

15th

**ANNUAL
REPORT**

2008-2009

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FRONTLINE
SECURITIES LIMITED

Board of Directors

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

Company Secretary

Mrs. Sarabjeet Kaur

Auditors

J Jain & Company
Chartered Accountants

Bankers

HDFC Bank, New Delhi
Punjab National Bank, Noida

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 Fifteenth Annual General Meeting of the Company will be held on Thursday, September 3, 2009 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 31st March 2009 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 @ Rs. 0.25 per equity share for the year ended March 31, 2009.
- 3) To appoint a Director in place of Mr. Rakesh K. Jain, who retires by rotation, and being eligible offers himself for reappointment.
- 4) To appoint a Director in place of Mr. Atul K. Jain, who retires by rotation, and being eligible offers himself for reappointment.
- 5) To appoint Auditors and fix their remuneration.

By order of the Board

(Sarabjeet Kaur)
Director & Company Secretary

Place : New Delhi
Date : June 30, 2009

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 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. Corporate members intending to send their authorised representative to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at their meeting.

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3. At the ensuing Annual General Meeting, Mr. Rakesh K. Jain and Mr. Atul K. Jain retire by rotation and being eligible offer themselves 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. The Board of Directors of the Company commends their respective re-appointments.
4. M/s Link Intime India Private Limited, A-40, 2nd 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.
5. 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).
6. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, August 27, 2009, to Thursday, September 3, 2009, (both days inclusive). The dividend on equity shares for the year ended March 31, 2009, 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 Thursday, August 27, 2009 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 Thursday, September 3, 2009 after giving effect to all valid transfers in physical form lodged with the Company before Thursday, August 27, 2009.
7. Members / proxies should bring the attendance slips duly filled in and signed for attending the meeting.
8. 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.
9. The Company has transferred unclaimed amounts of dividends paid upto March 31, 2000, 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 Registrar and 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.

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10. Payment of Dividend through ECS:
- 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 Thursday, August 27, 2009, to the Company Secretary at M-6 IInd Floor, M-Block Market Greater Kailash-II, New Delhi-110048 or M/s Link Intime India private Limited at A-40, 2nd Floor, Naraina Industrial Area, Phase-II, New Delhi-110028.
 - Members holding shares in demat form are advised to inform the particulars of their bank account to their respective depository participants.
11. 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.
12. 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.
13. Any queries relating to Accounts must be sent to the company at least 10 days before the date of the Annual General Meeting.

By order of the Board

(Sarabjeet Kaur)
Director & Company Secretary

Place : New Delhi
Date : June 30, 2009

FRONTLINE SECURITIES LIMITED

DIRECTOR'S REPORT

To the Members,

The Directors take pleasure in presenting their Fifteenth Annual Report and Audited Accounts for the year ended March 31, 2009. Briefly stated the financial results of operations for the year ended March 31, 2009 are: -

FINANCIAL RESULTS

	(Rs. In Lakhs)	
Finances:	2008-2009	2007-2008
Gross Income	176.24	340.17
Profit before Depreciation & Taxation	117.65	295.40
Less:		
a) Depreciation	(3.95)	(4.76)
b) Provision for Tax		
- Current Income Tax	(24.52)	(30.84)
- Fringe Benefit Tax	(0.42)	(0.51)
- Deferred Income Tax	24.12	7.22
- STT Charges	(0.88)	(2.76)
Profit for the year after tax	112.00	263.75
Amount Transferred to RBI Reserve Fund	(22.40)	(52.75)
Profit after transfer to RBI Reserve Fund	89.60	211.00
Balance brought forward	1009.48	826.62
Provision for Income Tax for earlier years	(1.03)	(0.34)
Provision for Gratuity written back	1.35	-
Profit available for appropriation	1099.40	1037.28
Proposed Dividend	(23.76)	(23.76)
Corporate Dividend Tax	(4.04)	(4.04)
Balance profit carried over to the Balance Sheet	1071.60	1009.48

PERFORMANCE OF THE COMPANY

During the year under review the Company has earned Profit before Tax of Rs.113.70 lakhs and Profit after Tax of Rs. 112.00 lakhs.

DIVIDEND

Your directors have recommended dividend @ 2.50% (i.e. Rs. 0.25 per equity share on 95,04,950 Equity Shares of Rs 10/- each) for the financial year ended March 31, 2009. Dividend, if approved by the members at the forthcoming Annual General Meeting, will be paid -

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- i) In respect of shares held in electronic form, on the basis of beneficial ownership, at the close of business hours on Thursday, August 27, 2009, 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 Thursday, September 3, 2009 after giving effect to all valid transfers in physical form lodged with the Company before Thursday, August 27, 2009.

FUTURE OUTLOOK

The year under review has witnessed global financial turmoil and our Company, being engaged in investment activities/ wealth management, got heavily impacted. However the worst seems to be over and the Indian economy is looking up. The future outlook for the company looks better.

DIRECTORS

Mrs. Perna Jain resigned from the Directorship of the Company on March 10, 2009. The Directors place on record their warm appreciation for the valuable contribution made by Mrs. Perna Jain.

In terms of Article 97, Mr. Rakesh K. Jain and Mr. Atul K. Jain, Directors retire by rotation and being eligible offer themselves for reappointment at the ensuing Annual General Meeting. Brief resume of the Directors proposed to be reappointed, nature of their expertise in their specific functional areas, names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors *inter-se*, as stipulated under Clause 49 of the Listing Agreement are provided in the Report on Corporate Governance.

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, 2009, 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

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profit or loss of the company for the year under review.

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 accounts for the financial year ended March 31, 2009 on a going concern basis.

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

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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 : June 30, 2009

Rakesh K. Jain
Chairman

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MANAGEMENT DISCUSSION AND ANALYSIS

1. Industry Structure and Development

During October 2008, the global financial industry saw one of its worst financial turmoil. However, immediate interventions by the key Global Governments curtailed the damage and the worst seems to be over. The Company continues to follow conservative investment strategies and is laying emphasis on increasing fee-based business.

2. Opportunities and threats

The growth of the Company is subject to opportunities and threats as are applicable to the industry from time to time.

3. Segment wise performance & outlook

During the year under review, the Company pursued its business of finance, investment and consultancy. The business generated revenue of Rs. 176.24 lacs. The Profit Before Tax was recorded at Rs. 113.70 lacs and after providing for Current Income Tax of Rs. (24.52) lacs, Fringe Benefit Tax of Rs. (0.42) lacs, Deferred Income Tax of Rs. 24.12 lacs and STT Charges of Rs. (0.88) lacs the Profit after Tax was Rs. 112.00 lacs.

In the near future, the Company intends to continue to focus on its current business of investment, mutual fund distribution, management consultation and financial services and at the opportune time also intends to diversify in the business of real estate and media.

4. Risk and Concerns

While risk is an inherent aspect of any business, the Company is conscious of the need to have an effective monitoring mechanism and has put in place appropriate measures for its mitigation including business portfolio risk, financial risk, legal risk and internal process risks.

5. Internal Control Systems

The company has a proper, adequate and effective system of internal controls to ensure that all assets are safeguarded and protected against losses from unauthorized use or disposition and all transactions are authorized, recorded and reported correctly. Adequate internal control systems are in place, which facilitate effective checks and controls as well as tight monitoring on a continuous basis.