

# 13th

## **ANNUAL REPORT**

---

### **2006-2007**

Report  junction.com



**FRONTLINE**  
**SECURITIES LIMITED**

**Board of Directors**

Mr. Rakesh K. Jain, Chairman  
Dr. C. S. Bedi  
Mr. Atul K. Jain  
Mrs. Perna Jain  
Mr. Arun K. Jain  
Mrs. Sarabjeet Kaur

**Company Secretary**

Mrs. Sarabjeet Kaur

**Auditors**

J Jain & Company  
Chartered Accountants

**Bankers**

HDFC Bank, New Delhi

**Registered Office**

M-6, IInd Floor,  
M Block Market,  
Greater Kailash-II,  
New Delhi-110 048

## FRONTLINE SECURITIES LIMITED

### NOTICE

Notice is hereby given that the Thirteenth Annual General Meeting of the Company will be held on Monday, 10<sup>th</sup> September 2007 at 10.00 a.m. at Air Force Auditorium, Subroto Park, New Delhi to transact the following business :-

#### ORDINARY BUSINESS

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2007 and Profit and Loss Account for the year ended on that date and the Report of Auditors and Directors thereon.
- 2) To declare final dividend on the equity shares @ 2.50% for the year ended 31<sup>st</sup> March 2007.
- 3) To appoint a Director in place of Mrs. Perna Jain, who retires by rotation, and being eligible offers herself for reappointment.
- 4) To appoint Auditors and fix their remuneration.

#### SPECIAL BUSINESS

- 5) To announce the results of Postal Ballot in respect of Special Resolution for approval of alteration of object clause of the Company, circulated to the members separately.
- 6) To consider and if thought fit, to pass with or without modification(s) the following resolution as Special Resolution:

"Resolved that, pursuant to the provisions of section 149(2A) and other applicable provisions, if any, of the Companies Act, 1956 consent be and is hereby accorded for the commencement of business as provided in sub-clause 21, and/or sub-clause 23, and/or sub-clause 24, and/or sub-clause 25, of the Other Objects Clause of the Memorandum of Association as and when in the discretion of the Board it shall be in the

best interest of the Company."

"Resolved Further that the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds or things which may be required to give effect to this resolution."

"Resolved Further that the Board be and is hereby authorised to delegate all or any of the aforesaid powers to a committee of the Board of Directors or to any person thought fit by the Board for carrying out all required compliances for giving effect to the above resolution."

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

"Resolved that pursuant to the provisions of sections 198, 310 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, approval of the members be and is hereby accorded to the increase in remuneration payable to Mrs. Sarabjeet Kaur, Whole-Time Director & Company Secretary w.e.f. August 01, 2007 on the terms and conditions as set out in the explanatory statement attached to the Notice of this Annual General Meeting."

By order of the Board

Place : New Delhi  
Date : 31<sup>st</sup> July 2007

**Sarabjeet Kaur**  
Director & Company Secretary

#### NOTES :

1. 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. THE INSTRUMENT

## FRONTLINE SECURITIES LIMITED

---

APPOINTING PROXY SHOULD HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE SCHEDULED TIME OF THE MEETING.

2. M/s Intime Spectrum Registry Ltd. (Intime), A-40, 2<sup>nd</sup> Floor, Naraina Industrial Area, Phase-II, New Delhi-110028 is the Registrar and Share Transfer Agent for physical shares of the Company. Intime is also the depository interface of the Company with both NSDL and CDSL.

3. Members holding shares in physical form are requested to immediately notify change in their address, if any, to the Company at its Registered Office, quoting their Folio Number(s). Members holding shares in electronic form may update such details with their respective Depository Participant(s).

4. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, September 3, 2007, to Monday, September 10, 2007, (both days inclusive).

The dividend on equity shares for the year ended March 31, 2007, if declared at this Meeting, will be paid:

(i) in respect of shares held in electronic form, on the basis of beneficial ownership, at the close of Business hours on Monday, September 03, 2007 as per the details furnished by the National Stock Exchange Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL),

(ii) to those Members, holding shares in physical form, whose names appear in the Register of Members of the Company, at the close of business hours on Monday, September 10, 2006 after

giving effect to all valid transfers in physical form lodged with the Company before Monday, September 03, 2007.

5. Members / proxies should bring the attendance slips duly filled in and signed for attending the meeting.

6. All material documents relating to the matters proposed in the Notice, Memorandum and Articles of Association of the Company etc are open for inspection to the members till the date of the Annual General Meeting from 11 a.m. till 1 p.m. on all working days at the registered office of the Company.

7. The Company has transferred unclaimed amounts of dividends paid upto March 31, 1999, to the General Revenue Account / Investor Education and Protection Fund of the Central Government as required under Sections 205A and 205C of the Companies Act, 1956. Members are therefore requested to encash their dividend warrants immediately for subsequent financial years. Members are requested to write to the Company and/ or Share Transfer Agents, if any dividend warrant is due and pending to be paid so that fresh/ revalidated warrants could be issued by the company.

8. Payment of Dividend through ESC:

a. Members holding shares in physical form are advised to submit particulars of their bank account in the ECS Mandate Form, annexed to this report latest by Monday, September 3, 2007, to the Company Secretary at M-6 IInd Floor, M Block Market, Greater Kailash-II, New Delhi-110048 or Intime Spectrum Registry Ltd. at A-40, 2<sup>nd</sup> Floor, Naraina Industrial Area, Phase-II, New Delhi-110028.

b. Members holding shares in demat form

## FRONTLINE SECURITIES LIMITED

are advised to inform the particulars of their bank account to their respective depository participants.

9. Members who hold shares in physical form may nominate a person in respect of all shares held by them whether singly or jointly. Members who hold shares singly are advised to avail of the nomination facility by filing Form 2B in their own interest. Blank forms will be provided by the Company on request. Members holding shares in demat form may contact their respective Depository Participants for recording of nomination.
10. To provide speedy redressal of investor grievances the Company has designated an e-mail ID viz., investor@fsltechnologies.com exclusively for registering complaints/grievances by investors.
11. At the ensuing Annual General Meeting, Mrs. Prerna Jain retires by rotation and being eligible offer herself for reappointment. The information or details to be provided in terms of Clause 49 of the Listing Agreement is provided in the Report of Corporate Governance available elsewhere in this Report.
12. Any queries relating to Accounts must be sent to the company at least 10 days before the date of the Annual General Meeting.

### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

#### Item No. 5

The Company proposes to alter object clause of the Memorandum of Association for insertion of clauses providing for broadcasting business and/or real estate business and/or running of libraries and such other related areas. Section 17 of the Companies Act, 1956 provides for alteration of

object clause subject to approval of members by way of special resolution. Section 192A of the Act read with the Companies (Passing of resolution by Postal Ballot) Rules, 2001 requires the consent of members for change in object clause through postal ballot. The notice of postal ballot dated 31<sup>st</sup> July 2007, the relevant explanatory statement and the postal ballot form are separately enclosed herewith.

No Director of the Company is in anyway concerned or interested in the proposed resolution.

#### Item No. 6

As a diversification programme, the Company proposes to enter into the business of real estate, architects, builders and/or in the business of hotel, restaurant etc. In the view of the Board, the said areas have vast potential of growth and pursuit of the proposed activities would be of immense benefit and would bring higher returns. The Company is permitted to enter into the said activities vide sub-clause 21 and/or 23 and/or 24 and/or 25 of the Other Objects Clause of the Memorandum of Association of the company.

As per section 149(2A) of the Companies Act, 1956 approval of the members by way of special resolution is necessary for commencement of new business provided in the 'Other Objects' Clause of the Memorandum of Association.

The Board of Directors recommends the resolution as Special Resolution.

No Director of the Company is in anyway concerned or interested in the proposed resolution.

#### Item No. 7

The Board of Directors have in their Board meeting held on July 31, 2007 considered and approved the increase in the remuneration payable to Mrs. Sarabjeet Kaur, Whole -Time

## FRONTLINE SECURITIES LIMITED

---

Director & Company Secretary w.e.f. August 1, 2007. The details of the same are given below:

- A. Basic Salary: Rs. 14,500/- per month
- B. HRA: 60% of Basic Salary
- C. Medical, Conveyance Allowance and other Performance Linked Allowances: As per the rules of the Company

The terms of remuneration, as stated above *may be treated as an abstract of terms of remuneration under section 302 of the Companies*

Act, 1956.

The Board of Directors recommends the resolution as Ordinary Resolution.

Except Mrs. Sarabjeet Kaur no other Director of the Company is in anyway concerned or interested in the proposed resolution.

By order of the Board

Place : New Delhi  
Date : 31<sup>st</sup> July 2007

**Sarabjeet Kaur**  
Director & Company Secretary



## FRONTLINE SECURITIES LIMITED

### DIRECTOR'S REPORT

To the Members,

The Directors take pleasure in presenting their Thirteenth Annual Report and Audited Accounts for the year ended March 31, 2007. Briefly stated the financial results of operations for the year ended March 31, 2007 are :-

#### FINANCIAL RESULTS

Finances:	(Rs. in Lakhs)	
	2006-2007	2005-2006
Gross Income	317.76	407.39
Profit before Depreciation & Taxation	278.44	355.43
Less: a) Depreciation	(5.68)	(4.72)
b) Provision for Tax		
- Current Income Tax	(38.34)	(42.70)
- Fringe Benefit Tax	(0.39)	(0.29)
- Deferred Income Tax	(0.12)	0.79
- STT Charges	(3.12)	(3.63)
<b>Net Profit After Tax</b>	<b>230.79</b>	<b>304.89</b>
Amount Transferred to RBI Reserve Fund	(46.16)	(60.98)
Provision for Income Tax for earlier years	(0.56)	-
Profit available for appropriation	184.07	243.91
Proposed Dividend	(23.76)	(23.76)
Corporate Dividend Tax	(4.04)	(3.33)
Profit for the year after appropriation	156.27	216.82
Profit of earlier years brought forward	670.35	453.54
Balance profit carried over to the Balance Sheet	826.62	670.36

#### PERFORMANCE OF THE COMPANY

During the year under review the Company has earned Net Profit before Tax of Rs. 272.77 lakhs and Net Profit after Tax of Rs. 230.79 lakhs.

#### DIVIDEND

Your directors have recommended dividend @ 2.50% (i.e. Re 0.25 per equity share on 95,04,950 Equity Shares of Rs 10/- each) for the financial year ended March 31, 2007. Dividend, if approved by the members at the forthcoming Annual General Meeting, will be paid -

- i) In respect of shares held in electronic form, on the basis of beneficial ownership, at the close of

## **FRONTLINE SECURITIES LIMITED**

---

business hours on Monday, September 03, 2007, as per the details furnished by the National Stock Exchange Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL),

- ii) To those members, holding shares in physical form, whose names appear in the register of members of the Company, at the close of business hours on Monday, September 10, 2007 after giving effect to all valid transfer in physical form lodged with the Company before Monday, September 03, 2007.

### **SHIFTING OF REGISTERED OFFICE**

The Company has w.e.f. December 01, 2006 shifted its registered office from E-169 Masjid Moth, Greater Kailash-III, New Delhi-110048 to M-6 IInd Floor, M Block Market, Greater Kailash-II, New Delhi-110048.

### **FUTURE OUTLOOK**

The Indian economy is on a growth path and the influx of foreign capital is increasing. Besides, interest rates have hardened. Considering this, barring unforeseen circumstances, Company expects to earn better on its money, both by way of interest and return on investments. Besides, the fee based business of mutual fund distribution is progressing well and expects to give better return.

Further, the Company is in the business of investments, financial services and software development. Along with pursuing its present activities, at opportune time the Company intends to diversify in the field of real estate and media. The Notice to the ensuing Annual General Meeting contains resolutions to provide for the said business.

### **DIRECTORS**

Mrs. Prerna Jain, is retiring by rotation at this Annual General Meeting and, being eligible, offers herself for reappointment.

### **DIRECTOR'S RESPONSIBILITY STATEMENT**

As stipulated in Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

1. in the preparation of the annual accounts for the financial year ended March 31, 2007, the applicable accounting standards have been followed along with proper explanations relating to material departures.
2. the Directors have selected such accounting policies and applied them consistently and made judgments 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 of the company for the year under review.
3. the Directors have taken proper and sufficient care for the maintenance of adequate accounting



## FRONTLINE SECURITIES LIMITED

---

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 accounts for the financial year ended March 31, 2007 on a going concern basis.

### SUBSIDIARY COMPANY

The Annual Accounts along-with Report of Auditors of FSL Software Technologies Ltd., the wholly-owned subsidiary of the Company are attached together with the statement under section 212 of the Companies Act 1956.

### CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Accounting Standard – 21, Consolidated Financial Statements read with Accounting Standard-23 on Accounting for Investments in Associates, your Directors have pleasure in attaching the Consolidated Financial Statements, which form part of this Annual Report and Accounts.

### CORPORATE GOVERNANCE

As per the applicable provisions of Clause 49 of the Listing Agreement with the Delhi Stock Exchange, a Management Discussion & Analysis, a Report on Corporate Governance together with the Auditor's certificate on the compliance of conditions of Corporate Governance form part of the Annual Report.

### AUDIT COMMITTEE

The Audit Committee of the Board of Directors comprises of three Directors namely Dr. C. S. Bedi, Mr. Atul K. Jain, and Mr. Arun K. Jain. The Committee oversees the Company's financial reporting process and disclosure of its financial information, reviews the quarterly / half yearly / annual financial statements before they are submitted to the Board of Directors and performs such other functions as are prescribed to it by the terms of its reference.

### AUDITORS

M/s. J. Jain & Company, Chartered Accountants, retire as auditors of the company at the conclusion of the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept the office of the Auditors, if re-appointed.

### AUDITOR'S REPORT

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

### FIXED DEPOSIT

The Company has not accepted any public deposits during the year, within the meaning of Section 2 (i)

## **FRONTLINE SECURITIES LIMITED**

---

(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions 1998.

### **PARTICULARS OF EMPLOYEES**

No information as required under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 has been furnished as during the year no employee was 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 your Company.

Foreign Exchange Earnings : Nil (Previous year : Nil)

Foreign Exchange Outgo : Nil (Previous year : Nil)

### **ACKNOWLEDGEMENT**

Your Directors place on record their sincere thanks to the Company's esteemed Shareholders, Clients, Associates, Financial Institutions, Bankers, the Securities and Exchange Board of India, Delhi Stock Exchange Association Ltd., Reserve Bank of India and other Government Departments for their valuable contribution and support.

For and on Behalf of the Board

Place : New Delhi  
Date : 31<sup>st</sup> July 2007

**Rakesh K. Jain**  
Chairman