

**20th
ANNUAL
REPORT**

2012 – 2013

DAULAT SECURITIES LIMITED

DAULAT SECURITIES LIMITED

Directors

Mr. Sohan Lal Kochar	Chairman
Mr. Jitendra Kochar	Managing Director
Mr. Ajit Kochar	Whole Time Director
Mr. Madhu Sudan Daga	Director
Mr. Jaideep Jiloka	Director
Mr. Prabin Kumar Baid✓	Director
Dr. Pradip Rasiklal Kamdar✓	Director
Mrs. Vasudha Chhajjer	Director

Auditors

M/s. Bahety & Goenka
Chartered Accountants
Registration Number: 317111E
310 Manglam, 24 Hemant Basu Sarani
Kolkata-700001

Bankers

Corporation Bank
HDFC Bank Ltd.

Registered Office

86 Canning Street, Kolkata – 700001

Administrative Office

21 Lansdowne Place, Kolkata – 700029

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4. Members are requested to bring their copies of the Reports and Accounts to the meeting.

5. Members desirous of getting any information about the accounts and operation of the company are requested to address their queries to the Director of the company well in advance so that the same are received at least seven days before the date of Meeting to enable the Management to keep the information readily available at the meeting.

Registered Office

86, Canning Street
Kolkata – 700001
Dated: 30th May 2013

By Order of the Board

JITENDRA KOCHAR
(Managing Director)

Details of Director seeking appointment/re-appointment at the 20th Annual General Meeting (Pursuant to the Clause 49 of the Listing Agreement)

Name of the Director	Mr. Prabin Kumar Baid	Mr. Jaideep Jiloka
Date of Birth	10-03-1966	10-01-1974
Date of appointment	22-03-2003	22-03-2003
Qualification	B.COM	B.COM,ACA
Expertise in specific functional areas	15	13
Number of Shares held in the Company	300	100
Directorship held in other public companies (excluding foreign companies)	SONIKA PROMOTERS & FINCON PVT. LTD.	KHUSBOO DEALERS LIMITED
Chairman / Member of the committee of the Directors of other Companies in which he is a Director	NIL	NIL

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the Twentieth Annual Report together with the Audited Statement of Accounts for the year ended 31st March 2013.

FINANCIAL RESULTS FOR THE YEAR IS AS UNDER:

Year Ended	31.03.2013	31.03.2012
Profit Before Tax	23,13,625	10,122,007
Tax expense:		
(1) Current tax	2,70,000	1,760,000
(2) Deferred tax	(78,089)	(45,140)
(3) Earlier Years	74,020	(229,085)
Profit for the period	20,47,694	8,636,232
Earning per equity share:		
(1) Basic	0.41	1.64
(2) Diluted	0.41	1.64

OPERATION

STOCK EXCHANGE OPERATION

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

DEPOSITORY OPERATION

The depository operation of the company continues to run smoothly.

DIVIDEND

Due to lack of adequate profits in the current year, your Directors have been unable to recommend any dividend.

DIRECTORS

Mr.Prabin Kumar Baid and Mr Jaideep Jiloka retire by rotation and being eligible, offers themselves for reappointment.

CORPORATE GOVERNANCE

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

AUDITORS' REPORT

The report of the auditors is self explanatory and therefore do not call for any further explanation.

LISTING

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

AUDITORS

The Auditors M/s. Bahety & Goenka, Chartered Accountants (Registration No.- 317111E) retire and being eligible offer themselves for reappointment. Shareholders are requested to appoint the Auditors of the company and to fix their remuneration.

PARTICULARS OF EMPLOYEES

No employee was in receipt of remuneration aggregating to Rs. 24,00,000/- p.a. or Rs. 2,00,000/- p.m.

CONSERVATION OF ENERGY / TECHNOLOGY / ABSORPTION / RESEARCH AND DEVELOPMENT

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

DIRECTORS' RESPONSIBILITY STATEMENT:

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

- i) In the preparation of the annual accounts for the financial year ended 31st March, 2013, the applicable accounting standards have been followed and that there is no material departure;
- ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2013 and of the Profit of the Company for said period.
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate Accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, and
- iv) The Directors have prepared the annual accounts for the financial year ended 31st March 2013 on a going concern basis.

ACKNOWLEDGEMENT

Your Directors wish to convey gratitude to the Clients, Bankers, Employees, SEBI, Stock Exchange, Depository and Shareholders/ Investors for their support and encouragement and look forward for their continued support in future.

Registered Office
86, Canning Street
Kolkata - 700001

For and on behalf of the Board

Dated: 30th May 2013
Place: Kolkata

JITENDRA KOCHAR
Managing Director.

Management Discussion and Analysis

Industries Trends and Developments

The company primary business is stock broking, mutual fund distribution and depository services which have huge growth opportunities but are facing tremendous competitive pressures and increasing regulatory compliances. With the increasing role of technology, there is a paradigm shift in the running of these businesses. Your company is gearing up well to face all such developments by ramping up its infrastructure and technological, financial and human resources.

Opportunities and Threats

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

Business Review/ Segment wise Performance

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

Managements of Risks

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

Internal Control Systems and their Adequacy

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

Financial Performance

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

Future Outlook

The company is looking at growth opportunities, while consolidation its current business in line with the challenging business environment.

Human Resource Management

During the year 2012-13 yours company Human Resources has undergone large scale initiatives in the form of total revamping and restructuring.

BAHETY & GOENKA
Chartered Accountants

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

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

To the Members of Daulat Securities Ltd.

We have reviewed the relevant records of the company for the year ended on 31st March, 2013, relating to compliance of conditions of Corporate Governance, as stipulated in Clause 49 of the Listing Agreement entered into, by the Company, with the Stock Exchanges.

The compliances of conditions of Corporate Governance are the responsibility of Management. Our review was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we have to state that to the best of our knowledge the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

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

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

RAJENDRA KUMAR BAHETY
Partner
Membership Number: 053255

Kolkata
Date: 30/05/2013

CORPORATE GOVERNANCE**PHILOSOPHY**

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

BOARD OF DIRECTORS

Composition, Category of Directors and their Other Directorship and Committee Memberships.

Directors	Category	Other Directorships / Board Committee (Numbers)	
		Directorships	Board Committee
Mr. Sohan Lal Kochar	Chairman and Director	1	Nil
Mr. Madhusudan Daga	Independent and Non Executive Director	1	Nil
Mr. Jaideep Jiloka	do	1	Nil
Mr.Prabin Kumar Baid	do	1	Nil
Dr.P.R.Kamdar	do	Nil	Nil
Mr. Jitendra Kochar	Managing Director	Nil	Nil
Mr. Ajit Kochar	Whole time Director	2	Nil
Mrs. Vasudha Chhajaj	Director	Nil	Nil

Seven (7) Meeting of the Board of Directors were held during the year ended 31st March, 2013. The dates of the meetings are 30th May 2012 , 30th July 2012 , 27th August 2012 , 14th September 2012 , 30th October 2012 , 31st January 2013 , 25th March 2013

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

Name of Director	No. of Board Meetings Attended	Attendance at the Last Annual General Meeting held on 14 th Sept. 2012	No. of Extra Ordinary General Meetings Attended (NIL EGM held)
Mr.Sohan Lal Kochar	5	Yes	Nil
Mr.Madhusudan Daga	5	No	Nil
Mr.Ajit Kochar	7	Yes	Nil
Mr.Jitendra Kochar	7	Yes	Nil
Mr.Jaideep Jiloka	6	Yes	Nil
Mr.Prabin Kr. Baid	6	Yes	Nil
Dr.P.R.Kamdar	5	Yes	Nil
Mrs.Vasudha Chhajaj	6	No	Nil

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Non executive Director Compensation and disclosure

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

Code of Conduct and Ethics for Directors and Senior Executive

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

AUDIT COMMITTEE

Broad Terms of Reference.

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

Composition, Name of Members and Chairman

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

Meetings and Attendance during the year ended 31st March 2013.

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

Remuneration Committee

To review assess and recommend the appointment of whole time Director.

To periodically review the remuneration package of Managing Director and Whole Time Director and recommend suitable revision to the board.