



**DOLAT INVESTMENTS LIMITED**

Thirty First  
**ANNUAL REPORT**  
2011 - 2012



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**DOLAT INVESTMENTS LIMITED**

<b>Board of Directors</b>	:	Mr. Harendra D. Shah – Chairman & Managing Director Mr. Rajendra D. Shah Mr. Sunil P. Shah Mr. Shashikant H. Gosalia
<b>Company Secretary</b>	:	Mr. Umesh V. Moolya
<b>Auditors</b>	:	M/s. Sundarlal, Desai & Kanodia Chartered Accountants
<b>Bankers</b>	:	ICICI Bank Ltd. AXIS Bank Ltd.
<b>Registered Office</b>	:	203, City Centre, 186, Purasawalkam High Road, Keleeyes, Chennai 600010.
<b>Corporate Office</b>	:	301-308, 3 <sup>rd</sup> Floor, Bhagwati House, Plot No A/19, Veera Desai Road, Andheri (West), Mumbai – 400 058 Tel: +91 22-267 32602 Fax: +91 22-267 32642
<b>Registrars &amp; Share Transfer Agents</b>	:	Purva Sharegistry (India) Private Limited No.9, Shiv Shakti Industrial Estate, Ground Floor, J. R. Boricha Marg, Lower Parel (East), Mumbai 400011. Tel: 022-2301 6761.

**CONTENTS**

Board of Directors	2
Notice	3
Directors' Report	6
Corporate Governance Report	12
Auditors' Report	22
Balance Sheet as at 31st March, 2012	27
Profit & Loss Account	28
Cash Flow Statement	29
Significant Account Policies & notes to Financial Statements for the year ended 31st March, 2012	30
Notes forming part of the Financial Statement	33
Attendance Slip & Proxy Form	43

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## NOTICE

NOTICE is hereby given that the Thirty First Annual General Meeting of DOLAT INVESTMENTS LIMITED will be held on Tuesday, the 18<sup>th</sup> September, 2012 at 11:00 A.M. at the Registered Office of the Company at 203, City Center, 186, Purasawalkam High Road, Keleeyes, Chennai 600010 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2012 and Profit and Loss Account for the year ended as on that date and Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Shashikant H. Gosalia, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:  
"RESOLVED THAT M/s. Sundarlal, Desai & Kanodia, Chartered Accountants, Mumbai, be and are hereby appointed 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 on such remuneration as shall be fixed by the Board of Directors in consultation with the Auditors."

**By Order of the Board of Directors**  
**Umesh V Moolya**  
**Company Secretary**

Place: Mumbai  
Date: 30<sup>th</sup> July, 2012  
Registered Office:  
203, City Centre, 186,  
Purasawalkam High Raod,  
Keleeyes, Chennai 600010.

### NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF 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 commencement of the meeting, duly completed, stamped and signed. Corporate members are requested to send board resolution duly certified authorizing their representative to attend and vote on their behalf at the Annual General Meeting.
2. Members who hold shares in dematerialised form are requested to write their DP ID and CLIENT ID numbers and those who hold shares in physical form are requested to write their Folio number in the Attendance Slip for attending the meeting to facilitate easy identification of membership at the meeting.
3. Members holding shares in dematerialised form are requested to intimate any change in their address, bank details, ECS details etc. to their respective Depository Participants and those holding shares in physical form are intimate the said changes to the Registrar and Transfer Agent of the Company, at their address given below.

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## NOTICE | continued

4. Members holding shares in physical form, who have multiple accounts in identical names or joint accounts in the same order, are requested to send all the Share Certificate(s) for consolidation of all such shareholdings into one account, to the Company's Registrar and Share Transfer Agents.
5. Members are requested to address all correspondence, including dividend matters, to the Company's Registrar & Share Transfer Agent, M/s. Purva Shareregistry (India) Pvt. Ltd., No.9, Shiv Shakti Industrial Estate, Ground Floor, J. R. Boricha Marg, Opp. Kasturba Hospital, Lower Parel(E), Mumbai 400011 Tel. 022 230 16761.
6. Pursuant to the requirements on corporate governance under Clause 49 of the Listing Agreement entered into with Stock Exchange, the information about the Directors proposed to be appointed/re-appointed is given in the Annexure to the Notice.
7. The Register of Members and Share Transfer Books of the Company shall remain closed from Thursday, the 13<sup>th</sup> September 2012 to Tuesday, the 18<sup>th</sup> September 2012 (Both days inclusive)..
8. The Ministry of Corporate Affairs (MCA), Government of India, had taken a 'Green Initiative in the Corporate Governance', by allowing paperless compliances by the companies and had issued circulars stating that service of notice/ documents including Annual Report can be done by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of dematerialized holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to fill-up the E-mail Updation Form available at Company's website [www.dolatinvest.com](http://www.dolatinvest.com) and submit the same to the Registrar and Share Transfer Agent of the Company, M/s. Purva Shareregistry (India) Pvt Ltd.
9. Members are requested to bring their copies of the Annual Reports to the Meeting.
10. Those Members who have not encashed/received their Dividend Warrants for the previous financial year(s) may approach the Registrar and Transfer Agents of the Company, M/s. Purva Shareregistry (India) Pvt. Ltd.
11. Shares of the Company are under compulsory demat trading by all investors. Those shareholders who have not dematerialized their shareholding, are advised to dematerialize the same to avoid inconvenience in future.
12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in dematerialized form are therefore requested to submit their PAN to the Depository Participants with whom they are maintaining the demat account. Members holding shares in physical form can submit their PAN details to the Registrar and Transfer Agent of the Company.
13. The Unclaimed dividend of the company for the financial year 2003-2004 has been transferred to the Investors Education and Protection Fund (IEPF) as required under section 205C of the Companies Act, 1956. The balance amount in Unpaid Dividend Account for the financial year 2007-08 (1<sup>st</sup> Interim and 2<sup>nd</sup> Interim) are due for transfer to the IEPF administered by the Central Government during the month of August, 2014 and February, 2015 respectively. The Shareholder whose dividends are unclaimed for the aforesaid financial year, are requested to claim it immediately from the company. Further, shareholders are requested to note that no

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## NOTICE | continued

claim shall lie against the said Fund or the Company in respect of any amounts which were unclaimed for a period of seven years from the date of these become first due for payment and no payment shall made in respect of any such claim.

**By Order of the Board of Directors**  
**Umesh V Moolya**  
**Company Secretary**

Place: Mumbai  
Date: 30<sup>th</sup> July, 2012

Registered Office:  
203, City Center,  
186, Purasawalkam High Road,  
Keleleys, Chennai 600010.

Corporate Office:  
301-308, Bhagwati House,  
Veera Desai Road,  
Andheri (W), Mumbai  
400058

### INFORMATION TO BE FURNISHED UNDER THE LISTING AGREEMENT

Additional information on Directors being reappointed at the 31<sup>st</sup> Annual General Meeting fixed on 18.09.2012

Name	:	Mr. Shashikant H. Gosalia
Date of Birth	:	30/12/1924
Qualification	:	B.Com.
Experience/Occupation	:	Mr. Shashikant H. Gosalia, is an Independent director of the company, holding Directorship in the Company since January 2004. He has experience of Capital and Financial Market. His expertise knowledge in investment strategy, analytical skills will immensely benefit the Company. He is a member of Audit and Investors' Grievance Committee of Directors of the Company. Mr. Shashikant H. Gosalia is not holding any directorship/chairmanship in any other public limited company.
Shareholding	:	Mr.Shashikant H. Gosalia, holds Nil equity shares of the Company.

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## Directors' Reports

The Members,

Your Directors have pleasure in presenting the 31<sup>st</sup> Annual Report together with the Audited Statements of Accounts for the year ended 31<sup>st</sup> March 2012.

### FINANCIAL RESULTS

Particulars	2011-2012 <i>Rs. in lacs</i>	2010-2011 <i>Rs. in lacs</i>
Total Revenue	21664.85	4029.78
Less: Expenditure	21546.27	3670.05
Profit Before Tax and Depreciation/Amortization	118.58	359.73
Less: Depreciation /Amortization	2.33	3.15
Profit Before Tax	116.25	356.58
Less: Total Tax Expenses	21.68	183.16
Profit After Tax	94.57	173.42

### DIVIDEND

To enable the Company to augment and conserve money for working capital requirement, the Board of Directors do not recommend Dividend this year.

### INVESTMENTS

The Management regularly reviews the Company's Portfolio of investment and the securities and commodities are bought and sold in physical/demat form in order to make gains.

### REVIEW OF OPERATIONS

Your Company earned gross revenue of Rs.21,664.85 lacs, during the year under review as against Rs.4029.78 lacs reported in the previous year. The Profit before tax Rs. 116.25 lacs as against Rs.356.58 lacs in the previous year. After providing for tax, the net profit of your company is Rs.94.57 lacs as against Rs.173.42 lacs in the previous year. The basic earning per share is Rs.0.05.

### CHANGE OF OBJECT CLAUSE:

During the year under review the Object Clause of the Memorandum of Association of the Company has been changed to cover the business of Stock Broking in recognized stock exchange/s in India.

### MANAGEMENT DISCUSSION AND ANALYSIS (MD&A):

#### Global Economy:

The global economy was hit by unresolved structural fragilities and a barrage of stocks leading to a major sell-off in risky assets across global markets in 2011. Confidence also deteriorated

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## Directors' Reports | continued

sharply, escalating financial stress further leading to a contraction of the euro area economy. Real GDP also contracted in Japan, due to supply disruption from floods in Thailand and weaker global demand. However, activities in the United States accelerated in the latter half with growing consumption and pick up in investments. Credit and the labour market also began to show some resilience. The engines of growth, the emerging and developing economies, saw activity softening in 2011. Labour market conditions are likely to remain very difficult in many advanced economies. However, consumption dynamics in the emerging and developing economies have been strong which is consistent with strong labour markets. In various emerging market economies notably China, real estate markets are cooling down, which implies slowing investment in construction. Inflation risks in emerging market economies have kept policy on tightening mode for most of 2011. Except oil, other commodities prices have not seen much appreciation in prices as recovery in global economy stalled. Emerging markets would likely see inflation elevated with oil prices still high and economies operating close to full capacity plus supply side disruptions. Balancing between inflation and growth would be a challenge for policy makers in emerging world.

The International Monetary Fund in its World Economic Outlook (WEO) expects world economy to grow at 3.5% in 2012 and 4.1% in 2013. Growth is likely to be led by emerging and developing economies again, which are seen growing at 5.7% in 2012 and 6.0% in 2013. Advanced economies are expected to grow only by 1.4% down from 1.6% in 2011. The WEO projections assume that policy makers will prevent a Greek-style downward spiral from taking hold of another economy on the euro area periphery. However, additional support will be provided only if market turmoil intensifies. Thus, sovereign spreads and euro area banking system stress indicators are expected to remain volatile and come down only gradually.

### **Indian Economy:**

After two successive years of fairly robust growth of 8.4 per cent, GDP is estimated to decelerate sharply to 6.9 per cent in FY 2012, with a marked slowdown in agriculture, mining and quarrying, manufacturing and construction sectors. The estimated level of growth of 6.9% in GDP in FY 2012 was comprised of lower growth in all sectors; 2.5% growth in agriculture, which fell from 7.0% in FY 2011; 3.6% in industry vs 6.8% growth in FY 2011; and 8.8% in services vs 9.2% in FY 2011. The growth slowdown was driven by a sharp fall in investment, some moderation in private consumption and fall in net external demand industrial growth slowed sharply during FY 2012, led by contraction in mining and poor performance of the manufacturing sub-sector. Industrial activity lost steam on account of weak demand for consumer durables, reflecting interest rate sensitivity, deceleration in external demand and subdued investment demand due to decline in business confidence. The drag from investment is likely to continue in the near term. Corporate investment intentions continued to drop during Q3 of FY 2012.

India's investment growth is hampered by resource constraints. India imported 75% of the crude oil requirements in FY 2012 with imports growing 31.5% in FY 2012. Gas imports made up 24% of total consumption in FY 2012, as imports grew by 23.5% despite a 3% fall in consumption. Coal demand grew by 9% in FY 2012, while domestic production grew only by 4% resulting in larger dependency on imported coal. India's import dependence and the much higher levels of international pricing of these resources recently compared to past makes our growth vulnerable to external shocks. India's investments in infrastructure sector, particularly power sector, would remain constrained in this background.

Fiscal balances have also deteriorated sharply with center's fiscal deficit rising to 5.9% of GDP in FY 2012 from 4.6% of GDP in FY 2011. The deficit is much higher tax revenues especially from corporate and higher non plan expenses mainly on account of lower disinvestment receipts and

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## Directors' Reports | continued

significant slippage on subsidies. The fiscal deficit is budgeted to improve in FY 2013 to 5.1% of GDP. However, it is important to note that fiscal consolidation as envisaged is subject to risks, especially with respect to subsidies and lower tax revenues.

FY 2013 is likely to be a year when the economy recovers slowly from the large negative output gap. The growth in first half of FY2013 may be dragged down by low pipeline investment but demand conditions may improve slowly. On a lower base, the odds favour an improvement in agriculture growth. This with some improvement in external climate and measures to address the supply-side bottlenecks would support improved industrial performance. If fiscal pressures are contained, the interest rate cycle could turn, further supporting investment. Persistence of high global oil prices and slowing growth in the euro area and China, however, pose downside risks.

### **Inflation**

The recent fall in inflation has been largely supported by transitory factors such as seasonal decline in vegetable prices and favourable base effect. However, demand moderation, reflected in the dampening of the pricing power of producers has also played a role. Meanwhile, more permanent supply-side responses, for example in the dairy sector, have just began to take shape. Going forward, inflation in FY2013 is likely to remain around current levels. Importantly, the near term inflation trajectory is subject to significant upside risks, in particular from high oil prices and unsustainable levels of suppressed inflation, the lagged pass-through impact of rupee depreciation, higher freight rates and taxes, sustained wage pressures and the structural nature of protein-food inflation.

### **Company's Financial Review**

The Company has earned net profit of Rs. 94.57 Lakhs for the year 2011-2012 as compared to a net profit of Rs.173.56 Lacs earned in the previous year 2010-11. The company's profit declined in the year under consideration basically due to volatile market and uncertainty in business environment.

### **Resources & Liquidity**

Company has deployed the liquid resources, in units of Mutual Funds and Bank Deposits to earn dividend and interest and reinvested these funds in stock market and commodities market wherever it was considered appropriate, taking into account all relevant factors affecting the business.

### **Industry & Development**

Growth in emerging developing economies has also started to slow down from the second quarter of 2011. Initially, this was the result of macroeconomic policy tightening in attempts to curb emerging assets price bubbles and accelerating inflation. From mid-2011 onwards, growth moderated further with weaker external demand from developed countries and capital flow reversals. Growth in emerging and developing economies is expected to average 5.75% during 2012 – significant slowdown from the 6.75% growth registered during 2011. The concerns on the slowing Indian economy were reaffirmed with Q3 FY2012 GDP growth at 6.1%, the lowest since Q4 FY2009. The Index Industrial Product (IIP) was volatile through out FY2012 on the back of tight liquidity situation which has prevailed for almost two years now. The slowdown in GDP growth witnessed over the last two quarters is likely to extend into FY2012 on account of the weakness in investments. In response, and bolstered by softening in inflation during the last few months, the Reserve Bank of India announced a 50 basis point cut in policy rate in April, 2012. More particularly for India, Investors will closely look at Government's policy action before



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## Directors' Reports | continued

further committing to long term capital investments in the country. Such policy actions include addressing infrastructure bottlenecks, raising FDI limits in retail and aviation, providing clarity with respect to GST and DTC rollout, having a roadmap for subsidy and fiscal deficit reduction etc.

### Business Review

A combination of global factors has therefore resulted in volatile equity markets, periods of significant FII selling and a weak Rupee, which depreciated to a record low of Rs.54/ – to the US\$ in December 2011. Compounding the issue in the already challenging environment are recent announcements in relation to retrospective change in rules to bring under the tax ambit offshore transactions involving Indian assets and introduction of General Anti-Avoidance Rules (GAAR), which has the potential of overriding the Double Taxation Avoidance Agreements (DTAA). A bulk of foreign investment into India is through tax efficient jurisdictions and such retrospective change in rules has only added to the increasing discomfort of foreign investors.

The performance of the company has been below expectation. However, the improved business strategy and plan of the Company enabled the company to sustain and was able to prevent erosion in capital. The expected growth in the industry will really provide the opportunity to the Company to invest in selected high profile companies and opportunity in the commodities markets to improve its performance in the years to come. On stability of the market conditions, the fund available with the Company will enable it to enter into the market in large scale, on appropriate time.

Your Company focuses on making investment/trading in such industry/products, which provides the company high revenue/gain as well as capital yield with cautious approach.

### Opportunities & Challenges

Your Company, with its diversified portfolio of investments and trading strategy with available liquid funds was particularly well placed to benefits on improvement in the sentiment in market.

### Risk & Concern

Company's performance is closely linked to Indian Capital and Commodities Markets and risk associated with market operations.

The value of Company's investments may be affected by factors affecting capital and/or commodities markets, such as price, volume, volatility, interest rates, and currency exchange rates, flow of foreign investments, changes in government policies, political, economic and other developments, inflation, crude oil prices and global economic performance.

Company believes that the long-term growth of Indian Economy, being emerging and developing remains intact though there would be several short-term upheavals like high inflation, interest rates in India etc.

The Company manages the risk by diversifying its investment portfolio, by maintaining a conservative financial profile, by following prudent business & risk management practices, hedging the risk of investments on the advice of the expertise equity/ commodities research team engaged by the company.

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## **Directors' Reports | continued**

### **Adequacy of Internal Control**

The Company has an adequate system of internal control, which assures us of maintaining proper accounting records and reliability of financial information. The Company ensures adherence to all internal control polices and procedures as well as compliances with regulatory guidelines.

### **Human Resource Development**

The Company has a team of able and experienced industry professionals. There is in place a well-defined in-house training program for its employees.

### **FIXED DEPOSITS**

During the year Company has not accepted any fixed deposits from the public.

### **DIRECTORS**

In accordance with the Articles of Association of the Company, Shri. Shashikant H. Gosalia, Director of the Company, retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

### **AUDITORS**

The Company's Auditors M/s Sundarlal, Desai & Kanodia, Chartered Accountants, Mumbai, retire at the conclusion of the ensuing Annual General Meeting of the Company and, being eligible offer themselves for re-appointment. The company received letter from them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956 and that they are not disqualified for such re-appointment within the meaning of Section 226 of the said Act.

### **AUDITORS' REPORT**

The Auditors Report to the Shareholders does not contain any reservation, qualification or adverse remark.

### **DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to the requirement under section 217(2AA) of the Companies (Amendment) Act 2000 the Directors confirm that:

- a) In the preparation of Annual Accounts for the financial year ended 31st March, 2012 the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) They 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 Profit of the company for the year ended on that date;
- c) They 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 frauds and other irregularities;
- d) The Annual Accounts have been prepared on a going concern basis.

### **PARTICULARS OF EMPLOYEES**

None of the employees of your Company is drawing remuneration exceeding limits laid down under the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (particulars of employees) Rules, 1975.

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## Directors' Reports | continued

### **PARTICULARS UNDER SECTION 217(1) (e) OF THE COMPANIES ACT, 1956**

The relevant information pursuant to Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 are not applicable to the Company as the Company is carrying on business of Investment and trading in shares and commodities.

### **CORPORATE GOVERNANCE**

A report on corporate governance pursuant to Clause 49 of the listing agreement is given in Annexure 'A'.

### **COMPLIANCE CERTIFICATE**

A Certificate from the Auditors of the Company regarding Compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this report.

### **DEMATERIALISATION**

The Shares of the Company are traded compulsorily in demat form and are available for trading under both the Depository systems in India i.e. NSDL (National Securities Depository Limited) and CDSL (Central Depository Services (India) Limited)

Under the Depository system, the International Securities Identification Number (ISIN) allotted to the Company's Equity Shares is INE 966A01022

### **ACKNOWLEDGEMENT**

Your Directors place on record their appreciation of contribution made by employees at all levels, and other business associates for efficient services rendered by them.

### **CAUTIONARY STATEMENT**

The statements in this report including Management's Discussion and Analysis report reflects Company's projections, estimates, expectations or predictions and contain forward looking statements that involve risks and uncertainty. The Company and the Management shall not be held liable for any loss, which may arise as a result of any action taken on the basis of the information contained herein. Readers are cautioned not to place undue reliance on these forward looking statements that speak only of the expectations as on the date.

**For and on behalf of the Board  
Harendra D. Shah  
(Chairman & Managing Director)**

Place: Mumbai  
Date: 30<sup>th</sup> July, 2012  
Registered Office:  
203, City Center,  
186, Purasawalkam High Road,  
Keleeyes, Chennai 600010.

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## Corporate Governance

### “Annexure A”

#### CORPORATE GOVERNANCE REPORT

##### 1. COMPANY’S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Company’s philosophy on corporate governance is aimed at strengthening the confidence of the shareholders in the Company and building a long-term relationship of trust with them by maintaining transparency and periodical disclosures.

Company is committed to achieving the highest international standards of Corporate Governance.

Company believes that all its operations and actions must serve the underlying goal of enhancing overall Shareholders value, over a sustained period of time.

##### 2. BOARD OF DIRECTORS:

###### a) Composition

Company’s policy is to maintain optimum combination of Executive and Non-executive Directors. The Board of Directors of the Company is comprised of four directors of whom one is Executive Director and three are Non-Executive Directors, out of which two are Independent Directors.

###### b) Board Procedure

The agenda is prepared in consultation with the Chairman of the Board of Directors and the Chairman of the other Committees. The agenda for the meetings of the Board and its committees, together with the appropriate supporting documents, are circulated well in advance of the meeting.

Matter discussed at Board meeting generally relates to company’s investments and its performance, evaluation and advisability or otherwise their continuity, quarterly results of the company, review of the reports of the Audit Committee and compliance with their recommendations, suggestions, new investment proposals, non compliance of any regulatory, statutory or listing requirements.

###### c) Attendance of Directors at Meetings

Number of Board Meetings held and the dates on which held:

During the year under review, Board met 8 times on 13<sup>th</sup> April, 2011, 10<sup>th</sup> May, 2011, 30<sup>th</sup> June, 2011, 1<sup>st</sup> August, 2011, 11<sup>th</sup> August 2011, 31<sup>st</sup> October, 2011 and 31<sup>st</sup> January, 2012. The Company has held at least one Board meeting in every three months and the maximum time gap between any two meetings was not more than four months.

Attendance of each Director at the Board Meetings, last Annual General meeting and Number of other Directorship and Chairmanship/Membership of Committee of each Directors in various Companies.

## Corporate Governance | continued

Name Of the Director	Category	Board Meetings attended	Last AGM	Other Directorships #	Committee Memberships #	Committee Chairmanships #
Harendra D. Shah	NI/EC	8	Present	-	-	-
Rajendra D. Shah	NI/NE	8	Present	-	3	-
Sunil P. Shah	I/NE	7	Present	-	3	3
Shashikant H. Gosalia	I/NE	7	Absent	-	3	-

# Directorship in Private Limited Companies is excluded.

NI/NE – Non-Independent/Non-Executive

EC – Executive Chairman

I – Independent

None of the Directors are nominee of any Institution.

Shri Shashikant H. Gosalia, Director, retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

d) Remuneration paid to Managing Director and sitting fees paid to Non-Executive Independent Directors

e) Code of Conduct

The board has formulated a code of conduct for the Board members.

All the Board Members have affirmed their compliance with the code. A declaration to this effect signed by the Chairman of the Company is given in the Annual Report.

### 3. AUDIT COMMITTEE:

The Audit committee comprises of Independent Non-Executive and Non-Independent Non-Executive Directors having financial back ground and knowledge in the area of business of the company. The committee comprises of Mr. Rajendra D Shah who is Non-Independent Non-executive Director while Mr. Sunil P Shah and Mr. Shashikant H. Gosalia, are Independent Non-Executive Directors.

During the period under review, the Committee met 5 times on 10<sup>th</sup> May, 2011, 01<sup>st</sup> August, 2011, 11<sup>th</sup> August, 2011, 31<sup>st</sup> October, 2011 and 31<sup>st</sup> January, 2012.. The number of meetings attended by each member during the year ended 31<sup>st</sup> March, 2012 are as under:

Name of the Member	Designation	No. of Meeting attended
Mr. Sunil P. Shah	Chairman	5
Mr. Shashikant H. Gosalia	Member	5
Mr. Rajendra D. Shah	Member	5

The terms of reference stipulated by the Board to the Audit Committee are as contained in clause 49 of the Listing Agreement and as per the responsibilities stated in Section 292A of the Companies Act, 1956. In brief the powers and responsibilities are:

- Recommending the appointment/removal of Statutory Auditors, fixation of Auditors remuneration and also approval of payments for any other services.
- Reviewing with management the financial statements before submission of the same to the

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## Corporate Governance | continued

Board.

- Overseeing of Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Reviewing the adequacy of internal control systems & audit function in the company.
- Reviewing the Company's financial and risk management policies.
- Discussing with Statutory Auditors, any significant findings in their reports and follow up thereon and reviewing the reports furnished by them.

#### 4. REMUNERATION COMMITTEE:

The Company has set up a Remuneration Committee as required under the Listing Agreement and all matters relating to review and approval of compensation payable to the Executive and Non Executive Directors are considered by the Remuneration Committee and necessary recommendation are made by the Committee to the board for the approval within the overall limits fixed by the Board and subject to overall ceilings stipulated in section 198 and 309 and Schedule XIII of the Companies Act, 1956.

#### 5. SHAREHOLDERS/ INVESTORS GRIEVANCE COMMITTEE:

The members of the Company's Shareholders /Investors Grievance Committee are:

- a) Mr. Sunil P. Shah - Chairman
- b) Mr. Shashikant H. Gosalia – Member
- c) Mr. Rajendra D. Shah – Member

Committee meets as and when required, to deal with the matters relating to transfer/transmission of shares and monitors redressal of complaints from shareholders relating to transfer, non receipt of balance sheets, dividend declared etc. All the correspondence received, were replied in time. For the purpose of investors grievance redressal the company created a separate email id: [grievances@dolatinvest.com](mailto:grievances@dolatinvest.com)

#### 6. GENERAL BODY MEETINGS:

Location, time and date of Company's last three Annual General Meetings are given below:

Year	Location of the Meeting	Date	Time
2008-2009	203, City Centre, 186, Pursawalkam High Road, Keleeyes, Chennai 600010.	29/09/2009	11.00 a.m.
2009-2010	203, City Centre, 186, Pursawalkam High Road, Keleeyes, Chennai 600010.	22/09/2010	11.00 a.m.
2010-2011	203, City Centre, 186, Pursawalkam High Road, Keleeyes, Chennai 600010	20/09/2011	11.00 a.m.

None of the resolutions approved at the last Annual General Meeting required postal ballot approval. No resolution on matters requiring voting by postal ballot as per Section 192A is placed before the members at the ensuing meeting.

#### 7. POSTAL BALLOT:

During the financial year 2011-2012, special resolution for amendment of object clause in the Memorandum of Association of the Company was carried out, for the purpose of including Stock Broking business, through Postal Ballot in accordance with Section 192A of the Companies Act, 1956.

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## Corporate Governance | continued

### 8. EXTRA ORDINARY GENERAL MEETING (EGM):

During the period no Extra-Ordinary General Meeting was held.

### 9. DISCLOSURES:

- a) During the year no material transactions with the Directors or the Management, their subsidiaries or relatives etc. have taken place, which have potential conflict with the interest of the Company.
- b) There has been no non-compliance of the provisions / requirements of Stock Exchanges / SEBI or any other statutory authority on any matter relating to Capital Market.
- c) There were no pecuniary relationships or transactions with the Non-Executive Directors, except payment of sitting fee made to Non-Executive Independent Directors for meeting attended by them.
- d) CEO/CFO Certification: The CEO and CFO certification of the financial statements and the cash flow statement for the year is enclosed separately at the end of the report.
- e) The Board in its report has confirmed that the annual accounts for the year ended 31<sup>st</sup> March, 2012 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.
- f) In preparation of financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable.

### Annual Report:

Annual Report containing inter alia Audited Accounts, Financial Statements, Directors' Report, Auditors' Report and other important information are circulated to the members and others who are entitled to receive such information. The Annual Report is also available on the Company's website [www.dolatinvest.com](http://www.dolatinvest.com)

### 10. MEANS OF COMMUNICATION:

- a) At present yearly statement of account is being sent to each shareholder.
- b) Quarterly results are generally published in one English and one vernacular newspaper on time i.e. "Trinity Mirror (in English) and Makkal Kural (in Tamil)".
- c) The Company has not made any presentation to any institutional investors or any analyst.
- d) Management Discussion and Analysis Report forms a part of Directors' Report.

### 11. GENERAL SHAREHOLDERS INFORMATION:

#### Annual General Meeting

Date and Time	Tuesday, 18 <sup>th</sup> September, 2012 at 11.00 A.M.
Venue	At the Registered Office at 203, City Center, 186, Purasawalkam High Road, Keleeyes, Chennai 600010.
Book Closure Date	13 <sup>th</sup> September, 2012 to 18 <sup>th</sup> September 2012

## Corporate Governance | continued

### Financial Calendar 2012-13 (tentative)

Results for the Quarter Ended June, 2012	Second week of August, 2012
Results for the Quarter Ended September, 2012	Second week of November 2012
Results for the Quarter Ended December, 2012	Second week of February 2013
Results for the Quarter Ended March, 2013	Second week of May, 2013

Listing on the Stock Exchange : Bombay Stock Exchange Ltd,  
Phiroze Jeejeebhoy Tower, Dalal Street,  
Mumbai-400 001

Stock Code No.: BSE – 505526

International Securities Identification Number (ISIN): INE966A01022

- Annual Listing Fee for the year 2012-13 (as applicable) has been paid by the company to BSE
- Stock Price Data: High and Low during each month in last financial year Bombay Stock Exchange Ltd, Mumbai

DOLAT INVESTMENTS LTD				BSE SENSEX	
	High (Rs.)	Low (Rs.)	Volume of Shares (No)	High	Low
April, 2011	3.69	3.10	374172	19811.14	18976.19
May, 2011	4.15	2.91	1278075	19253.87	17786.13
June, 2011	3.50	2.86	289847	18873.39	17314.38
July, 2011	3.18	2.83	412921	19131.70	18131.86
August, 2011	3.06	2.10	1746366	18440.07	15765.53
September, 2011	2.75	2.00	410663	17211.80	15801.01
October, 2011	2.40	1.91	269074	17908.13	15745.43
November, 2011	2.30	1.81	463703	17702.26	15478.69
December, 2011	2.33	1.70	469868	17003.71	15135.86
January, 2012	3.33	1.66	359918	17258.97	15358.02
February, 2012	3.35	2.20	2732994	18523.78	17061.55
March, 2012	3.19	2.40	24513401	18040.69	16920.61

- Share Transfer System:

The Company has as per SEBI guidelines offered the facility for transfers of shares in dematted form through Depository Participant.

Distribution of Shareholdings as on 31<sup>st</sup> March 2012

No. of Equity Shares held (Range)	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Upto 5000	10378	90.16	1,05,42,471	5.99
5001-10000	511	4.44	41,02,228	2.33
10001-20000	265	2.30	39,85,910	2.26
20001-30000	132	1.15	32,67,501	1.86
30001-40000	49	0.43	17,42,607	0.99
40001-50000	38	0.33	17,54,707	1.00
50001-100000	62	0.54	42,48,709	2.41
100001 & above	76	0.66	14,63,55,867	83.16
<b>TOTAL</b>	<b>11511</b>	<b>100.00</b>	<b>17,60,00,000</b>	<b>100.00</b>



## Corporate Governance | continued

- Categories of Shareholdings as on 31<sup>st</sup> March, 2012

Category	No. of Equity Shares	% of Equity Shares
Promoters	13,08,10,137	74.32
Foreign Promoters	Nil	Nil
Persons acting in Concert	Nil	Nil
Mutual Funds	Nil	Nil
Banks, Financial Institutions Cent./State Govt. Inst./Non- Govt. Inst.	Nil	Nil
Foreign Institutional Investors	Nil	Nil
Private Corporate Bodies	45,29,093	2.57
Indian Public	3,97,89,294	22.61
NRIs / OCBs	3,29,953	0.19
Clearing Members	5,41,523	0.31
<b>TOTAL</b>	<b>17,60,00,000</b>	<b>100.00</b>

### Secretarial Audit:

A qualified Practicing Company Secretary carried out a secretarial audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total number of shares in physical and dematerialized form.

#### Dematerialisation of shares as on 31<sup>st</sup> March, 2012:

The Company entered into agreements with National Securities Depository Limited (NSDL), Mumbai and Central Depository Services (India) Limited (CDSL), Mumbai facilitating the Electronic Transfer through dematerialisation of Company's Shares.

The following table shows the number of shares held in demat and physical form:

Mode of Holding	No. of shares	% of No. of Shares
Physical Form	295600	0.168
NSDL	158420615	90.012
CDSL	17283785	9.820
Total	176000000	100.00

- Dematerialization of Shares: Trading in Equity Shares of the Company is permitted only in dematerialized form. The ISIN No. is INE966A01022. Up to 31.3.2012, 99.832% of its equity shares are dematerialized.
- Outstanding GDRs/ADRs/Warrants or any other Convertible instruments, conversion date: NONE

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## Corporate Governance | continued

- Address for Investors Correspondence:  
Corporate Office:  
Mr. Umesh V. Moolya  
Company Secretary  
301-308, 3<sup>rd</sup> Floor,  
Bhagwati House, Plot No A/19,  
Veera Desai Road, Andheri (West),  
Mumbai 400 058  
Email:grievances@dolatinvest.com
- Registrar and Transfer Agents:  
Purva Sharegistry (India) Private Limited  
No.9, Shiv Shakti Industrial Estate,  
Ground Floor, J.R.Boricha Marg,  
Lower Parel (East), Mumbai 400011.

### **12. AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE:**

The Auditors Certificate on compliance of clause 49 of the Listing Agreement relating to Corporate Governance is published as an annexure to the Director's Reports.

### **13. DECLARATION ON COMPLIANCE WITH CODE OF CONDUCT:**

The Board has formulated a code of conduct for the Board members of the Company. It is hereby affirmed that all the Directors have complied with the code of conduct framed by the company and a confirmation to that effect has been obtained from the Directors of the company.

### **14. REVIEW OF GOVERNANCE PRACTICES:**

We have in this report attempted to present the governance practices and principles being followed at the Company, as evolved over the years, and as best suited to the needs of our business and stakeholders. Our discussion and governance practices are continually revisited, reviewed and revised to respond to the dynamic needs of our business and ensure that our standards are at par with the recognized practices of governance, so as to meet the expectations of our entire stakeholder.

### **15. STATUS OF COMPLIANCE WITH NON MANDATORY REQUIREMENTS:**

#### **a) Shareholders Rights:**

The quarterly, half-yearly and annual financial results of the company are published in English and Tamil newspapers having wide circulation and they are uploaded on the Company's web-site. Hence, half-yearly declaration of financial performance is not sent to each household of shareholders.

#### **b) Tenure of Independent Directors:**

The Board has not laid down any specific maximum tenure for the Independent Directors.

#### **c) Audit Qualifications:**

The Company has initiated measures to move towards a regime of unqualified financial statements.

#### **d) Training of Board Members:**

The Directors of the company are senior professionals of high standing and experience in

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## Corporate Governance | continued

corporate sector and the industry in which the company operates. They are kept informed of the business model, growth factors and the risk profile of the Company. Hence the Company has not laid down any formal training mechanism for its Directors.

e) **Mechanism for evaluating Non-Executive Board Members:**

The Non-Executive Directors of the Company are professional from diverse fields relevant to the Company's business requirements and have long standing experience and expertise in their respective fields.

Non-Executive Directors add substantial value to the deliberations of the Board and Committee thereof, besides giving guidance on matters referred to them from time to time. They also play an important role in safeguarding the interests of the stakeholders.

In the light of the above, the Chairman under authority from the Board evaluates the performance of each Non-Executive Director.

f) **Contribution to Corporate Social Responsibility:**

Due to reduction in profit for the year ended 31<sup>st</sup> March 2012, the company has not contributed any amount towards Corporate Social Responsibility. However company made donations to trust, managing Schools & Population health.

g) **Whistle Blower Policy:**

Though the Company does not have a formal Whistle Blower Policy, the Company takes cognizance of complaints made and suggestions given by the employees and others. Even anonymous complaints are looked into and whenever necessary, suitable corrective steps are taken. The company promotes ethical behavior in all its business activities. All employees are free to approach the Audit Committee to raise their concern relating to fraud, malpractice or any other activity or event which is against the Company's interest.

**For and on behalf of the Board**

**HARENDRA D. SHAH**

**CHAIRMAN & MANAGING DIRECTOR**

Place: Mumbai

Date: 30<sup>th</sup> July, 2012

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## Corporate Governance | continued

### **DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE CODE OF CONDUCT**

This is to confirm that the Company has adopted a “Code of Conduct” for all Board Members and senior management of the Company.

I confirm that Company has in respect of the financial year ended 31<sup>st</sup> March 2012, received from the Board Members & Senior Management Personnel of the company a declaration of compliance with the “Code of Conduct” as applicable to them.

**HARENDRA D. SHAH**  
**CHAIRMAN & MANAGING DIRECTOR**

Place: Mumbai

Date: 30<sup>th</sup> July, 2012

### **CEO AND CFO CERTIFICATION**

We, Harendra D. Shah, Chairman & Managing Director and Vaibhav P. Shah, Chief Financial Officer, respectively, responsible for the finance function certify that:

- a) We have reviewed the financial statements and cash flow statement for the year ended 31<sup>st</sup> March, 2012 and to the best of our knowledge and belief:
  - these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - 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) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31<sup>st</sup> March, 2012 are fraudulent, illegal or violative of the Company’s code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee:
  - There has not been any significant change in control over financial reporting during the year under reference;
  - ii) Significant changes in accounting policies during the year, and that the same have been disclosed in the notes to financial statements; and
  - We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company’s internal control system over financial reporting.

Place: Mumbai

Date: 30<sup>th</sup> July, 2012

**Harendra D. Shah**  
**Chairman & Managing Director**

**Vaibhav P. Shah**  
**Chief Financial Officer**

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## **Corporate Governance | continued**

### **CERTIFICATE OF COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS UNDER CLAUSE 49 OF THE LISTING AGREEMENT** **COMPLIANCE CERTIFICATE**

#### **To The Members Of**

#### **Dolat Investments Limited**

We have examined the Compliance of the conditions of Corporate Governance by DOLAT INVESTMENTS LIMITED for the year ended 31<sup>st</sup> March 2012, as stipulated in clause 49 of the Listing Agreement of the Company with Stock Exchange.

The Compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

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 Sundarlal, Desai & Kanodia**

**Chartered Accountants**

**Firm registration number: 110560W**

**Mukul B. Desai**

**Partner**

**Membership No.: 33978**

Place: Mumbai

Date: 30<sup>th</sup> July, 2012

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## **Auditors' Report**

### **Auditors' Report to the Members of Dolat Investments Limited**

#### **Report on the financial statements**

We have audited the accompanying financial statements of Dolat Investments Limited (the company), which comprise the balance sheet as at 31 March 2012, and the statement of profit and loss and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's responsibility for the financial statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. In the case of the balance sheet, of the state of affairs of the company as at 31 March 2012.
- b. In the case of the statement of profit and loss, of the profit for the year ended on that date, and
- c. In the case of the cash flow statement, of the cash flows for the year ended on that date.

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## Auditors' Report | continued

### Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 appears from our examination of those books.
  - c. The balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account.
  - d. In our opinion, the balance sheet, statement of profit and loss, and cash flow statement 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 representations received from the directors as on 31 March 2012, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2012, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For Sundarlal, Desai & Kanodia**

**Chartered Accountants**

**Firm registration number: 110560W**

**Mukul B. Desai**

**Partner**

**Membership No.: 33978**

**Place: Mumbai**

**Date: 30<sup>th</sup> July, 2012**

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## Auditors' Report | continued

### Auditors' report to the members of Dolat Investments Limited

#### Annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

#### Re: Dolat Investments Limited (the company)

- i.
  - a. The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b. All fixed assets have been physically verified by the management during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification
  - c. There was no disposal of a substantial part of fixed assets during the year.
- ii.
  - a. The inventory (being shares, securities & commodities) has been physically verified (wherever possible) during the year by the management. In our opinion, the frequency of verification is reasonable.
  - b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - c. The company is maintaining proper records of inventory. Discrepancies noted on physical verification of inventories were not material.
- iii.
  - a. According to the information and explanations given to us, the company has not taken or granted any loans, secured or unsecured from/to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
  - b. We do not have any comment under clause 4(iii)(b), (c), (d), (f) & (g) of the Companies (Auditor's report ) Order, 2003 as the company has not borrowed or advanced any loan from/ to parties listed in register u/s. 301 of the Companies Act, 1956.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory (being shares, securities & commodities) and fixed assets and with regards to the trading of shares, securities & commodities. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.
- v.
  - a. According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.



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## Auditors' Report | continued

- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rs. five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. Based on our scrutiny of the company's records and according to information and explanation provided by the management, in our opinion the company has not accepted any public deposit.
- vii. In our opinion, the company is having an internal audit system commensurate with the size and nature of its business.
- viii. In our opinion, Rules made by the Central Government for the maintenance of any cost records u/s 209 (1) (d) of the Companies Act, 1956 are not applicable to the Company.
- ix.
  - a. The company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues wherever applicable to it.
  - b. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other material statutory dues wherever applicable were outstanding, at the year end, for a period of more than six months from the date they became payable.
  - c. According to the information and explanations given to us, there are no dues of income tax, sales tax, customs duty, wealth tax, excise duty, service tax and cess wherever applicable which are in dispute.
- x. The company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- xii. According to the information and explanations given to us and based on the documents and records produced before us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.

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## Auditors' Report | continued

- xiv. In respect of dealing/trading in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, debentures and other securities have been held by the Company, in its own name.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for loan taken by others from banks or financial institutions.
- xvi. According to the information and explanations given to us, the Company has not raised any term loans during the financial year under audit.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii. According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act 1956.
- xix. According to the information and explanations given to us, the Company has not issued any secured debentures during the period covered by our report. Accordingly, the provisions of para 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xx. During the period covered by our audit report, the Company has not raised any money by public issues.
- xxi. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

**For Sundarlal, Desai & Kanodia**  
**Chartered Accountants**  
**Firm registration number: 110560W**  
**Mukul B. Desai**  
**Partner**  
**Membership No.: 33978**

**Place: Mumbai**

**Date: 30<sup>th</sup> July 2012**

## Balance Sheet as at 31st March, 2012

Particulars	Notes	31st March, 2012 (₹)	31st March, 2011 (₹)
<b>EQUITY AND LIABILITIES:</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	3	176,000,000.00	176,000,000.00
Reserves and Surplus	4	666,302,353.75	656,845,720.48
		<u>842,302,353.75</u>	<u>832,845,720.48</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred Tax Liabilities (Net)	5	48,424.86	29,773.00
Long Term Provisions	6	244,790.00	6,167,387.00
		<u>293,214.86</u>	<u>6,197,160.00</u>
<b>CURRENT LIABILITIES</b>			
Trade Payables	7	2,542,968.75	69,027,128.77
Other Current Liabilities	8	42,770,942.28	1,094,952.94
Short-Term Provisions	9	-	62,896.88
		<u>45,313,911.03</u>	<u>70,184,978.59</u>
<b>Grand Total</b>		<b><u>887,909,479.64</u></b>	<b><u>909,227,859.07</u></b>
<b>ASSETS:</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed Assets			
Tangible Assets	10	882,028.00	1,114,759.00
Non-Current Investments	11	1,100.00	1,500.00
<b>Total (A)</b>		<u>883,128.00</u>	<u>1,116,259.00</u>
<b>CURRENT ASSETS</b>			
Current Investments	12	738,980.00	814,720.00
Inventories	13	564,754,419.00	103,315,500.00
Trade Receivables	14	80,691,579.57	325,289,230.05
Cash and Cash Equivalents	15	224,253,648.12	474,762,241.90
Short-term Loans and Advances	16	16,059,591.95	2,390,099.24
Other Current Assets	17	528,133.00	1,539,808.88
<b>Total (B)</b>		<u>887,026,351.64</u>	<u>908,111,600.07</u>
<b>Grand Total (A+B)</b>		<b><u>887,909,479.64</u></b>	<b><u>909,227,859.07</u></b>

### Significant Accounting Policies

2

Notes are an integral part of the Financial Statements.

As per our attached report of even date

For Sundarlal, Desai & Kanodia

Firm Registration No. 110560W

Chartered Accountants

For and on behalf of the Board of Dolat Investments Ltd.

**Mukul Desai**  
Partner  
Membership No. 33978

**Harendra D. Shah**  
(Managing Director)

**Rajendra D. Shah**  
(Director)

**Umesh V. Moolya**  
(Company Secretary)

Place : Mumbai  
Date : 30th July, 2012

## Statement of Profit & Loss For the year ended 31st March, 2012

Particulars	Note	31st March, 2012 (₹)	31st March, 2011 (₹)
Revenue from Operations	18	2,172,263,007.64	387,495,228.87
Other Income	19	8,087,856.50	15,482,888.50
<b>Total Revenue (I)</b>		<b>2,180,350,864.14</b>	<b>402,978,117.37</b>
<b>Expenses:</b>			
Purchase of traded goods	20	2,666,482,426.50	300,932,500.00
Changes in Inventories of traded goods	21	(564,754,419.00)	-
Employee Benefit Expenses	22	14,953,560.00	14,490,523.00
Finance Costs	23	3,160,120.37	1,212,665.95
Depreciation and Amortization Expenses	10	232,731.00	314,932.00
Other Expenses	24	48,651,536.15	50,369,773.46
<b>Total Expenses (II)</b>		<b>2,168,725,955.02</b>	<b>367,320,394.41</b>
Profit Before Tax		11,624,909.13	35,657,722.96
Tax Expense:			
Current Tax		2,150,000.00	12,000,000.00
Tax Adjustment of earlier years		(376.00)	6,327,233.00
Deferred Tax		18,651.86	(11,696.63)
Total Tax Expense		2,168,275.86	18,315,536.37
<b>Profit For The Period</b>		<b>9,456,633.26</b>	<b>17,342,186.59</b>
Earning per Equity Share [Nominal Value of Share Rs. 1] (31st March 2011 - Rs. 1)			
(1) Basic		0.05	0.10
(2) Diluted		0.05	0.10

### Significant Accounting Policies

2

Notes are an integral part of the Financial Statements.

As per our attached report of even date

For Sundarlal, Desai & Kanodia  
Firm Registration No. 110560W  
Chartered Accountants

For and on behalf of the Board of Dolat Investments Ltd.

Mukul Desai  
Partner  
Membership No. 33978

Harendra D. Shah  
(Managing Director)

Rajendra D. Shah  
(Director)

Umesh V. Moolya  
(Company Secretary)

Place : Mumbai  
Date : 30th July, 2012

## Cash Flow Statement for the year ended 31st March, 2012

	For the year ended 31-03-2012 (₹)	For the year ended 31-03-2011 (₹)
<b><u>(A) CASH FLOW FROM OPERATING ACTIVITIES</u></b>		
Net Profit before tax and extraordinary items	11,624,909.13	35,671,526.96
Adjustment for :		
Depreciation	232,731.00	314,932.00
Dividend on Shares/Mutual Fund	(3,058.50)	(2,088,225.97)
Prior Period Adjustments	-	(13,804.00)
Investment Written off	400.00	-
Share Investment Income	454,450.17	(5,227,442.50)
Employee Benefit	(131,676.00)	(7,201.00)
Provision for diminution in the value of current assets	75,740.00	-
Provision for dim. in value of Futures	(3,196,599.69)	2,909,709.29
Provision for dim. in value of Commodities Futures	(849,585.00)	849,585.00
Provision for dim. in value of Options	(16,957.51)	(158,863.97)
<b>Operating Profit before Working Capital Changes and Provisions</b>	<b>8,190,353.60</b>	<b>32,250,215.81</b>
Adjustment for Changes in Working Capital :		
Inventory	(461,438,919.00)	(70,696,510.00)
Trade Payables	(66,484,160.02)	69,027,128.77
Other Current Liabilities	41,675,989.34	(844,421.57)
Trade Receivable	244,597,650.49	(315,351,594.61)
Short Term Loans and advances	(3,301,312.39)	-
Other Current Assets	1,011,675.88	253,849,769.70
<b>Cash Generated/(used) in operations</b>	<b>(235,748,722.11)</b>	<b>(31,765,411.90)</b>
Direct Taxes Paid (including Tax on Dividend) (Net)	(14,308,480.00)	(6,921,754.00)
<b>Net Cash from Operating Activities</b>	<b>(250,057,202.11)</b>	<b>(38,687,165.90)</b>
<b><u>(B) CASH FLOW FROM INVESTMENT ACTIVITIES</u></b>		
Purchase/Sale of Investments	(454,450.17)	145,251,078.78
Dividend Received	3,058.50	2,088,225.97
<b>Net Cash from Investing activities</b>	<b>(451,391.67)</b>	<b>147,339,304.75</b>
<b><u>(C) CASH FLOW FROM FINANCING ACTIVITIES</u></b>		
Dividend Paid	-	(8,800,000.00)
Dividend Distribution Tax	-	(1,461,570.00)
Secured Loan	-	(218,405.07)
	-	(10,479,975.07)
<b>Net Inc./(Dec.) in Cash &amp; Cash equivalents [A+B+C]</b>	<b>(250,508,593.78)</b>	<b>98,172,163.78</b>
Cash & Cash Equivalents- Opening Balance	474,762,241.90	376,590,078.12
<b>Cash &amp; Cash Equivalents- Closing Balance</b>	<b>224,253,648.12</b>	<b>474,762,241.90</b>

**FOR SUNDARLAL, DESAI & KANODIA  
CHARTERED ACCOUNTANTS**

**Mukul Desai**  
Partner  
Membership No. 33978

For and on behalf of the Board of  
**DOLAT INVESTMENTS LIMITED**

**Harendra D. Shah**      **Rajendra D. Shah**  
(Managing Director)      (Director)

Place : Mumbai  
Date : 30th July, 2012

**Umesh V. Moolya**  
(Company Secretary)

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## Significant accounting policies and notes to financial statements for the year ended 31 March, 2012

### 1. Corporate Information

Dolat Investments Ltd. (the company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on Bombay Stock Exchange Ltd. The company is engaged in the trading in shares, securities and the commodities through various stock/commodities exchanges.

### 2. Significant accounting policies

#### 2.1 Basis of preparations

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respect with the accounting standards notified under the Companies (Accounting Standards) Rules 2006 (as amended) and the relevant provision of the Companies Act 1956. The financial statements have been prepared on an accrual basis and under the historical cost conventions. The accounting policies adopted in the preparation of the financial statements are consistent with those of the previous year.

#### 2.2 Use of Estimates:

The presentation of financial statements in conformity with the GAAP requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known / materialized

#### 2.3 Revenue Recognition:

- a) Income from Shares & Securities trading is recognized as income or loss on the date of actual trade and are shown net of brokerage expenses.
- b) Incomes in respect of derivative contracts are accounted in respect of expired contracts.
- c) In respect of derivative contracts open as on balance sheet date, treatment is given as per Guidance Note on Accounting for Equity Index and Equity/Stock Futures & Options issued by The Institute of Chartered Accountants of India.

Futures contracts: Amounts received or paid are credited or debited respectively to Mark to Market Margin account and anticipated losses are provided for in the Statement of Profit & Loss.

Options contracts: Premium paid on Option Contracts is carried forward to next financial year. Profits are not considered but provision for loss is made in the Statement of Profit & Loss.

- d) The dividend income is accounted for when the right to receive the payment is established whereas, interest income and other income is accounted on accrual basis.
- e) In respect of commodities derivative contracts open as on balance sheet date, amounts received and paid are credited and debited respectively to Mark to Market Margin account and anticipated loss are provided for in the Statement of Profit & Loss.
- f) Sales

The amount recognized as sale is exclusive of sales tax/VAT and are net of returns and excludes freight and other charges and accounted for at time when the invoices are raised.

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## Significant accounting policies and notes to financial statements for the year ended 31 March, 2012 | continued

### 2.4 Fixed Assets and Depreciation:

- a) Tangible fixed assets are stated at cost less accumulated depreciation/impairment losses if any. Cost includes original cost of acquisition, including incidental expenses related to such acquisition and installation.
- b) Depreciation on tangible fixed assets is provided on written down value method at the rate specified in Schedule XIV to the Companies Act, 1956. Depreciation on addition to fixed assets is provided on pro-rata basis from the date the asset is put to use. Depreciation on sale/deduction from the fixed asset is provided for upto the date of sale/deduction as the case may be.

### 2.5 Impairment of Assets:

At each balance sheet date, the Company reviews the carrying value of tangible and intangible assets for any possible impairment. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price or estimated future cash flows.

### 2.6 Investments:

Investments are either classified as current or long term based on Managements intention at the time of purchase. Investments that are intended to be held for one year or more are classified as long term investments and investments that are intended to be held for less than one year are classified as current investments. Long term investments are carried at cost less provisions recorded to recognize any decline, other than temporary in the carrying value of each investment. Current investments are valued at the lower of cost and fair value of each investment individually.

### 2.7 Stock in trade

- a) The securities acquired with the intention of short term holding and trading are considered as stock-in-trade and shown under current assets.
- b) Equity Shares held as stock-in-trade under current assets are valued at cost or market value, whichever is lower on FIFO basis.
- c) Commodities Stock held as stock-in-trade under current assets are valued at cost or market value, whichever is lower on FIFO basis.

### 2.8 Employee Benefits

- a) The Company provides for gratuity, a defined benefit plan covering all employees. The plan provides a lump sum payment to eligible employees at retirement or on termination of employment based on the salary of the respective employee and year of employment with the Company.
- b) Liability for above defined benefit plan is provided on the basis of valuation, as at the Balance Sheet date, carried out by an independent actuary. The actuarial method used for measuring the liability is the projected unit credit method. The actuarial gains and losses arising during the year are recognized in the Statement of Profit & Loss of the year without resorting to any amortization.
- c) The provisions of provident fund laws are not applicable in view of number of employees of the company being less than the prescribed number.

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## Significant accounting policies and notes to financial statements for the year ended 31 March, 2012 | continued

- d) As per company's policy, no encashment of leave to any employee is allowed.

### 2.9 Taxes on Income:

- a) Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with income tax laws) and deferred tax charge or credit (reflecting the tax effect of timing differences between accounting income and taxable income for the period).
- b) The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that the assets can be realized in future.
- c) Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realized.
- d) Tax credit is recognised in respect of Minimum Alternate Tax (MAT) paid in terms of Section 115JAA of the Income Tax Act, 1961 based on convincing evidence that the Company will pay normal income tax within the statutory time frame and the same is reviewed at each balance sheet date.

### 2.10 Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as results of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in Notes to Accounts, while contingent assets are neither recognized nor disclosed in the financial statements.

### 2.11 Cash Flow Statement

Cash flow statements are prepared in accordance with the 'Indirect Method' as explained in the Accounting Standard (AS) 3 - Cash Flow Statements as prescribed under section 211(3C) of the Companies Act 1959.

### 2.12 Provisions, Contingent Liabilities and Contingent Assets

Basic Earning per Share is Calculated by dividing the net profit after tax for the year attributable to equity shareholders of the Company by the weighted average number of shares outstanding during the year.



## Notes forming part of the Financial Statement

3 SHARE CAPITAL	<u>31st March, 2012</u>	<u>31st March, 2011</u>
	(₹)	(₹)
<b>Authorized Shares</b>		
18,10,00,000 Equity Shares Of Rs. 1/- Each	181,000,000.00	181,000,000.00
<b>Issued, Subscribed and Paid-Up :</b>		
17,60,00,000 (P.Y. 17,60,00,000) Equity Shares of Rs. 1/-	176,000,000.00	176,000,000.00
<b>Total issued, subscribed and fully paid up share capital</b>	<u>176,000,000.00</u>	<u>176,000,000.00</u>

### Reconciliation of Outstanding Shares:

Particulars	31st March 2012		31st March 2011	
	No of shares	Amount (Rs.)	No of shares	Amount (Rs.)
At the beginning of the year	176,000,000	176,000,000	176,000,000	176,000,000
Add: Issued during the year	-	-	-	-
<b>At the end of the year</b>	<b>176,000,000</b>	<b>176,000,000</b>	<b>176,000,000</b>	<b>176,000,000</b>

### Terms/ Rights Attached to Equity Shares:

The company has only one class of equity shares having par value of Re 1 each. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. In the event of liquidation of the company, the holders of the equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### Details of Shareholders Holding more than 5% Shares of the Company:

Name of the Shareholder	As at 31 March 2012		As at 31 March 2011	
	Number	Percentage	Number	Percentage
Shailesh D. Shah	34,186,970	19.42	34,186,970	19.42
Dolat Capital Market Pvt. Ltd.	23,484,400	13.34	1,484,400	0.84
Purvag Commodities & Deri. Pvt. Ltd	16,563,124	9.41	28,563,124	16.23
Jigar Commodities & Deri. Pvt. Ltd	16,159,218	9.18	26,159,218	14.86
Pankaj D. Shah	15,150,731	8.61	15,150,731	8.61

Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date.

Fully paid up pursuant to contract(s) without payment being received in cash	-	-
Fully paid up by way of bonus shares#	88,000,000	88,000,000
Shares bought back	-	-

# The bonus shares were issued in the financial year 2007-2008

## Notes forming part of the Financial Statement | continued

<b>4 RESERVES AND SURPLUS</b>	<b>31st March, 2012</b>	<b>31st March, 2011</b>
	(₹)	(₹)
a) General Reserve : -		
- Opening Balance	108,233,504.00	107,233,504.00
-Add: Transferred from surplus balance in statement of profit	-	1,000,000.00
<b>Closing Balance</b>	<b>108,233,504.00</b>	<b>108,233,504.00</b>
b) Surplus : -		
- Opening Balance	548,612,216.48	532,270,029.89
- Add: Profit for the period	9,456,633.27	17,342,186.59
- Less: Appropriations:		
Transferred to General reserve	-	1,000,000.00
<b>Net surplus in the statement of profit &amp; loss</b>	<b>558,068,849.75</b>	<b>548,612,216.48</b>
<b>Total reserves and surplus</b>	<b>666,302,353.75</b>	<b>656,845,720.48</b>
<b>5 DEFERRED TAX LIABILITIES (NET)</b>		
<b>Deffered Tax Liabilities</b>		
Difference between book and tax depreciation	127,846.86	152,275.00
<b>Deffered Tax Assets</b>		
Provision for group gratuity for employees	79,422.00	122,502.00
	<b>48,424.86</b>	<b>29,773.00</b>
<b>6 LONG TERM PROVISION</b>		
For Employee Benefit		
- Provision For Gratuity	244,790.00	377,569.00
	<b>244,790.00</b>	<b>377,569.00</b>
Others :		
- Provision for Income Tax (Net of Advance Tax and TDS)	-	5,789,442.00
- Provision for FBT (Net of Advance FBT)	-	376.00
	<b>-</b>	<b>5,789,818.00</b>
	<b>244,790.00</b>	<b>6,167,387.00</b>
<b>7 TRADE PAYABLE</b>		
Trade Payable to micro and small enterprises	-	-
Others	2,542,968.75	69,027,128.77
	<b>2,542,968.75</b>	<b>69,027,128.77</b>

## Notes forming part of the Financial Statement | continued

### 8 OTHER CURRENT LIABILITIES

	31st March, 2012	31st March, 2011
	(₹)	(₹)
a) Current Maturities of Long-Term Debts:		
- Vehicle Loan	-	112,696.16
	-	112,696.16
b) Unpaid Dividend	327,247.75	248,671.78
c) Other Payables:		
- TDS Payable	18,795.00	381,071.00
- Other Statutory Dues Payable	2,600.00	2,975.00
- Other Liabilities	42,422,299.53	349,539.00
	42,443,694.53	733,585.00
	<b>42,770,942.28</b>	<b>1,094,952.94</b>

### 9 SHORT TERM PROVISION

<b>For Others:</b>		
Provision for diminution in the value of commodities (Net)	-	62,896.88
	-	62,896.88

### 10 Fixed Assets

#### Tangible Assets

Particular	GROSS CARRYING AMOUNT				DEPRECIATION			NET CARRYING AMOUNT	
	As at 01.04.2011	Addition/ adjustment	Deduction	As at 31.03.2012	As at 01.04.2011	For the Year	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
Air Conditioners	1,877,730.00	-	-	1,877,730.00	1,563,567	43,701.00	1,607,268.00	270,462.00	314,163.00
Intercom System	78,727.00	-	-	78,727.00	74,233	625.00	74,858.00	3,869.00	4,494.00
Furniture	911,108.00	-	-	911,108.00	782,809	23,223.00	806,032.00	105,076.00	128,299.00
Elec. Installation	150,549.25	-	-	150,549.25	133,043	2,435.00	135,478.25	15,071.00	17,506.00
Computer	985,865.00	-	-	985,865.00	927,468	11,412.00	938,880.00	46,985.00	58,397.00
Office Equipments	40,850.00	-	-	40,850.00	24,932	2,214.00	27,146.00	13,704.00	15,918.00
Motor Car	1,049,455.00	-	-	1,049,455.00	473,473	149,121.00	622,594.00	426,861.00	575,982.00
<b>Total</b>	<b>5,094,284.25</b>	<b>-</b>	<b>-</b>	<b>5,094,284.25</b>	<b>3,979,525.25</b>	<b>232,731.00</b>	<b>4,212,256.25</b>	<b>882,028.00</b>	<b>1,114,759.00</b>

### 11 NON -CURRENT INVESTMENT

#### (I) Non Trade investment:

##### a. Investment in Equity Shares: (Unquoted) -Associate company

700( 31.03.2011: 700) Equity Shares with face value of Rs. 10/- each full paid up of Nirshilp Securitis Pvt. Ltd. 1,100.00 1,100.00

##### b. Investment in Preference Shares (Quoted)

Nil( 31.03.2011: 4) Pref. Shares with face value of Rs. 100/- each full paid up of Tata Steel Ltd. - 400.00

**1,100.00** **1,500.00**

Aggregate amount of Quoted investment - 400.00  
Aggregate amount of Unquoted investment 1,100.00 1,100.00

**1,100.00** **1,500.00**

## Notes forming part of the Financial Statement | continued

	31st March, 2012 (₹)	31st March, 2011 (₹)
<b>12 CURRENT INVESTMENT</b>		
<b>Investment in mutual funds (Unquoted)</b>		
100000(31.03.2011:100000)LIC Nomura MF Top 100 Fund (Face Value:Rs. 10) (NAV as on 31.03.2012 Rs.7.39 (31.03.2011: Rs.8.15))	738,980.00	814,720.00
	<u>738,980.00</u>	<u>814,720.00</u>
Provision for diminution in the value of investment	75,740.00	-
<b>13 INVENTORIES</b>		
(Valued at lower of cost and net realisable value)		
Stock-in-Trade ( Trading Goods)	564,754,419.00	-
Stock-in-Trade ( Shares & Securities)	-	103,315,500.00
	<u>564,754,419.00</u>	<u>103,315,500.00</u>
<b>14 TRADE RECEIVABLE</b>	<b>31st March, 2012</b> (₹)	<b>31st March, 2011</b> (₹)
Unsecured, considered good:-		
Outstanding for more than 6 months from the date they are due for payment	-	-
Others	80,691,579.57	325,289,230.05
	<u>80,691,579.57</u>	<u>325,289,230.05</u>
<b>15 CASH AND BANK BALANCES:</b>		
<b>CASH AND CASH EQUIVALENTS:</b>		
Balance with Banks:		
- On current account	113,813,553.52	364,389,659.35
Cash on Hand	112,816.85	126,248.85
	<u>113,926,370.37</u>	<u>364,515,908.20</u>
<b>OTHER BANK BALANCES:</b>		
Balance in Unpaid Dividend Account	327,277.75	246,333.70
Fixed Deposits with original maturity of more than 12 months	110,000,000.00	110,000,000.00
	<u>110,327,277.75</u>	<u>110,246,333.70</u>
	<u>224,253,648.12</u>	<u>474,762,241.90</u>
<b>16 SHORT TERM LOANS AND ADVANCES</b>		
Advance income tax (Net of provision for tax)	6,369,038.00	-
Prepaid Expenses	969,380.00	969,380.00
Advance to Staff	781,627.00	117,527.00
Others	7,939,546.95	1,303,192.24
	<u>16,059,591.95</u>	<u>2,390,099.24</u>
<b>17 OTHER CURRENT ASSETS</b>		
Excess of MTM/Premium on Open Series Over Provision for Loss	-	1,011,676.88
Interest accrued on fixed deposits	528,133.00	528,132.00
	<u>528,133.00</u>	<u>1,539,808.88</u>

## Notes forming part of the Financial Statement | continued

	<b>31st March, 2012</b>	<b>31st March, 2011</b>
	(₹)	(₹)
<b>18 REVENUE FROM OPERATIONS:</b>		
<u>(a) Sale of Products:</u>		
Traded Goods	2,120,295,814.66	306,948,175.00
(b) Income from Shares & Securities trading	51,117,607.98	79,088,543.71
(c) Other Operating Revenue		
Reversal of Provision for Diminution in the value of Commodity Futures	849,585.00	-
MTM on Hedged Commodities Futures	-	1,458,510.16
<b>Revenue From Operations</b>	<b><u>2,172,263,007.64</u></b>	<b><u>387,495,228.87</u></b>
<b>DETAILS OF PRODUCTS SOLD:</b>		
Castor oil	274,074,000.00	53,657,000.00
Castor Seed	506,671,181.30	26,142,375.00
Cotton Seed wash oil	397,633,000.00	227,148,800.00
Paddy	900,546,714.00	-
Silver	37,738,919.36	-
Soya oil	3,632,000.00	-
	<u>2,120,295,814.66</u>	<u>306,948,175.00</u>
<b>19 OTHER INCOME:</b>		
	<b><u>31st March, 2012</u></b>	<b><u>31st March, 2011</u></b>
	(₹)	(₹)
<b>Interest Income on:</b>		
- From Bank on Fixed Deposits	8,084,798.00	8,084,223.00
- Others	-	77,846.73
	<u>8,084,798.00</u>	<u>8,162,069.73</u>
<b>Dividend Income on</b>		
- Current investments	3,058.50	2,093,376.27
	<u>3,058.50</u>	<u>2,093,376.27</u>
Net Gain on Sale of current investments	-	5,227,442.50
<b>Total Other Income</b>	<b><u>8,087,856.50</u></b>	<b><u>15,482,888.50</u></b>
<b>20 PURCHASE OF TRADED GOODS:</b>		
Castor Seed	545,917,875.00	25,462,500.00
Castor Oil	268,900,000.00	52,600,000.00
Cotton Seed Wash Oil	390,420,000.00	222,870,000.00
Paddy	884,617,200.00	-
Silver	573,067,351.50	-
Soya Oil	3,560,000.00	-
	<u>2,666,482,426.50</u>	<u>300,932,500.00</u>
<b>DETAILS OF INVENTORIES OF TRADED GOODS</b>		
Silver	513,895,044.00	-
Caster Seed	50,859,375.00	-
	<u>564,754,419.00</u>	<u>-</u>

## Notes forming part of the Financial Statement | continued

	31st March, 2012 (₹)	31st March, 2011 (₹)
<b>21 CHANGE OF INVENTORIES OF TRADED GOODS</b>		
Inventories of Traded Goods at the end of the year	564,754,419.00	-
Inventories of Traded Goods at the beginning of the year	-	-
	<u>(564,754,419.00)</u>	<u>-</u>
<b>22 EMPLOYEES BENEFIT EXPENSES</b>		
Salaries, wages and bonus	13,506,247.00	13,174,372.00
Directors Remunerations	1,050,000.00	800,000.00
Staff welfare expenses	397,313.00	516,151.00
	<u>14,953,560.00</u>	<u>14,490,523.00</u>
<b>23 FINANCE COST</b>		
Interest expenses	3,140,086.37	1,211,607.93
Bank charges	20,034.00	1,058.02
	<u>3,160,120.37</u>	<u>1,212,665.95</u>
<b>24 OTHER EXPENSES</b>	<b>31st March, 2012</b>	<b>31st March, 2011</b>
<b>Particulars</b>	<b>(₹)</b>	<b>(₹)</b>
Rent	265,770.00	256,776.00
Repairs and maintenance:		
- Building	92,376.00	86,769.00
- Computers	89,778.00	84,163.00
Securities Transaction Tax	10,049,007.00	24,588,224.00
Professional Charges-Dealers	13,210,534.00	13,647,700.00
Reduction in the value of current investments	75,740.00	-
Keyman Insurance Charges	2,406,964.00	2,406,964.00
Director sitting fees	192,000.00	192,000.00
Payment to auditor (refer details below)	55,150.00	70,150.00
Delivery Charges	1,833,394.70	14,430.00
Share Investment Loss	454,450.17	-
Capital Loss On Mutual Fund Units	-	83,380.22
Provision for Diminution in the value of Futures	-	2,909,709.29
Provision for Diminution in Commodity Futures	-	849,585.00
Prior Period Adjustments	-	13,804.00
MTM on Hedged Commodities Futures	13,865,795.61	-
Miscellaneous Expenses	6,060,576.67	5,166,118.95
<b>Total</b>	<u><b>48,651,536.15</b></u>	<u><b>50,369,773.46</b></u>
<b>PAYMENT TO AUDITOR</b>		
<b>As Auditors:</b>		
- Audit fee	16,545.00	16,545.00
- Tax audit fee	11,030.00	11,030.00
<b>In Other Capacity:</b>		
- Taxation matters	27,575.00	27,575.00
- Other services (certification fees)	-	15,000.00
	<u>55,150.00</u>	<u>70,150.00</u>

## Notes forming part of the Financial Statement | continued

25. There is no liability which is contingent in nature.
26. Accounting policy related to employee's benefits of gratuity and other benefits is accounted in accordance with AS 15 (Revised)-"Employees Benefit". In the opinion of the management, the provisions of provident fund laws are not applicable in view of number of employees of the company being less than the prescribed number. No provision for leave encashment is made during the year in view of company's policy of not allowing encashment and accumulation of eligible leave.

The Company is recognizing and accruing the employees benefits as per accounting standard (AS) – 15 On "Employees Benefits"

Details are given below:-

	(₹)	(₹)
Assumptions	<b>2011-2012</b>	<b>2010-2011</b>
Discount Rate	8.00%	8.00%
Salary Escalation	3.00%	3.00%
Change in Benefit Obligation	<b>2011-2012</b>	<b>2010-2011</b>
Liabilities at the beginning of the year	3,90,357.00	3,96,512.00
Interest Cost	31,229.00	31,721.00
Current Service Cost	1,81,850.00	1,89,114.00
Benefit Paid	-	-
Add: Actuarial Loss/(Gain) on obligations	(3,43,512.00)	(2,26,990.00)
Liabilities at the end of the year	2,59,924.00	3,90,357.00
Change in fair value of Plan Assets	2011-2012	2010-2011
Fair value of the plan assets at the beginning of the year	12,788.00	8,779.00
Actual Return on the plan assets	1,243.00	1,046.00
Contributions	1,103.00	2,963.00
Benefits Paid	-	-
Fair value of the plan assets at the end of the year	15,134.00	12,788.00
The amount to be recognized in the Balance Sheet	<b>2011-2012</b>	<b>2010-2011</b>
Present value of the obligation as at the end of the year	2,59,924.00	3,90,357.00
Present value of the plan assets as at the end of the year	15,134.00	12,788.00
Funded Status	(2,44,790.00)	(3,77,569.00)
Net liability recognized in Balance Sheet	(2,44,790.00)	(3,77,569.00)
Expenses recognized in the Statement of Profit & Loss A/c	<b>2011-2012</b>	<b>2010-2011</b>
Current Service Cost	1,81,850.00	1,89,114.00
Interest Cost	31,229.00	31,721.00
Expected Return on Plan Assets	1,243.00	1,046.00
Actuarial loss on obligation	(3,43,512.00)	(2,26,990.00)
Net Actuarial Gain/(Loss) recognized in the year	(1,31,676.00)	(7,201.00)
Expenses recognized in Statement of Profit & Loss A/c	(1,31,676.00)	(7,201.00)

### 27. Segment Reporting:

The company has identified business segment as the primary segment after considering all the relevant factors. The company's trading and investment activities are carried out primarily in India and as such there are no reportable geographical segments.

The expenses, which are not directly identifiable to a specific business segment, are clubbed under "Unallocated Corporate Expenses" and similarly, the common assets and liabilities, which are not directly identifiable to a specific segment are clubbed under "Unallocated Corporate Assets/Liabilities on the basis of reasonable estimates.

**Notes forming part of the Financial Statement | continued**  
**Segment Revenue, Results and Other Information**

	<b>2011-12</b>	<b>2010-11</b>
	Amount (₹)	Amount (₹)
<b>a) Segment Revenue</b>		
Shares & Securities	50,666,216.31	86,325,982.26
Commodities	2,107,279,604.05	308,406,685.16
<b>Total</b>	<b>2,157,945,820.36</b>	<b>394,732,667.42</b>
<b>b) Segment Results</b>		
Shares & Securities	27,281,351.86	42,436,780.98
Commodities	3,153,601.85	6,405,008.17
<b>Total</b>	<b>30,434,953.71</b>	<b>48,841,789.15</b>
Less: Unallocable Expenses (Net of Income)	15,649,924.22	11,971,400.24
	14,785,029.49	36,870,388.91
Less: Interest & Finance Charges	3,160,120.37	1,212,665.95
<b>Profit Before Tax</b>	<b>11,624,909.12</b>	<b>35,657,722.96</b>
<u>Provision for Tax</u>		
Income Tax	2,150,000.00	12,000,000.00
Tax Adjustment of earlier years	(376.00)	6,327,233.00
Deferred Tax Expense / (Credit)	18,651.86	(11,696.63)
<b>Profit After Tax</b>	<b>9,456,633.26</b>	<b>17,342,186.59</b>
<b>b) Segment Assest and Liabilites</b>		
Shares & Securities	722,940.00	36,111,346.11
Commodities	607,404,137.24	325,458,101.41
Unallocated corporate Assets less Liabilities	234,175,276.51	471,276,272.96
<b>Total</b>	<b>842,302,353.75</b>	<b>832,845,720.48</b>



## Notes forming part of the Financial Statement | continued

### Segment Revenue, Results and Other Information

#### 28. Related parties disclosures

##### i. **Key Management Personnel**

Harendra D. Shah, Rajendra D. Shah & Pankaj D. Shah

##### ii. **Relative of Key Management Personnel**

Shailesh D. Shah

##### iii. **Associates**

Dolat Capital Market Pvt. Ltd.,

Nirpan Securities Pvt. Ltd.,

Purvag Commodities & Derivatives Pvt. Ltd.,

Vaibhav Stocks & Derivatives Pvt. Ltd.

Shailesh Shah Securities Pvt. Ltd.

##### iv. **Transactions carried out with Related Parties referred above in ordinary course of business :**

(Rs. in Lacs)

Sr. No.	Nature of Transactions	2011-2012			2010-11		
		Key Mgt. Personnel	Relative of Key Mgt. Personnel	Associates	Key Mgt. Personnel	Relative of Key Mgt. Personnel	Associates
2	Directors Remuneration	10.50	-	-	8.00	-	-
3	Brokerage Paid	-	-	146.29	-	-	266.60
4	Electricity Charges Paid	-	-	1.96	-	-	1.42
5	Telephone Charges	0.38			-	-	0.49
6	Rent Paid	1.42	1.15		1.42	1.15	-
7	Other outstanding balance as on balance sheet date						
	- Receivable from brokers	-	-	806.92	-	-	3252.89
	- Payable to brokers	-	-	25.43	-	-	690.27

Related party relationship have been identified by the management and relied upon by the auditors.

#### 29. Basic & Diluted Earning / (Loss) per shares

Particulars	2011-2012	2010-2011
Net Profit Attributable to equity shareholders (Rs. in Lakhs)	94.57	173.42
Weighted Number of Outstanding equity shares for Basic EPS Face Value Re 1 each	17,60,00,000	17,60,00,000
Weighted Number of equity Outstanding shares for Diluted EPS Face Value Re 1 each	17,60,00,000	17,60,00,000
Basic Earning Per Shares (EPS) (Rs.)	0.05	0.10
Diluted Earning Per Shares (EPS) (Rs.)	0.05	0.10

#### 30. Taxation:

- Provision for current tax for the current year has been made, taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961.
- In accordance with AS - 22 "Taxes on Income" issued by the Institute of Chartered

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## Notes forming part of the Financial Statement | continued

Accountants of India, net deferred tax assets on account of timing difference for current year of Rs.18,651.86 is debited to the Statement of Profit & Loss.

31. As at March 31, 2012, the company has reviewed the future earnings of all the cash generating units in accordance with the Accounting Standard 28 "Impairment of Assets. As the carrying amount of assets does not exceed the future recoverable amount, consequently, no adjustment to carrying amount of assets is considered necessary by the Management.
32. In the Opinion of the Management, the current Assets and Loans and Advances as shown in the books are expected to realize at their Book Values in the normal course of business and adequate provision have been made in respect of all known liabilities.
33. Based on the information available with the Company, there are no suppliers who are registered as micro, small or medium enterprises under The Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2012.
34. Open Interest in commodities futures as on 31<sup>st</sup> March, 2012

**a) Open Short Positions:**

Name of the Commodity	Expiry Date	No. of Contract	Qty (KG)
SILVERMIC	30/04/2012	2	2
SILVER	05/05/2012	9060	9060

**b) Open Long Positions:**

Name of the Commodity	Expiry Date	No. of Contract	Qty (KG)
SILVERM	30/04/2012	15	15

35. Previous year figures

Till the year ended 31<sup>st</sup> March, 2011, the company was using pre-revised schedule VI to the Companies Act, 1956 for preparation and presentation of its financial statements. During the year 31<sup>st</sup> March, 2012, the revised schedule VI notified under the Companies Act 1956 has become applicable to the company. The company has reclassified its previous year figures to conform to this year's classification.

As per our attached report of even date

**For Sundarlal, Desai & Kanodia**

**Chartered Accountants**

**Firm registration number: 110560W**

for and on behalf of the Board

**Dolat Investments Limited**

**Mukul Desai**

**Partner**

**Membership No. 33978**

**Harendra D. Shah**  
**(Managing Director)**

**Rajendra D. Shah**  
**(Director)**

Place : Mumbai

Date : 30th July, 2012

**Umesh V. Moolya**  
**(Company Secretary)**

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**DOLAT INVESTMENTS LIMITED**

203, City Centre, 186, Purasawalkam High Road, Keleeyes, Chennai 600010.

**ATTENDANCE SLIP**

I, hereby record my attendance at the Thirty-first Annual General Meeting of the Company at 203, City Centre, 186, Purasawalkam High Road, Keleeyes, Chennai 600010 on Tuesday, 18<sup>th</sup> September, 2012 at 11.00 A.M.

Name of the Shareholder: \_\_\_\_\_

(In Capital Letters)

Name of Proxy: \_\_\_\_\_

(In Capital Letters)

Signature: \_\_\_\_\_

Registered Folio No.: \_\_\_\_\_ Client ID No.: \_\_\_\_\_ No. of Shares: \_\_\_\_\_

Note:

1. Shareholder /Proxy Holder wishing to attend the meeting must bring this attendance slip duly signed, to the meeting and hand it over at the entrance.
  2. Shareholder / Proxy holder desiring to attend the meeting should bring his/her copy of Annual Report for reference at the meeting.
- .....

**DOLAT INVESTMENTS LIMITED**

203, City Centre, 186, Purasawalkam High Road, Keleeyes, Chennai 600010.

**PROXY FORM**

I/We \_\_\_\_\_ of \_\_\_\_\_ at the District of \_\_\_\_\_ being a Member /members of the above named company hereby appoint \_\_\_\_\_ of \_\_\_\_\_ in the District of \_\_\_\_\_ failing him /her \_\_\_\_\_ of \_\_\_\_\_ in the District of \_\_\_\_\_ as my / our Proxy to attend and vote on my/our behalf at the 31<sup>st</sup> Annual General Meeting of the Company to be held at 203, City Center, 186, Purasawalkam High Road, Keleeyes, Chennai 600010 on Tuesday, 18<sup>th</sup> September, 2012 at 11.00 A. M. and at any adjournment thereof.

Affix Rs.1/- Revenue Stamp
-------------------------------------

Signature \_\_\_\_\_

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012

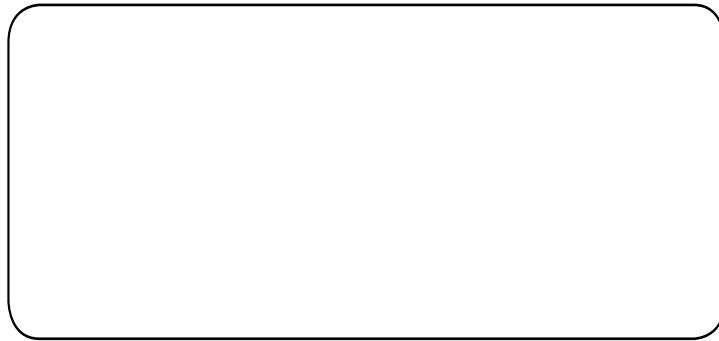
Registered Folio No. \_\_\_\_\_ Client ID \_\_\_\_\_ DP ID \_\_\_\_\_

No. of Shares \_\_\_\_\_

Note: This proxy form duly completed should be deposited at the Registered Office of the Company not later than 48 (Forty Eight) hours before the time fixed for holding of the meeting.

**BOOK POST**

To :



If undelivered, please return to :

**DOLAT INVESTMENTS LIMITED**

301-308, 3rd Floor, Bhagwati House, Plot A/19,  
Veera Desai Road, Andheri (West), Mumbai - 400 058.

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