

17th

**ANNUAL  
REPORT**  

---

**2010-2011**



**FRONTLINE**  
SECURITIES LIMITED



## CORPORATE INFORMATION

<b>Board of Directors</b>	Mr. Rakesh K. Jain, Chairman Dr. C.S. Bedi Mr. Atul K. Jain Mr. Arun K. Jain Mr. Baljit Singh Bedi Mrs. Sarabjeet Kaur
<b>Company Secretary</b>	Mrs. Sarabjeet Kaur
<b>Auditors</b>	J. Jain & Company Chartered Accountants M-19 B, Malviya Nagar New Delhi-110017
<b>Registrar &amp; Transfer Agent</b>	Link Intime India Private Limited A-40, 2nd Floor Naraina Industrial Area Phase-II New Delhi-110028
<b>Bankers</b>	HDFC Bank, New Delhi
<b>Registered Office</b>	M-6, M-Block Market Greater Kailash-II, New Delhi - 110 048
<b>Branch Office</b>	B-22, Sector-4 Noida-201301
<b>Website</b>	<a href="http://www.fslindia.com">www.fslindia.com</a>

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## NOTICE OF AGM

Notice is hereby given that the Seventeenth Annual General Meeting of the Company will be held on Monday, September 05, 2011 at 9.45 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 March 31, 2011 and Profit and Loss Account for the year ended on that date and the Reports of Board of Directors and Auditors thereon.
- 2) To declare dividend on the equity shares for the financial year ended March 31, 2011.
- 3) To appoint a Director in place of Dr. C.S. Bedi, who retires by rotation, and being eligible offers himself for reappointment.
- 4) To appoint a Director in place of Mr. Arun K. Jain, who retires by rotation, and being eligible offers himself for reappointment.
- 5) To appoint M/s J. Jain & Company, Chartered Accountants (ICAI Regn No. 83450) as the Statutory Auditors of the Company to hold office from the conclusion of this 17<sup>th</sup> Annual General Meeting until the conclusion of the 18<sup>th</sup> Annual General Meeting of the Company and to authorize the Board of Directors to fix the remuneration of Auditors.

### SPECIAL BUSINESS

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

**“RESOLVED that** pursuant to provisions of Schedule XIII and other applicable provisions, if any, 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. April 01, 2011, 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  
For **FRONTLINE SECURITIES LIMITED**

Place : Noida  
Date : May 28, 2011

**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 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 to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at their meeting.
3. An Explanatory statement pursuant to section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the meeting is annexed hereto.
4. At the ensuing Annual General Meeting, Dr. C.S. Bedi and Mr. Arun 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 on Corporate Governance available elsewhere in this Report. The Board of Directors of the Company commends the said appointments.
5. M/s Link Intime India Private Limited, 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.
6. 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).
7. The Register of Members and Share Transfer Books of the Company will remain closed from **Tuesday, August 30, 2011**, to **Monday, September 05, 2011**, (both days inclusive).

8. Dividend on equity shares @7.5% on the paid-up equity share capital i.e. Rs. 0.75 per equity share as recommended by the Board of Directors, if declared by the shareholders at the 17<sup>th</sup> Annual General Meeting, will be paid to those shareholders whose names appear on the Register of Members of the Company as on August 30, 2011 and also to the Beneficial Owners of equity shares held in electronic form as per the details furnished by the Depositories for this purpose as on the close of business hours on August 29, 2011.
9. Members / proxies should bring the attendance slips duly filled in and signed for attending the meeting.
10. 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.
11. 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.
12. Payment of Dividend through ECS:  
The Securities & Exchange Board of India (SEBI) and the Ministry of Corporate Affairs have made it mandatory for all the Listed Companies to offer Electronic Clearing Services (ECS) facilities for payment of dividend, wherever applicable. In view of the above:
  - a. Shareholders 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 Tuesday, August 30, 2011, to the Company Secretary at M-6, M-Block Market Greater Kailash-II, New Delhi-110048.
  - b. Shareholders holding shares in demat form are advised to inform the particulars of their bank account to their respective depository participants.
13. 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.

14. 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.
15. Any queries relating to Accounts must be sent to the company at least 10 days before the date of the Annual General Meeting.
16. For effective communication, shareholders are requested to update their details as to address and email ID. For shareholders holding shares in physical form, the same may be provided in the '**Shareholder Information Form**' provided in the Annual Report. Shareholders holding shares in demat form are requested to update the same with their Depository Participant(s).

By order of the Board  
For **FRONTLINE SECURITIES LIMITED**

Place : Noida  
Date : May 28, 2011

**Sarabjeet Kaur**  
Whole-Time Director & Company Secretary

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

### Item No.6

The Board of Directors have in their Board Meeting held on May 28, 2011 considered and approved the increase in remuneration payable to Mrs. Sarabjeet Kaur, Whole Time Director & Company Secretary w.e.f. April 01, 2011. The details of the same are given below:

#### Salary Structure

Components	Amount per month (in Rs.)
Basic	14,500
HRA	14,500
Conveyance Allowance	800
Special Allowance	5785
Medical Reimbursement	1,250
<b>Gross Salary</b>	<b>36,835</b>
PF(Employer's Contribution)	1740
Gratuity	725
Bonus	700
<b>Cost to Company (CTC)</b>	<b>40,000</b>

**Other Entitlements:** All other benefits and entitlements, if any as per policy of the Company.

In view of the provisions of section 269 of the Companies Act, 1956 read with Schedule XIII of the Companies Act, the Board seeks the consent of the shareholders by way of ordinary resolution.

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.

Except Mrs. Sarabjeet Kaur, no other director of the Company is in any way concerned or interested in the proposed resolution.

By order of the Board  
For **FRONTLINE SECURITIES LIMITED**

Place : Noida  
Date : May 28, 2011

**Sarabjeet Kaur**  
Whole-Time Director & Company Secretary

## DIRECTOR'S REPORT

To the Members,

The Directors take pleasure in presenting their Seventeenth Annual Report and Audited Accounts for the year ended March 31, 2011. Briefly stated the financial results of operations for the year ended March 31, 2011 are: -

### FINANCIAL RESULTS

(Rs. In Lakhs)

<b>Finances:</b>	<b>2010-2011</b>	<b>2009-2010</b>
Gross Income	487.97	533.09
Profit before Depreciation & Taxation	436.26	454.42
Add:		
Excess depreciation charged in previous year	-	2.10
Less:		
a) Depreciation for the year	(3.78)	(3.90)
b) Provision for Tax		
- Current Income Tax	(82.64)	(74.03)
- Deferred Income Tax	4.08	(28.39)
- STT Charges	(3.29)	(1.77)
Add:		
a) Mat Credit C/f	6.31	8.21
<b>Profit for the year after tax</b>	<b>356.94</b>	<b>356.64</b>
Provision for contingences against standard assets	<b>(2.45)</b>	-
Amount Transferred to RBI Reserve Fund	(70.90)	(71.33)
Profit after transfer to RBI Reserve Fund	<b>283.59</b>	<b>285.31</b>

Balance brought forward	1300.40	1071.60
Provision for Income Tax for earlier years	(1.93)	(0.91)
<b>Profit available for appropriation</b>	<b>1582.06</b>	<b>1356.00</b>
Proposed Dividend	(71.29)	(47.52)
Corporate Dividend Tax	(11.84)	(8.08)
Balance profit carried over to the Balance Sheet	1498.94	1300.40

## PERFORMANCE OF THE COMPANY

During the year under review the Company has earned Profit before Tax of Rs. 432.47 lakhs and Profit after Tax of Rs. 356.94 lakhs.

## FUTURE OUTLOOK

The year under review has seen mixed trends. The first three quarters of the year had been positive for the stock markets on good economic fundamentals of India and inflow of foreign institutional money in the stock market. However, the last quarter of the year has seen an outflow of money from FII's, which lead to decline in the stock market. However, because of the conservative investment policy and consistence stress on fee based business of wealth management and distribution of mutual funds, the Company retained its performance in the year as a whole in line with last year. Barring unforeseen circumstances, the future outlook looks better for the Company.

## DIVIDEND

The Directors have recommended dividend @ 7.5% (i.e. Rs. 0.75 per equity share) for the financial year ended March 31, 2011.

## LISTING OF EQUITY SHARES

The equity shares of the Company are listed and are being traded on the Bombay Stock Exchange w.e.f. July 8, 2010. At present the Company's equity shares are listed on the following Stock Exchanges:

- i. Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001;

- ii. The Delhi Stock Exchange Limited, DSE House, 3/1 Asaf Ali Road, New Delhi-110002.

## **DIRECTORS**

In terms of Article 97, Dr. C.S. Bedi and Mr. Arun 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, 2011, 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 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, 2011 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 comprises of four Directors, namely, Mr. Baljit Singh Bedi, 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.

M/s J. Jain & Company has been duly subjected to Peer Review by the Institute of Chartered Accountants of India.

## **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.

## **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, Bombay Stock Exchange Limited, Delhi Stock Exchange Association Limited, Reserve Bank of India and other Government Departments for their valuable contribution and support.

On behalf of the Board of Directors  
**For FRONTLINE SECURITIES LIMITED**

Place: Noida  
Date : May 28, 2011

**Rakesh K. Jain**  
Chairman

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **1. Industry Structure and Development**

The global environment has reflected mixed trends during the year under review. However, Indian economy continues to grow. A dependence of FII money inflow/outflow was observed in the Indian Stock Markets due to which Indian Stock Markets also witnessed mixed trend. The Company continues to follow conservative investment policy besides stressing more on fee based business of wealth management and distribution of mutual funds.

### **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. 487.97 lacs. The Profit Before Tax was recorded at Rs. 432.47 lacs and after providing for Current Income Tax of Rs. (82.64) lacs, Deferred Income Tax of Rs. 4.08 lacs, STT Charges of Rs. (3.29) lacs and Mat Credit of Rs. 6.31 lacs, the Profit after Tax was Rs. 356.94 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.

### **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's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. These systems are designed to ensure that all the assets of the Company are safeguarded and protected against any loss and that all transactions are properly authorized, recorded and reported.

## 6. Financial Performance of the Company

(Rs. In Lakhs)

Particulars	Year ended 31.03.2011	Year ended 31.03.2010
Gross Revenue	487.97	533.09
Expenditure	55.50	82.57
Profit Before Tax	432.47	450.51
Provision For Taxation		
- Current Income Tax	(82.64)	(74.03)
- Deferred Income Tax	4.08	(28.39)
- STT Charges	(3.29)	(1.77)
- Mat Credit	6.31	8.21
Profit After Tax	356.94	356.64
Proposed Dividend	71.29	47.52

The details of financial performance of the Company are appearing in the Balance Sheet and Profit & Loss A/c for the year.

## 7. Human Resources\_

The Company seeks, respects and values the diverse qualities and background that its people bring to it and is committed to utilizing the richness of knowledge, ideas, experience that this diversity provides. The Company has built a resource base and cross- functional managers to take care of multi dimensional businesses.

## 8. Disclosures

During the year the Company has not entered into any transaction of material nature with its promoters, the Directors or the management, their subsidiaries or relatives etc that may have potential conflict with the interest of the Company at large.

All details of transactions covered under related party transactions are given in the Notes to Accounts (Note 9 of Schedule 14).

## 9. Cautionary Statement:

*Statements in this Management Discussion and Analysis describing the company's objectives, projections, estimates and expectations may be "forward-looking statements" within the meaning of applicable laws and regulations. Actual results may differ materially from those either expressed or implied. Important factors that could make difference to the Company's operations include change in government regulations, tax regimes, economic developments within and without India.*

On behalf of the Board of Directors  
For **FRONTLINE SECURITIES LIMITED**

Place: Noida  
Date : May 28, 2011

**Sarabjeet Kaur**  
Whole-Time Director & Company Secretary

## **REPORT ON CORPORATE GOVERNANCE**

### **REPORT ON CORPORATE GOVERNANCE**

#### **1. Company's Philosophy on Code of Corporate Governance\_**

Good governance practices stem from the culture and mindset of the organization. Corporate Governance is a set of systems and practices to ensure that the affairs of the Company are being managed in a way which ensures accountability, transparency, fairness in all its transactions in the widest sense and meet its stakeholders aspirations and societal aspirations.

The Company emphasizes on good Corporate Governance and believes in maintaining highest standards of quality and ethical conduct in all activities of the Company.

#### **2. Board Composition and Particulars of Directors**

##### **Board Composition**

The Company's policy is to maintain optimum combination of Executive and Non-Executive Directors. The Board consists of Executive and Non-Executive Directors. At present the strength of the Board is 6 Directors out of which 3 are Independent Directors. The composition of the Board and category of Directors are as follows:

<b>Category</b>	<b>Name of Directors</b>
Non-Executive & Promoter Director (Chairman)	Rakesh Kumar Jain
Non-Executive Director	Atul Kumar Jain
Non-Executive Independent Director	Arun Kumar Jain C.S. Bedi Baljit Singh Bedi
Whole Time Director	Sarabjeet Kaur

All the independent Directors of the Company furnish a declaration annually that they qualify the conditions of their being independent.

No Director is related to any other Director on the Board in terms of the definition of 'relative' given under the Companies Act, 1956.

The shareholding of non-executive directors as on March 31, 2011 is as follows:

Name	No. of shares held
Rakesh K. Jain	460,910
Atul K. Jain	10
Arun K. Jain	210
Dr. C.S. Bedi	Nil
Baljit Singh Bedi	600
Total	461,730

### Director Retiring by Rotation

Details of Director retiring by rotation in terms of Clause 49 of the Listing Agreement is as follows:

**Mr. Arun K. Jain**, an Electronics Engineer has been associated with the Company as Director since the year 1994. With his rich business experience, Mr. Arun K. Jain has contributed extensively to the growth of the Company. Presently Mr. Arun K. Jain is a Director in Vardhman Electricals Private Limited and is a Committee member of the Audit Committee, Investor Grievance Committee and Remuneration Committee of Frontline Securities Limited.

**Dr. C.S. Bedi**, MBBS, M.D. has been associated with the Company as Director since the year 1996. With his extensive business contacts and experience, Dr. C.S. Bedi has contributed significantly to the development of the Company. Dr. C.S. Bedi is a Director in ABC Telecom Private Limited and Three-D Solutions Private Limited and is the member of Audit Committee and Remuneration Committee of Frontline Securities Limited.

### 3. Board Meetings and Board Committee Meetings

The Board of Directors is the apex body constituted by the shareholders for overseeing the overall functioning of the Company. The Board provides and evaluates the strategic direction of the Company, management policies and their effectiveness and ensures that the long-term interests of the shareholders are being served. The Board meets

once in every quarter. In addition to this, Board Meetings are convened to transact special businesses, as and when necessary.

## Number of Board Meetings and dates on which held

Seven Board Meetings were held during the year as against the minimum requirement of four meetings. The details of the Board Meeting are as under:

S. No.	Date of Board Meeting	Board Strength	Number of Directors Present
1.	April 12, 2010	6	6
2.	May 29, 2010	6	6
3.	July 31, 2010	6	6
4.	October 30, 2010	6	6
5.	January 29, 2011	6	6
6.	February 23, 2011	6	6
7.	March 03, 2011	6	6

Attendance of Directors at Board Meetings, last Annual General Meeting (AGM) and number of other Directorships and Memberships of Committee(s) of each Director in various companies are as follows:

S. No.	Name of Director	Attendance at Meetings during 2010-2011		No. of Other Directorships held (including private Companies) As on 31.03.2011	No. of Committee Memberships in all Companies
		Board Meetings	Last AGM		
1	Mr. Rakesh K. Jain	7	7	8	Nil
2	Mr. Atul K. Jain	7	7	3	2
3	Mr. Arun K. Jain	7	7	1	3
4	Dr. C S Bedi	7	7	2	2
5	Mrs. Sarabjeet Kaur	7	7	1	1
6	Mr. Baljit Singh Bedi	7	7	1	2

## Board Committees:

### a. Audit Committee of Directors (Audit Committee)

#### Composition

The Audit Committee comprises of 3 (three) Independent Directors and 1 (one) Non-executive Director. The Chairman is an Independent Director.

The powers and terms of reference of the Audit Committee are as mentioned in Clause 49 II (C), (D) & (E) of the Listing Agreement and section 292A of the Companies Act, 1956 which *inter alia*, include overseeing financial reporting processes, reviewing with the management the financial statements, accounting policies and practices, adequacy of internal audit functions and discussion with internal auditors on any significant findings, financial and risk management policies.

Meetings and attendance during the year are as follows:

The Audit Committee met four times during the Financial Year 2010-2011. The details of attendance at these meetings are as follows:

Name	Attendance at the meeting held on			
	29.05.2010	31.07.2010	30.10.2010	29.01.2011
Mr. Atul K. Jain	Yes	Yes	Yes	Yes
Mr. Arun K. Jain	Yes	Yes	Yes	Yes
Dr. C.S. Bedi	Yes	Yes	Yes	Yes
Mr. Baljit Singh Bedi	Yes	Yes	Yes	Yes

The Minutes of the Audit Committee Meetings are noted at the Board Meetings.

The Chairman of the Audit Committee was present at the 16<sup>th</sup> Annual General Meeting held on September 20, 2010.

### b. Share Transfer & Investor Grievance Committee

The Share Transfer & Investor Grievance Committee has been constituted to attend to requests of dematerialization of shares, rematerialisation of shares, share transfer and to redress investor's grievance/complaints and regular correspondence such as non-

receipt of Balance Sheet, non-receipt of Dividend and entertains such other related matters. During the financial year ended March 31, 2011, thirty two (32) meetings of the Share Transfer & Investor Grievance Committee were held. The composition of the Committee and details of meetings held and attendance recorded of the members are as follows:

<b>Name of Member</b>	<b>No. of Meetings held</b>	<b>Attendance</b>
Atul K. Jain	32	32
Arun K. Jain	32	32
Sarabjeet Kaur	32	32

The meetings were presided over by Mr. Atul K. Jain, a Non-Executive Director.

Mrs. Sarabjeet Kaur, Director & Company Secretary is the Compliance Officer for complying with the requirements of Securities Laws and the Listing Agreements with the Stock Exchanges in India.

During the year under review the company has not received any complaint from investors/members and no investor complaint is pending as on March 31, 2011.

As on March 31, 2011, there is no pending request for share transfer, dematerialization or rematerialization of shares.

### **C. Remuneration Committee**

The Remuneration Committee comprises of 3 (three) Non-Executive Independent Directors viz., Mr. Arun K. Jain, Dr. C.S. Bedi and Mr. Baljit Singh Bedi. The committee has been executed to recommend/review remuneration of Managing Director(s) and Whole-Time Director(s), based on their performance and defined assessment criteria. During the year one meeting of the remuneration committee was held on May 27, 2011 in which all the members were present.

### **Remuneration Policy**

At present no remuneration is being paid to the Non- Executive Directors.

The details of the remuneration paid to Mrs. Sarabjeet Kaur, Whole Time Director and Company Secretary during the year ending 31st March 2011 are as follows:

Salary and other benefits	:	Rs. 383,797/-
Contribution to Provident & Other Funds	:	Rs. 22,580/-

#### **4. Code of Conduct\_\_**

The Company has laid down a Code of Conduct for all the Board Members and Senior Management Personnel. All Board Members and Senior Management Personnel have confirmed compliance with the said code of conduct for the financial year ended March 31, 2011. The declaration to this effect signed by the Whole-Time Director forms part of the report.

#### **5. CEO/CFO Certification**

As required by Clause 49 (V) of the Listing Agreement, Whole Time Director's certification of the Financial Statements, the Cash Flow Statement and the Internal Control Systems for financial reporting is enclosed.

#### **6. Details of General Body Meetings**

1. The location and time for last three Annual General Meetings is as follows:

<b>Year</b>	<b>Location</b>	<b>Date</b>	<b>Time</b>	<b>Whether any special resolution passed therein</b>
2007-08	Air Force Auditorium Subroto Park New Delhi – 110 010	11 <sup>th</sup> Sept 2008	10.00 A.M.	No
2008-09	Air Force Auditorium Subroto Park New Delhi – 110 010	3 <sup>rd</sup> Sept 2009	10.00 A.M.	No
2009-10	Air Force Auditorium Subroto Park New Delhi – 110 010	20 <sup>th</sup> Sept. 2010	10.00 A.M.	No

2. No special resolution was passed through postal ballot at the last AGM.
3. No special resolution is proposed to be passed through postal ballot at the ensuing AGM.

## **7. Disclosures**

1. The particulars of transactions between the Company and its related parties as per the Accounting Standard 18 “Related Party Disclosures” issued by the Institute of Chartered Accountants of India (ICAI) are disclosed in Note No. 9 of Schedule 14 (Significant Accounting Policies and Notes to Accounts) of the Financial Statement. However, these transactions are not likely to have any conflict with the Company’s interest.
2. No Strictures/Penalties have been imposed on the Company by the Stock Exchange or the Securities and Exchange Board of India (SEBI) or any statutory authority on any matters related to capital markets during the last three years.
3. In the preparation of the financial statements, the Company has followed the Accounting Standards issued by ICAI. The significant accounting policies, which are consistently applied, have been set out in the Notes to Accounts.
4. The Company has complied with all the mandatory requirements of the revised Clause 49 of the Listing Agreement.

## **8. Means of Communication of Financial Results**

- The un-audited and the audited financial results are announced within the time frame stipulated under the Standard Listing Agreements with the Stock Exchanges. The aforesaid financial results are taken on record by the Board of Directors and are communicated to the Stock Exchanges where the company’s securities are listed.
- Once the Stock Exchange has been intimated, these results are published in newspapers, usually, English Newspaper: Financial Express and Hindi Newspaper: Jansatta.

**9. General Member Information****i) The Details of Annual General Meeting to be held:**

Date	September 05, 2011
Day	Monday
Time	9.45 A.M.
Venue	Air Force Auditorium, Subroto Park, New Delhi – 110010

**ii) Financial Calendar 2010-2011**

Results for the quarter ended June, 2011.	Will be announced on/ before 14 <sup>th</sup> August, 2011.
Results for the quarter ended September, 2011. 2011.	Will be announced on/ before 14 <sup>th</sup> November,
Results for the quarter ended December, 2011.	Will be announced on/ before 14 <sup>th</sup> February, 2012.
Results for the year ended 31st March, 2012	Will be announced on/ before 30 <sup>th</sup> May, 2012.

**iii) Book Closure Dates:** August 30, 2011 (Tuesday)  
to  
September 05, 2011 (Monday)  
[both days inclusive]

**iv) Dividend Payment date :** by September 23, 2011

Shareholders who have opted for ECS, dividend will be credited directly to their respective bank accounts through ECS. For others, dividend warrants will be dispatched by September 23, 2011.

## v) Other shareholder information

Listing on Stock exchange

The Equity shares of the Company are listed on the Delhi Stock Exchange and Bombay Stock Exchange. The listing fee has been paid to the Stock Exchanges.

Stock code

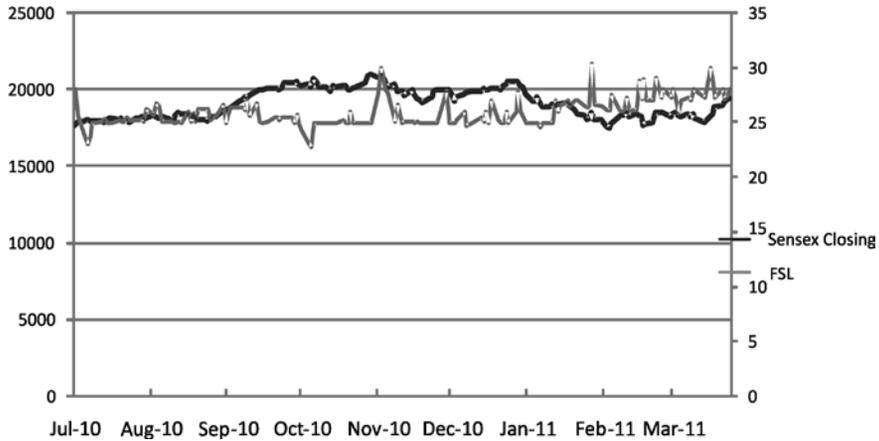
06040 (Delhi Stock Exchange) 533213  
(Bombay Stock Exchange)

## Stock Market Price Data

Month	Bombay Stock Exchange (BSE) (In Rs. per share)		Delhi Stock Exchange (DSE) (In Rs. per share)	
	Month's High Price	Month's Low Price	Month's High Price	Month's Low Price
Jul-10*	50	22.25	No Market Price Data for the year under review is available as there was no trading on the Delhi Stock Exchange Limited, during this year.	
Aug-10	28	23.30		
Sep-10	27.45	24.35		
Oct-10	26.90	22.30		
Nov-10	33.00	21.25		
Dec-10	28.80	24.65		
Jan-11	30.25	22.60		
Feb-11	30.70	25.00		
Mar-11	30.00	25.90		

\* The shares of the Company are listed and being traded on BSE w.e.f July 08, 2010.

Performance in comparison to broad-based indices such as BSE Sensex:



Comparison is done between the Share Price Daily closing and Sensex Index closing level

#### Registrar & Share Transfer Agents

M/s Link Intime India Private Limited  
 A-40, 2<sup>nd</sup> Floor, Naraina Industrial Area, Phase-II, New Delhi-110 028  
 E-Mail: delhi@linkintime.co.in

#### Share Transfer System

The Share Transfers (pertaining to shares in Physical Mode) are registered and returned within the stipulated time, if documents are complete in all respects. In respect of the shares held in dematerialized mode, the transfer takes place instantaneously between the transferor, transferee and the Depository Participant through electronic debit/credit of the accounts involved.

## vi) Distribution of Shareholding as on March 31, 2011 is as follows:

No. of Equity Shares held	Folios		Shares	
	Numbers	%	Numbers	%
Up to 250	3102	82.150	2502330	2.633
251 - 500	397	10.514	1510390	1.589
501 – 1000	146	3.867	1238310	1.303
1001 – 2000	67	1.774	966000	1.016
2001 – 3000	10	0.265	266000	0.280
3001- 4000	6	0.159	222000	0.234
4001- 5000	3	0.079	140000	0.147
5001 – 10000	9	0.238	606470	0.638
10001& above	36	0.953	87598000	92.160
<b>TOTAL</b>	<b>3776</b>	<b>100.000</b>	<b>95049500</b>	<b>100.000</b>

## vii) Shareholding Pattern as on March 31, 2011 is as follows:

S.No.	Category	No. of equity shares	% of shares
1.	Promoters	7,096,093	74.66
	Sub Total (A)	7,096,093	74.66
2.	Public Shareholding		
	• Bodies Corporate	607,836	6.39
	• Individuals	1,460,207	15.36
	• Others	340,814	3.59
	Sub Total (B)	2,408,857	25.34
	<b>Grand Total (A)+(B)</b>	<b>9,504,950</b>	<b>100.00</b>

**viii) Dematerialization of shares and Liquidity**

As on 31st March 2011, 9,072,269 shares aggregating to 95.45% of the paid up share capital are held in dematerialized mode.

**ix) Outstanding GDRs/ADRs/Warrants**

No GDR / ADR / Warrant or any convertible instrument has been issued by the Company.

**x) Address for correspondence**

The members may address their communication/ grievances/ queries to the Company/ Registrar and Share Transfer Agent at the following address:

Link Intime India Private Limited  
A-40 2<sup>nd</sup> Floor  
Naraina Industrial Area, Phase-II  
New Delhi-110028

Frontline Securities Ltd.  
M-6, M-Block Market  
Greater Kailash-II  
New Delhi-110048

Members are requested to quote their folio number/DP ID & Client ID in all their correspondence with the Company/ RTA.

On behalf of the Board of Directors  
For **FRONTLINE SECURITIES LIMITED**

Place: Noida  
Date : May 28, 2011

**Sarabjeet Kaur**  
Whole-Time Director & Company Secretary

**Declaration by the Whole Time Director under Clause 49 of the Listing Agreement regarding compliance with Code of Conduct**

In accordance with Clause 49 ID of the Listing Agreement, I hereby confirm that, all the Directors and the Senior Management personnel of the Company have affirmed compliance with Code of Conduct, as applicable to them, for the Financial Year ended on March 31, 2011.

On behalf of the Board of Directors  
For **FRONTLINE SECURITIES LIMITED**

Place: Noida  
Date : May 28, 2011

**Sarabeet Kaur**  
Whole-Time Director & Company Secretary

## Certification by the Whole Time Director pursuant to Clause 49 of the Listing Agreement

I, Sarabjeet Kaur, certify that:

- a) I have reviewed the financial statements and the cash flow of Frontline Securities Limited ('the company') for the year ended March 31, 2011 and to the best of my 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 my 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) I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting. There are no deficiencies in the design or operation of internal control.
- d) I have indicated to the Auditors and the Audit Committee that there are no
  - i) significant changes in the internal control over financial reporting during the year;
  - ii) significant changes in accounting policies during the year;
  - iii) instances of significant fraud of which I 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 over financial reporting.

On behalf of the Board of Directors  
For **FRONTLINE SECURITIES LIMITED**

Place: Noida  
Date : May 28, 2011

**Sarabjeet Kaur**  
Whole-Time Director & Company Secretary

**AUDITOR'S CERTIFICATE**

To the Members of  
Frontline Securities Limited  
New Delhi

We have examined the compliance of conditions of Corporate Governance by Frontline Securities Limited for the year ended 31st March 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with Delhi Stock Exchange Limited.

The compliance of the conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was limited to 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.

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:-

1. We certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above-mentioned Listing Agreement.
2. We state that as per the records maintained by the Company, during the year, all Investor Grievance / correspondence received from members have been suitably addressed.
3. We further state, 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.

For J. JAIN & COMPANY  
Chartered Accountants

Firm's Registration No. 004208N

Place: Noida  
Date : 28.05.2011

(JAYANTI JAIN)  
PROPRIETOR  
M.No-83450

## **AUDITOR'S REPORT TO THE SHARE HOLDERS**

1. We have audited the attached Balance Sheet of Frontline Securities Limited, as at 31st March 2011 and also the Profit and Loss Account for the year ended on that date annexed thereto and Cash Flow Statement for the year ended on that date. 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 have 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 assurance about whether the financial statements are free of 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by Companies (Auditor's Report) Order, 2003 and (amendment) Order 2004, issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matter specified in paragraph 4 and 5 of the said order to the extent applicable.
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, proper books of account as required by law have been kept by the company 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 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 sub section (3C) of section 211 of the Companies Act, 1956.

- (e) On the basis of written representation received from Directors as on 31.3.2011, we report that none of the director is disqualified as on 31.3.2011 from being appointed as Director in term 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 together with accounting policies and notes given in schedule 13 and 14 respectively 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:
  - (i) in the case of balance sheet, of the state of the company's affairs as at 31.3.2011;
  - (ii) in the case of the profit and loss account, of the profit of the company for the year ended on that date;
  - (iii) in the case of cash flow statement, of the cash flow for the year ended on that date.

For J. JAIN & COMPANY  
Chartered Accountants  
Firm's Registration No. 004208N

Place: Noida  
Date : 28.05.2011

(JAYANTI JAIN)  
PROPRIETOR  
M.No-83450

**ANNEXURES TO THE AUDITOR'S REPORT OF FRONTLINE SECURITIES LIMITED FOR THE YEAR ENDED 31.03.2011 [REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE]**

- I.
  - a) The company has maintained adequate records showing full particulars including quantitative details and situation of fixed assets.
  - b) The Company has a regular program of physical verification of its Fixed Assets, which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. No discrepancy has been noticed between the book records and the physical verification.
  - c) No substantial part of the fixed assets has been disposed off during the year, which has affected the going concern of the company.
- II. The nature of business of the Company is such that the provisions of Clause (ii) of para 4 of Companies (Auditor's Report) order 2003 is not applicable to the Company. Accordingly no comment has been made in respect of this point.
- III.
  - a) The company had granted an interest free unsecured advance of Rs.18,520/- to M/s FSL Consultants Pvt. Ltd. & Rs.19,480/- to M/s FSL Education Services Pvt. Ltd. which are covered in the register maintained under section 301 of the Companies Act 1956.
  - b) The said advance was given to meet the incorporation expenses of the said companies, therefore in our opinion the terms and condition of the said advances were not prejudicial to the interest of the companies.
  - c) The said advances were interest free and the amount has already been received back.
  - d) Total amount involved was less than Rs. one lakh and the said advance had already been received back, therefore no comment has been made in respect of clause iii (d)
  - e) The company has not taken any loan, secured or unsecured from company, firm or any other party required to be listed in the register maintained under section 301 of the Companies Act, 1956, accordingly provisions of clause iii(f) and iii(g) of para 4 of Companies (Auditor's Report) Order 2003 are not applicable.
- IV. In our opinion, and according to information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and nature of business with regard to purchase of securities, fixed assets, sale of securities and services. The activities of the company do not involve purchase of inventory and sale of goods. In our opinion, and according to information and explanations given to us, there is no continuing failure to correct major weakness in the internal control.

- V a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into register maintained under Section 301 of the Companies Act, 1956 has been so entered.
- b) In our opinion, and according to information and explanations given to us, there are no such transactions which have been made at prices, which are not reasonable having regard to the prevailing market prices for such goods, materials or services at the relevant time.
- VI. According to the information and explanations given to us, the company has complied with the direction issued by the Reserve Bank of India on Non-Banking Financial Companies. Further the Company has not accepted any deposit from the public.
- VII. In our opinion, the company has an adequate internal audit system commensurate with its size and nature of its business.
- VIII. The nature of business of the Company is such that the provisions of Section 209(1) (d) of the Companies Act 1956, regarding the maintenance of Cost Records is not applicable to the Company and accordingly, no comments have been made in respect of matters specified under Clause (viii) of para 4 of Companies (Auditor's Report) order 2003.
- IX. a) In our opinion and according to information and explanations given to us, the provisions of Custom Act, Excise Duty and Sales Tax are not applicable to the Company during the year and accordingly no comment has been made in respect of these dues. Further the company is regular in depositing other undisputed statutory dues including Provident Fund, Employee State Insurance, Investor Education & Protection Fund, Income Tax, Wealth Tax, Service Tax, Cess and any other statutory dues with the appropriate authority. There are no undisputed statutory dues payable in respect of Provident Fund, Employee State Insurance, Investor Education & Protection Fund, Income Tax, Wealth Tax, Service Tax, Cess and any other statutory dues, which are outstanding as at 31<sup>st</sup> March 2011 which were due for more than six months from the date they become payable.
- b) There are no statutory dues of Provident Fund, Employee State Insurance, Investor Education & Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom duty, Excise Duty, Cess and any other statutory dues which have not been deposited on account of any dispute.
- X. The Company has no accumulated losses as at 31<sup>st</sup> March 2011 and has not incurred cash loss during the current or previous financial year accordingly no comment has been made in respect of matter specified under clause (x) of para 4 of Companies (Auditor's Report) order 2003.
- XI. The Company has not taken any amount from financial institution or bank or through

- debentures. Accordingly there is no question of default in repayment of these dues.
- XII. The company has not granted any loans or advances on the basis of securities by way of pledge of shares, debentures and other securities.
- XIII. The nature of business of the Company is such that the provisions of Clause (xiii) of para 4 of Companies (Auditor's Report) order 2003 is not applicable to the Company. Accordingly no comment has been made in respect of this point.
- XIV. In our opinion, proper records of the investment of the shares, securities and other investments have been maintained by the company and timely entries have been made therein. The investments are held by the company in its own name except to the extent of exemption granted under section 49 of Companies Act, 1956.
- XV. According to the information and explanation given to us, the company has not given any guarantee for loans taken by others. Hence no comment has been made in respect of this point.
- XVI. The company has not obtained any term loan and accordingly no comment has been made in respect of matters specified under clause (xvi) of The Companies (Auditor's Report) order 2003.
- XVII. The company has not raised funds on short-term basis and accordingly, no comment has been made in respect of matters specified under clause (xvii) of The Companies (Auditor's Report) order 2003.
- XVIII. During the year, the company has not made any preferential allotment of shares to any party.
- XIX. The company has not issued any debenture and accordingly there is no question of creation of any securities in respect of debentures issued.
- XX. The company has not raised any money by way of public issue during the year.
- XXI. Based on our audit procedure and according to information and explanations given to us, no fraud has been noticed or reported on or by the Company.

For J. JAIN & COMPANY  
Chartered Accountants  
Firm's Registration No. 004208N

Place: Noida  
Date : 28.05.2011

(JAYANTI JAIN)  
PROPRIETOR  
M.No-83450

## BALANCE SHEET AS AT 31ST MARCH 2011

	Schedule	As At 31st March 2011 (Rupees)	As At 31st March 2010 (Rupees)
<b>I. SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	95,049,500	95,049,500
Reserves and Surplus	2	<u>228,829,722</u>	<u>201,886,235</u>
		323,879,222	296,935,735
CONTINGENT PROVISIONS AGAINST STANDARD ASSET		244,707	-
DEFERRED TAX LIABILITY		373,893	781,423
<b>Total</b>		<b><u>324,497,822</u></b>	<b><u>297,717,158</u></b>
<b>II. APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	3	7,161,078	7,497,304
Less: Depreciation		<u>1,509,824</u>	<u>1,884,578</u>
Net Block		5,651,254	5,612,726
<b>INVESTMENTS</b>	4	157,261,309	139,616,232
<b>CURRENT ASSETS, LOANS AND ADVANCES &amp; OTHER ASSETS</b>			
Cash and Bank Balances	5	64,893,565	9,330,468
Loans and Advances	6	<u>107,082,702</u>	<u>152,092,488</u>
		<b><u>171,976,267</u></b>	<b><u>161,422,956</u></b>
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>			
Current Liabilities	7	2,078,216	3,332,856
Provisions	8	<u>8,312,792</u>	<u>5,601,900</u>
		<b><u>10,391,008</u></b>	<b><u>8,934,756</u></b>
<b>NET CURRENT ASSETS</b>		161,585,259	152,488,200
<b>Total</b>		<b><u>324,497,822</u></b>	<b><u>297,717,158</u></b>

**Notes:**

- Accounting policies and notes forming part of the account as per schedule- 13 & 14 are annexed.
- The schedules referred above form an integral part of the Balance Sheet.

"AS PER OUR REPORT ATTACHED OF EVEN DATE"

For J. JAIN & COMPANY

Chartered Accountants

Firm's Registration Number : 004208N

FOR AND ON BEHALF OF THE BOARD

(RAKESH K. JAIN)  
Director

(ATUL K. JAIN)  
Director

(JAYANTI JAIN)

Proprietor

M.No. 83450

Place : Noida

Dated : 28-05-2011

(SARABJEET KAUR)

Director & Company Secretary

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

	Schedule	Year ended 31st March 2011 (Rupees)	Year ended 31st March 2010 (Rupees)
<b>INCOME</b>			
Income from operation	9	48,796,987	53,308,543
<b>TOTAL</b>		<b>48,796,987</b>	<b>53,308,543</b>
<b>EXPENDITURE</b>			
Payments & Benefits to Employees	10	2,691,979	2,689,016
Administrative & Other Expenditure	11	2,460,106	5,149,301
Financial Charges	12	19,080	28,512
Depreciation	3	378,404	390,352
<b>TOTAL</b>		<b>5,549,569</b>	<b>8,257,181</b>
Profit for the Year Before Taxation		43,247,418	45,051,362
Excess Depreciation Charged in Prv. Year		-	210,019
Profit for the Year After adjustment		43,247,418	45,261,381
Provision for Taxation			
- Current Income Tax		(8,263,839)	(7,402,804)
- Deferred Income Tax		407,530	(2,838,629)
- STT Charges		(328,620)	(177,376)
Add : Mat Credit C/f		631,201	<b>820,929</b>
Profit for the Year After Taxation		<b>35,693,691</b>	<b>35,663,501</b>
Provision for contingencies against standard asset		<b>244,707</b>	-
Amount Transferred to RBI Reserve Fund		7,089,797	7,132,700
<b>Profit after transfer to RBI Reserve Fund</b>		<b>28,359,187</b>	<b>28,530,801</b>
Balance Brought Forward		130,039,994	107,159,936
Provision For Income Tax for earlier years		(192,706)	(90,583)
<b>Profit Available for Appropriation</b>		<b>158,206,476</b>	<b>135,600,154</b>
<b>Appropriations</b>			
Proposed Dividend		7,128,713	4,752,476
Corporate Dividend Tax		1,184,079	807,684
Balance Profit transferred to reserve and surplus		149,893,684	130,039,994
		<b>158,206,476</b>	<b>135,600,154</b>
Basic & Diluted Earning Per Equity Share of Rs 10/- each		<b>3.75</b>	
(Refer note 4 of Schedule 14)			

- Notes:** 1. Accounting policies and notes forming part of the account as per schedule- 13 & 14 are annexed.  
2. The schedules referred above form an integral part of the Profit & Loss Account.

"AS PER OUR REPORT ATTACHED OF EVEN DATE"

For J. JAIN & COMPANY

Chartered Accountants

Firm's Registration Number : 004208N

(JAYANTI JAIN)

Proprietor

M.No. 83450

Place : Noida

Dated : 28-05-2011

FOR AND ON BEHALF OF THE BOARD

(RAKESH K. JAIN)

Director

(ATUL K. JAIN)

Director

(SARABJEET KAUR)

Director & Company Secretary

## SCHEDULES FOR THE YEAR ENDING 31st March 2011

	As At 31st March 2011 (Rupees)	As At 31st March 2010 (Rupees)
<b>SCHEDULE-1 : SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
1,00,00,000 (Previous year 1,00,00,000)		
Equity Shares of Rs.10/- each	100,000,000	100,000,000
<b>ISSUED, SUBSCRIBED &amp; PAID-UP</b>		
95,04,950 (Previous year 95,04,950)		
Equity shares of Rs. 10/- each fully paid up in cash	95,049,500	95,049,500
<b>SCHEDULE-2 : RESERVES AND SURPLUS</b>		
<b>General Reserve</b>	5,047,852	5,047,852
<b>Share Premium Account</b>	23,754,125	23,754,125
<b>RBI Reserve Fund</b>		
Balance at the Beginning of the year	43,044,264	35,911,564
Add: Addition during the year	<u>7,089,797</u>	<u>7,132,700</u>
	50,134,061	43,044,264
<b>Profit &amp; Loss Account</b>	149,893,684	130,039,994
<b>Total</b>	<u><b>228,829,722</b></u>	<u><b>201,886,235</b></u>

**SCHEDULE-3****FIXED ASSETS**

PARTICULARS	GROSS BLOCK					DEPRECIATION				NET BLOCK	
	Rate of Depreciation as per SLM	As At 1.4.2010	Addition During The Year	Deduction During The Year	As At 31.3.2011	As At 1.4.2010	Provided During The Year	Adjusted During The Year	As At 31.3.2011	As At 31.3.2011	As At 31.3.2010
Building	1.63%	4,319,000	-	-	4,319,000	527,626	70,400	-	598,026	3,720,974	3,791,374
Office Equipments	-	780,287	61,225	-	841,512	267,508	64,697	-	332,205	509,307	512,780
Furniture & Fixture	6.33%	123,562	-	-	123,562	42,551	7,821	-	50,372	73,190	81,011
Vehicles	9.50%	1,790,755	601,829	1,417,280	975,304	856,604	156,836	753,159	260,281	715,023	934,151
Software	16.21%	483,700	418,000	-	901,700	190,290	78,650	-	268,940	632,760	293,410
Total		7,497,304	1,081,054	1,417,280	7,161,078	1,884,579	378,404	753,159	1,509,824	5,651,254	5,612,726
PREVIOUS YEAR		8,296,954	65,550	865,200	7,497,304	2,569,445	390,352	1,075,219	1,884,578	5,612,726	5,727,509

**SCHEDULE-4 : INVESTMENTS**  
 (Non Trade Investments, valued at cost)

Scrip Name	Face Value	As At 31.03.2011		As At 31.03.2010	
		Nos. of Shares/Units	Amount (Rupees)	Nos. of Shares/Units	Amount (Rupees)
<b>(i) Unquoted Investments</b>					
Sistema Shyam Teleservices Limited		154,830	1,228,100	119,100	870,800
Jord Eng		100	-	100	-
Altos ltd		70	-	70	-
Oswal Agro		6,400	10,880	6,400	10,880
Ballmer lawerie cont. ltd		200	210	200	210
Digi flex		4,400	-	4,400	-
<b>Total (A)</b>		<b>166,000</b>	<b>1,239,190</b>	<b>130,270</b>	<b>881,890</b>
<b>(ii) Quoted (Non Trade Investments)</b>					
Shree Renuka Sugars Limited	1	33,000	278,858	28,000	-
Flex Foods Limited	10	25,000	856,437	-	-
Bharti Airtel Limited	5	-	-	3,000	813,828
Cairn India Ltd.	10	2,000	526,839	6,000	1,595,029
Shipping Corporation of India Limited	10	-	-	5,000	796,782
Satyam Computer Services Limited	2	30,000	1,875,181	20,000	2,107,769
JK Cement Limited	10	-	-	4,000	530,088
Jindal Steel & Power Limited	1	-	-	2,500	-
Dalmia Cement (Bharat) Limited	2	-	-	5,721	950,185
GMR Infrastructure Limited	1	-	-	25,000	1,587,659
Religare Enterprises Limited	10	-	-	5,500	2,038,185
Tata Motors Limited	10	-	-	1,000	420,666
Karuturi Global Ltd.	1	-	-	75,000	1,418,409
Elecon Engineering Limited	2	-	-	6,000	-
JK Tyre & Industries Limited	10	-	-	19,798	1,291,122
Mawana Sugars Limited	10	15,750	255,938	15,750	255,938
Areva T & D Ltd.	2	-	-	4,000	1,128,892
Bell Ceramic Ltd.	10	20,989	619,485	62,969	619,485
Jindal Saw Limited	2	-	-	20,000	4,024,622
Siemens Limited	2	-	-	400	-
Television Eighteen India Limited	5	8,250	806,094	8,250	806,094
Videocon Industries Limited	10	2,110	362,904	5,000	525,248
Uflex Limited	10	-	-	35,150	2,155,780
NIIT Technologies Limited	10	-	-	5,000	-

Scrip Name	Face Value	As At 31.03.2011		As At 31.03.2010	
		Nos. of Shares/Units	Amount (Rupees)	Nos. of Shares/Units	Amount (Rupees)
Ahmed Nagar Forgings Limited	10	-	-	15,501	667,089
Jaiprakash Associates	2	46,350	3,739,757	15,000	525,760
Indian Hotels Company Limited	1	-	-	7,800	599,119
Jindal Polyfilms Limited	10	2,500	-	1,000	359,328
Oil & Natural Gas Corporation Limited	10	8,000	-	1,000	-
J.K.Udaipur Udyog Limited	10	10,100	9,595	10,100	9,595
Lumax Automotive Systems Limited	10	50	-	50	-
Reliance Industries Limited	10	14,000	14,486,387	3,350	3,331,816
Simbhaoli Sugars Limited	10	10,000	329,828	10,000	329,828
Reliance Capital Ventures Limited	10	60	-	60	-
Reliance Natural Resources Limited	5	-	-	1,200	-
Reliance Power Limited	10	300	-	-	-
Reliance Communications Limited	5	10,000	965,750	8,400	1,938,782
HCL Tech Limited	2	-	-	6,500	-
Rane Brake Lining Ltd	10	10,104	1,105,779	-	-
Canara Bank	10	2,500	1,312,613	-	-
Corporation Bank	10	1,500	834,071	-	-
IDBI Bank Limited	10	15,000	1,951,016	-	-
State Bank of India	10	1,500	3,988,661	-	-
Yes Bank Limited	10	5,000	1,449,752	-	-
IL & FS Engineering & Construction Company Limited	10	1,000	175,838	-	-
Value Industries Limited	10	26,734	664,998	-	-
ITC Limited	1	10,000	-	-	-
Chambal Fertilizers & Chemicals Ltd	10	17,500	1,351,873	-	-
Can Fin Homes Limited	10	5,500	507,962	-	-
EIH Limited	2	13,901	917,466	-	-
Cummins India Limited	2	3,000	1,952,381	-	-
Larsen & Turbo Ltd	2	1,500	2,329,222	-	-
IRB Infrastructure Developers Ltd	10	15,500	2,988,357	-	-
Gate way Distriparks Ltd	10	12,500	1,401,020	-	-
Network 18 Media & Inv Ltd	5	100	15,176	-	-
Gujarat Gas Company Limited	2	1,500	598,571	-	-
Kothari Petro Chemicals Limited	10	42,145	359,897	-	-
Indian Oil Corporation Limited	10	2,500	885,439	-	-
Polyplex Corporation Limited	10	11,500	2,411,208	-	-
GlaxoSmithKline Pharmaceuticals Ltd	10	1,700	3,695,375	-	-

Scrip Name	Face Value	As At 31.03.2011		As At 31.03.2010	
		Nos. of Shares/Units	Amount (Rupees)	Nos. of Shares/Units	Amount (Rupees)
Ranbaxy Laboratories Limited	5	1,500	762,420	-	-
Emco Limited	2	20,000	1,301,085	-	-
Anant Raj Industries Limited	2	20,000	1,508,697	-	-
EID Parry (India) Limited	1	5,000	1,046,793	-	-
<b>TOTAL (B)</b>		<b>487,143</b>	<b>60,628,723</b>	<b>442,999</b>	<b>30,827,098</b>
<b>MUTUAL FUND</b>					
<b>LIQUID/DEBT-GROWTH</b>					
Reliance Regular Saving Fund Debt		-	-	402,663	5,000,000
Reliance Regular Saving Fund Debt Inst.		863,323	10,900,000	863,323	10,900,000
Reliance Quarterly Interval Fund		405,861	5,000,000	405,861	5,000,000
Reliance Monthly Income Plan		37,939	750,000	37,939	750,000
Reliance Money Manager Fund		-	-	15,897	19,798,412
Reliance Short Term Growth Fund		617,733	10,699,994	1,171,367	20,250,000
HDFC CASH MGT FUND-SAVING		320,608	6,840,140	509,325	10,028,651
HDFC Cash Mgt Fund-Growth		29,027	600,000	-	-
HDFC MF Monthly Income Plan-Growth		101,367	2,295,089	-	-
ICICI PRU. Banking PSU Fund		33,613	338,155	616,891	6,200,000
ICICI PRU. FLEXIBLE INCOME PLAN -GR		-	-	8,620	1,433,089
UTI Quarterly Interval Plan		429,612	5,000,000	-	-
RELIANCE Liquid Fund Treasury - Growth		173,430	4,124,989	-	-
Sundram Fixed Income Quarterly plan		139,523	1,607,235	-	-
Sundram BPN PARIBASFIX TR PLAN-XXXV-90 days		-	-	150,000	1,500,000
Reliance Interval Fund Monthly		243,466	3,048,897	-	-
Reliance Interval Fund Quarterly		196,580	2,500,000	-	-
HSBC MIP- Regular-Growth		105,565	1,500,000	105,565	1,500,000
HSBC MIP-Saving-Growth		64,848	1,000,000	64,848	1,000,000
<b>MUTUAL FUND-EQUITY</b>					
Baroda Pioneer PSU Bond Fund		-	-	340,147	3,450,000
Reliance Media & Entertainment Fund Div. Relnv		-	-	25,885	641,990
DSP Merrill Lynch India TIGER Reg-growth		-	-	1,662	39,089
HDFC FMP 370D		1,000,000	10,000,000	-	-
HDFC Quarterly Pain B Growth Option		1,003,065	10,188,738	-	-
ICICI Prudential Infrastructure Fund-Div-		-	97,604	1,100,000	
ICICI Prudential Dynamic Plan-Div		26,961	500,000	26,961	500,000

Scrip Name	As At 31.03.2011		As At 31.03.2010	
	Nos. of Shares/Units	Amount (Rupees)	Nos. of Shares/Units	Amount (Rupees)
DSP Black Rock TOP 100 Eq. Fund	48,217	950,000	48,217	950,000
Reliance Vision Fund-Div. Reinvest	-	-	10,799	554,637
Reliance Diversified Power Sec Fund-Div	13,125	500,000	42,001	1,600,000
Reliance Pharma Fund	89,295	3,196,109	31,399	1,000,000
Reliance Growth Fund	-	-	4,815	250,000
HDFC Top 200 Fund - Dividend	24,134	1,200,000	-	-
<b>MUTUAL FUND LIQUID/ DEBT-DIVIDEND</b>				
HDFC MF MONTHLY INCOME PLAN -LONG	-	-	173,267	1,807,326
<b>Total (C)</b>	<b>5,967,292</b>	<b>82,739,346</b>	<b>5,155,056</b>	<b>95,253,194</b>
<b>Bonds</b>				
01006 GOI 2021	50,000	5,910,720	50,000	5,910,720
6.9% GOI 2019 ( Central Govt. Loan 09009)	5,000	498,529	5,000	498,529
Central govt.Loan 07003 GOI	62,000	6,244,801	62,000	6,244,801
<b>Total (D)</b>	<b>117,000</b>	<b>12,654,050</b>	<b>117,000</b>	<b>12,654,050</b>
<b>Total (A+B+C+D)</b>	<b>6,737,435</b>	<b>157,261,309</b>	<b>5,845,325</b>	<b>139,616,232</b>

**Notes:**

- Aggregate cost of unquoted investment is Rs. 1,239,190/- (previous year Rs 881,890/-)
- Aggregate cost of quoted investment is Rs. 60,628,723/- (previous year Rs 30,827,098/-)
- Aggregate cost of mutual fund is Rs. 82,739,346 /- (Previous year Rs. 95,253,194/-)
- Market value of quoted Investment is Rs. 70,260,998/- (Previous year Rs. 56,936,343/-)
- Market value of Mutual Fund is Rs. 86,252,753 /- (Previous Year RS. 1,02,192,162/-)

	As At 31.3.2011 (Rupees)	As At 31.3.2010 (Rupees)
<b>SCHEDULE-5 : CASH AND BANK BALANCES</b>		
Cash in Hand	8,421	2,828
<b>Balances with scheduled Banks</b>		
In Current Account	739,853	-
In Fixed Deposit Account	63,700,000	9,000,000
In Unpaid Dividend Account	445,291	327,640
<b>Total</b>	<b>64,893,565</b>	<b>9,330,468</b>

**SCHEDULE-6 : LOANS AND ADVANCES****(Unsecured; Considered Good)**

Loan & Advances Recoverable in Cash or in Kind or for value to be received	4,808,067	2,395,024
Prepaid Exp	-	1,167
Security Deposits	122,620	272,620
Interest Accrued But Not Due	1,663,944	773,397
Advance Tax/TDS	1,153,030	1,382,721
Loan (Assets)	97,882,911	146,399,964
Advance to staff	-	38,870
Advance to others	-	5,000
MAT Credit c/f	1,452,130	820,929
Interest Receivable	-	2,796

<b>Total</b>	<b>107,082,702</b>	<b>152,092,488</b>
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**SCHEDULE-7 : CURRENT LIABILITIES**

<b>Sundry Creditors</b>		
- micro enterprises and small enterprises	-	-
- other than micro enterprises and small enterprises	1,187,530	11,625
Unclaimed Dividend	445,291	327,640
Bank Overdraft	-	1,637,075
Security Deposit	100,000	100,000
Expenses Payable	312,705	1,057,390
TDS payable	1,496	199,126
Gratuity Payable	31,194	-
<b>Total</b>	<b>2,078,216</b>	<b>3,332,856</b>

**SCHEDULE-8 : PROVISIONS**

Provision for Income tax	-	41,740
Proposed Dividend	7,128,713	4,752,476
Corporate Dividend tax	1,184,079	807,684
<b>Total</b>	<b>8,312,792</b>	<b>5,601,900</b>

**SCHEDULE-9 : INCOME FROM OPERATION**

Profit on Sale of Investment (Net)	19,624,517	25,244,721
Profit / (Loss) from F&O (Net)	(2,567)	112,465
Dividend on Non Trade Securities	1,585,472	1,597,385
Interest		
- Tax Free Interest	38,139	25,096
- On Loans(others)	10,866,840	11,272,614
- On Bank Deposits	2,057,403	4,074,307
Speculation Profit	-	-
Misc. Income	9,258	70
Commission & Brokerage	13,998,247	10,981,885
Income from consultancy business	619,678	-
<b>Total</b>	<b>48,796,987</b>	<b>53,308,543</b>

**SCHEDULE-10 : PAYMENTS & BENEFITS TO EMPLOYEES**

Salary, Wages & Other Benefits	2,496,742	2,475,287
Contribution to Provident Fund & Other Funds	112,896	110,596
Staff Welfare	63,262	103,133
Gratuity	19,079	-
<b>Total</b>	<b>2,691,979</b>	<b>2,689,016</b>

**SCHEDULE-11 : ADMINISTRATIVE & OTHER EXPENDITURE**

Printing & Stationery	223,723	266,142
Advertisement	71,074	59,841
Brokerage Expenses	-	15,000
Postage & Telegram	1,028	34,293
Insurance Charges	-	8,184
Repairs & Maintenance	151,335	205,553
Office Maintenance Exp.	23,933	39,688
Software Expenses	-	651,471
Conveyance	154,498	251,052
Water and Electricity Expenses	1,590	1,960
Travelling & Conveyance	179,254	401,093
Auditors' Remuneration	16,500	16,000
Tax Audit Fee	5,500	4,000
Professional Charges	456,323	1,824,619
Rent Exp	388,800	507,000
Telephone & Internet Expenses	84,603	129,106
AGM Expenses	203,343	141,501
Vehicle Running & Maintenance Expenses	29,500	-
Loss on sale of Car	244,122	-
Other Expenses	224,980	592,798
<b>Total</b>	<b>2,460,106</b>	<b>5,149,301</b>

**SCHEDULE-12 : FINANCIAL CHARGES**

Bank charges	19,080	28,512
<b>Total</b>	<b>19,080</b>	<b>28,512</b>

## **SCHEDULE-13**

### **ACCOUNTING POLICIES**

#### **I. Method of accounting**

The financial statements have been prepared and presented under the historical cost convention on accrual basis of accounting and accounting principals generally accepted in India and comply with the Accounting Standards prescribed in the Companies (Accounting Standard) Rules, 2006 issued by the Central Government in consultation with the National Advisory Committee on Accounting Standard and in accordance with the relevant provisions of the Companies Act, 1956, to the extent applicable.

#### **II. Use of Estimates**

The preparation of the financial statements in conformity with Generally Accepted Accounting Principals ('GAAP') in India requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements. Management believes that the estimates made in the preparation of financial statements are prudent and reasonable. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

#### **III. Fixed Assets**

Fixed Assets are accounted for in the books at cost including incidental charges.

#### **IV. Depreciation**

- (i) Depreciation is provided at the rates prescribed in schedule-XIV to the Companies Act, 1956 on straight-line method.
- (ii) Depreciation on addition/deletion to the fixed assets are provided from/to the date of addition/deletion of fixed assets.

#### **V. Valuation of the investments**

The long-term investments are valued at cost. However, if there is any decline in the value of investment, other than temporary, the carrying amount of investment is reduced for recognising the decline in value for each such investment.

#### **VI. Valuation of stock of securities**

Stock of securities has been valued at lower of cost and market price. However, the company has no inventory during the year.

**VII. Revenue Recognition**

Profit or losses from dealing in securities reflects the net profit / loss on sale and purchase of securities.

**VIII. Retirement Benefits**

- a. Gratuity is provided on the basis of premium payable to Life Insurance Corporation of India for the employees covered under the "Frontline Securities Limited Employees Group Gratuity Trust".

The Employee's Group Gratuity Scheme is managed by Life Insurance Corporation of India. The present value of obligation is determined based on actuarial valuation using the projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

**Amount of obligation as at the year end is determined as under ;**

Amount (Rs.)

<b>Description</b>	<b>2010-11</b>	<b>2009-10</b>
Present value of obligation as at the beginning of the year	237318	207479
Interest Cost	18985	16598
Current service cost	24865	21931
Benefits paid	0	(51635)
Actuarial (gain)/loss on obligations	(10195)	42945
<b>Present value of the obligation as at the end of the year</b>	<b>270973</b>	<b>237318</b>

**Change in Plan Assets :**

<b>Description</b>	<b>2010-11</b>	<b>2009-10</b>
Plan assets at beginning at the fair value	175537	211796
Expected return on plan assets	21276	15376
Contributions	92975	Nil
Benefits paid	Nil	51635
Actuarial (gain)/loss on plan assets	Nil	Nil
<b>Plan assets at year end at the fair value</b>	<b>289788</b>	<b>175537</b>

**Reconciliation of Present Value of obligation and Fair Value of Assets :**

Description	2010-11	2009-10
Closing Present Value of Obligation	270973	237318
Closing Fair Value of Plan Assets	289788	175537
Fund Status [Surplus/ (Deficit)]	18815	(61781)

**Amount Recognized in Profit and Loss Account :**

Description	2010-11	2009-10
Current Service Cost	24865	21931
Interest Cost	18985	16598
Expected return on Plan Assets	(21276)	15376
Actuarial (gains/ Losses)	(10195)	42945
<b>Net Expenses recognized in Profit and Loss Account</b>	<b>12379</b>	<b>Nil</b>

**Constitution of Plan Assets :**

Description	2010-11	2009-10
Equity Instruments	N.A.	N.A.
Debt Instruments	N.A.	N.A.
Insurer Managed Assets*	289788	175537

\*The details with respect to the components in the fair value of plan assets have not been disclosed in the absence of the aforesaid information.

- b. Leaves accumulated during the year lapse on the balance sheet date and thus no provision for leave encashment is made.
- c. Contribution to provident fund is made monthly at predetermined rates to the appropriate authorities.

**IX. Translation of Foreign Currency**

Transactions in foreign currency are recorded by applying the exchange rate at the date of transaction. Monetary items denominated in the foreign currency remaining unsettled at the end of the year, are translated at the closing rate prevailing on the date of balance sheet. Gain/loss arising out of fluctuation on realisation, payment or restatement, except those identifiable to the acquisition of fixed assets is charged/ credited to profit & loss account.

**X. Income Tax**

Income Tax expenses are accrued in accordance with Accounting Standard-22, 'Accounting for taxes on income', issued by the Institute of Chartered Accountants of India, which includes current taxes and deferred taxes. Deferred income tax reflects the impact of current year timing difference between taxable income and accounting income for the year and reversal of the timing difference of earlier years. Deferred tax assets are recognized only to the extent of future taxable income, which will be available with reasonable certainty. Such deferred tax asset and liability shall be calculated and valued at each balance sheet date and carrying value of the same will be adjusted for recognising the change in the value of such deferred tax assets and liability.

**XI. Miscellaneous Expenditure**

Preliminary expenditure and Public Issue expenditure are written off over a period of ten years on pro-rata basis.

**XII. Provisions & Contingencies**

The Company creates a provision when there is present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a possible obligation that probably will not require an outflow of resources or where a reliable estimate of obligation cannot be made.

**XIII. Government Grants**

- (i) Capital Subsidy received from Government as contribution towards Capital Outlay for setting up the fixed assets is treated as Capital Grants which is recognized as Income in the Profit & Loss account over the period and in the proportion in which depreciation is charged.
- (ii) Revenue Grants are recognized in Profit & Loss Account.

However no Government Grants have been received by the Company during the year.

**XIV. Borrowing Cost**

Borrowing cost attributable to the acquisition or construction of qualifying / eligible assets (as defined in AS – 16 issued by Companies Act) are capitalized as part of the cost of such assets. A qualifying / eligible asset is an asset that necessarily takes a substantial period of time to get ready for intended use. All other borrowing costs are recognised as an expense and are charged to revenue in the year in which they are incurred. However, the company has not borrowed any funds during the year.

**XV. Impairment of Fixed Assets**

Management periodically assesses using external and internal sources whether there is an indication that fixed assets of the company have suffered an impairment loss. Impairment loss, if any, is provided as per Accounting Standard (AS-28) on Impairment of Assets.

**XVI EARNING PER SHARE**

Basic earnings per equity share are being computed by dividing net profit after tax by the weighted average number of equity shares outstanding during the year.

**XVII FINANCIAL AND DERIVATIVE INSTRUMENTS**

- (i) The company has not entered into any derivative contracts which are outstanding as on 31st March 2011.
- (ii) In accordance with principles of prudence and other applicable guidelines as per Accounting Standards notified by the Companies (Accounting Standards) Rules 2006, the company has charged an amount of Rs. NIL (previous year NIL) to the Profit and Loss Account in respect of derivative contracts.
- (iii) There is no foreign exchange transaction during the year and accordingly there is no foreign currency exposure.

**SCHEDULE- 14****NOTES TO THE ACCOUNTS**

1. In the opinion of the Board, the current assets, loans and advances have a value on realisation in the ordinary course of business, at least equal to the aggregate amount as shown in the Balance sheet.
- 2 a) Directors' remuneration paid is as under:

(Amount in Rs.)

<b>Particulars</b>	<b>For the Year ended 31.3.2011</b>	<b>For the year ended 31.3.2010</b>
Salary and other benefits (Rs.)	3,83,797/-	3,60,455/-
Contribution to Provident/other fund	22,580/-	22,484/-

- b) Payment made to the auditor's firm are as under:

<b>Particulars</b>	<b>For the year ended 31.03.2011 [Rupees]</b>	<b>For the year ended 31.03.2010 [Rupees]</b>
Audit Fee	16,500/-	16,000/-
Tax Audit Fee	5,500/-	4,000/-

- c) (i) Expenditure in foreign currency: Rs. Nil [Previous year Rs. Nil]
- (ii) Earning in foreign currency: Rs. Nil [Previous year Rs. Nil]

**3. Income Tax**

Company has accounted for Deferred Tax in accordance with Accounting Standard-22 (AS-22) "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India and accordingly deferred tax assets and liabilities are recognized.

The net cumulative tax effect of significant timing difference that results in deferred tax assets and liabilities and description of items thereof that creates these differences is as follows:

Particulars	As on 31.03.2011	As on 31.03.2010
<b>A. Deferred Tax Assets</b>		
-Unabsorbed Losses/ Depreciation	890,180.19	551,265
-Others	-	-
<b>B. Deferred Tax Liabilities</b>		
- WDV Difference	(1,264,073.35)	(1,330,688)
<b>Net Deferred Tax Assets / (Liabilities) [A-B]</b>	<b>(373,893.17)</b>	<b>(781,423)</b>
Opening Deferred Tax Assets/(Liabilities)	<b>(781,423.17)</b>	<b>2,057,206</b>
Add/(Less): Net Deferred Tax/ (liabilities) for the Year	407,530	(2,838,629)
Net closing Deferred Tax Assets / (Liabilities)	(373,893.17)	(781,423)

#### 4 EARNING PER SHARE (EPS)

The numerator and denominator used to calculate the basic / diluted earning per share.

		Year ended 31.03.2011	Year ended 31.03.2010
Profit after tax	Rs.	35,693,691	35,663,502
Profit attributable to equity shareholders (numerator)	Rs.	35,693,691	35,663,502
Total number of fully paid up equity shares of Rs. 10/- each at the end of year	No.	9,504,950	9,504,950
Weighted average basic and diluted equity shares for the purpose of EPS (denominator)	No.	9,504,950	9,504,950
Nominal value per equity share	Rs.	10	10
Basic and diluted earning per share	Rs.	3.76	3.75

5. Loans and advances include Rs. 5,000,000/- (Previous year Rs. 5,000,000/-) given as interest bearing cash margin to M/s Frontline Capital Services Limited, a member of national stock exchange being the company under the same management as defined under section 370(1B) of the Companies Act 1956 and the maximum

amount outstanding during the year at any time Rs. 5,000,000/- (Previous year Rs. 5,000,000/-).

6. There are no amounts payable to any small scale industrial undertaking registered under Micro, Small and Medium Enterprises Development Act 2006.
7. Estimated amount of contract remaining to be executed on capital and not provided for (Net of advance) is Rs. NIL (Previous Year Rs. NIL).
8. The main business of the company is financial consultancy, investment and finance. All other activities of the company revolve around the main business. As such, there are no separate reportable segments, as per accounting standard on Segment Reporting (AS-17), issued by the ICAI.

## 9. RELATED PARTY DISCLOSURE

### A. List of Related Parties and description of Relationship

- |    |   |  |
|----|---|--|
| 1. | Investing party in respect of which company is an associate                                   | Frontline Capital Services Limited   |
| 2. | Individuals having significant influence or control   | Mr. Rakesh K. Jain<br>Mrs. Purna Jain  |
| 3. | Relatives of individual having significant influence or control                               | Ms. Vidha Jain<br>Ms. Aridhi Jain  |
| 4. | Key Management Personnel  | Mrs. Sarabjeet Kaur  |
| 5. | Enterprises over which person under above item A(2),(3) have significant influence or control | Hope Consultants Ltd.<br>FSL Software Technologies Ltd.<br>Jain Singhal & Associates<br>Frontline Capital Services Limited<br>Wonder Buildtech Pvt. Ltd.<br>Frontline Commodities & Derivatives Pvt. Ltd.<br>Petal Consultants Pvt. Ltd.<br>Front Investments & Financial Consultants Pvt. Ltd.<br>Vardhman Electricals Pvt. Ltd.<br>FSL Education Services Private Limited<br>FSL Consultants Pvt. Ltd. |

**B. Details of transactions relating to Person referred in item A above**  
(Amount in Rs.)

	For the Year ended 2011		For the Year ended 2010	
1. Remuneration to key managerial personnel				
-Sarabjeet Kaur	4,06,377	4,06,377	360,455	360,455
2. Other Expenditures				
-FSL Software Technologies Ltd. (for purchase of Accounting Software)	4,18,000		653,125	
-Frontline Capital Services Ltd. (including Service Tax amount) for Brokerage for investing in shares	4,61,669		1,88,929	
3. Rent paid to Hope Consultants Ltd.	120,000	9,99,669	120,000	962,054
4. Interest Income on Cash Margin				
-Frontline Capital Services Ltd.	3,48,083	3,48,083	393,150	393,150
5. Loans & Advances (Current Assets)				
-Frontline Capital Services Ltd. (Margin)	5,000,000	50,38,000	5,000,000	5,000,000
-FSL Consultants Pvt. Ltd.	18,520		NIL	
-FSL Education Services Pvt. Ltd.	19,480		NIL	

10. Previous year's figures have been regrouped / recasted wherever considered necessary.

11. Schedules 1 to 14 form an integral part of the Balance Sheet and Profit and Loss Account.

"AS PER OUR REPORT ATTACHED OF EVEN DATE"

FOR AND ON BEHALF OF THE BOARD

For J. JAIN & COMPANY

Chartered Accountants

Firm's Registration No. : 004208N

(RAKESH K. JAIN)

Director

(ATUL K. JAIN)

Director

(JAYANTI JAIN)

Proprietor

M.No. 83450

Place : Noida

Dated : 28-05-2011

(SARABJEET KAUR)

Director & Company Secretary

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE OF FRONTLINE SECURITIES LIMITED**
**I. REGISTRATION DETAILS :**

Registration no.	:	58837	State code	:	55
Balance sheet date	:	31.03.2011			

**II. CAPITAL RAISED DURING THE YEAR [Amount in Rs. Thousand]**

Public issue	:	Nil	Right Issue	:	Nil
Bonus issue	:	Nil	Placement	:	Nil

**III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS.**

[Amount in Rs Thousand]

Total Liabilities	:	3,24,497	Total assets	:	3,24,497
Sources of Funds					
Paid-up capital	:	95,050	Reserve & Surplus	:	228,829
Secured loans	:	Nil	Unsecured loans	:	Nil
Deferred Tax liability	:	373			
Application of funds					
Net fixed assets	:	5,651	Investments	:	157,261
Net current assets	:	161,585	Miscellaneous expenditure	:	Nil
Accumulated losses	:	Nil			
Deferred Tax Assets	:	Nil			

**IV. PERFORMANCE OF COMPANY [Amount in Rs. Thousand]**

Turnover	:	48,796	Total Expenditure	:	5,549
Profit before tax	:	43,247	Profit after tax	:	35,693
Earning per share in Rs.	:	3.76			
Dividend Rate%	:	7.5%			

**V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/ SERVICE OF COMPANY**

[As per monetary terms]

Product description	:	Finance, Investment & Consultancy
[ITC Code]	:	N.A.*

\* Not applicable, since the company is not engaged in the manufacturing activities or servicing in the nature of various items classified in ITC Codes as published in the Indian trade classification. However the major activities of the company are dealing in securities and financial services.

Particulars	2010-2011 Rs. In Lacs	2009-2010 Rs. In Lacs
<b>A. Cash Flow from Operating Activities</b>		
Net Profit Before Taxation	432.47	450.51
<b>Adjustments for Profit &amp; Loss Account</b>		
Depreciation	3.78	3.90
Profit on Sale of Investments (Net)/ Fixed asset	(196.25)	(252.45)
Sundry balances written off	0.37	
Provision written Back of Previous Years	-	
Loss / (Gain) on Sale of Fixed Assets	2.44	-
Operating Profit before working capital Changes	<b>242.82</b>	<b>201.97</b>
<b>Adjustments for Working Capital</b>		
Trade & Other Receivables	-	-
Inventories	-	-
Trade Payables	-	-
Increase/ (Decrease) in Current Assets	450.10	(876.99)
Increase/ (Decrease) in Current Liabilities	(39.66)	26.75
<b>Cash Generated from Operations</b>		<b>410.44</b>
Advance Tax/ TDS	(87.18)	(73.61)
<b>Net Cash From Operating Activities</b>	<b>566.08</b>	<b>(721.89)</b>
<b>B. Cash Flow from Investing Activities</b>		
(Purchase)/Sale of Fixed Assets [Net]	(6.61)	(0.66)
(Purchase)/Sale of Investments	51.79	191.68
<b>Net Cash Used in Investing Activities</b>	<b>45.18</b>	<b>191.02</b>
<b>C. Cash Flow from Financing Activities</b>		
Dividends paid (including unclaimed)	<b>(55.60)</b>	<b>(27.80)</b>
<b>Net Cash Used in Financing Activities</b>	<b>555.66</b>	<b>(558.66)</b>
<b>Cash and Cash Equivalents at the beginning of the Yr.</b>	93.27	651.93
<b>Cash and Cash Equivalents at the end of the Yr.</b>	<b>648.93</b>	<b>93.27</b>

"AS PER OUR REPORT ATTACHED OF EVEN DATE"

For J. JAIN & COMPANY

Chartered Accountants

Form's Registration Number : 004208N

FOR AND ON BEHALF OF THE BOARD

(RAKESH K. JAIN)  
Director

(ATUL K. JAIN)  
Director

(JAYANTI JAIN)

Proprietor

M.No. 83450

Place : Noida

Dated : 28-05-2011

(SARABJEET KAUR)

Director & Company Secretary



# SHAREHOLDER INFORMATION FORM

(For use by shareholders holding Shares in Physical mode only)

To,  
The Company Secretary  
M/s Frontline Securities Limited  
M-6, M-Block Market, Greater Kailash - II  
New Delhi-110048

Place : .....

Date : .....

Dear Sirs,

I hereby request you to update your records as per information given below :

Members are requested to provide the below mentioned information :

1. Folio No. : ..... 2. No. of Shares : .....
- . {Folio No. as given in equity share certificate(s)}
3. Member's Name : Shri/Smt./Kum. : .....
4. Member's Address : .....
- .....
5. Email ID : .....

I hereby declare that the above particulars given above are correct and complete.

Signature of the First Named / Sole Member

## NOTE :

1. Please complete the form and send it to Company at the above address if you are holding share certificate(s) in physical form.
2. In case your shares are in Dematerialized form, inform/update your information directly with the Depository Participant (DP) with whom you are maintaining Demat Account and not to the Company or its Registrar.
3. In case of more than one folio, please complete the details on separate sheets.

3rd Fold

M/s Frontline Securities Limited  
M-6, M-Block Market, Greater Kailash - II  
New Delhi-110048

2nd Fold

1st Fold

Sender's Name and Address


## ECS MANDATE FORM

(For use by shareholders holding Shares in Physical mode only)

To,  
The Company Secretary  
M/s Frontline Securities Limited  
M-6, M-Block Market, Greater Kailash - II  
New Delhi-110048

Place : .....

Date : .....

Dear Sirs,

I hereby consent to have the amount of Dividend on my equity shares credited through the Electronic Clearing System (Credit Clearing) - (ECS). The particulars are :

1. Folio No.: .....  
{Folio No. given in equity share certificate (s)}
2. Member's Name : Shri/Smt./Kum. : .....
3. Member's Address : .....  
.....
4. Particulars of the Bank Account :
  - ☞ Bank Name : .....
  - ☞ Branch Name : .....
  - ☞ Mention the 9-digit code number of the bank and branch appearing on the MICR Cheque issued by the bank:.....

(Please attach a photocopy of a Cheque or a blank cancelled Cheque issued by your bank for verifying the accuracy of the code number)

- ☞ Account type (Please ✓)    Saving     Current     Cash Credit
- ☞ Account number (as appearing on the Cheque book :

I hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete or incorrect information for any reasons, I would not hold the Company responsible. I also undertake to advise changes, if any, in the particulars of my account to facilitate updation of records for purposes of credit of Dividend amount through ECS.

**Signature of the First Named /Sole Member**

- Note :
1. Please complete the form and send it to Register & Share Transfer Agent at the above address if you are holding share certificate(s) in physical form, latest by Tuesday, August 30, 2011.
  2. In case your shares are in Dematerialized form, inform/update your informations directly with the Depository Participant (DP) with whom your are maintaining Demat Account and not to the Company or its Registrar.
  3. In case of more than one folio, please complete the details on separate sheets.
  4. Subject to the rules and regulations of the Scheme of ECS of the Reserve Bank of India from time.

3rd Fold

M/s Frontline Securities Limited  
M-6, M-Block Market, Greater Kailash - II  
New Delhi-110048

2nd Fold

1st Fold

Sender's Name and Address


## FRONTLINE SECURITIES LIMITED

Registered Office : M-6, M Block Market, Greater Kailash-II, New Delhi - 110 048

### PROXY FORM

I/We ..... in the district of  
resident..... being member / members of the above named Company,  
hereby appoint..... resident of.....  
in the district of ..... or failing him  
..... resident of.....  
..... as my / our proxy to attend and vote for  
me / us on my / our behalf at the 17th Annual General Meeting of the Company to be held on Monday  
the 5th of September 2011 at 9.45 a.m. and at any adjournment thereof.  
\*DP ID..... \*Client Id.....  
Regd. Folio No..... No. of Shares held.....  
Signed this ..... day of ..... 2011  
Signature of Shareholder.....  
Signature of Proxy.....  
Attested by the Shareholder.....

Re 1  
Revenue  
Stamp

**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 scheduled time of the meeting. The Proxy need not be a member of the Company.  
\*Applicable for investors holding shares in electronic form

## FRONTLINE SECURITIES LIMITED

Registered Office : M-6, M Block Market, Greater Kailash-II, New Delhi - 110 048

### ATTENDANCE SLIP

I hereby record my presence at the 17th Annual General Meeting held at Air Force Auditorium. Subroto Park, New Delhi on Monday, the 5th September 2011 at 9.45 a.m.  
Name of the Shareholder(s).....  
(in Block Letter)  
Father's / Husband's Name.....  
Name of the Proxy or Company Representative.....  
(in Block Letters)  
\*DP ID..... \*Client Id.....  
Regd. Folio No..... No. of Shares held.....  
Signature of the Shareholder(s) or  
Proxy of Company Representative.....

**Note :** Members/Proxies are requested to bring the duly filled in Attendance slip to the Annual General Meeting to be handed over at the meeting.  
\*Applicable for investors holding shares in electronic form.





**BOOK POST**



*If undelivered please return to :*

**F R O N T L I N E**  
**SECURITIES LIMITED**

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