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ANNUAL REPORT 2001-2002

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FRONTLINE
SECURITIES LIMITED

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FR[illegible]

Board of Directors

Mr. Rakesh K. Jain, Chairman
Dr. C.S. Bali
Mr. Atul K. Jain
Mrs. Pretty Jain
Mr. Arun K. Jain
Mr. Sanjeev Kapur - Director & Company Secretary

Auditors

Mahajan & Company
Chartered Accountants

Bankers

Standard Chartered Bank
New Delhi

HDFC Bank
New Delhi

Registered Office

E-169, Masjid Moth
Greater Kailash-II
New Delhi-110 048

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NOTICE

[illegible]

[illegible]

1. [illegible]
2. [illegible]
3. [illegible]
4. [illegible]

[illegible]

5. [illegible]

[illegible]

6. [illegible]

[illegible]

7. [illegible]

[illegible]

8. [illegible]

[illegible]

[illegible]

1. [illegible]
2. [illegible]
3. [illegible]
4. [illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

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[illegible]

8. Per [illegible] Act, 1956 read [illegible] the Company [illegible] Rules, 1956 [illegible]

9. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for ready reference at the meeting.

10. Dividend for the financial year ended [illegible] 1998 remained unclaimed and unpaid and shares of a period of seven years will be transferred to the Investor Education and Protection Fund of the Central Government. Shareholders who have not encashed their dividend warrants so far, for the financial year ended [illegible] are requested to write to the Company. It may also be noted that after the unclaimed dividend is transferred to the Central Government, no claim shall lie against the Company.

11. Since Mar 2001 trading in the shares of the Company has been made compulsorily in dematerialised form. The ISIN No. for the shares of the Company is INE[illegible]01018. Members who wish to hold shares in dematerialised form may approach the Company through a Depository Participant.

12. Members are requested to notice by [illegible] the Company Form No. 2B as prescribed in the Companies (Central Government's General) Rules and Forms 1956. The Form will be supplied on request. However where the shares are held in dematerialised form, the information should be provided with the respective Depository Participant.

[illegible] ACTION STATEMENT PURSUANT TO [illegible] OF THE COMPANIES ACT, 1956

Item No. 5

Pursuant to Section 192 of the Companies Act, 1956 the Board of Directors at their meeting held on 14 July, 2002 appointed Mr. Sandeep Kaur as an Additional Director. Mr. Sandeep Kaur is an LLB.

The Board also recommended the appointment of Mr. Sandeep Kaur as a Whole-time Director w.e.f. 14 July 2002 to the consent of the ensuing Annual General Meeting and under Pt. I Clause II of Schedule XIII of the Companies Act for ensuing Annual General Meeting on the following terms and conditions:

1. Salary
   Rs. 3000/- p.m.

2. Perquisites
   (a) House rent 2100/- p.m.
   (b) Annual Allowance Rs. 18000/- p.m.

The above [illegible] Act of the Companies Act along with payment of Rs. 5000/- has been received from a member proposing the appointment of Mr. Sandeep Kaur as a Director of the Company.

The terms of remuneration to be paid shall be treated as an abstract of terms of [illegible] under section 302 of Companies Act 1956.

Except Mr. Sandeep Kaur no other Directors are in any way concerned or interested in the proposed resolution.

By order of the Board

Date : 14.10.2002
Place : NEW DELHI

Sandeep Kaur
Director & Company Secretary

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DIRECTOR'S REPORT

To the Members

The Directors are pleased to present their Eighth Annual Report with Audited Accounts for the year ended 31st July 2002

FINANCIAL RESULTS

The Financial Results of the Company are as under:

	For the Year Ended 31st July 2002 (Rs. in Lacs)	For the Year Ended 31st July 2001 (Rs. in Lacs)
Income	[illegible]	[illegible]
Profit before Interest, Depreciation and Taxation	[illegible]	[illegible]
Interest	[illegible]	[illegible]
Depreciation	[illegible]	[illegible]
Profit before Taxation	[illegible]	[illegible]
Provision for Taxation	[illegible]	[illegible]
Net Profit after Taxation	[illegible]	[illegible]
Net Profit after Taxation and Extraordinary Items	[illegible]	[illegible]
Balance brought forward	[illegible]	[illegible]
Net Profit available for Appropriation	[illegible]	[illegible]
Transfer to General Reserve	[illegible]	[illegible]
Balance Carried forward	[illegible]	[illegible]

PERFORMANCE OF THE COMPANY

During the year under review, the company has reported a net profit after tax of Rs. [illegible] as against Rs. [illegible] in the previous year.

[illegible]

During the year under review, the equity market continued to be depressed. However, the Company's policy of investing most of its funds in low risk instruments gave good results and the Company earned a net profit before tax of Rs. [illegible] by way of Finance, Investment and Operating income.

LISTING OF PORTFOLIO MANAGER

During the year 50 lac equity shares of Rs. [illegible] each were permitted to be traded on the Stock Exchange, Mumbai. The shares are now listed on the Delhi Stock Exchange. The shares are also listed on the National Stock Exchange and are available for demat on NSDL. Approval of Nasdaq is awaited in future.

DIVIDEND

In view of the losses incurred in the last few years and to conserve resources for future needs, no dividend has been recommended by the Board of Directors this year.

FUTURE PLANS

The stock market conditions are depressed and as of now the company intends to continue with its policy to make investments in low risk securities and secured return spaces.

The Company plans to develop its software business with [illegible]. The management of the Company is [illegible] a full base in its software business and [illegible] long software projects and solutions. The Company aims to secure [illegible] and international alliances for marketing of its software products and seek to [illegible] in [illegible] software [illegible].

FIXED DEPOSIT

The Company has not accepted any public deposit during the year under review within the meaning of Section 58A of the Act read with the Companies (Acceptance of Public Deposits) Rules, 1975.

DIRECTORS

Mr. Atul [illegible] and Dr. C.S. [illegible] retire by rotation [illegible]

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by relatives and friends, eligible other than relatives, to be appointed.

Mr. Sandeep Kumar was appointed as Executive Director in terms of Section 269 of the Companies Act, 1956 read with Schedule XIII of the Articles of Association of the Company to hold office till the ensuing Annual General Meeting. A Notice in writing has been received from a member under Section 257 of the Companies Act, 1956, proposing the candidature of Mr. Sandeep Kumar as regular Director of the Company.

Mr. Rajendra K. Bhagat resigned from the Board of Directors of the Company w.e.f. 3rd April, 2006. The Board of Directors place on record their appreciation for the services rendered by Mr. Rajendra K. Bhagat during his tenure as Director of the Company.

AUDIT COMMITTEE

The Audit Committee of the Board of Directors was held at the year 2005 and presently comprises of three Directors namely Dr. C.S. Reddy, Mr. Anil K. Jain, and Mr. Ajay P. Shah. The Committee reviews the Company's financial reporting process, audit of accounts, internal control systems, reviews the quarterly / half yearly / annual financial statements before they are submitted to the Board of Directors, and performs such other functions as may be specified by the Board of Directors.

DIRECTORS' RESPONSIBILITY STATEMENT

As required in Section 217 (2AA) of the Companies Act, 1956 we Directors state that to the Directors' knowledge and belief, we confirm that:

1. In the preparation of the annual accounts, applicable accounting standards have been followed along with proper explanation relating to material departures.
2. The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable 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 and loss of the company for the period.
3. The Directors 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.
4. The Directors have prepared the annual accounts on a going concern basis.

AUDITORS AND AUDITORS' REPORT

M/s. J. Jain & Company, Chartered Accountants, Auditors of the Company, retire at the ensuing Annual General Meeting and offer themselves for re-appointment. The Company has received a certificate from the Auditors to the effect that the appointment, if made, would be in accordance with the provisions of Section 224(1B) of the Companies Act, 1956.

The relevant Notes to the Accounts of the Company referred to in Auditors Report are self explanatory and therefore do not call for any further comments.

PARTICULARS OF EMPLOYEES

No disclosure as required under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 has been furnished as there is no employee in receipt of remuneration in excess of the prescribed limits.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars under Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988 on conservation of energy, technology absorption are not applicable to joint Company.

Foreign Exchange Earnings	Software development charges Rs. 8,71,200/- and miscellaneous charges Rs. 57,500/- Division per miscellaneous charges Rs. 7,11,000/-
Foreign Exchange Outgo	Rs. Nil (previous year Nil)

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CORPORATE GOVERNANCE

The Company [illegible] Corporate Governance. As a [illegible] Corporate Governance [illegible] regulatory requirements but also as a [illegible] management [illegible] shareholders expectations.

The company is [illegible] all mandatory provisions of Corporate Governance as prescribed under the listing agreement of the Delhi Stock Exchange are complied with by the prescribed time [illegible] by Shri Manish Sethi.

ACKNOWLEDGEMENT

We take [illegible] the support and valuable contribution extended by the business associates, bankers and shareholders of the Company. Your Directors place on record their appreciation of the employees work by the employees at all levels.

Your Directors also thank the Securities and Exchange Board of India, Delhi Stock Exchange, Reserve Bank of India and other Government Departments for their support during the year and look forward to their continued support.

For and on Behalf of the Board

Date : 14.10.2002
Place : NEW DELHI

Amit K. Jain
Director

Deepak Jain
Director

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FROM THE PRESIDENT'S DESK

AUDITOR'S REPORT

TO THE MEMBERS

1. We have audited the attached Balance Sheet of Frontline Securities Limited as on 31st July 2002 and also the profit and loss account for the year ended on that date annexed thereto. These financial statements are the responsibility of the company management. Our responsibility is to express our opinion on these financial statements based on our audit.

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

3. As required by the Manufacturers and Other Companies (Auditors Report) Order, 1997 issued by the Government of India in terms of sub-section (4A) of the Companies Act, 1956 we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order to be dealt with in our report.

4. Further to our comments in the Annexure referred to above, we report that:

(a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

(b) In our opinion, the company has kept proper books of account as required by law so far as it appears from our examination of those books.

(c) The balance sheet and profit and loss account dealt with by this report are in agreement with the books of account.

(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 sub-section (3C) of section 211 of the Companies Act, 1956.

(e) On the basis of written representations received from directors as on 31st July 2002, we report that none of the directors is disqualified as on 31st July 2002 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

(f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with accounting policies and notes given in schedule 12 and 13 impact only give the information required by the Companies Act, 1956 in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India.

(g) In the case of balance sheet, of the state of the company affairs as on 31st July 2002 and

(h) In the case of the profit and loss account of the profit of the company for the year ended on that date.

For A. JAIN & COMPANY
Chartered Accountants

DATE : 14.10.2002 KIRANTI JAIN
PLACE : NEW DELHI Proprietor

ANNEXURE TO THE AUDITOR'S REPORT OF FRONTLINE SECURITIES LIMITED FOR THE YEAR ENDED 31ST JULY, 2002 REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE.

1. The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets. The management has physical verified the fixed assets of the company at reasonable intervals during the year and no discrepancies have been noticed on such verification when compared with book records.

2. The company has not disposed any of its fixed assets during the year.

3. Since the inventories of the company are physically verified by the management at reasonable intervals during the year.

4. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are based on reasonable and adequate in relation to the size of the Company and nature of its business.

5. The discrepancies between the physical stock of securities and books records maintained by the

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