

**NOTICE**

NOTICE is hereby given that the Eighteen Annual General Meeting of the members of **DAULAT SECURITIES LTD** will be held on **15-09-2011** at the MANGLAM 29, Lansdown Place Kolkata-700 029 at 11.00 A.M. to transact the following business: -

**ORDINARY BUSINESS:-**

1. To receive, consider and adopt the Audited Balance Sheet and Profit and Loss Account for the year ended 31<sup>st</sup> March 2011 and Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr.Sohan Lal Kochar who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr Ajit Kochar who retires by rotation and being eligible, offers himself for reappointment
4. To appoint Auditors to hold office, from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Registered Office  
86, Canning Street  
Kolkata – 700 001.  
Dated: 24<sup>th</sup> June 2011

By Order of the Board  
JITENDRA KOCHAR  
(Managing Director)

Notes: -

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company. The Company should receive proxies not less than 48 hours before the meeting
2. The Register of the Members and Share Transfer Books in respect of the Equity Shares of the Company will remain closed from 12 September 2011 to 15 September 2011 (both days inclusive).
3. Members are requested to notify the change, if any, in their address and bank mandate details immediately to the Company's Share Department at the Registered Office at 86, Canning street, Kolkata – 700 001, &/or to the Registrars and Transfer Agents of the Company- Maheshwari Datamatics (P) Ltd 6 Mango Lane , 2<sup>nd</sup> Floor , Kolkata-700 001 quoting their folio numbers.
4. Members are requested to bring their copies of the Reports and Accounts to the meeting.
5. Members desirous of getting any information about the accounts and operation of the company are requested to address their queries to the Director of the company well in advance so that the same are received at least ten days before the date of Meeting to enable the Management to keep the information readily available at the meeting.

Registered Office  
86, Canning Street  
Kolkata – 700 001.

By Order of the Board

Dated: 24<sup>th</sup> June, 2011

JITENDRA KOCHAR  
(Managing Director)

**DIRECTORS' REPORT  
TO  
THE MEMBERS**

Your Directors have pleasure in presenting the Eighteen Annual Report together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March 2011.

**FINANCIAL RESULTS FOR THE YEAR IS AS UNDER:**

	<b><u>Year ended 31.03.2011</u></b>	<b><u>Year ended 31.03.2010</u></b>
Profit before taxation	7916328	7280133
Less Current tax Provision	1340504	950000
	-----	-----
Profit after tax	6575824	6330133
Less: Deferred Tax Liability	54506	60800
Add: Excess Provision for Income Tax for earlier year	-	120988
Less: Short Provision for Income Tax for earlier years	193	-
Balance brought forward from previous years	38874793	32484472
Balance carried to Balance Sheet	-----	-----
	45395918	38874793
	-----	-----

**OPERATION**

**STOCK EXCHANGE OPERATION**

The year started on a buoyant note and accelerated further fuelled by FII inflows taking the stock indices to the previous peak. However, a multitude of negative news flow sharply brought down the markets. With memories of the previous market bust fresh in their minds and influenced by negative news flow, the sharp volatility and range bound market keep investors away from the market. In this scenario your company has done reasonably well

**DEPOSITORY OPERATION**

The depository operation of the company continues to run smoothly.

**DIVIDEND**

The company has decided to plough back its profits for future development. Hence therefore the Directors do not recommend any dividend for the year under review.

**DIRECTORS**

Mr.Sohan Lal Kochar and Mr. Ajit Kochar retires by rotation and being eligible, offers himself for reappointment.

**CORPORATE GOVERNANCE**

As per the amended listing agreement with stock exchanges, the company has complied with the requirement of corporate governance. A report on Corporate Governance is attached to this report as per statutory requirements. A Certificate from the Auditors of the Company M/s. Bahety & Goenka confirming the compliance of conditions of Corporate Governance is annexed to this report

**AUDITORS' REPORT**

The report of the auditors is self-explanatory and there are no comments, which need to be reported.

**LISTING**

The equity shares of the company are listed on The Bombay Stock Exchange Ltd and The Calcutta Stock Exchange Ltd

**AUDITORS**

The Auditors M/s. Bahety & Goenka, Chartered Accountants (Registration No-31711E) retire and being eligible offer themselves for reappointment. Shareholders are requested to appoint the Auditors of the company and to fix their remuneration.

**PARTICULARS OF EMPLOYEES**

No employee was in receipt of remuneration aggregating to Rs. 24, 00,000/- per annum or Rs. 2,00,000/- per month.

**CONSERVATION OF ENERGY / TECHNOLOGY / ABSORPTION / RESEARCH AND DEVELOPMENT**

Particulars as required under the Companies (Disclosures of particulars in the report of Board of Directors) Rules 1975 are not applicable to the company.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Board of Directors confirms that:

- i) In the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2011, the applicable accounting standards have been followed and that there is no material departures;
- ii) 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 as at 31<sup>st</sup> March, 2011 and of the Profit of the Company for said period.
- iii) 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, and
- iv) the Directors have prepared the annual accounts for the financial year ended 31<sup>st</sup> March 2011 on a going concern basis.

**ACKNOWLEDGEMENT**

The Board expresses its deep gratitude and thanks to the Clients, Bankers, and Associated staff & SEBI, Stock Exchange Employees & Depository participants and Shareholders/ Investors for their valuable contribution towards the progress of the Company.

Registered Office  
86, Canning Street  
Kolkata – 700 001.

For and on behalf of the Board

Dated: 24<sup>th</sup> June 2011  
Place: Kolkata

SOHANLAL KOCHAR  
Chairman

## Management Discussion and Analysis Report

### Industries Trends & Developments

Be it stock broking, mutual fund distribution or depository services, all the activities that your company is engaged in have huge growth opportunities due to existing low penetration levels, but are facing tremendous competitive pressures and increasing regulatory compliances. With the increasing role of technology, there is a paradigm shift in the running of these businesses. Your company is gearing up well to face all such developments by ramping up its infrastructure and technological, financial and human resources.

### Opportunities & Threats

Your company's philosophy of providing professional, value-added, comprehensive and integrated broking, depository services and mutual fund to a cross-segment of society across the Eastern Region is fast becoming a positive differentiating factor vis-a-vis erstwhile competition. These could be treated as great opportunities for the company.

### Business Review/ Segment wise Performance

**In spite of such competitive pressures, your company has done satisfactorily well to remain above break even levels in spite of huge slowdown in income due to its focus on costs and diversified activities within the board core business of the company it does not have any segments/divisions.**

### Managements of Risks

**The T +2 Rolling Settlement System in the Indian Capital Markets induces safety and your company also has strict margin norms and other risk management policies. A comprehensive risk evaluation methodology and processes for early identification and mitigation of all kinds of risks begin in place, except for unforeseen circumstances and marginal exposure to financial risk in the retail capital markets division, your company is quite a risk-free business entity.**

### Internal Control Systems & their adequacy

The scope of work for internal auditors addresses issues related to internal control systems, particularly those related to regulatory compliance. Pre-audit and post audit checks and reviews ensure that audit observations are acted upon. The Audit Committee of the Board of Directors reviews the Internal Audit Reports and the adequacy of internal controls.

***Daulat Securities Limited***  
***Annual Report 2010-2011***

Financial Performance

A snapshot of financial performance is furnished in the Directors ' Report. The economic slowdown and complete meltdown in capital markets has brought down the income of the company

Future Outlook

**With hopes of economic revival in the near future and the indicative rise in the capital markets in the recent past, we can expect business to improve. Conscious efforts are being made to keep the expenses under check so that resources could be deployed for strategic growth. From herein onwards, the company can only look at better time.**

Human Resource Management

**Employees are vital to Daulat Securities Limited. We have created a favorable work environment that encourages innovation and meritocracy. We have also set up a scalable recruitment and human resource management process, which enable us to attract and retain high caliber employees.**

**BAHETY & GOENKA**  
**Chartered Accountants**

**310 Manglam-A**  
**24, Hemant Basu Sarani**  
**Kolkata-700001**

**AUDITOR'S CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE  
AS PER CLAUSE 49 OF THE LISTING AGREEMENT OF THE STOCK EXCHANGE.**

To the Members of Daulat Securities Ltd.

We have reviewed the relevant records of the company for the year ended on 31<sup>st</sup> March, 2011, relating to compliance of conditions of Corporate Governance, as stipulated in Clause 49 of the Listing Agreement entered into, by the Company, with the Stock Exchanges.

The compliances of conditions of Corporate Governance are the responsibility of Management. Our review was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of an 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, we have to state that to the best of our knowledge the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Investor Grievance Committee.

We further state that 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 BAHETY & GOENKA**  
***Chartered Accountants***

Place: Kolkata  
Date: 24<sup>th</sup> June 2011

**ALOK KUMAR GOENKA**  
***Partner***  
**Membership No-053238**

## **CORPORATE GOVERNANCE**

### **PHILOSOPHY**

Your Company believes that Corporate Governance is a powerful medium to sub serves the long-term interests of all the stakeholders, including the enhancement of overall business valuation for the owners. Corporate Governance strengthens investors' trust and ensures a long-term partnership that helps in fulfilling our quest for achieving significant growth and profits. Your Company is committed to benchmarking itself with the best in all areas including Corporate Governance and has benchmarked its practices with the prevailing guidelines with transparency, full disclosure and independent monitoring.

### **BOARD OF DIRECTORS**

Composition, Category of Directors And Their Other Directorship And Committee Memberships.

Directors	Category	Other Directorships / Board Committee (Numbers)	
		Directorships	Board Committee
Mr. Sohan Lal Kochar	Chairman and Director	1	---
Mr.Madhusudan Daga	Independent and Non Executive Director	1	---
Mr.Jaideep Jaloka	Do	1	---
Mr.Prabin Kr.Baid	Do	1	---
Dr.P.R.Kamdar	Do	--	----
Mr.Jitendra Kochar	Managing Director	---	---
Mr. Ajit Kochar	Whole time Director	2	---

Twelve Meeting of the Board of Directors were held during the year ended 31<sup>st</sup> March, 2011

<b>Dates of Board Meeting</b>
15 <sup>th</sup> May 2010 24 <sup>th</sup> June, 2010 30 <sup>th</sup> July, 2010 15 <sup>th</sup> September, 2010 30 <sup>th</sup> September , 2010 28 <sup>th</sup> October, 2010 19 <sup>th</sup> December, 2010 20 <sup>th</sup> January, 2011 04 <sup>th</sup> Feburary , 2011 15 <sup>th</sup> Feburary, 2011 04 <sup>th</sup> March 2011 25 <sup>th</sup> March , 2011

Attendance of the Directors at the Board Meetings, Last Annual General Meeting and Extra Ordinary General Meetings:

Name of Director	No. Of Board Meetings Attended	Attendance at the Last Annual General Meeting held on 15 <sup>th</sup> September 2010	No. Of Extra Ordinary General Meetings Attended (NIL Extra Ordinary General Meeting held)
Mr. Sohan Lal Kochar	10	Yes	---
Mr. Madhusudan Daga	8	No	---
Mr. Ajit Kochar	12	Yes	---
Mr. Jitendra Kochar	12	Yes	---
Mr. Jaideep Jaloka	10	Yes	---
Mr. Prabin Kr. Baid	11	Yes	---
Dr.P.R.Kamdar	9	Yes	---

**Non executive Director compensation and disclosure**

Non Executive Directors were not paid any compensation other than sitting fee

**Code of Conduct and Ethics for Directors and Senior Executive**

In line with the amended Clause 49 of the listing agreement, the Company adopted a Code of Conduct and Ethics for its Director and Senior Executives. The purpose of this code is to promote conduct of business ethically in an efficient and transparent manner.

**AUDIT COMMITTEE**

**Broad Terms of Reference.**

- To review the Company's Financial reporting process and its Financial Statements.
- To review the accounting and financial policies & practices.
- To review the efficiency of the internal control mechanism. And monitor risk Management policies adopted by the company and ensure compliance with Regulatory guidelines.
- To review reports furnished by the internal and statutory auditors and ensure that suitable follow up action is taken.
- To examine accountancy taxation and disclosure aspects of all significant transactions.

**Composition, Name of Members and Chairman**

The Audit Committee consists of three non-executive and independent Directors viz. Mr. Madhusudan Daga (Chairman), and Mr.Jaideep Jaloka & Mr.Prabin Kumar Baid.

**Meetings and Attendance during the year ended 31<sup>st</sup> March 2011.**

Name of Director	No. of Meetings	
	Held	Attended
Mr. Madhusudan Daga	5	5
Mr. Jaideep Jaloka	5	5
Mr. Prabin Kr.Baid	5	5

**Remuneration Committee**

- To review assess and recommend the appointment of whole time Director.
- To periodically review the remuneration package of whole time Director and recommend suitable revision to the board.

**Composition**

The Remuneration committee comprises three independent non-executives Director.

- |    |                       |                      |               |
|----|-----------------------|----------------------|---------------|
| 1. | Mr. Madhusudan Daga   | Chairman Independent | Non-executive |
| 2. | Mr. Jaideep Jaloka    | Member               | - do -        |
| 3. | Mr. Prabin Kumar Baid | -do-                 | - do -        |

**Meetings and Attendance during the year ended 31<sup>st</sup> March 2011.**

Name of Director	No. of Meetings	
	Held	Attended
Mr. Madhusudan Daga	1	1
Mr. Jaideep Jaloka	1	1
Mr. Prabin Kr.Baid	1	1

**Remuneration to Director**

**Executive director**

Jitendra Kochar	Managing Director	Remuneration paid – Rs 3, 00,000/-
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**SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE**

To approve inter-alias Transfer / Transmission of shares, Issue of duplicate share certificate and review the status of Investor's Grievance and redressal mechanism and recommend measures to improve the level of investor's service

Chairman:	Mr. Sohan Lal Kochar
Members:	Mr. Madhusudan Daga
	Mr. Jaideep Jaloka
Compliance Officer:	Mr. S.P.Lunia