19th ANNUAL REPORT

2011-2012

DAULAT SECURITIES LIMITED

DAULAT SECURITIES LIMITED

- **Directors**

Shri Sohan Lal Kochar	(Chairman)
Shri Jitendra Kochar	(Managing Director)
Shri Ajit Kochar	(Wholetime Director)
Shri Madhu Sudan Daga	(Director)
Shri Jaideep Jaloka	(Director)
Shri Prabin Kumar Baid	(Director)
Dr. Pradip Rasiklal Kamdar	(Director)
Mrs.Vasudha Kochar (Chhajer)	(Addl. Director)

- **Auditors**

M/s. Bahety & Goenka

- **Bankers**

Corporation Bank
HDFC Bank

- **Registered Office**

86 Canning Street, Kolkata - 700001

- **Administrative Office**

21 Lansdowne Place, Kolkata - 700029

NOTICE

NOTICE is hereby given that the Nineteen Annual General Meeting of the members of **DAULAT SECURITIES LTD** will be held on 14th September,2012 at 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 31st March 2012 and Reports of the Directors and Auditors thereon.

2. To appoint a Director in place of Mr. Madhusudan Daga who retires by rotation and being eligible, offers himself for reappointment.

3. To appoint a Director in place of Dr P R Kamdar who retires by rotation and being eligible, offers himsef 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.

"RESOLVED THAT M/s BAHETY & GOENKA. Chartered Accountants, Kolkata (Registration No 317111E) be and are hereby reappointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at remuneration to be determined by the Board. "

SPECIAL BUSINESS

ITEM NO- 5

To consider and if thought fit, to pass, with or without modification, the following as an ordinary resolution:-
"RESOLED THAT Mrs.Vasudha Kochar (Chhajer) who was appointed by the Board of Directors as an Additional Director of the Company with effect from October 20, 2011 and who holds office up to the date of this Annual General meeting in terms of Section 260 of the Companies Act , 1956 ('Act") and in respect of whom the company has received notice in writing from a member under Section 257 of the Act , proposing her candidature for the office of the director of the Company, be and is hereby appointed as a Director of the Company. "

Registered Office
86 Canning Street
Kolkata – 700 001
Dated: 30th May 2012

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 01-09-2012 to 14-09-2012 (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 , 2nd 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 seven days before the date of Meeting to enable the Management to keep the information readily available at the meeting.

6. Explanatory statement pursuant to section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Annual general Meeting is annexed hereto:

ITEM NO- 5 under Special Business

At the Meeting of the Board of Directors held on 20.10.2011, Mrs. Vasudha Kochar (Chhajer) was appointed as an Additional Director of the Company to hold office till the conclusion of the Annual General Meeting. Mrs. Vasudha Kochar (Chhajer) is a Bsc Msc by profession. She brings with her rich & vast experience in the field of Finance and Accounts.

As required under section 257 of the Companies Act, 1956, notice has been received from a Member proposing the name of Mrs. Vasudha Kochar (Chhajer) as the Director of the Company.

The brief resume of the Director and other information as per clause 49 of the Listing Agreement with the Stock Exchange are provided as annexure to the notice

The Resolution is recommended for the approval of the Members. Mr Sohan Lal Kochar, Mr. Jitendra Kochar, Mr Ajit kochar and Mrs. Vasudha Kochar (Chhajer) is concerned or interested in the said resolution.

Registered Office
86 Canning Street
Kolkata – 700 001

By Order of the Board

Dated: 30th May 2012

JITENDRA KOCHAR
(Managing Director)

Details of Director seeking appointment/re-appointment at the 19th Annual General Meeting (In pursuance of Clause 49 of the Listing Agreement)

Name of the Director	Mr Madhusudan Daga	Dr P R Kamdar	Mrs.Vasudha Kochar (Chhajer)
Date of Birth	18-01-1957	26-02-1948	24-11-1987
Date of appointment	01-12-1998	02-06-2003	20-10-2011
Qualification	B.Com (Hons')	MBBS	BSC,MSC
Expertise in specific functional areas	He carries rich experience in finance and other industries	Rich experience in capital market	Accounts and finance
Number of Shares held in the Company	NIL	2500	14200
Directorship held in other public companies (excluding foreign companies)	Balaji Metal Craft Ltd.	N.A	N.A
Chairman / Member of the committee of the Directors of other Companies in which he is a Director	N.A	N.A	N.A

DIRECTORS' REPORT
TO
THE MEMBERS

Your Directors have pleasure in presenting the Nineteen Annual Report together with the Audited Statement of Accounts for the year ended 31st March 2012.

FINANCIAL RESULTS FOR THE YEAR IS AS UNDER:

		Year ended 31.03.2012	Year ended 31.03.2011
. Profit before tax		10,122,007	7,916,328
Tax expense:			
(1) Current tax		1,760,000	1,340,504
(2) Deferred tax		(45,140)	54,506
(3) Earlier Years		(229,085)	193
Profit for the period		8,636,232	6,521,125
Earning per equity share:			
(1) Basic		1.67	1.32
(2) Diluted		1.67	1.32

OPERATION
STOCK EXCHANGE OPERATION
Global and domestic macro economic headwinds had an adverse impact on the financial markets in India. Amidst dwindling investor interest, Equity markets recorded lowest turnover in several year. Increasing competition and structural regulatory changes in recent years had already made business conditions quite challenging In this scenario, your company has performed satisfactorily.

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 the Directors do not recommend any dividend for the year under review.

DIRECTORS
Pursuant to the provisions of section 260 of the Companies Act, 1956 and the Articles of Association of the Company Mrs. Vasudha Kochar (Chhajer) was appointed as an Additional Director with effect from October 20, 2011 and will hold office up to the date of the forthcoming Annual General Meeting of the Company

Mr.Madhusudan Daga and Dr P R Kamdar retire 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-317111E) 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 31st March, 2012, the applicable accounting standards have been followed and that there is no material departure;

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 31st March, 2012 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 31st March 2012 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: 30th May 2012
Place: Kolkata

JITENDRA KOCHAR
Managing Director

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 and 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 and 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.

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 31st March, 2012, 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 as assurance as to the future viability of the Company nor the efficiency of effectiveness with which the management has conducted the affairs of the Company.

For Bahety & Goenka
Chartered Accountants
Firm Registration Number: 317111E

RAJENDRA KUMAR BAHETY
Partner
Membership Number: 053255

Kolkata
Date: 30/05/2012

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	---
Ms.Vasudha Kochar **	Director	---	---

**Appointed Additional Director w.e.f. 20th October, 2011

Eight Meeting of the Board of Directors were held during the year ended 31st March, 2012

Dates of Board Meeting
14th May 2011
24th June, 2011
25th July, 2011
12th August 2011
20th October, 2011
11th November 2011
10th February , 2012
26th March , 2012