

Frontline Securities Limited

Registered Office : M-6, IInd Floor, M Block Market, Greater Kailash-II, New Delhi-110048.

Corporate Office : B-22, Sector-4, Noida-201301

NOTICE ISSUED TO MEMBERS PURSUANT TO SECTION 192A(2) OF THE COMPANIES ACT, 1956

Dear Member(s),

Sub: Passing of Special Resolution by postal ballot.

The Board of Directors of the Company at its Meeting held on October 14, 2013 discussed and in-principally consented to the company buying back its 23,75,000 fully paid-up Equity Shares of the face value of Rs.10/- each, from the equity shareholders of the Company on a proportionate basis through the "Tender Offer" route, as prescribed under the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 and subsequent amendments thereof (the "Buy Back Regulations") for an aggregate amount not exceeding Rs. 7,71,87,500 (Rupees Seven Crores, Seventy One Lakhs, Eighty seven Thousand and Five Hundred only) ("Buy Back Offer Size"), at a price not exceeding Rs. 32.50/- per equity share (hereinafter referred to as Buy Back), subject to the consent of the members through postal ballot and subject to provisions contained under Article 7A of the Articles of Association of the Company, and the provisions of Sections 77A, 77AA, 77B, and all other applicable provisions, if any, of the Companies Act, 1956, the provisions of and Sections 69 and 70(1) and all other applicable provisions, if any, of the Companies Act, 2013 (The Companies Act, 1956 and The Companies Act, 2013 being collectively hereinafter referred to as the "Companies Act"), and in compliance with the provisions of Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 (the "Buy Back Regulations"), and all other applicable acts, rules, regulations and statutory provisions including any amendments, statutory modifications or re-enactments of the Companies Act and/or the Buy Back Regulations thereto, for the time being in force and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions, and modifications and observations, if any, as may be prescribed, suggested or imposed by the appropriate authorities while granting such approvals, permissions and sanctions, which may be agreed by the Board of Directors of the Company (hereinafter referred to as the "Board", which expression shall include any Committee constituted by the Board to exercise its powers).

Pursuant to Section 77A of the Companies Act, 1956, it is necessary to obtain consent of the shareholders of the Company by way of Special Resolution for the proposed Buy Back of Equity Shares. Further, as per Section 192A of the Companies Act, 1956, read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011 ("Postal Ballot Rules") consent of the Members for buying back the Equity Shares under Section 77A of the Companies Act, 1956 is required to be obtained by means of voting by Postal Ballot.

Accordingly, the proposed draft Special Resolution along with the Explanatory Statement (pursuant to the provisions of Section 173(2) of the Companies Act, 1956 and Section 102(1) of the Companies Act, 2013 read with Postal Ballot Rules, containing all disclosures as specified in Part A of Schedule II of the Buy Back Regulations is appended and a Postal Ballot Form is enclosed for your consideration. The Company has appointed Mr. Mohit Khemka, Practicing Chartered Accountant, to act as scrutinizer for conducting the postal ballot process in a fair and transparent manner.

A Ballot Paper bearing unique serial number is attached to this Notice. Please read carefully the instructions printed in the postal ballot form. We request you to vote by placing a tick mark (√) at the appropriate place denoting your assent or dissent to the special resolution and return the form duly completed and signed in the attached self-addressed, business reply envelope so as to reach the scrutinizer before the closing of working hours (5.00 p.m.) on November 20, 2013. Please note that any postal ballot form(s) received after the said date will be treated as not having been received. No other form or photocopy thereof is permitted.

The Scrutinizer will submit his report to the Board of Directors of the Company after the completion of the scrutiny of the postal ballots. The Chairman of the Board of Directors (or a committee thereof) of the Company will announce the results on November 22, 2013 at 3.00 p.m. at the Corporate Office of the Company at B-22, Sector-4, Noida-201301. The results of the Postal Ballot will also be displayed at the said office and posted on the Company's website i.e. www.fslindia.com, besides communicating to the Stock Exchanges where the Company's securities are listed.

The related resolution being a Special Resolution shall be declared as passed only if the number of votes cast in favour of the resolution are more than three times the number of votes cast against the resolution.

SPECIAL RESOLUTION:

1. To Consider and if thought fit to pass with or without modification(s) the following resolution as a Special Resolution through Postal Ballot:

“RESOLVED THAT in accordance with the provisions contained in Article 7A of the Articles of Association of the Company, the provisions of Sections 77A, 77AA, 77B, and all other applicable provisions, if any, of the Companies Act, 1956, the provisions of Sections 69 and 70(1) and all other applicable provisions, if any, of the Companies Act, 2013 (The Companies Act, 1956 and The Companies Act, 2013 being collectively hereinafter referred to as the “Companies Act”), the provisions of Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 (the “Buy Back Regulations”), and all other applicable acts, rules, regulations and statutory provisions including any amendments, statutory modifications or re-enactments thereto, for the time being in force and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions, modifications and observations, if any, as may be prescribed, suggested or imposed by the appropriate authorities while granting such approvals, permissions and sanctions, which may be agreed by the Board of Directors of the Company (hereinafter referred to as the “Board”, which expression shall include any Committee constituted by the Board to exercise its powers, including the powers conferred by this resolution), the members of the Company hereby approve the Buy Back by the Company of its fully paid up Equity Shares of Rs.10/- each (“Equity Shares”) not exceeding 23,75,000 (Twenty Three Lacs Seventy Five Thousand) Equity Shares (representing 24.99% of the total number of shares in the paid up share capital of the Company), at a price of Rs. 32.50/- (Rupees Thirty Two and Paise Fifty only), per Equity Share (“Buy Back Offer Price”) payable in cash for an aggregate amount upto Rs. 7,71,87,500 (Rupees Seven Crores, Seventy One Lakhs, Eighty Seven Thousand and Five Hundred only) (“Buy Back Offer Size”) being 24.71% of the sum of fully paid-up Equity Share capital and free reserves of the Company as per its latest available audited accounts, which is within prescribed limit of 25% of the fully paid-up Equity Share capital and free reserves as per the audited accounts of the Company for the financial year ended March 31, 2013, from the equity shareholders of the Company, on a proportionate basis through the “Tender Offer” route as prescribed under the Buy Back Regulations (“Buy Back”).

RESOLVED FURTHER THAT such Buy Back may be made out of the current surplus and/or cash balances and/or internal accruals of the Company through “Tender Offer” route and as required by the Buy Back Regulations and the Companies Act, the Company may Buy Back Equity Shares from all the existing equity shareholders on a proportionate basis, provided 15% (fifteen percent) of the number of the equity shares which the Company proposes to Buy Back or number of equity shares entitled as per the shareholding of small shareholders, whichever is higher, shall be reserved for the small shareholders, as prescribed under Regulation 6 of the Buy Back Regulations.

RESOLVED FURTHER THAT the Buy Back from non-resident shareholders, Overseas Corporate Bodies (OCBs), Foreign Institutional Investors (FIIs) and shareholders of foreign nationality, if any, etc. shall be subject to such approvals if and to the extent necessary or required from the concerned authorities including approvals from the Reserve Bank of India under the Foreign Exchange Management Act, 1999 and the rules, regulations framed there under, if any.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to delegate all or any of the power(s) conferred hereinabove as it may in its absolute discretion deem fit, to any Director(s)/ Officer(s) / Authorized Representative(s)/ Committee (**“Buy Back Committee”**) of the Company in order to give effect to the aforesaid resolution and to do all such acts, deeds, matters and things as such Director/ Officer/Committee may in his/its absolute discretion, deem necessary, expedient, usual or proper, to be in the best interest of shareholders, including but not limited to:

- a) entering into escrow arrangements as required in terms of the Buy Back Regulations;
- b) opening, operation and closure of all necessary accounts including bank accounts, depository accounts (including escrow account) for the purpose of payment and authorising persons/entities (including the Manager to the Buy Back Offer) to operate the said accounts;

- c) the appointment and finalization of the bankers, escrow agents, registrars, lawyers, depository participants, advertising agencies and other advisors/ consultants/ intermediaries/ agencies, as may be required, in consultation with the Manager to the Buy Back Offer, for the implementation of the Buy Back;
- d) filing of the public announcement, the Draft letter of Offer/Letter of Offer with the Securities and Exchange Board of India, the Stock Exchanges and other appropriate authorities;
- e) Filing response to queries raised by the Manager to the BuyBack Offer, Securities and Exchange Board of India, the Stock Exchanges and other appropriate authorities, in connection with the proposed Buy Back
- f) making all applications to the appropriate authorities for their requisite approvals including approvals as may be required from the Reserve Bank of India under the Foreign Exchange Management Act, 1999 and the rules, regulations framed thereunder;
- g) extinguishment of share certificates and filing of certificates of extinguishment required to be filed in connection with the Buy Back on behalf of the Company and/or the Board;
- h) sign, execute and deliver such documents as may be necessary or desirable in connection with or incidental to the Buy Back; execution of documents under the Common Seal of the Company as may be required;

RESOLVED FURTHER THAT nothing contained herein above shall confer any right on the part of any shareholder to offer and/or any obligation on the part of the Company or the Board or the Buy Back Committee to Buy Back any shares, and/or impair any power of the Company or the Board or the Committee to terminate any process in relation to such Buy Back, if so permissible by law.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to accept and make any alteration(s), modification(s) to the terms and conditions as it may deem necessary, concerning any aspect of the Buy Back, in accordance with the statutory and other requirements and to give such directions as may be necessary or desirable, to settle any questions, difficulties or doubts that may arise and generally, to do all acts, deeds, matters and things as it may, in its absolute discretion deem necessary, expedient, usual or proper in relation to or in connection with or for the matters consequential to, relating to and arising from the Buy Back without seeking any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

By order of the Board
for **Frontline Securities Limited**

Place: Noida
Date: 18.10.2013

- sd -
(Avinash Chandra)
COMPANY SECRETARY

NOTES:

- a. The Explanatory Statement under Section 173 of the Companies Act, 1956 and Section 102 of the Companies Act, 2013 in respect of Special Business of the Company containing all disclosures as specified in Part A of Schedule II of the Buy Back Regulations is appended and forms part of this Notice.
- b. A Postal Ballot form along with self-addressed business reply envelope (Postage will be borne and paid by the Company) is enclosed. The Members are requested to indicate their assent or dissent about the aforesaid business in the Postal Ballot and return the same to the Scrutinizer before the close of working hours (5.00 p.m.) on November 20, 2013. Postal Ballot forms received after this date will be strictly treated as if the reply from that member has not been received.

Explanatory Statement pursuant to Sections 173 and 192A of the Companies Act, 1956 and Section 102 of the Companies Act, 2013.

The Company intends to acquire 23,75,000 Equity Shares each of face value of Rs.10/- at a price of Rs. 32.50/- (Rupees Thirty Two and Paise Fifty only) per Equity Share (“Buy Back Offer Price”) payable in cash for an aggregate

amount upto Rs. 7,71,87,500 (Rupees Seven Crores, Seventy One Lakhs, Eighty Seven Thousand and Five Hundred only) ("Buy Back Offer Size") being 24.71% of the sum of fully paid-up Equity Share capital and free reserves of the Company as per its latest available audited accounts, which is within prescribed limit of 25% of the fully paid-up Equity Share capital and free reserves as per the audited accounts of the Company for the financial year ended March 31, 2013. The consent of the shareholders is sought by way of a Special Resolution pursuant to the provisions of Section 77A of the Companies Act, 1956.

As per the requirements of Section 173(2) read with Section 77A and other applicable provisions of the Companies Act, 1956 and section 102(1) of the Companies Act, 2013 and the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998, (hereinafter referred to as "Buy Back Regulations") read with Part A of Schedule II of the Buy Back Regulations, the Explanatory Statement contains relevant and material information to enable the shareholders to consider and approve the Special Resolution on Buy Back of the Company's Equity Shares:

1. The Board of Directors of the Company at its Meeting held on October 14, 2013 discussed and in-principally consented to the company buying back its 23,75,000 fully paid-up Equity Shares of the face value of Rs. 10/- each, from the equity shareholders of the Company on a proportionate basis through the "Tender Offer" route, as prescribed under the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 and subsequent amendments thereof (the "Buy Back Regulations") for an aggregate amount not exceeding Rs. 7,71,87,500 (Rupees Seven Crores, Seventy One Lakhs, Eighty seven Thousand and Five Hundred only) ("Buy Back Offer Size"), at a price not exceeding Rs. 32.50/- per equity share (hereinafter referred to as Buy Back), subject to the consent of the members through postal ballot and subject to provisions contained under Article 7A of the Articles of Association of the Company, and the provisions of Sections 77A, 77AA, 77B, and all other applicable provisions, if any, of the Companies Act, 1956, the provisions of and Sections 69 and 70(1) and all other applicable provisions, if any, of the Companies Act, 2013 (The Companies Act, 1956 and The Companies Act, 2013 being collectively hereinafter referred to as the "Companies Act"), and in compliance with the provisions of Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 (the "Buy Back Regulations"), and all other applicable acts, rules, regulations and statutory provisions including any amendments, statutory modifications or re-enactments of the Companies Act and/or the Buy Back Regulations thereto, for the time being in force and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions, and modifications and observations, if any, as may be prescribed, suggested or imposed by the appropriate authorities while granting such approvals, permissions and sanctions, which may be agreed by the Board of Directors of the Company (hereinafter referred to as the "Board", which expression shall include any Committee constituted by the Board to exercise its powers).
2. Your Board is of the view that necessity for Buy Back is on account of the following reasons:
 - a) The Buy Back offer is being proposed with an objective to maximize returns to investors, reduce outstanding number of shares and enhance overall shareholder value by returning surplus funds to shareholders in an efficient and investor friendly manner without compromising on the high growth opportunities available to the Company.
 - b) The Buy Back will result in reduction in the overall capital employed in the business, which will, in turn, lead to higher earnings per share and enhanced return on equity and return on capital employed, return on net worth, return on assets and other financial ratios subject, however, to the prevailing business conditions.
 - c) The Buy Back will also provide a reasonable exit opportunity to those shareholders who so desire.
3. The aggregate Paid-up Equity Share Capital and Free Reserves of the Company as on March 31, 2013 is Rs. 780.81 Lacs. The proposed deployment of funds does not exceed 25% of the Paid-up Equity Share Capital and Free Reserves of the Company as on March 31, 2013. The Company proposes to utilize an amount of Rs. 7,71,87,500 (Rupees Seven Crores, Seventy One Lakhs, Eighty seven Thousand and Five Hundred only) ("Buy Back Offer Size") for the present Buy Back of Equity Shares of the Company. The Buy Back Offer Size is equivalent to 24.71% of the total Paid-up Equity Share Capital and Free Reserves of the Company. This amount for Buy Back will be financed out of the current surplus and/or cash balances and/or internal accruals of the Company through "Tender Offer" route and as permitted by the Buy Back Regulations and the Companies Act.

4. The Equity Shares of the Company are proposed to be bought back at a price of Rs. 32.50/- per Equity Share (“Buy Back Offer Price”). The Buy Back Offer Price has been arrived at after taking into consideration factors including but not limited to the Book Value, the market value of the Equity Share on the Stock Exchanges and the possible impact of the Buy Back on the Company’s earning per Equity Share. The Buy Back Offer Price offers a premium of 3.17% over the closing price of the Equity Shares on BSE Limited, as on October 11, 2013, being the last trading day prior to the Board Meeting. The Buy Back Offer Price as proposed would not impair the growth of the Company and will rather contribute to the overall enhancement of shareholders’ value.
5. As per the provisions of the Companies Act, 1956, the maximum number of Equity Shares permitted to be bought back in any financial year shall not exceed 25% of the total Paid-up Equity Share Capital of the Company in that financial year. The Company proposes to Buy Back upto 23,75,000 Equity Shares of face value of Rs. 10 each of the Company being 24.99% of the total Paid-up Equity Share Capital of the Company.
6. The Buy Back shall be on a proportionate basis from all the equity shareholders of the Company through the “Tender Offer” route, as prescribed under Buy Back Regulations.

As required under the Buy Back Regulations, the Company will announce a record date (the “**Record Date**”) for determining the names of the shareholders who will be eligible for participating in the Buy Back.

In due course, each shareholder as on the Record Date, will receive a Letter of Offer along with a Tender / Offer Form indicating the entitlement of the shareholder for participating in the Buy Back.

The Equity Shares to be bought back as a part of the Buy Back is divided into two categories:

- a) Reserved category for small shareholders; and
- b) the General category for all other shareholders.

As defined in the Buy Back Regulations, a “small shareholder” means *a shareholder of a listed company, who holds shares or other specified securities whose market value, on the basis of closing price of the shares or other specified securities on the recognized stock exchange in which highest trading volume in respect of such security, as on Record Date is not more than rupees two lacs.* Accordingly, a small shareholder in the present case would be a shareholder of the Company, whose market value of equity shares based on the closing prices of equity shares on BSE Limited, on record date fixed by the Company in respect to Buy Back, is not more than Rs. 2 Lacs (Rupees Two Lacs).

In accordance with Regulation 6 of the Buy Back Regulations, 15% (fifteen percent) of the number of Equity Shares which the Company proposes to Buy Back or number of Equity Shares entitled as per the shareholding of small shareholders, whichever is higher shall be reserved for small shareholders as a part of the Buy Back. The Company believes that this reservation of 15% for small shareholders would benefit a large number of public shareholders, who would get classified as “small shareholders”.

Based on the holding on the Record Date, the Company will determine the entitlement of each shareholder to tender their shares in the Buy Back. This entitlement of each shareholder will be calculated based on the number of equity shares held by a respective shareholder as on the Record Date and the ratio of Buy Back applicable in the category to which such shareholder belongs.

Shareholders’ participation in Buy Back will be voluntary. Shareholders can choose to participate and get cash in lieu of shares to be accepted under the Buy Back or they may choose not to participate and enjoy a resultant increase in their percentage shareholding, post Buy Back, without additional investment. Shareholders may also accept a part of their entitlement. Shareholders also have the option of tendering additional shares (over and above their entitlement) and participate in the shortfall created due to non-participation of some other shareholders, if any.

The maximum tender under the Buy Back by any shareholder cannot exceed the number of Equity Shares held by the shareholder as on Record Date.

The Equity Shares tendered as per the entitlement by shareholders as well as additional shares tendered, if any, will be accepted as per the procedure laid down in Buy Back Regulations.

Detailed instructions for participation in the Buy Back (tender of Equity Shares in the Buy Back) as well as the relevant time table will be included in the Letter of Offer which will be sent in due course to the shareholders as on Record Date.

7. (a) **The aggregate shareholding of the Promoters and of the directors of the promoters, where the Promoter is a company and of persons who are in control of the Company as on the date of this notice:**

(i) Shareholding of the Promoters being individuals and the companies/entities forming part of the Promoter Group and Person in Control:

| Sr. No. | Name of Promoters | Equity shares held on 18.10.2013 | % of shareholding as on 18.10.2013 |
|---------|------------------------------------|----------------------------------|------------------------------------|
| 1. | Hope Consultants Limited | 3,915,043 | 41.18952 |
| 2. | Rakesh Kumar Jain | 1,405,910 | 14.79135 |
| 3. | Frontline Capital Services Limited | 1,130,000 | 11.88854 |
| 4. | Purna Jain | 380,720 | 4.00549 |
| 5. | Vidha Jain | 154,510 | 1.62557 |
| 6. | Aridhi Jain | 108,310 | 1.13951 |
| 7. | KamleshKumari Jain | 200 | 0.00210 |
| 8. | Trishla Jain | 100 | 0.00105 |
| 9. | Mahesh Chand Jain | 100 | 0.00105 |
| 10. | Anirudh Kumar Jain | 50 | 0.00053 |
| | Total | 7,094,943 | 74.64472 |

(ii) Shareholding of the Directors of the Promoter Group Companies as on the date of this notice:

Shareholding of the Directors of Frontline Capital Services Limited

Apart from for the shares held by Mr. Anirudh Kumar Jain, Mr. Rakesh Kumar Jain, Ms. Purna Jain, being the Directors of Frontline Capital Services Limited and holding the Equity Shares of the Company in the capacity of Promoters of the Company, the shareholding of Directors of Frontline Capital Services Limited in the Company is stated below:

| Sr. No. | Name of Director of Frontline Capital Services Limited | Equity shares held on 18.10.2013 | % of shareholding as on 18.10.2013 |
|---------|--|----------------------------------|------------------------------------|
| 1 | Atul Kumar Jain | 10 | 0.00011 |

Shareholding of the Directors of Hope Consultants Limited

Apart from for the shares held by Mr. Rakesh Kumar Jain and Ms. Purna Jain, being the Directors of Hope Consultants Limited and holding the Equity Shares of the Company in the capacity of Promoters of the Company, the shareholding of Directors of Hope Consultants Limited in the Company is stated below:

| Sr. No. | Name of Director of Hope Consultants Limited | Equity shares held on 18.10.2013 | % of shareholding as on 18.10.2013 |
|---------|--|----------------------------------|------------------------------------|
| 1 | Manish Jain | 1,55,596 | 1.63700 |

- (iii) Apart from the Equity Shares held by Mr. Rakesh Kumar Jain, in the capacity of the Promoter of the Company, Shareholding of the Directors of the Company is set out below:

| Sr. No. | Name of Directors | Equity shares held on 18.10.2013 | % of shareholding as on 18.10.2013 |
|---------|-----------------------|----------------------------------|------------------------------------|
| 1 | Baljit Singh Bedi | 600 | 0.00631% |
| 2 | Arun Kumar Jain | 210 | 0.00221% |
| 3 | Gauri Shanker Pandey | NIL | 0.00000% |
| 4 | Atul Kumar Jain | 10 | 0.00011% |
| 5 | SarabjeetKaur Kocher | Nil | 0.00000% |
| 6 | Charanjeet Singh Bedi | Nil | 0.00000% |
| | Total | 820 | 0.00863 |

- (b) No equity shares of the Company have been purchased / sold / transferred by the members of the Promoter/ Promoter Group including the Directors of the Companies forming part of the Promoter Group as well as the Persons in control of the Company during the period from six months preceding the date of the Board Meeting at which the Buy Back was approved up to the date of this Notice.

8. Two of the Promoters of the Company, have expressed their intention to participate in the Buy Back and offer up to an aggregate maximum of 5,045,043 Equity Shares or such lower number of shares as required in compliance with the Buy Back Regulations/terms of the Buy Back.

Details of the date and price of acquisition of the shares that promoters intend to tender are set out below:

(i) Frontline Capital Services Limited

| Sr. No. | Date of Acquisition/ Disposal | No. of Equity shares Acquired/(sold) | Cost of Acquisition/ Sale (In Rs.) Per Share |
|---------|--------------------------------------|--------------------------------------|--|
| 1. | Up to March 31, 1995* | 32,800 | 11.05 |
| 2. | April 01, 1995 to March 31, 1996* | (10,000) | 10.92 |
| 3. | April 01, 1996 to December 15, 1998* | 1,82,500 | Not Available |
| 4. | October 25, 2000 | 20,00,000 | 14.00 |
| 5. | November 27, 2000 | (2,05,300) | Not Available |
| 6. | June 09, 2001 | 75,000 | 17.50 |
| 7. | June 01, 2011 | (4,70,000) | 25.70 |
| 8. | July 02, 2012 | (4,75,000) | 25.40 |

* The exact dates of said acquisition/(sale) are Not Available.

(ii) Hope Consultants Limited

| Sr. No. | Date of Acquisition/ Disposal | No. of Equity shares Acquired/(sold) | Cost of Acquisition/ Sale (In Rs.) Per Share |
|---------|--------------------------------------|--------------------------------------|--|
| 1. | Up to August 31, 1994* | 47,500 | Not Available |
| 2. | January 20, 1995 | 4,05,200 | 10.00 |
| 3. | January 21, 1995 to March 31, 1996* | (51,400) | Not Available |
| 4. | August 20, 1996 | 3,00,575 | 12.50 |
| 5. | August 21, 1996 to May 07, 1997* | (32,400) | Not Available |
| 6. | October 25, 2000 | 5,70,000 | 14.00 |
| 7. | November 21, 2000 | 4,30,000 | 14.00 |
| 8. | November 22, 2000 to March 31, 2001* | (70,500) | Not Available |
| 9. | March 31, 2001 to March 31, 2002* | 60,000 | Not Available |
| 10. | April 01, 2006 | 22,56,068 | Not Available |

* The exact dates of said acquisition/(sale) are Not Available.

9. The Company hereby confirms that there are no defaults subsisting in repayment of deposits, redemption of debentures or preference shares or repayment of term loans to any financial institutions or banks.
10. The Board of Directors of the Company confirm that they have made a full inquiry into the affairs and prospects of the Company and they have formed the opinion that:
- (a) immediately following the date of the Board Meeting on October 14, 2013 and the date on which the results of the Postal Ballot will be declared, there will be no grounds on which the Company could be found unable to pay its debts;
 - (b) that as regards the Company's prospects for the year immediately following the date of this Board Meeting as well as for the year immediately following the date on which the results of the Postal Ballot will be declared approving the Buy Back, and having regard to the Board's intentions with respect to the management of the Company's business during that year and to the amount and character of the financial resources which will, in the Board's view, be available to the Company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from the date of this Board Meeting or within a period of one year from the date on which the results of the Postal Ballot will be declared, as the case may be; and
 - (c) that in forming its opinion aforesaid, the Board has taken into account the liabilities as if the Company was being wound up under the provisions of the Companies Act, (including prospective and contingent liabilities).

11. The text of the report dated October 14, 2013 received from M/s. J. Jain & Company, Chartered Accountants, the Company's Statutory Auditors addressed to the Board of Directors is reproduced below:

The Board of Directors
 Frontline Securities Limited
 M-6, IInd Floor
 M-Block Market
 Greater Kailash-II
 New Delhi - 110 048

Dear Sirs,

In connection with the proposed Buy Back of Equity Shares which has been granted subjective approval by the Board of Directors of Frontline Securities Limited (the "Company") at its meeting held on October 14, 2013 (the "Proposed Buy Back"), in pursuance of the provisions of Article 7A of the Articles of Association of the Company, and the provisions of Sections 77A, 77AA, 77B, and all other applicable provisions, if any, of the Companies Act, 1956, the provisions of and Sections 69 and 70(1) and all other applicable provisions, if any, of the Companies Act, 2013 (The Companies Act, 1956 and The Companies Act, 2013 being collectively hereinafter referred to as the "Companies Act"), and in compliance with the provisions of Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 (the "Buy Back Regulations"), and all other applicable acts, rules, regulations and statutory provisions including any amendments, statutory modifications or re-enactments of the Companies Act and/or the Buy Back Regulations thereto, for the time being in force and based on the information, explanations and representations given to us and on the basis of such verification of relevant record as we considered appropriate, we report that:

1. We have enquired into the state of affairs of the Company in relation to its audited financial statements for the year ended March 31, 2013, which were approved by the Board of Directors at their meeting held on May 30, 2013.
2. The Board of Directors in their meeting held on October 14, 2013 has proposed to Buy Back 23,75,000 Equity Shares of the Company at a price of Rs. 32.50/- per Equity Share ("Buy Back Offer Price") aggregating to Rs. 7,71,87,500 (Rupees Seven Crores, Seventy One Lacs, Eighty Seven Thousand and Five Hundred only) ("Buy Back Offer Size"). In our view, the amount of permissible capital payment (including premium) towards Buy Back of equity shares as computed below has been properly determined in accordance with Section 77A(2)(c) of the Companies Act, 1956 and is within the permissible amount of 25% of the paid up equity capital and free reserves of the Company:

| a) Permissible limit for buy back under Section 77A(2)(c) | |
|--|-----------------------------|
| Particulars | Amount (Rs. in Lacs) |
| Total Paid up capital as on March 31, 2013 | |
| 9504950 Equity Shares of Rs. 10 each fully paid up | 950.49 |
| Free Reserves as on March 31, 2013 (excluding RBI Reserve) comprising of | |
| Securities Premium Account | 237.54 |
| General Reserve | 50.48 |
| Profit and Loss Account | 1884.74 |
| Total of Paid up capital and Free Reserve as at March 31, 2013 | 3123.25 |
| 25% thereof, being permissible limit for buyback of equity shares with members' approval | 780.81 |
| Amount approved by the Board for Buy back | 771.88 |

| b) Maximum limit of buyback of equity shares in a financial year | |
|---|----------------------|
| Particulars | No. of Shares |
| Total Paid up capital as at March 31, 2013 | 95,04,950 |
| 25% thereof being maximum equity capital eligible for buyback | 23,76,237 |
| Maximum shares approved by the Board for Buy back | 23,75,000 |

3. The Board of Directors, at their meeting held on October 14, 2013, has formed an opinion as specified in Clause (x) in Part A of Schedule II of the Buy Back Regulations on reasonable grounds and that the company will not, having regard to its state of affairs, be rendered insolvent within a period of one year from the date of the Board Meeting approving the Buy Back or within a period of one year from the date on which the results of the Postal Ballot will be declared, as the case may be.
4. This certificate has been prepared only for the Company and is in reference [including disclosing in the Public Announcement and Letter of offer (including the draft letter of offer) as required under the Buy Back Regulations] to proposed Buy Back and for no other purpose. We do not accept any liability or duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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

(JAYANTI JAIN)
Partner
M. No-83450

Place : New Delhi
Date : October 14, 2013

12. The Company shall transfer from its Free Reserves a sum equal to the nominal value of the Equity Shares purchased through the Buy Back to the Capital Redemption Reserve Account and the details of such transfer shall be disclosed in its subsequent Audited Balance Sheet.
13. As required under the Companies Act, 1956, the ratio of debt owed by the Company would not be more than twice the Equity Share Capital and Free Reserves of the Company after the Buy Back Offer.
14. As per the provisions of Section 77A(4) of the Companies Act, 1956, the special resolution approving the Buy Back will be valid for a maximum period of twelve months from the date of passing the said special resolution (or such extended period as may be permitted under the Companies Act or the Buy Back Regulations or by the appropriate authorities). The exact time table for the Buy Back shall be decided by the Board (or its duly constituted committee) within the above time limits.
15. As per the provisions of Section 77A(8) of the Companies Act, 1956, the Company shall not make further issue of the same kind of shares or other specified securities within a period of six months after the completion of the Buy Back except by way of bonus shares or Equity Shares issued to discharge subsisting obligations such as conversion of warrants, stock option schemes, sweat equity or conversion of preference shares or debentures into equity shares, if any.

16. The Company will not Buy Back its shares from any person through negotiated deal whether on or off the Stock Exchanges or through spot transactions or through any private arrangement in the implementation of the Buy Back.
17. In accordance with the regulatory provisions, the shares bought back by the Company will compulsorily be cancelled and will not be held for re-issuance.
18. All the material documents referred to in the Explanatory Statement such as Memorandum and Articles of Association, relevant Board Resolution and Auditors' Report will be made available for inspection at the Registered Office of the Company on all working days except Saturday, Sunday and Public holidays between 10.00 a.m. and 5.00 p.m..

Your Directors recommend this Special Resolution for approval of the Shareholders.

All the Directors may be deemed to be concerned or interested in the resolution to the extent of shares held by them in the Company like any other Shareholder.

By order of the Board
for **Frontline Securities Limited**

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(AVINASH CHANDRA)
Company Secretary

Place: Noida

Date: 18.10.2013
