

**21<sup>st</sup>**  
**ANNUAL**  
**REPORT**

2013 – 2014

**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
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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**DIRECTORS' REPORT  
TO  
THE MEMBERS**

Your Directors have pleasure in presenting the Twenty First Annual Report together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March 2014.

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

	<b>Year ended 31.03.2014</b>	<b>Year ended 31.03.2013</b>
Profit before Tax	15,92,725	23,13,625
Tax Expense:		
(1) Current tax	3,00,000	2,70,000
(2) Deferred tax	-	(78,089)
(3) Earlier Years	(723)	74,020
Profit for the period	12,93,448	20,47,694
Earning per equity share:		
(1) Basic	0.26	0.41
(2) Diluted	0.26	0.41

**OPERATION  
BUSINESS PERFORMANCE**

India economic growth remained muted at 5% for the second consecutive year. This weakness in growth reflects the continued sluggishness in the investment cycle. Post election with a stable government at centre we expect that growth to revive, business confidence to improve and also capital flow pickup. Increasing competition and structural regulatory changes in recent years had already made business conditions quite challenging. In this scenario, your company has performed satisfactorily and is committed to do well in coming years.

**ALTERATION IN OBJECT CLAUSE**

The Company is already a member of NSDL for providing depository services for the benefit of trading members. However, the renewal of same is now due and SEBI has now insisted for an Object relating to such activity in the Main Object clause of the Memorandum of Association of the Company.

In order to insert such new object relating to depository services of the Company, it is proposed to replace & substitute a new clause III A(5) under Main Object Clause of the Memorandum of Association to carry out the depository activities of the company to facilitate renewal of depository membership with NSDL.

“To carry on the business as Depository Participant in India by acquiring membership of Depositories like Central Depository Services (India) Limited (CDSL), National Securities Depository Limited (NSDL) or any organization providing the Depository Services, depository clearing services, custodian clearing services and professional clearing services and to operate, run, manage and deal in all the permitted activities for providing Depository Participant Services”

As such, approval of the Shareholders is being sought by way of Special Resolution for alteration of Main Object clause.

**DEPOSITORY OPERATION**

The depository operation of the company continues to run smoothly.

**DIVIDEND**

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

**DIRECTORS**

Mr. Sohan Lal Kochar and Mr. Ajit Kochar retire by rotation and being eligible, offers themselves for reappointment. In Compliance with the provisions of the Companies Act, 2013, the following Re-appointments of Independent Directors are placed before the Members in the forthcoming Annual General Meeting for their approval:

Mr. Madhu Sudan Daga, Mr. Jaideep Jiloka, Dr. P.R. Kamdar is being re-appointed as an Independent Director of the Company, to hold office for five years, for a term upto March 31, 2019.

Mr. Prabin Kumar Baid, Independent & Non- Executive Director of the company, vide his letter dated 6<sup>th</sup> August, 2014 has resigned from the Board of the Company.

### **CORPORATE GOVERNANCE**

As per the Amended Listing Agreement with Stock Exchanges, the Company has complied with the requirement of corporate governance. A report on Corporate Governance is attached to this report as per statutory requirements. A Certificate from the Auditors of the Company M/s. Bahety & Goenka confirming the compliance of conditions of Corporate Governance is annexed to this report.

### **AUDITORS' REPORT**

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

### **LISTING**

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

### **AUDITORS**

The Auditors M/s. Bahety & Goenka, Chartered Accountants (Registration No-317111E) are re- appointed as Auditor of the Company for a term of Five years and will retire at the conclusion of 26<sup>th</sup> Annual General Meeting of your Company as Statutory Auditors and being eligible, offer themselves for reappointment. Your Company has received a certificate to the effect that their re-appointment, if made, will be in accordance with the provisions of the Companies Act, 2013. Your Directors recommend their re-appointment as Statutory Auditors of the Company.

### **PARTICULARS OF EMPLOYEES**

No employee was in receipt of remuneration aggregating to Rs. 60, 00,000/- P.A or Rs. 5, 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 31<sup>st</sup> March, 2014, 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 31<sup>st</sup> March, 2014 and of the Profit of the Company for said period.
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate Accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, and
- iv) The Directors have prepared the annual accounts for the financial year ended 31<sup>st</sup> March 2014 on a going concern basis.

### **ACKNOWLEDGEMENT**

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

Registered Office  
86, Canning Street  
Kolkata – 700 001

For and on behalf of the Board

Dated: 12<sup>th</sup> August, 2014  
Place: Kolkata

JITENDRA KOCHAR  
Managing Director

## **Management Discussion and Analysis**

### **Industries Trends & Developments**

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

### **Opportunities & Threats**

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

### **Business Review/ Segment wise Performance**

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

### **Managements of Risks**

The T +2 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 & their adequacy**

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

### **Financial Performance**

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

### **Future Outlook**

The company is looking at growth opportunities, while consolidating its current business in line with the challenging business environment. Outlook is that of cautious optimism.

### **Human Resource Management**

Employees are vital to Daulat Securities Ltd. and we are committed to our mission of making Daulat Securities Ltd. a preferred place to work and a career growth oriented, professional environment where teamwork and meritocracy prevails.

**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.**

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

To the Members of Daulat Securities Ltd.

We have reviewed the relevant records of the company for the year ended on 31<sup>st</sup> March, 2014, 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 above mentioned 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

Place : Kolkata  
Date : 12<sup>th</sup> August , 2014

RAJENDRA KUMAR BAHETY  
Partner  
Membership Number: 053255

## **CORPORATE GOVERNANCE**

### **PHILOSOPHY**

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

### **BOARD OF DIRECTORS**

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

Directors	Category	Other Directorships / Board Committee (Numbers)	
		Directorships	Board Committee
Mr. Sohan Lal Kochar	Chairman and Director	1	---
Mr.Madhusudan Daga	Independent and Non Executive Director	1	---
Mr.Jaideep Jiloka	Do	1	---
Mr.Prabin Kumar Baid **	Do	7	---
Dr.P.R.Kamdar	Do	---	---
Mr.Jitendra Kochar	Managing Director	---	---
Mr. Ajit Kochar	Whole time Director	---	---
Mrs.Vasudha Chhajer	Director	---	---

\*\* Ceased to be Independent and Non- Executive Director w.e.f. 6<sup>th</sup> August 2014.

Five(5) Meeting of the Board of Directors were held during the year ended 31<sup>st</sup> March, 2014. The dates of the meetings are 30<sup>th</sup> May 2013 , 31<sup>st</sup> July 2013 , 13<sup>th</sup> November 2013 , 10<sup>th</sup> February 2014 , 25<sup>th</sup> March 2014

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

Name of Director	No. of Board Meetings Attended	Attendance at the Last Annual General Meeting held on 11 <sup>th</sup> September 2013	No. Of Extra Ordinary General Meetings Attended (NIL Extra Ordinary General Meeting held)
Mr. Sohan Lal Kochar	5	Yes	---
Mr. Madhusudan Daga	4	Yes	---
Mr. Ajit Kochar	5	Yes	---
Mr. Jitendra Kochar	5	Yes	---
Mr. Jaideep Jiloka	5	No	---
Mr. Prabin Kr. Baid **	4	Yes	---
Dr.P.R.Kamdar	5	No	---
Mrs. Vasudha Chhajer	5	Yes	---

\*\* Ceased to be Independent and Non- Executive Director w.e.f. 6<sup>th</sup> August 2014.