in respect of Professional Fees including Professional Fees for Human Resources Solution Provider, Providing of personnel's, Outsourcing are recognized on delivery of service to the customers.

Revenue is recognized inclusive of applicable taxes.

Interest Income on Income Tax Refund is recognized on receipt basis

6 Deferred Revenue Expenses :

Miscellaneous Expenses incurred for issue of Bonus Shares are amortized over a period of 5 years.

7 Provisions, Contingent Liabilities and Contingent Assets:

A provision is made based on a reliable estimate when it is probable that an outflow of resources embodying economic benefit will be required to settle an obligation.

Contingent Liabilities in respect of show cause notice received are considered only when they are converted into demands. Contingent Liabilities under various fiscal laws include those in respect of which the Company / Department is in appeal. Contingent Liabilities are disclosed by way of notes to accounts.

Contingent assets are not recognized or disclosed in the financial statement.

8 Taxation:

No provision for taxation is made since the company has incurred loss and it has huge carried forward losses.

Deferred Tax is recognized, subject to the consideration of prudence of, on timing differences, being the difference between taxable income and accounting income that originated in one period and are capable of reversal in one or more subsequent periods.

II. Notes to Accounts

9 Contingent Liabilities:

The Company has Contingent Liabilities in respect of JCCI Penalty of Rs. 5,34,523/- and Disputed Sales Tax Liability (Bangalore) of Rs. 6,47,571/- .

10 Deferred Tax Assets /(Liabilities) :

The Company has recognized deferred tax arising on account of timing difference, being the difference between the taxable income and accounting income, that originated in one period and is capable of reversal in one or more subsequent period(s) in compliance with Accounting Standard (AS-22) Accounting for Taxes on Income issued by Institute of Chartered Accountant of India.

(Amount In Rs.)

Deferred Tax Assets	As on March 31, 2011
Deferred Tax Assets:	
Arising on account of Carried Forward Business and Depreciation Losses of Previous years	49,94,431
Deferred Tax Liability:	
Arising on account of difference between WDV as per Income Tax Act,1961 and Companies act,1956	(8,89,084)
Net Deferred Tax Assets	41,05,347

11 Balance Appearing in various accounts under the head Unsecured Loans, Sundry Debtors, Loans and Advances, Deposits and Sundry Creditors are subject to confirmation and reconciliation's. Consequential adjustment thereof arising if any, will be made in the year, the confirmation and reconciliation's are received.

12 In the opinion of the management, the Current Assets, Loans and Advances, deposit are expected to realize at the values stated in the Balance Sheet and adequate provisions have been made in the accounts for all known liabilities.



13 No amounts are outstanding to Micro, Small and Medium Enterprises Development Act, 2006 for the year ended on 31st March 2011.

14 Segment Reporting :

The company operates only in one business segment being BPO / KPO Solutions and there are no geographical segments to be reported.

15 Information on Related party transaction as required by Accounting Standard (AS 18) for the year ended 31st March, 2011

Associate Companies

Frontline Sales Ltd.

Frontline HR Solutions Ltd.

Key Managerial Personnel

Natwarlal Sureka - Managing Director

16 Details of significant transactions and balance with related parties:

Nature of Transaction	Associates	Key Managerial Personnel	Total
Loan Received	76,81,784	Nil	76,81,784
Loan Paid	1,01,23,152	Nil	1,01,23,152

17 Scheme of Arrangement

Pursuant to the Scheme of Arrangement under section 78,100,391 & 394 of the Companies Act 1956 and subsequent order of Bombay High Court Dated 25th June 2010 thereon, the paid up share capital of the company of Rs. 12,01,00,000/- divided into 1,20,10,000 equity shares of Rs 10/- each has been reduced to Rs 1,20,10,000/- divided into 12,01,000 equity shares of Rs 10/- each without payment of the cancelled value of said shares to the shareholders of the company. The capital so reduced of Rs 10,80,90,000/- , share premium Rs 83,145/- and the capital reserve to the extent of Rs 12,86,48,232/- aggregating to Rs. 23,68,21,377 has been set off against accumulated losses of Rs 25,41,43,793/- of the company thereby reducing the accumulated losses to that extent.

18 Changes in Equity Share Capital during the year

		No of Shares	Amount Rs (Face Value Rs. 10)
Opening Balance	As On 01-04-2010		
Equity Shares		60,05,000	60,050,000
Bonus shares		60,05,000	60,050,000
		<hr/>	<hr/>
		1,20,10,000	1,20,100,000
Less :- Reduction of Shares	25/06/2010	1,08,09,000	1,08,090,000
Add :- Preferential allotment	02/03/2011	77,11,039	77,110,390
		<hr/>	<hr/>
Closing Balance	As On 31-03-2011	89,12,039	8,91,20,390

**19 Remuneration comprises of the following:**

Particulars	2010-2011 (Amt. Rs.)	2009-10 (Amt. Rs.)
Audit Fees	15,000	5,000
Taxation Matter	-	5,000
Total	15,000	10,000

20 Earning Per Share:

Loss as per profit & loss Account	(33,48,158)	(883535)
Weighted average number of equity shares outstanding	89,12,039	1,20,10,000
Nominal Value of Ordinary Shares	10	10
Basic earning per share	(3.76)	(0.07)

21 Previous Year's figures have been regrouped and rearrange whichever necessary in confirm to those of Current Year. Figures have been rounded off to the nearest rupee.



18TH ANNUAL REPORT 2010 – 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

PARTICULARS	AMOUNT	2010-2011	AMOUNT	2009-2010
A CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit After prior period item but before tax		(3,348,158)		(883,535)
Adjusted for:				
Depreciation / Amortization	7,06,277		1,37,153	
Interest & Financial Charges	-		-	
Interest & Dividend Received	-		-	
Loss on sale of fixed assets	3,07,052		-	
Deferred Revenue Expenditure written off	1,55,174	11,68,503	1,55,174	2,92,327
	(A)	(21,79,655)		(5,91,208)
Operating Profit Before Working Capital Changes				
Adjusted For:				
Increase in Inventories	-			
Increase in Sundry debtors	(5,67,886)		(7,21,600)	
Increase in Loan, Advances & Deposit	(4,63,63,977)		(2,20,954)	
Increase in Current Liabilities	9,81,436		1,33,432	
Cash Generated from operation		(4,59,50,427)		(8,09,122)
Less : Income Tax Paid				
Net cash generated from operating activities		(4,59,50,427)		(8,09,122)
B Cash Flow From Investing Activities				
Purchase Of Investment		(4,15,00,000)		
Purchase of Fixed Assets Tangible \ Intangible		(27,63,200)		(4,04,581)
Sales/Adjustments of Fixed Assets		1,71,560		
Capital Work In Progress		-		
Interest & Dividend received		-		
Net Cash From Investing Activities		(9,00,42,067)		(12,13,703)
C Cash Flow From Financing Activities				
Proceeds from Borrowings	(2,441,368)		21,03,015	
Increase in Capital / application Money	10,50,00,016			
Adjustment of Reserve & surplus	-			
Interest & Financial Charges paid	-			
Deferred Revenue Expenditure	-			
Net Cash Used In Financing Activities		10,25,58,648		21,03,015
Net Increase in Cash & Cash Equivalents		1,03,36,926		2,98,104
Cash and Cash Equivalents as at (Opening Balance)		4,30,092		1,31,988
Cash and Cash Equivalents as at (Closing Balance)		1,07,67,018		4,30,092

FOR P. C. Baradiya & Co.
Chartered Accountants

Sd/-
K. C. Kankariya
Proprietor
Membership No. 043951
Mumbai, August 22, 2011

Sd/-
Natwar Sureka
Chairman & Managing
Director

Sd/-
Manju Sureka
Director



BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration Code

L17200MH1994PL
C076018

State Code

11

Balance sheet Date

31/03/2011

II. Capital Raised During the year (Amt. in Rupees)

Public Issue

NIL

Right Issue

NIL

Bonus Issue

NIL

Private
Placement

NIL

III. Position of Mobilisation and Deployment of Funds (Amt. in Thousand)

Total Liabilities

1,23,993

Total Assets

1,23,993

Paid up Capital

89,120

Reserves &
Surplus

17,890

Secured Loan

Unsecured Loan

6,983

Net Fixed Assets

2,758

Investments

41,564

Net Current Assets

57,652

Misc. Expenditure

566

P & L A/c

17,449

Deferred Tax
Asset

4,105

IV. PERFORMANCE OF COMPANY (Amt. in Rupees)

Turnover

1,712

Total Expenditure

5,061

Profit/Loss Before
Tax

-3,348

Profit/Loss After
Tax

2,33,792

Earnings Per
Share

-3.76

Dividend Rate %

NIL

**V. GENERIC NAME OF THREE PRINCIPAL PRODUCTS/
SERVICES OF COMPANY (As Per Monetary Term)**

Item Code No.

-

Product

Description

Service Industry

As Per Our Report Of Even Date

On behalf of the Board of Directors

FOR P. C. Baradiya & Co.
Chartered Accountants

Sd/-
K. C. Kankariya
Proprietor
Membership No. 043951
Mumbai, August 22, 2011

Sd/-
Natwar Sureka
Chairman & Managing
Director

Sd/-
Manju Sureka
Director



FRONTLINE BUSINESS SOLUTIONS LIMITED

Regd Off: Block No. A-1, Parle Colony CHS., Sahakar Road, Vile – Parle (East), Mumbai – 400 057.

FORM OF PROXY

Regd. Folio No./DP ID Client – ID _____

No. of Shares Held _____

I/We _____ of _____ in the District of _____ being a member/members of Frontline Business Solutions Limited, hereby appoint Mr./Ms. _____ of _____ in the district of _____ or _____ failing him/her Mr./Ms. _____ of _____ in the district of _____ as my/our proxy to attend and vote for me/our behalf at the Eighteenth ANNUAL GENERAL MEETING of the Company to be held on Thursday, September 29, 2011 at 12.30 p.m. and at any adjournment thereof.

Place: Mumbai

Date:

Affix 1 Rupee
Revenue Stamp

Signature: _____

Note: This form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered office of the Company, not less than 48 hours before the meeting.

.....TEAR HERE

FRONTLINE BUSINESS SOLUTIONS LIMITED

Regd Off: Block No. A-1, Parle Colony CHS., Sahakar Raod, Vile – Parle (East), Mumbai – 400 057.

ATTENDANCE SLIP

Eighteen Annual General Meeting to be held on Thursday, September 29, 2011 at 12.30 p.m.

Regd. Folio No./ DP ID-Client ID _____

No. of Shares Held _____

I certify that I am a member/proxy of the Company.

I hereby record my presence at the Eighteen Annual General Meeting to be held on Thursday, September 29, 2011 at 12.30 p.m. at Nityanand Nagar No. 4, Behind Better Home, Sahar Road, Andheri (East), Mumbai-400 069.

Member's /Proxy Name (in Block Letter)

Member's / Proxy Signature

Note: Please fill this attendance slip and hand it over at the ENTRANCE.



BOOK – POST

TO,

If undelivered, please return to:

FRONTLINE BUSINESS SOLUTIONS LIMITED

Block No. A-1, Parle Colony CHS.,

Sahakar Road, Vile – Parle (East),

Mumbai – 400 057