

FRONTLINE FINANCIAL SERVICES LIMITED

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company believes in functioning in a transparent manner with the basic philosophy being to enhance the shareholder value, keeping in mind the needs and interest of other shareholder. The following information is placed before the shareholders.

BOARD OF DIRECTORS

Company has three members on the Board of the Company constituting Non – executive directors. Composition of board of directors is as under:

- | | | |
|---------------------|---|---------------------------------------|
| (1) Mr. Tushar Shah | - | Director & Promoter (Executive) |
| (2) Mr. Sanjay Shah | - | Director & Promoter (Executive) |
| (3) Mr. Ravish Shah | - | Director (Non Executive, Independent) |

Numbers of Board Meeting held and the dates on which held:

During the year the Company has held 7 Board Meetings as against the minimum requirement of 4 meeting. The meetings were held on:

30th April 2009, 31st May 2009, 31st July 2009, 31st August, 2009, 31st October, 2009, 3rd January, 2010 and 31st March, 2010.

Director's presence in the Board Meeting held during the year:

Sr. No.	Name of Director	Attendance Particular	
		Last AGM	Board Meeting
1	Mr. Tushar Shah	YES	7
2	Mr. Sanjay Shah	YES	7
3	Mr. Ravish Shah	YES	7

AUDIT COMMITTEE

The Audit Committee has been constituted in conformity with the requirements of Section - 292A of the Companies Act, 1956 and Clause – 49 of the Listing Agreement with Stock Exchanges.

The audit committee has the following non – executive Director.

- (1) Mr. Ravish Shah
- (2) Mr. Sanjay Shah

Powers of the audit committee includes :

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

The scope of committee includes:

1. Review of company's financial reporting process and the financial statement.
2. Review internal control systems and functioning of internal audit process.
3. Post audit review with statutory auditors.

During the year under review, Audit committee met five times where all the members were present.

The meetings were held on 30th April, 2009, 31st July, 2009, 31st August, 2009, 31st October, 2009 and 31st January, 2010.

Company is trying its best to induct one more member having Financial background as a member of Audit Committee and to Become a part of Board of Directors of the Company, to comply with the code of Corporate Governance.

REMUNERATION COMMITTEE

The remuneration committee consists of the following two Non – Executive, Independent Directors.

- (1) Mr. Sanjay Shah
- (2) Mr. Ravish Shah

At present, no remuneration is paid to any Directors of the company. As there was no business to discuss, meeting of the Remuneration committee was not held during the year.

SHAREHOLDERS COMMITTEE

Shareholder's Committee consists of two members:

- (1) Mr. Tushar Shah
- (2) Mr. Sanjay Shah

During the year under review, Shareholders committee met Five times where all the members were present.

The meetings were held on 30th April, 2009, 31st July, 2009, 31st October, 2009, 31st January, 2010 and 31st March, 2010.

During the year, the company and their Registrar and Share Transfer Agents M/s Cameo Corporate Services Limited, Ahmedabad, resolved all the complaints within the time frame prescribed by the SEBI/ Stock Exchanges except the disputed matters.

The Shares received for transfer are generally approved on 15th and 30th of the each month and are given effect by the Registrar and Share Transfer Agent.

GENERAL BODY MEETING:

DATE	TYPE	TIME	VENUE
30/09/2009	AGM	11.30 A.M.	10, ANKUR COMPLEX, B/H. TOWN HALL, OPP. X – RAY HOUSE, ELLISEBRIDGE, AHMEDABAD – 380 006.
30/09/2008	AGM	11.30 A.M.	10, ANKUR COMPLEX, B/H. TOWN HALL, OPP. X – RAY HOUSE, ELLISEBRIDGE, AHMEDABAD – 380 006.
29/09/2007	AGM	11.30 A.M.	10, ANKUR COMPLEX, B/H. TOWN HALL, OPP. X – RAY HOUSE, ELLISEBRIDGE, AHMEDABAD – 380 006.

There are no special resolutions passed by the company through postal ballot at any of the above annual general meeting.

CODE OF CONDUCT

The Company has adopted a Code of Conduct for Directors and Senior Management, which is also hosted on the website of the Company. It is the responsibility of all employees and Directors to familiarise themselves with the Code and comply with the same.

The Code includes provisions where the employees of the Company can voice their concerns on violation and potential violation of this Code in a responsible and effective manner.

DISCLOSURE

As per the disclosures given by the Directors of the Company there were no materially related party transactions attracting Section 297 of the Companies Act, 1956.

All the guidelines issued by the SEBI and Stock Exchange or other statutory authority on the matter related to capital markets are fully complied.

MEANS OF COMMUNICATION

The means of communication between the Shareholders and Company are transparent and investor friendly. The quarterly results of the Company are published in News Paper as required by the listing agreement.

GENERAL SHAREHOLDERS INFORMATION

Annual General Meeting:
(Date, Time and Venue)

Date: 30/09/2010
Time: 11.30 A.M.
Venue: 12/A, Swastik Chambers,
Nr. C. U. Shah Collage,
Income – Tax,
Ahmedabad - 380 014

Financial Calendar:

1st April 2009 to 31st March 2010.

Date of Book Closure:

27th September 2010 To 30th September 2010

Dividend Payment Date:

No dividend declared.

Tentative Financial Calendar

Publication of Quarterly Results ending 30 th June, 2010	Last week of July 2010
Publication of Quarterly Results ending 30 th Sep. 2010	Last week of Oct. 2010
Publication of Quarterly Results ending 31 st Dec. 2010	Last week of Jan. 2011
Publication of Quarterly Results ending 31 st March 2011	Last week of April 2011

LISTING ON STOCK EXCHANGE

1. The Stock Exchange, Mumbai
2. The Stock Exchange, Ahmedabad.

REGISTRAR AND SHARE TRANSFER AGENT

The Company has appointed M/s. Cameo Corporate Services Limited as a registrar and Share Transfer Agent to handle all the work related to Shares and Securities.

SHARE MARKET DATA

Shares of the Company are generally not traded in the Stock Market

SHARE TRANSFER SYSTEM

Presently, the share transfers in physical form and the share certificates returned within a period of 15 to 30 days from the date of receipt, subject to the documents being clear in all respects. After the share transfer is affected, a letter will be sent to the transferee indicating the details of the transferred shares along with their Share Certificates.

DEMATERIALIZATION OF SHARES AND LIQUIDITY

Shares of the company is not admitted for dematerialization by NSDL or CDSL.

Outstanding GDRs/ ADRs/ Warrants or any
Convertible Instruments, Conversion date and
Likely impact on equity:

Not Applicable

DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2010

DISTRIBUTION OF HOLDINGS			
		PHYSICAL	
Balance		Holders	SHARES
1	500	0	0
501	1000	27	27000
1001	2000	136	246000
2001	3000	125	364300
3001	4000	121	467400
4001	5000	75	372200
5001	10000	56	349500
10001	9999999	56	4074700
TOTAL		596	5901100

SHAREHOLDING PATTERN AS ON 31ST MARCH, 2010

	Category	No. of Shares	% of Shares
A	Promoter's Holding		
1	Indian Promoters	2414400	40.91
2	Foreign Promoters	-----	-----
	Sub total	2414400	40.91
B	Non-Promoters		
3	Institutional Investors	-----	-----
	A Mutual Funds and UTI	-----	-----
	B Banks, Financial Inst., Insurance Com.	-----	-----
	(Central State Gov. Inst. /Non- Gov Inst.)	-----	-----
	C FIIS	-----	-----
	Sub total	-----	-----
4	Others		
	A Private corporate Bodies	100000	1.70
	B Indian Public	3386700	57.39
	C NRIs / OCBs	-----	-----
	Sub total	3486700	59.09
	GRAND TOTAL	5901100	100.00

Disclosures

(1) There are no materially significant related party transactions of the Company with key managerial personnel which have potential conflict with the interest of the Company at large.

(2) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the period from 1st April 2009 to 31st March 2010 : NIL.

Unclaimed Dividends

The Company will be required to transfer dividends which have remained unpaid/unclaimed for the period of 7 years to the Investor Education & Protection Fund established by the Government. However there is no such unclaimed/unpaid dividend for which Company has to transfer the same to the Investor Education & Protection Fund in this financial year.

Address for Correspondence

Shareholders can do the correspondence at:

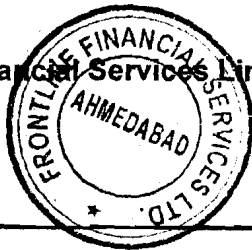
To,
Compliance Officer
Frontline Financial Services Limited
10, ANKUR COMPLEX,
B/H. TOWN HALL,
OPP. X RAY HOUSE,
ELLISEBRIDGE, AHMEDABAD 380 006

DECLARATION

The Board has laid down a code of conduct for all Board Members and Senior Management of the Company. The Board members and Senior Management have affirmed compliance with the code of conduct.

For, Frontline Financial Services Limited


DIRECTOR



CEO CERTIFICATION

We, Mr. Tushar S. Shah, Director certify to the Board that:

(a) We have reviewed financial statements and the cash flow statement for the year ended on 31.03.10 and that to the best of their knowledge and belief:

(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 our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the auditors and the Audit committee

(i) significant changes in internal control during the year;

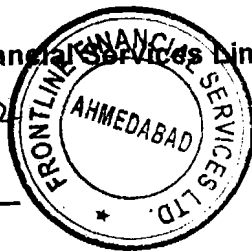
(ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

(iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

For Frontline Financial Services Limited

Tushar

DIRECTOR



**CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE
GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT(S)**

1. We have examined the Compliance of conditions of Corporate Governance by **Forntline Financial Services Limited** ("the Company ") for the period from during the year ended 1st April, 2009 to 31st March, 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchange.
2. The compliance of conditions of corporate governance is the responsibility of the management .Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance . It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us , and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
4. As required by the Guidance Note issued by the Institute of Chartered Accountant of India we have to state that based on the report given by the Registrar of the Company to the Investor's Grievance Committee, as on 31st March, 2010, there were no investor grievance matter against the Company remaining unattended /pending for more than 30 days.
5. 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.

Place : Ahmedabad

Date : 01.09.2010

For , Nirav S. Shah & Co.

CHARTERED ACCOUNTANTS

SD/-

[PROPRIETOR]

[Nirav Shah]

Membership # 133345