

# 23<sup>RD</sup> ANNUAL REPORT

2015-16



*Wealth Visionaries*

## OUR MANTRA

TO PROVIDE UNIQUE SOLUTIONS TO MEET CLIENT SPECIFIC NEEDS, GIVEN  
TIME AND RESOURCE PARAMETERS

Institutional Equity : Investment Banking : Investment Advisory : Private Wealth

### **Service Differentiators:**

- **Strategic Advice** - Ability to identify, structure and implement unique investment strategies.
- **Smart Trading** - Established, proven and efficient execution capabilities
- **Multiple Investment Advice** - supported through a customized Open Architecture Service
- **Multiple Execution Points** - Service supports Wide Array of Choice for Clients
- **Superior Technology** - Service to be delivered around New Generation Technology Platform

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# **KHANDWALA SECURITIES LIMITED**

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## **BOARD OF DIRECTORS**

Mr. Shreedhar M. Parande - Chairman / Independent Director  
Mr. Paresh J. Khandwala - Managing Director  
Mr. Pranav Khandwala - Director / Chief Financial Officer  
Mr. Kalpen Shukla - Independent Director  
Mr. Rohit Chand - Independent Director  
Mr. Homiar Vakil - Independent Director  
Mrs. Bhagyashree Khandwala - Director

Mr. Abhishek Joshi - Company Secretary & Compliance Officer  
(Appointed w.e.f September 3, 2015)

## **REGISTERED OFFICE**

Ground Floor, Vikas Building,  
Green Street, Fort,  
Mumbai - 400 023.  
Tel. No :- 91-22-40767373/74  
Fax. No:- 91-22-40767377/78

## **AUDITORS**

M/s. Udyen Jain & Associates  
Chartered Accountants,  
201, 2<sup>nd</sup> Floor, Tower S4,  
Phase II, Cyber City,  
Magarpatta Township,  
Hadapsar, Pune – 411013

## **BANKERS**

Union Bank of India  
Axis Bank Limited  
HDFC Bank Limited  
Canara Bank  
IndusInd Bank

## **REGISTRAR & SHARE TRANSFER AGENT**

Karvy Computershare Private Limited  
Karvy Selenium, Tower B,  
Plot number 31 & 32, Financial District,  
Gachibowli, Hyderabad 500 032

## **LEGAL ADVISORS**

Mulla & Mulla & Cragie Blunt & Caroe  
(Advocates, Solicitors & Notaries)  
Mulla House, 51, M.G.Road,  
Mumbai – 400 001

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### Dear Shareholders,

Since the last one year, our goal has been to build the organization towards generating a sustainable 20% return on Equity and a strong competitive positioning in each of our businesses. We have been executing this by focusing on building key pillars.

Our first endeavor is reinventing our traditional capital markets business, which includes retail broking, institutional broking, investment management and investment banking. These have seen market cycles and have time-tested robust business models. We are strengthening our value proposition in each of them to further consolidate our business operations and achieve sustainable profitability. We see tremendous growth opportunity and are confident of building a meaningful market share in this space. For the next two years this is now going to be a meaningful contributor to the Company's topline and profits.

Here we would like to take this opportunity to introduce our Guiding Principles which will be the principal authority that will govern and drive us in the direction of creating value for all our shareholders. These principles are a blend of our ideals, culture and business ethics that clarifies and eases decision-making, and will ensure that the Company takes the right path, for the right reasons, without compromising on the long-term vision. As we evolve to become more customer centric, these Guiding Principles are going to be pivotal to our business strategy. These new principles recognize that we are able to enhance our customers and stakeholders' experience by understanding their needs and acting in their best interests at all times. Now with the inclusion of these new Guiding Principles, customer centricity is on its way to becoming an integral part of the KSL culture.

#### KSL: Guiding Principles

1. We will be **Fair** to our clients, our employees and all stakeholders
2. We will **Obey** and Comply with the rules of the land. We will maintain the highest standard of integrity and honesty. When we are unclear we will seek clarification
3. We will respect **Risk**. Our business is going to be a constant challenge of balancing risk and reward. Our ability to constantly keep one eye on risk will guide us through this fine balance
4. We will be a Thinking Organization. We will constantly bring thought to everything we do. Our clients' and our success depend on our ability to use greater ideation and more imagination in our approach
5. We will take care of our **People**. Our policies – in spirit and in letter – will ensure transparency and equal opportunity for all. We will go beyond the normal goals of attracting, recruiting, retaining and rewarding fine talent. We will ensure that every individual in KSL has an opportunity to achieve their fullest potential
6. We will operate as a **Partnership**, internally and externally. Though individuals are very often brilliant, we believe teamwork and collaboration will always ensure a better and more balanced organization. We will also treat our clients as partners and show them the same respect and consideration that we would towards our internal team members
7. We will focus on the **Long-term**. Though the world will change a lot in the coming years and our assumptions for the future may not hold up, we will reflect on the long-term implications of our actions. Even when making short-term decisions we will be aware of the long-term implications
8. We will focus on **Growth** for our clients, employees and shareholders
9. Our **Reputation and Image** is more important than any financial reward. Reputation is hard to build and even harder to rebuild. Reputation will be impacted by our ability to think for our clients, maintain confidentiality and by our adherence to our value system
10. We will endeavor to grow, protect, and use our **Financial Capital** wisely
11. We are defined by the **Experience** our customers have with us. We will strive to make it outstanding at all times
12. We recognize that we need to satisfy the **Needs**, sometimes conflicting, of all stakeholders; shareholders who entrust us with their capital, employees who create the organization, customers who are the reason we exist and society which has given us the resources and opportunity to create value
13. We will **Listen** to our customers. Listening is the start of the relationship wherein we understand their needs and fulfill these with the most appropriate products and solutions

## **KHANDWALA SECURITIES LIMITED**

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This year, your Company has reported an income of Rs. 348.72 lacs down 31.20% from last year, and Profit After Tax of Rs. (70.11) lacs, down compared to the previous year profit. The Return on Equity has been (0.02)% for FY2016 to 0.21% for FY2015. The Company's Networth is now Rs. 2907.48 lacs with a balance sheet size of Rs. 4070.09 lacs. Your Company's future endeavors will be to have a healthy financial performance and a solid balance sheet which will allow us to serve you even better, through good times as well as lean ones.

At a broader level, India remains relatively attractive, despite challenges impacting other emerging markets. The benchmark Nifty has outperformed most emerging market peers in US\$ terms on a 10-year basis, except for China. Net outflows by FIIs countered by healthy net inflows by DIIs, who made a comeback due to the strong macros, growth expectations and reducing returns of other asset classes. During the year, the government launched several initiatives to drive growth, investments and competitiveness, apart from controlling the macro situation. However, these positives are yet to translate into increased market activity. As reforms gain speed and capex gathers momentum, it should give a fill-up to market activity and investor sentiments. Our investments into critical areas means we have the ability to capture the growth opportunities as they unfold further.

To sum up, the strategic realignment of our businesses, the reallocation of our capital and the resulting changes in the value drivers has enhanced the earnings power of our Company. The key pillars of future growth which we have been methodically building make us optimistic of continued strong performance in the years ahead. I would like to express my gratitude to our Board of Directors for their support and guidance. I am also grateful to all our stakeholders and employees who have reposed their trust in us and given us constant support.

**With best wishes,  
Sincerely**

**Pranav Khandwala  
Director / CFO**

**May 20, 2016**

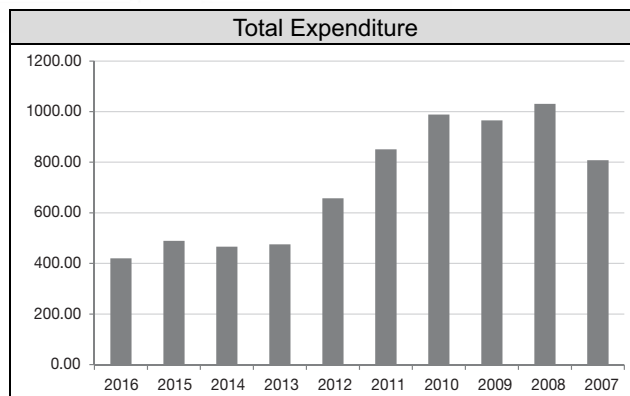
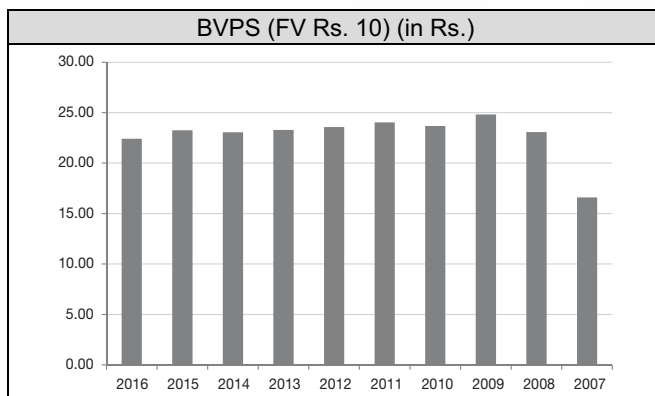
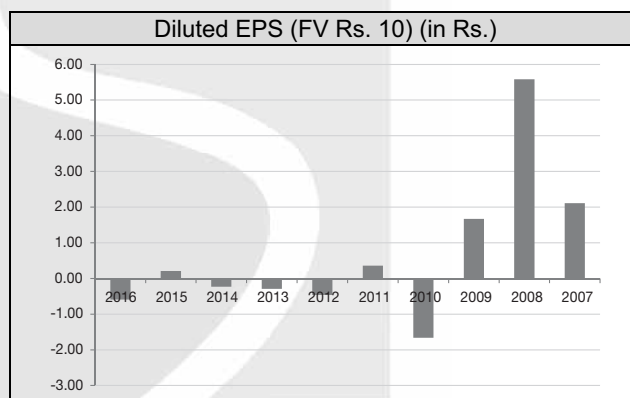
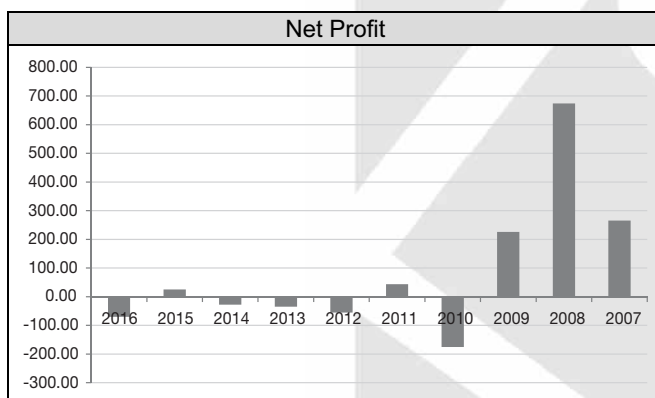
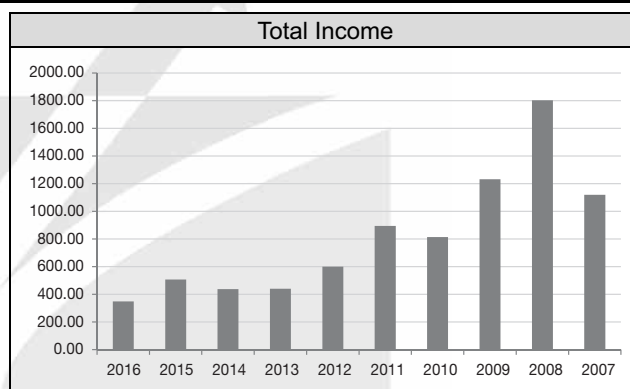
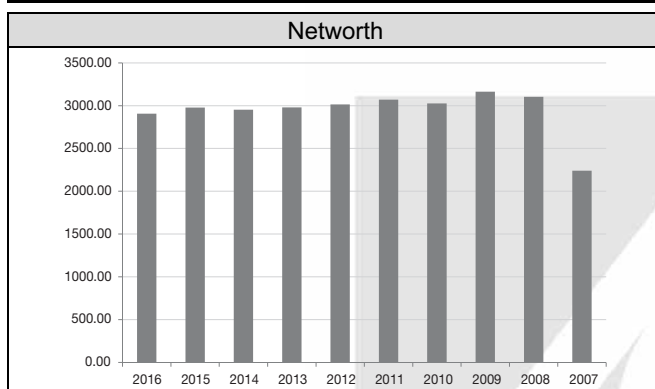


## Performance Highlights

### Consolidated Financial Performance of Khandwala Securities Limited

*(in Rs. Lacs except per share data)*

Year Ended March 31,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Income	348.72	506.85	438.18	440.03	599.42	893.76	813.43	1231.07	1801.71	1119.66
Total Expenditure	420.25	489.21	466.62	475.87	657.73	850.66	988.60	965.37	1030.71	807.94
Profit Before Tax	-71.53	17.64	-28.44	-35.83	-58.31	43.11	-175.18	260.70	771.00	311.72
Tax Expenses	-1.42	-7.46	-0.62	-0.83	-3.32	-0.27	-0.01	39.68	97.43	39.58
Net Profit	-70.11	25.10	-27.82	-35.01	-54.99	43.37	-175.17	226.02	673.57	265.53
Paid up Equity Capital	1193.90	1193.90	1193.90	1193.90	1193.90	1193.90	1193.90	1193.90	1193.90	1138.30
Networth	2907.48	2977.58	2952.49	2980.31	3015.31	3070.30	3026.93	3163.82	3103.91	2239.33
Diluted EPS (FV Rs. 10) (in Rs.)	-0.59	0.21	-0.23	-0.29	-0.46	0.36	-1.66	1.67	5.58	2.11
BVPS (FV Rs. 10) (in Rs.)	22.41	23.26	23.05	23.29	23.58	24.04	23.68	24.82	23.07	16.60



## NOTICE

Notice is hereby given that the Twenty Third Annual General Meeting of the Members of **Khandwala Securities Limited** will be held on September 19, 2016 at C. K. Nayudu Hall, in the Cricket Club of India (CCI), Brabourne Stadium, Churchgate, Mumbai – 400 020, falling on Monday, at 12.15 p.m. to transact the following businesses:

### ORDINARY BUSINESS:

1. To receive, consider and adopt :-
  - a. the audited financial statements of the Company for the financial year ended March 31, 2016 and the Reports of the Directors and the Auditors thereon; and
  - b. the audited consolidated financial statements of the Company for the financial year ended March 31, 2016 and the Reports of the Auditors thereon.
2. To appoint a Director in place of Mr. Pranav Khandwala (DIN:00519113), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and 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** pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), M/s. Udyen Jain & Associates, Chartered Accountants, (Registration No. 116336W), be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting, at such remuneration as shall be fixed by the Board of Directors of the Company.”

### SPECIAL BUSINESS:

4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

“**RESOLVED THAT** pursuant to provisions of Section 196, 197, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and subject to such other approvals, permissions and sanctions, as may be required and on recommendation of Nomination and Remuneration Committee and the Board of Directors of the Company, the consent of the members of the Company be and is hereby accorded, to change the designation of Mr. Pranav Khandwala (DIN: 00519113), as Whole-Time Director of the Company, with effect from September 1, 2016, for a period of 3 years on the following terms and conditions including remuneration as mentioned herein below :

#### a) Remuneration:

Salary: Rs. 85,000/- per month.

#### b) Perquisites, allowances and other benefits

- Reimbursement of medical expenses, leave travel allowance, contribution to provident fund, super annuation fund or annuity fund, gratuity etc.- as per the rules of the Company;
- Other benefits, perquisites and allowances will be determined by the Nomination and Remuneration Committee and/or the Board of Directors of the Company, from time to time.

**RESOLVED FURTHER THAT** in the event of absence or inadequacy of profits in any financial year during the currency of tenure of service of Mr. Pranav Khandwala, as Whole-time Director of the Company, the payment of salary, perquisites and other allowances as approved by this resolution, shall be payable as minimum remuneration.

**RESOLVED FURTHER THAT** the Board of Directors of the Company and/or the Company Secretary be and is hereby authorised to do all such acts, deeds matters and things and to take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting, be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company.

**RESOLVED FURTHER THAT** the Board of Directors of the Company and/or the Company Secretary be and is hereby authorised to do all such acts, deeds matters and things and to take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

**By order of the Board of Directors**

**Paresh Khandwala**  
**Managing Director**

**Date:** - August 10, 2016

**Place:** Mumbai

#### **Registered Office:**

Ground Floor, Vikas Building,  
Green Street, Fort,  
Mumbai - 400023

CIN: L67120MH1993PLC070709

**NOTES:**

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING ("THE MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY IN ORDER TO BE EFFECTIVE, SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY, DULY COMPLETED AND SIGNED, NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY FORM IS ANNEXED TO THIS REPORT.**
2. A person can act as proxy on behalf of Members not exceeding Fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. However, a member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
3. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the above Special Businesses is annexed hereto.
4. Corporate Members intending to send their authorised representative to attend the meeting are requested to send to the Company a certified true copy of their board resolution authorising their representative(s) to attend and vote on their behalf at the Meeting.
5. Members are informed that in the case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. Members/Proxies are requested to bring their attendance slip along with their copy of the Annual Report to the Meeting.
7. Members who holds shares in dematerialized form are requested to write their DP ID and Client ID number(s) and those who holds shares in physical form are requested to write their folio number(s) in the attendance slip for attending the meeting to facilitate identification of membership at the meeting.
8. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions in writing to the Secretary of the Company at least 10 days before the date of the Meeting so that information required may be complied and made available at the Meeting.
9. The Register of Members and Share Transfer Books of the Company will remain closed from September 12, 2016 to September 19, 2016 (both days inclusive).
10. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013 and the Register of contracts or arrangements in which directors are interested under Section 189 of the Companies Act, 2013 will be available for inspection at the Meeting.
11. Pursuant to the provisions of Section 124 of the Companies Act, 2013, there are no dividends or interest which remains unpaid/unclaimed for a period of 7 years which should be transferred by the Company to the Investor Education Protection Fund (IEPF). Members are requested to note that no claims shall lie against the Company or IEPF in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.
12. Members holding shares in physical form are requested to advise any change in their address or bank mandates to the Company/Karvy Computershare Private Limited. Members holding shares in electronic form are requested to intimate any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts.
13. Members holding the equity shares under multiple folios in the identical order of names are requested to write to the Karvy Computershare Private Limited, to consolidate their holdings in one folio.
14. 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 electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Karvy Computershare Private Limited.
15. Members can avail the facility of nomination in respect of the equity shares held by them in physical form pursuant to the provisions of Section 72 of the Companies Act, 2013. Members desiring to avail this facility may send their nomination in the prescribed format duly filled in to the Registrar & Share Transfer Agent.
16. Brief resume of Director(s) including those proposed to be appointed /re-appointed, nature of their expertise in specific functional areas, names of the Companies in which they hold directorships and memberships/ chairmanships of board committees, shareholding and relationships between Director inter-se as stipulated under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are provided in the Corporate Governance Report, forming part of the Annual Report.

17. The Notice of the 23<sup>rd</sup> Annual General Meeting and Annual Report for Financial Year 2015-2016 will also be available on the website of the Company at [www.kslindia.com](http://www.kslindia.com). The physical copies will also be available at the Company's registered office for inspection during the normal business hours on working days.
18. To support Green Initiative, Members are requested to register their e-mail addresses with the Company and R&T Agent viz. Karvy Computershare Private Limited, in case of shares held in Physical and dematerialized form respectively
19. **Voting through electronic means:-**  
In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the Company is pleased to provide members facility to exercise their rights to vote at the 23<sup>rd</sup> Annual General Meeting by electronic means and the business may be transacted through e-voting services provided by M/s. Karvy Computershare Pvt. Ltd. The Members may cast their votes using an electronic voting system from a place other than the venue of the Meeting (remote e-voting).  
The Instructions for e-voting is enclosed with Annual Report.
20. The Route Map showing directions to reach the venue of the 23<sup>rd</sup> Annual General Meeting is annexed in this Annual Report.

### **Explanatory Statement Pursuant to Section 102 of the Companies Act, 2013**

#### **Item No. 4**

The Board of Directors at their meeting held on August 10, 2016, on the recommendation of the Nomination and Remuneration Committee has approved change in designation of Mr. Pranav Khandwala as Whole-Time Director of the Company for a period of 3 (three) years w.e.f September 1, 2016.

Mr. Pranav Khandwala is possessing vast experience in the field of financial market and is also associated with the Company from a long time. The brief profile of Mr. Pranav Khandwala is provided in the Corporate Governance Report forming part of the Annual Report. The Directors are of view that the appointment of Mr. Pranav Khandwala as Whole-Time Director will be beneficial to the operations of the Company and the remuneration payable to him is commensurate with his abilities and experience.

The remuneration proposed to be payable to Mr. Pranav Khandwala by way of salary, allowances, perquisites and other benefits are within the limit prescribed under Section 197 and other applicable provisions of the Companies Act, 2013.

Except Mr. Pranav Khandwala and his relatives, none of the Directors and Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in this Resolution.

The Board recommends the Ordinary Resolution as set out at Item No. 4 of the Notice for the approval of Members.

#### **Item No. 5**

The existing Articles of Association ("AoA") are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to the specific provisions of the Companies Act, 1956 and some regulations in the existing AoA are no longer in conformity with the Companies Act, 2013 (the "Act"). The Act is now in force (barring certain provisions). As substantive sections of the Act which deal with the general working of companies stand notified, several regulations of the existing AoA of the Company require alterations or deletions.

Given this position, it is considered expedient to wholly replace the existing AoA by a new set of Articles to make it consistent with the provisions of the Act including the rules framed thereunder. The new AoA to be substituted in place of the existing AoA are largely based on Table 'F' of the Act which sets out the model Articles of Association for a company limited by shares.

The proposed draft AoA is being uploaded on the Company's website at [www.kslindia.com](http://www.kslindia.com) for perusal by the Members and is also available for inspection of the Members in physical or in electronic form at the Registered Office of the Company between 10.00 a.m. to 12.00 noon, on all working days (except Saturdays, Sundays and Public Holidays), up to the date of the Annual General Meeting (AGM) as well as during the AGM at the venue thereof.

None of the Directors, Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in this Resolution.

The Board recommends the Special Resolution as set out at Item No. 5 of the Notice for the approval of Members.

**By order of the Board of Directors**

**Pareesh Khandwala**  
**Managing Director**

**Date:** - August 10, 2016

**Place:** Mumbai

**Registered Office:**

Ground Floor, Vikas Building,  
Green Street, Fort,  
Mumbai - 400023

CIN: L67120MH1993PLC070709



## **DIRECTORS' REPORT**

To

The Members,

The Directors of the Company take pleasure in presenting their 23<sup>rd</sup> Annual Report with the annual audited financial statements for the financial year ended on March 31, 2016.

### **FINANCIAL HIGHLIGHTS**

The summary of the Company's financial performance, for the Financial Year 2015-16 as compared to the previous Financial Year 2014-15 is given below:

*(Rs. in Lakhs)*

<b>Particulars</b>	<b>Year ended March 31, 2016</b>	<b>Year ended March 31, 2015</b>
Total Income	348.72	506.85
Interest & other Financial Charges	32.10	52.56
Depreciation	29.00	60.92
Profit / (Loss) before Tax and prior period item	(71.53)	17.64
Less: Prior Period item	-	-
Provision for Tax (including Deferred Tax & Fringe Benefit Tax)	1.42	(7.46)
Profit / (Loss) after Tax	(70.11)	25.10
<b>Appropriations</b>		
Dividend on Preference Shares	-	-
Provision for Corporate Tax on Dividend	-	-
Surplus / (Deficit) carried forward	629.17	699.27
Reserves and Surplus	1513.58	1583.68

### **DIVIDEND**

In view of the losses incurred by your company during the year under review, no dividend has been proposed to be declared in the financial year 2015-16.

### **INFORMATION ON THE RESULTS OF OPERATIONS / STATE OF AFFAIRS**

The consolidated income of Khandwala Securities Limited stood at Rs. 348.72 lacs for the financial year ended March 31, 2016 as against Rs. 506.85 lacs for the previous year. The Company made a net loss of Rs. 70.11 lacs for the financial year ended March 31, 2016 as compared to a net profit of Rs. 25.10 lacs in the previous year.

The detailed information on operational and financial performance, etc, is also given in the Management Discussion and Analysis which is annexed to this Annual

Report and has been prepared in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### **SHARE CAPITAL**

The paid up Equity Share Capital as on March 31, 2016 was Rs. 119,390,000/-. During the financial year under review, the Company has neither issued any shares with differential voting rights nor had granted any stock options or sweat equity.

### **LISTING WITH STOCK EXCHANGES**

The equity shares of the Company are listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE).

### **SUBSIDIARIES AND JOINT VENTURES**

Your company does not have any subsidiary company or joint venture.

### **ASSOCIATE COMPANIES**

During the year ended March 31, 2016, your Company had one associate Company i.e. Trumonee Financial Limited, within the meaning of Section 2(6) of the Companies Act, 2013.

### **CONSOLIDATED FINANCIAL STATEMENTS**

The Consolidated Financial Statements of the Company has been prepared in accordance with the applicable Accounting Standards. The audited consolidated financial statements together with auditor's report forms part of this Annual Report. A statement containing the salient features of the financial statement of associate Company as required under Sec. 129(3) of the Companies Act, 2013 in the prescribed form i.e. "Form AOC-1" is annexed as "Annexure - 1" to this report.

Further pursuant to the provision of Section 136 of the Companies Act, 2013, the financial statement of the Company, consolidated financial statements along with relevant documents and separate audited accounts in respect of associate company are available on the website of the company. The Company will also make available copy of audited accounts of the associate Company upon request by any member of the Company interested in obtaining the same.

### **EXTRACT OF ANNUAL RETURN**

As provided under section 92(3) of the Companies Act, 2013 and the rules framed thereunder, the extract of annual return in the prescribed form MGT-9 is provided as "Annexure - 2" to this report.

### **MANAGEMENT DISCUSSION AND ANALYSIS**

A detailed analysis of the Company's performance is explained in the Management Discussion & Analysis, forming part of the Annual Report.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

### a) Retirement by Rotation of the Directors

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Pranav Khandwala, retires by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment. Your directors recommend his re-appointment.

### b) Changes in Director and Key Managerial Personnel

During the year under review, Mr. Pranav Khandwala was appointed as Chief Financial Officer of the Company w.e.f May 26, 2015, in accordance with the provision of section 203 of the Companies Act, 2013.

Further, Mr. Abhishek Joshi was appointed as Company Secretary and Compliance Officer of the Company w.e.f September 3, 2015 in accordance with the provision of section 203 of the Companies Act, 2013.

## DECLARATION OF INDEPENDENCE

The Company has received declarations from all the Independence Directors confirming that they meet the criteria of independence as prescribed under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and section 149(6) of the Companies Act, 2013.

## MEETINGS OF THE BOARD OF DIRECTORS

During the financial year, the Board met 5 (five) times i.e. on May 26, 2015, August 1, 2015, September 3, 2015, November 7, 2015 and February 12, 2016. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013. The attendance details of directors at the Board Meetings are provided in the Corporate Governance Report.

## COMMITTEES OF THE BOARD

The details of all the Committees of the Board along with their composition, terms of reference, etc. are provided in the Corporate Governance Report, which forms part of this Annual Report. The Board of Directors has accepted all the recommendations made by the Audit Committee during the financial year.

## BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors has carried out an annual evaluation of its own performance, the directors individually as well as the working of its various committees. The Independent Directors at their separate meeting held during the financial year has reviewed the performance of non-independent directors, performance of the board as a whole and performance of the Chairman of the Company after taking into accounts the view of executive directors and non-executive directors. The performance evaluation of independent directors was done by the entire board. The

Board of Directors has expressed their satisfaction with the evaluation process.

## NOMINATION AND REMUNERATION POLICY

The Board has, on recommendation of Nomination and Remuneration Committee, framed a Nomination and Remuneration policy on appointment of Directors, key managerial personnel, senior management and their remuneration including the criteria for determining qualifications, independence of directors, positive attributes, etc. The said policy is annexed to this report as "Annexure - 3".

## DIRECTOR'S RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations, obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of Companies Act, 2013:

- (i) in the preparation of the Annual Accounts for the year ended March 31, 2016, the applicable Accounting Standards have been followed along with proper explanations relating to material departures, if any;
- (ii) that such accounting policies as mentioned in the notes to accounts have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the year ended March 31, 2016;
- (iii) proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Annual accounts are prepared on a going concern basis.
- (v) that proper internal financial controls were in place and that the internal financial controls were adequate and were operating effectively ; and
- (vi) that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and were operating effectively.

## INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal financial controls, with reference to financial statements. The internal financial control procedure adopted by the Company are adequate for safeguarding its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

The details of internal financial controls and its adequacy are provided in the Management's Discussion and Analysis, which forms part of this annual report.

**RISK MANAGEMENT**

The Company has an elaborated risk management framework which is designed to enable risks to be identified, assessed and mitigated appropriately. Details of risk management including identification of elements of risk and their mitigation are also provided in Management's Discussion and Analysis, which forms part of this annual report.

**RELATED PARTY TRANSACTIONS**

All Related Party Transactions that were entered during the financial year 2015-16 were on arm's length basis and in the ordinary course of business of the Company. Thus disclosure in form **AOC-2** is not required. Further, there were no materially significant related party transactions entered by the Company during the year with the Promoters, Directors and Key Managerial Personnel which may have a potential conflict with the interest of the Company. The disclosure with related parties is set out in the notes to accounts forming part of the Annual Report. The Company has also adopted a related party transactions policy which is available on the website of the Company.

**DEPOSITS**

During the year under review, the Company has not accepted any deposits from the public under Chapter V of the Companies Act, 2013.

**PARTICULARS OF LOAN, GUARANTEES AND INVESTMENTS BY COMPANY**

During the year under review, the Company has not given any loans or guarantees or provided any security or made any investments covered under Section 186 of the Companies Act, 2013.

**EMPLOYEES**

Your Company is consciously aware that its well being largely depends upon the quality and strength of human resource. Your Company recognizes that human capital is its most valuable asset and thus endeavors to attract and retain the best available talent. Towards the end of FY 2016 your Company undertook an exercise to shrink the payroll head count to make it lean and more competitive. The Company through constant monitoring of its milestones and goals ensures that its operations are adequately staffed and in sync with requirements. Your Company's human resource policies are designed and implemented to achieve these objectives.

The Board wishes to place on record its appreciation for sincere and dedicated efforts put in by all the employees. Employee-Management relations continued to remain cordial throughout the year under review.

**PARTICULARS OF EMPLOYEES**

Pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and

Remuneration of Managerial Personnel) Rules, 2014, details of the ratio of remuneration of each director to the median employee's remuneration are annexed to this report as "Annexure-4".

During the year under review, no employee was in receipt of remuneration exceeding the limits as prescribed under provision of Section 197 of the Companies Act, 2013 and Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

**POLICY FOR PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE**

The Company has adopted a policy on prevention of sexual harassment of women at workplace under the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("Act"). The objective of this policy is to provide protection against sexual harassment of women at workplace and for redressal of complaints of any such harassment. During the year under review, no complaints of sexual harassment were received by the Company.

**VIGIL MECHANISM/ WHISTLER BLOWER POLICY**

The Company has adopted a Vigil Mechanism/Whistle Blower Policy for the employees to report instances of unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. The detail of the said Policy is explained in the Corporate Governance Report and has been uploaded in the website of the Company.

**PREVENTION OF INSIDER TRADING**

The Company has adopted the code of practices and procedure for fair disclosure of Unpublished Price Sensitive Information for prevention of Insider trading which is in line with the provision of the SEBI (Prohibition of Insider Trading) Regulations, 2015 and has been uploaded in the website of the Company.

**STATUTORY AUDITORS**

M/s. Udyen Jain & Associates, Chartered Accountants (Firm Registration No. 116336W), the Statutory Auditor of the Company, hold office till the conclusion of the ensuing Annual General Meeting of the Company and are eligible for re-appointment.

The Company has received the consent letter from them to the effect that their re-appointment, if made, would be within the prescribed limits under section 139 of the Companies Act, 2013 and that they are not disqualified for re-appointment. Observations made by the Auditors in their Report, have been appropriately dealt with in the notes forming part of the accounts for the year, which are self-explanatory and therefore do not call for any further comments.

**SECRETARIAL AUDITORS**

Pursuant to the provision of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration

of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Bhuvnesh Bansal & Associates, Company Secretary in Practice, to conduct the Secretarial Audit of the Company for the financial year 2015-2016. The Secretarial Audit Report for the financial year ended March 31, 2016 is annexed as "Annexure-5" to this report.

In respect of the Secretarial Auditors remark in their Report for the financial year 2015-2016, the Company would like to state as under:

- a) as per the provisions of the Section 203 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the Company has failed to fill the vacancy of Company Secretary from 5<sup>th</sup> December, 2014 to 2<sup>nd</sup> September, 2015, which is more than six months from the date of such vacancy;

The Company was in the process of appointing a whole-time Company Secretary but didn't find the suitable candidate within six months from the date of vacancy of Company Secretary.

- b) as per the provisions of the Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 the annual Financial Statements for the Financial Year ended March 31, 2015 were not signed by the Company Secretary of the Company.

At the time of the signing the financial statements, there was no person designated as Company Secretary in the Company.

### INTERNAL AUDITORS

Pursuant to Section 138 of the Companies Act, 2013 and the rules made thereunder, M/s. Shah & Ramaiya, Chartered Accountants was appointed as Internal Auditors of the Company. They have conducted the internal audit periodically and submitted their reports to the Audit Committee.

### CORPORATE GOVERNANCE

A report on Corporate Governance along with a Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as prescribed under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been provided in this Annual Report.

### CORPORATE SOCIAL RESPONSIBILITY

Pursuant to the provisions of Sec. 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility) Rules, 2014, the requirements of mandatory implementation of Corporate Social Responsibility activities are not applicable to the Company as on date.

### SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURT

There are no significant and material orders passed by the regulators or Courts that would impact the going concern status of the Company and its future operations.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

In view of the nature of activities which are being carried on by the Company, Rule 8(3) of the Company (Accounts), Rules, 2014 concerning conservation of energy and technology absorption respectively are not applicable to the Company.

Foreign Exchange Earnings and Outgo:

During the year under review, the foreign exchange earnings was nil. The foreign exchange outgo was Rs. 1.01 Lacs (Previous Year Rs. 1.49 Lacs).

### ACKNOWLEDGMENTS

The Board expresses its sincere gratitude for the continued support and guidance received by the Company from the Securities and Exchange Board of India, the Stock Exchanges and other government and regulatory agencies. The Board would like to acknowledge the continued support of its bankers, registrars, vendors, clients and investors. The Directors also wish to place on record their gratitude and appreciation of the employees' hard work, dedication, teamwork and professionalism which has made the phenomenal growth possible year after year.

**For and on behalf of the Board of Directors of  
Khandwala Securities Limited**

**Shreedhar M. Parande  
Chairman**

Date: May 20, 2016  
Place: Mumbai

**Form AOC-1**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the Financial Statement of Subsidiaries/Associate Companies/Joint Ventures**

**Part A: Subsidiaries**

Not Applicable

**Part B: Associates and Joint Ventures**

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

(Amount in Rupees)

Name of the Associate Company	Trumonee Financial Limited
Latest Audited Balance Sheet Date	March 31, 2016
No. of Shares of Associate held by the company on the year end	33,75,000
Amount of Investment in Associates	3,37,50,000/-
Extend of Holding %	43.41%
Description of how there is significant influence	Significant influence due to percentage of share capital
Reason why the associate/joint venture is not consolidated	-
Net worth attributable to shareholding as per latest audited Balance Sheet	16,99,119/-
Profit/Loss for the year Considered in Consolidation	(15,818)/-
Profit/Loss for the year not Considered in Consolidation	-

**For Udyen Jain & Associates  
Chartered Accountants**

**Udyen Jain**  
Partner  
Mem. No: F – 101201  
ICAI Registration No. 116336W

**For and on behalf of the Board of Directors  
Khandwala Securities Limited**

**Shreedhar M. Parande**  
Chairman  
DIN: 00542525

**Paresh J. Khandwala**  
Managing Director  
DIN: 00112678

**Pranav Khandwala**  
Chief Financial Officer

**Abhishek Joshi**  
Company Secretary

Place: Mumbai  
Date: May 20, 2016

**FORM NO. MGT-9**  
**EXTRACT OF ANNUAL RETURN**

As on the financial year ended on March 31, 2016

[Pursuant to Section 92(3) of the Companies Act, 2013 and rules 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

i.	CIN	L67120MH1993PLC070709
ii.	Registration Date	09/02/1993
iii.	Name of the Company	Khandwala Securities Limited
iv.	Category/Sub-Category of the Company	Public Company / Limited by Shares
v.	Address of the Registered office and contact details	Ground Floor, Vikas Building, Green Street, Fort, Mumbai - 400023 Tel :- 91-22-40767373/74; Fax:- 91-22-40767377/78 Website: www.kslindia.com
vi.	Whether listed company	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited Karvy Selenium, Tower - B, Plot Number - 31 & 32, Financial District, Gachibowli, Hyderabad - 500 032 Tel:- 91 40 6716 1500; Fax: 91 40 6716 1791

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company are given below:-

Sr. No.	Name and Description of main products/ services	NIC Code of the Product/ Service	% to total turnover of the Company
1	Stock broking, providing financial services and solutions like investment, institutional equities.	66120 and 66190	85.34

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sr. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1.	Trumonee Financial Limited Add: Ground Floor, Vikas Building, Green Street, Fort, Mumbai – 400023	U67120MH2008PLC178823	Associate	43.41%	2(6)

**IV. SHREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**
**(i) Category - Wise Share Holding**

Category of Shareholder	No. of Shares held at the beginning of the year as on April 1, 2015				No. of Shares held at the end of the year as on March 31, 2016				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(A) Promoters</b>									
<b>(1) Indian</b>									
(a) Individual / HUF	3558013	-	3558013	29.80	3653932	-	3653932	30.60	0.80
(b) Central Govt / State Govt(s)	-	-	-	-	-	-	-	-	-
(c) Bodies Corporate	3174264	-	3174264	26.59	3174264	-	3174264	26.59	-
(d) Banks / FI	-	-	-	-	-	-	-	-	-
(e) Any Others	-	-	-	-	-	-	-	-	-
<b>Sub-Total A(1) :</b>	<b>6732277</b>	<b>-</b>	<b>6732277</b>	<b>56.39</b>	<b>6828196</b>	<b>-</b>	<b>6828196</b>	<b>57.19</b>	<b>0.80</b>
<b>(2) Foreign</b>									
(a) NRI - Individuals	-	-	-	-	-	-	-	-	-

**TWENTY THIRD ANNUAL REPORT 2015-2016**

(b) Other - Individuals	-	-	-	-	-	-	-	-	-	-
(c) Bodies Corporate	-	-	-	-	-	-	-	-	-	-
(d) Banks / FI	-	-	-	-	-	-	-	-	-	-
(e) Any Others	-	-	-	-	-	-	-	-	-	-
<b>Sub-Total A(2) :</b>	-	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter A=A(1)+A(2)</b>	<b>6732277</b>	-	<b>6732277</b>	<b>56.39</b>	<b>6828196</b>	-	<b>6828196</b>	<b>57.19</b>	<b>0.80</b>	
<b>(B) Public Shareholding</b>										
<b>(1) Institutions</b>										
(a) Mutual Funds	-	-	-	-	-	-	-	-	-	-
(b) Banks / FI	-	-	-	-	-	-	-	-	-	-
(c) Central Govt / State Govt(s)	-	-	-	-	-	-	-	-	-	-
(d) Venture Capital Funds	-	-	-	-	-	-	-	-	-	-
(e) Insurance Companies	-	-	-	-	-	-	-	-	-	-
(f) FIs	-	-	-	-	-	-	-	-	-	-
(g) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-	-
(h) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-	-
(i) Others	-	-	-	-	-	-	-	-	-	-
<b>Sub-Total B(1) :</b>	-	-	-	-	-	-	-	-	-	-
<b>(2) Non-Institutions</b>										
(a) Bodies Corporate	2876989	32000	2908989	24.37	2663312	32000	2695312	22.58	(1.79)	
(b) Individuals										
i. Individuals shareholders holding nominal share capital upto Rs.1 lakh	808384	56127	864511	7.24	784764	55727	840491	7.04	(0.20)	
ii. Individuals shareholders holding nominal share capital in excess of Rs.1 lakh	852292	-	852292	7.14	915137	-	915137	7.67	0.53	
(c) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-	-
(d) Others (specify):										
i. Clearing Members	508	-	508	0.00	739	-	739	0.01	0.01	
ii. Non Resident Indians	545323	35100	580423	4.86	543935	35100	579035	4.85	(0.01)	
iii. Trusts	-	-	-	-	-	-	-	-	-	-
iv. Nbfc	-	-	-	-	80090	-	80090	0.67	0.67	
<b>Sub-Total B(2) :</b>	<b>5083496</b>	<b>123227</b>	<b>5206723</b>	<b>43.61</b>	<b>4987977</b>	<b>122827</b>	<b>5110804</b>	<b>42.81</b>	<b>(0.80)</b>	
<b>Total Public Shareholding B=B(1)+B(2)</b>	<b>5083496</b>	<b>123227</b>	<b>5206723</b>	<b>43.61</b>	<b>4987977</b>	<b>122827</b>	<b>5110804</b>	<b>42.81</b>	<b>(0.80)</b>	
<b>(C) Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>11815773</b>	<b>123227</b>	<b>11939000</b>	<b>100.00</b>	<b>11816173</b>	<b>122827</b>	<b>11939000</b>	<b>100.00</b>		-

## KHANDWALA SECURITIES LIMITED

### (II) Shareholding of Promoters / Promoters Group

Sr. No	Shareholder's Name	Shareholding at the beginning of the Year as on April 1, 2015			Shareholding at the end of the Year as on March 31, 2016			% Change in share holding during the year
		No. of Shares	% of Total Shares of the Company	% of shares Pledged / encumbered to total shares	No. of Shares	% of Total Shares of the Company	% of shares Pledged / encumbered to total shares	
1.	Jayantilal Khandwala & Sons Private Limited	1733321	14.52	14.52	1733321	14.52	14.52	-
2.	Bentley Investments Private Limited	1440943	12.07	-	1440943	12.07	-	-
3.	Mrs. Daxa Paresh Khandwala	1270580	10.64	-	1271080	10.65	-	0.01
4.	Mr. Pratik Paresh Khandwala	773731	6.48	-	773731	6.48	-	-
5.	Mr. Pranav Paresh Khandwala	676670	5.67	-	684737	5.74	-	0.07
6.	Mrs. Tulsi Paresh Khandwala	303958	2.55	-	303958	2.55	-	-
7.	Mrs. Bhagyashree Pranav Khandwala	133980	1.12	-	133980	1.12	-	-
8.	Mrs. Leena Mayank Khandwala	54740	0.46	-	54740	0.46	-	-
9.	Mr. Paresh Jayantilal Khandwala	45592	0.38	-	132944	1.11	-	0.73
10.	Mr. Jatin Ashok Khandwala	16953	0.14	-	16953	0.14	-	-
11.	Mr. Mayank Ashok Khandwala	14453	0.12	-	14453	0.12	-	-
12.	Mr. Ashok Jayantilal Khandwala	1967	0.02	-	1967	0.02	-	-
13.	Mrs. Ramila Ashok Khandwala	160	0.00	-	160	0.00	-	-
14.	Mrs. Sonal Jatin Khandwala	126	0.00	-	126	0.00	-	-
15.	Paresh Jayantilal Khandwala HUF	265103	2.22	-	265103	2.22	-	-

### (III) Change in Promoters' / Promoters' Group Shareholding (please specify, if there is no change)

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (01.04.2015) / end of the year (31.03.2016)		Date	Increase / Decrease in share holding	Reason	Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company				No. of Shares	% of total shares of the company
1	Jayantilal Khandwala & Sons Private Limited	1733321	14.52	01.04.2015	Nil	Nil movement during the year	1733321	14.52
		1733321	14.52	31.03.2016				
2	Bentley Investments Private Limited	1440943	12.07	01.04.2015	Nil	Nil movement during the year	1440943	12.07
		1440943	12.07	31.03.2016				
3	Mrs. Daxa Paresh Khandwala	1270580	10.64	01.04.2015			1270580	10.64
		1271080	10.65	11.11.2015	500	Transfer	1271080	10.65
4	Mr. Pratik Paresh Khandwala	773731	6.48	01.04.2015	Nil	Nil movement during the year	773731	6.48
		773731	6.48	31.03.2016				
5	Mr. Pranav Paresh Khandwala	676670	5.67	01.04.2015			676670	5.67
				10.04.2015	1100	Transfer	677770	5.68
				17.04.2015	3141	Transfer	680911	5.70
				24.04.2015	750	Transfer	681661	5.71
				01.05.2015	925	Transfer	682586	5.72
				08.05.2015	500	Transfer	683086	5.72
				15.05.2015	1151	Transfer	684237	5.73
				26.02.2016	500	Transfer	684737	5.74
	684737	5.74	31.03.2016					



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6.	Mrs. Tulsi Paresh Khandwala	303958	2.55	01.04.2015	Nil	Nil movement during the year	303958	2.55
		303958	2.55	31.03.2016				
7.	Mrs. Bhagyashree Pranav Khandwala	133980	1.12	01.04.2015	Nil	Nil movement during the year	133980	1.12
		133980	1.12	31.03.2016				
8.	Mrs. Leena Mayank Khandwala	54740	0.46	01.04.2015	Nil	Nil movement during the year	54740	0.46
		54740	0.46	31.03.2016				
9.	Mr. Paresh Jayantilal Khandwala	45592	0.38	01.04.2015			45592	0.38
				12.06.2015	2045	Transfer	47637	0.40
				19.06.2015	3850	Transfer	51487	0.43
				26.06.2015	4803	Transfer	56290	0.47
				30.06.2015	850	Transfer	57140	0.48
				03.07.2015	1200	Transfer	58340	0.49
				10.07.2015	2200	Transfer	60540	0.51
				17.07.2015	3200	Transfer	63740	0.53
				24.07.2015	2901	Transfer	66641	0.56
				31.07.2015	150	Transfer	66791	0.56
				07.08.2015	4000	Transfer	70791	0.59
				14.08.2015	4980	Transfer	75771	0.63
				28.08.2015	6800	Transfer	82571	0.69
				04.09.2015	1100	Transfer	83671	0.70
				11.09.2015	100	Transfer	83771	0.70
				25.09.2015	2600	Transfer	86371	0.72
				30.09.2015	2600	Transfer	88971	0.75
				09.10.2015	100	Transfer	89071	0.75
				16.10.2015	3701	Transfer	92772	0.78
				20.11.2015	2000	Transfer	94772	0.79
				27.11.2015	1623	Transfer	96395	0.81
				04.12.2015	100	Transfer	96495	0.81
				11.12.2015	1100	Transfer	97595	0.82
				18.12.2015	1000	Transfer	98595	0.83
				25.12.2015	4820	Transfer	103415	0.87
				31.12.2015	2350	Transfer	105765	0.89
				08.01.2016	3149	Transfer	108914	0.91
				15.01.2016	1000	Transfer	109914	0.92
				22.01.2016	300	Transfer	110214	0.92
				05.02.2016	6000	Transfer	116214	0.97
				19.02.2016	5000	Transfer	121214	1.02
				24.02.2016	250	Transfer	121464	1.02
		02.03.2016	4700	Transfer	126164	1.06		
		03.03.2016	3300	Transfer	129464	1.08		
		04.03.2016	330	Transfer	129794	1.09		
		11.03.2016	2950	Transfer	132744	1.11		
		15.03.2016	200	Transfer	132944	1.11		
		132944	1.11	31.03.2016				

## KHANDWALA SECURITIES LIMITED

10.	Mr. Jatin Ashok Khandwala	16953	0.14	01.04.2015	Nil	Nil movement during the year	16953	0.14
		16953	0.14	31.03.2016				
11.	Mr. Mayank Ashok Khandwala	14453	0.12	01.04.2015	Nil	Nil movement during the year	14453	0.12
		14453	0.12	31.03.2016				
12.	Mr. Ashok Jayantilal Khandwala	1967	0.02	01.04.2015	Nil	Nil movement during the year	1967	0.02
		1967	0.02	31.03.2016				
13.	Mrs. Ramila Ashok Khandwala	160	0.00	01.04.2015	Nil	Nil movement during the year	160	0.00
		160	0.00	31.03.2016				
14.	Mrs. Sonal Jatin Khandwala	126	0.00	01.04.2015	Nil	Nil movement during the year	126	0.00
		126	0.00	31.03.2016				
15.	Paresh Jayantilal Khandwala HUF	265103	2.22	01.04.2015	Nil	Nil movement during the year	265103	2.22
		265103	2.22	31.03.2016				

### (IV) Shareholding Pattern of Top Ten shareholders (other than Directors/Promoters and Holders of GDRs and ADRs)

Sr. No	Name	Shareholding at the beginning of the year (01.04.2015) / end of the year (31.03.2016)		Date	Increase / Decrease in share holding	Reason	Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company				No. of Shares	% of total shares of the company
1.	Sarthak Consultants LLP	-	-	01.04.2015			-	-
				23.10.2015	943000	Transfer	943000	7.90
		943000	7.90	31.03.2016				
2.	Vicco Products (Bombay) Limited	592152	4.96	01.04.2015	Nil	Nil movement during the year	592152	4.96
		592152	4.96	31.03.2016				
3.	Prabhudas Lilladher Private Limited	570000	4.77	01.04.2015	Nil	Nil movement during the year	570000	4.77
		570000	4.77	31.03.2016				
4.	SMC Global Securities Ltd	298324	2.50	01.04.2015			298324	2.50
				24.07.2015	-1225	Transfer	297099	2.49
				07.08.2015	-320	Transfer	296779	2.49
				06.11.2015	-2000	Transfer	294779	2.47
				20.11.2015	-500	Transfer	294279	2.46
		294279	2.46	31.03.2016				
5.	Mrs. Brinda Pratik Khandwala	275761	2.31	01.04.2015	Nil	Nil movement during the year	275761	2.31
		275761	2.31	31.03.2016				

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6.	Mr. Manu Kalyanji Raj	222100	1.86	01.04.2015	Nil	Nil movement during the year	222100	1.86
		222100	1.86	31.03.2016				
7.	Mr. Raj Kumar Lohia	130160	1.09	01.04.2015	Nil	Nil movement during the year	130160	1.09
		130160	1.09	31.03.2016				
8.	Mr. Bharat Kantilal Patel	119880	1.00	01.04.2015	Nil	Nil movement during the year	119880	1.00
		119880	1.00	31.03.2016				
9.	Mr. Jignesh Mansukhlal Raj	91200	0.76	01.04.2015	Nil	Nil movement during the year	91200	0.76
		91200	0.76	31.03.2016				
10.	Mr. Nipa Jignesh Raj	85000	0.71	01.04.2015	Nil	Nil movement during the year		
		85000	0.71	31.03.2016				

### (V) Shareholding of Directors and Key Managerial Personnel:-

Sr. No	For Each of the Directors and Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	Mr. Paresh Khandwala - Managing Director				
	At the beginning of the year	45592	0.38	45592	0.38
	Change during the year	87352	0.73	132944	1.11
	At the end of the year			132944	1.11
2	Mr. Pranav Khandwala - Director / Chief Financial Officer				
	At the beginning of the year	676670	5.67	676670	5.67
	Change during the year	8067	0.07	684737	5.74
	At the end of the year			684737	5.74
3	Mrs. Bhagyashree Khandwala - Director				
	At the beginning of the year	133980	1.12	133980	1.12
	Change during the year	-	-	-	-
	At the end of the year			133980	1.12
4.	Mr. Rohit Chand - Independent Director				
	At the beginning of the year	-	-	-	-
	Change during the year	-	-	-	-
	At the end of the year	-	-	-	-
5.	Mr. Kalpen Shukla - Independent Director				
	At the beginning of the year	-	-	-	-
	Change during the year	-	-	-	-
	At the end of the year	-	-	-	-
6.	Mr. Homiar N. Vakil - Independent Director				
	At the beginning of the year	-	-	-	-
	Change during the year	-	-	-	-
	At the end of the year	-	-	-	-
7.	Mr. Shreedhar M. Parande - Chairman / Independent Director				
	At the beginning of the year	-	-	-	-
	Change during the year	-	-	-	-
	At the end of the year	-	-	-	-

# KHANDWALA SECURITIES LIMITED

8.	Mr. Abhishek Joshi - Company Secretary				
	At the beginning of the year	-	-	-	-
	Change during the year	-	-	-	-
	At the end of the year	-	-	-	-

## (VI) INDEBTEDNESS

Indebtedness of the Company including interest outstanding /accrued but not due for payment

(In Rupees)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	349,974	26,161,000	-	26,510,974
ii) Interest due but not paid	-	1,754,999	-	1,754,999
iii) Interest accrued but not	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>349,974</b>	<b>27,915,999</b>		<b>28,265,973</b>
<b>Change in Indebtedness during the financial year</b>				
- Addition	3,350,000	2,506,849	-	5,856,849
- Reduction	2,26,806	20,05,685	-	2,232,491
<b>Net Change</b>	<b>3,123,194</b>	<b>501,164</b>		<b>3,624,358</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	3,473,168	25,000,000	-	28,473,168
ii) Interest due but not paid	-	2,256,163	-	2,256,163
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>3,473,168</b>	<b>27,256,163</b>	-	<b>30,729,331</b>

## (VII) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director:

Sr. No	Particulars of Remuneration	Mr. Paresh Khandwala (Managing Director)	Total Amount (In Rs.)
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	2,790,003	2,790,003
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission - as % of profit - others, specify	-	-
5	Others, please specify*	334,997	334,997
	<b>Total</b>	<b>3,125,000</b>	<b>3,125,000</b>

\*others include reimbursements and special allowance.

### B. Remuneration to other Directors (sitting fees):

Sr. No	Particulars of Remuneration	Name of Directors	Total Amount (In Rs.)
1	Independent Directors · Fee for attending Board Meeting	1. Mr. Shreedhar M. Parande 2. Mr. Rohit Chand 3. Mr. Kalpen Shukla 4. Mr. Homiar N. Vakil	15,000 20,000 20,000 20,000
2	Commission	-	-
3	Others, please specify	-	-
4	Total (1)	-	<b>75,000</b>

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Sr. No	Particulars of Remuneration	Name of Directors	Total Amount (In Rs.)
5	Other Non-Executive Directors · Fee for attending Board Meeting	Mrs. Bhagyashree Khandwala	-
6	Others, please specify	-	-
7	Total (2)	-	-
8	Total (B)=(1+2)	-	<b>75,000</b>

### C. Remuneration To Key Managerial Personnel Other Than MD/Manager/WTD

Sr. No	Particulars of Remuneration	Key Managerial Personnel		Total Amount (in Rs.)
		Mr. Abhishek Joshi (Company Secretary)	Mr. Pranav Khandwala (Chief Financial Officer)	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961	233,519	373,764	607,283
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit - others, specify	-	-	-
5	Others, please specify *	87,269	144,295	231,564
	Total	<b>320,788</b>	<b>518,059</b>	<b>838,847</b>

\* others include reimbursements and special allowance.

### VIII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:-

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/Court)	Appeal made if any (give details)
<b>A. COMPANY</b>					
Penalty			None		
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			None		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			None		
Punishment					
Compounding					

**NOMINATION AND REMUNERATION POLICY****1. Preamble**

This Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 (herein after called as 'the Act') read along with the applicable rules thereto and clause 49 of the Listing Agreement, as amended from time to time. This policy on Nomination and Remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee and has been approved by the Board of Directors.

**2. Definitions**

- **"Company"** means Khandwala Securities Limited.
- **"Board of Directors"** or **"Board"** means the Board of Directors of Khandwala Securities Limited as constituted/re-constituted from time to time.
- **"Nomination and Remuneration Committee"** or **Committee** means the Committee of the Board constituted/re-constituted under the provisions of Clause 49 of the Listing Agreement read with Section 178 of the Companies Act, 2013 as in force from time to time.
- **"Remuneration"** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961;
- **"Key Managerial Personnel" means:**
  - Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
  - Chief Financial Officer;
  - Company Secretary; and
  - Such other officer as may be prescribed.
- **"Senior Managerial Personnel" mean** the personnel of the company who are members of its core management team, excluding Board of Directors. Normally, this would comprise all members of management, of rank equivalent to General Manager and above, including all functional heads.

**3. Objective**

The objective of the policy is to ensure that:

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors to run the company successfully;
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

**4. Role of the Committee**

The role of the Committee will be the following:

- To formulate criteria for determining qualifications, positive attributes and independence of a Director.
- To formulate criteria for evaluation of Independent Directors and the Board.
- To carry out evaluation of Director's performance.
- To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
- To recommend to the Board the appointment and removal of Directors and Senior Management.

- To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- To devise a policy on Board diversity, composition, size.
- Succession planning for replacing Key Executives and overseeing.
- To carry out any other function as is mandated by the Board from time to time and/ or enforced by any statutory notification, amendment or modification, as may be applicable.
- To perform such other functions as may be necessary or appropriate for the performance of its duties.

## **5. Appointment and Removal of Director, Key Managerial Personnel and Senior Management**

### **Appointment criteria and qualifications**

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend his/ her appointment, as per Company's Policy.
- b) A person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee has authority to decide whether qualification, expertise and experience possessed by a person are sufficient/ satisfactory for the position.
- c) The Company shall not appoint or continue the employment of any person as Managing Director/Whole-time Director/ Manager who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution.

## **6. Term / Tenure**

### **a) Managing Director/Whole-time Director:**

The Company shall appoint or re-appoint any person as its Managing Director or Whole-time Director or Manager for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

### **b) Independent Director:**

An Independent Director shall hold office for a term up to the term fixed by the Board of Directors as prescribed under the Act, and shall be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report. No Independent Director shall hold office for more than two consecutive terms maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiration of three years of ceasing to become an Independent Director.

Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

## **7. Evaluation**

The Committee shall carry out evaluation of performance of Director, KMP and Senior Management Personnel yearly or at such intervals as may be considered necessary.

## **8. Removal**

The Committee may recommend with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the Companies Act, 2013, rules and regulations and the policy of the Company.

## **9. Retirement**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

**10. Provision relating to Remuneration of Directors/KMP/ Senior Management Personnel****1. Remuneration to Managing Director / Whole-time Directors:**

- i. The Remuneration/Commission etc. to be paid to Managing Director/Whole-time Directors, etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force and the approvals obtained from the Members of the Company.
- ii. The Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director / Whole-time Directors.

**2. Remuneration to Non- Executive / Independent Directors:**

- iii. The Non-Executive/ Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.
- iv. All the remuneration of the Non-Executive / Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197(5) of the Companies Act, 2013) shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors or shareholders, as the case maybe.

An Independent Director shall not be eligible to get Stock Options and also shall not be eligible to participate in any remuneration paid to Non-Executive/ Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes of clause (III) above if the following conditions are satisfied:

- The Services are rendered by such Director in his capacity as the professional; and
- In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.

**3. Remuneration to Key Managerial Personnel and Senior Management:**

- v. The remuneration to Key Managerial Personnel and Senior Management shall consist of fixed pay and incentive pay, in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy.
- vi. The Committee shall determine the stock options and other share based payments to be made to Key Managerial Personnel and Senior Management.
- vii. The Fixed pay may include monthly remuneration, employer's contribution to Provident Fund contribution to pension fund, pension schemes, etc. as decided from to time.
- viii. The Incentive pay shall be decided based on the balance between performance of the Company and performance of the Key Managerial Personnel and Senior Management, to be decided annually or at such intervals as may be considered appropriate.

**11. Amendments:**

The Board of Directors on its own and/or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.



**Details pertaining to remuneration as required under Section 197(12) of the Companies Act, 2013 read with and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

Sr. No	Requirements	Disclosure		
		Name of Director / KMP & Designation	Ratio of the remuneration of each Director to the median remuneration of the employees	% increase In remuneration
1	The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year and the percentage increase in remuneration of each Director, Chief Financial Officer & Company Secretary in the Financial Year	Mr. Paresh Khandwala (Managing Director)	21.79:1	Nil
		Mr. Pranav Khandwala (Chief Financial Officer)*	N.A	N.A
		Mr. Abhishek Joshi (Company Secretary)**	N.A	N.A
		* appointed w.e.f May 26, 2015 ** appointed w.e.f September 3, 2015		
2	The percentage decrease in the median remuneration of employees in the financial year	22.68%.		
3	The number of employees as on 31 <sup>st</sup> March, 2016 on the rolls of Company	33 employees as on 31 <sup>st</sup> March 2016		
4	The explanation on the relationship between average increase in remuneration and company performance	The average increase in remuneration of all employees was 21.83%. The increase in remuneration was in line with the Company's market competitiveness.		
5	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company.	No increase in remuneration of Key Managerial Personnel during the year. The detail of the performance of the company is given in the Directors Report and Management Discussion and Analysis.		
6	Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies.	The Market capitalization of the Company as on March 31, 2016 was Rs. 20.42 crores as compared to Rs. 17.91 crores as on March 31, 2015. The price earning ratio of the Company as on March 31, 2016 was (28.98) as compared to 71.36 as on March 31, 2015.		
7	Average percentile increase made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there any exceptional circumstances for increase in the managerial remuneration.	The average increase in salaries of employees other than the managerial personnel was 21.83%. The increase in remuneration of non-managerial personnel was in line with the Company's market competitiveness. There was no increase in the remuneration of key managerial personnel during the year.		
8	The key parameters for any variable component of remuneration availed by the Directors.	None of the Directors have availed any variable components of remuneration during the year.		
9	The ratio of the remuneration of the highest paid director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year.	There was no employee who received remuneration in excess of the highest paid director during the year.		
10	Affirmation that the remuneration is as per the remuneration policy of the Company	It is affirmed that the remuneration is as per the Nomination and Remuneration Policy of the Company.		

**For and on behalf of the Board of Directors of  
Khandwala Securities Limited**

**Paresh Khandwala  
Managing Director**

Date: May 20, 2016

Place: Mumbai

**SECRETARIAL AUDIT REPORT****FORM NO. MR – 3****FOR THE FINANCIAL YEAR ENDED March 31, 2016**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies  
(Appointment and Remuneration personnel Rule, 2014)]

**To****The Members,  
Khandwala Securities Limited**

Vikas Building, Ground Floor,  
Green Street, Fort,  
Mumbai – 400 023

I have conducted the secretarial audit of the Compliance of applicable statutory provisions and the adherence to good corporate practices by Khandwala Securities Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conduct/Statutory compliances and expressing my opinion thereon.

Based on my verification of Khandwala Securities Limited's books, papers, minute books, form and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial year ended March 31, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, form and returns filed and other records maintained by the Company for the financial year ended on March 31, 2016 according to the provisions of

- (1) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (2) The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made thereunder;
- (3) The Depository Act, 1996 and the Regulations and bye-laws framed thereunder;
- (4) Foreign Exchange Management Act 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (5) The following Regulation and Guidelines prescribed under the Securities and Exchange Board of India Act 1992 ('SEBI Act'):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable to the Company during the Audit period)**
  - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not applicable to the Company during the Audit period)**
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the Audit period)**
  - f. The Securities and Exchange Board of India (Registration to an Issue and Share Transfer Agents) Regulation, 1993, regarding the Companies Act and dealing with client;
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the Audit period)**
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable to the Company during the Audit period)**
  - i. The Securities and Exchange Board of India (Merchant Bankers) Regulation, 1992;

- j. The Securities and Exchange Board of India (Portfolio Managers) Regulation, 1993
- (6) Employees Provident Fund and Miscellaneous provision Act, 1952;
- (7) Employees State Insurance Act, 1948;
- (8) Payment of Gratuity Act, 1972;
- (9) Act as prescribed under Shop and Establishment Act of various local authorities.

I have also examined Compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered into by the Company with Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE).

During the period under review the Company has complied with the provision of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**I further report that** the Board of Directors of the Company is duly constituted with Proper balance of Executive Directors, Non Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

**I further report that** *as per the provisions of the Section 203 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the Company has failed to fill the vacancy of Company Secretary from 5<sup>th</sup> December, 2014 to 02<sup>nd</sup> September, 2015, which is more than six months from the date of such vacancy.*

**I further report that** *per the provisions of the Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 the annual Financial Statements for the Financial Year ended March 31, 2015 were not signed by the Company Secretary of the Company.*

**I further report that** there are adequate systems and processes in the Company commensurate with size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that** during the audit period, the Company has passed following special Resolution which is having major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines.

**I further report that** during the audit period, there were no instances of:

- (i) Public/Right/ preferential issue of shares/ debentures/ sweat equity.
- (ii) Redemption/ buy-back of securities.
- (iii) Merger/ amalgamation/ reconstruction etc.
- (iv) Foreign technical collaborations.

**For Bhunesh Bansal & Associates**

**Bhunesh Bansal**  
**Proprietor**  
**FCS No. – 6526**  
**CP No. - 9089**

**Place:** Mumbai  
**Date:** May 20, 2016

This Report is to be read with my letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

**'Annexure A'**

To,

**The Members**

**Khandwala Securities Limited**

Vikas Building, Ground Floor,  
Green Street, Fort,  
Mumbai – 400 023

My report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is responsibility of the Management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, I have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For Bhwnesh Bansal & Associates**

**Bhwnesh Bansal**  
**Proprietor**  
**FCS No. – 6526**  
**CP No. - 9089**

**Place:** Mumbai  
**Date:** May 20, 2016

## MANAGEMENT DISCUSSION AND ANALYSIS

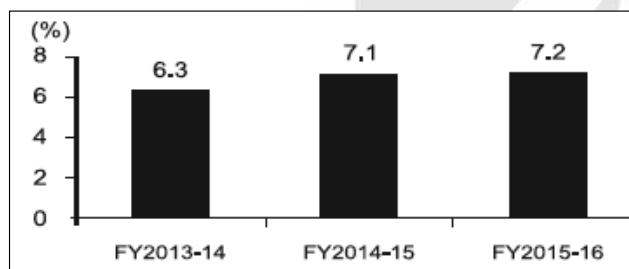
### MACRO ECONOMY: REVIEW AND OUTLOOK

The previous year FY2015 saw the Union Elections deliver a decisive mandate - the first ever after 30 years. During FY2016, the new government launched several initiatives to drive growth, investments and competitiveness, despite internal and external challenges. Initiatives like Make in India, Digital India, Smart Cities and Financial Inclusion would help improve the access and affordability of products, while giving a boost to domestic production. The GDP growth for FY2017 is expected to be aided by the uptick in the manufacturing / infrastructure sections, apart from services. Infrastructure has received a big push. Road projects are focusing on developing a win-win hybrid model for funding, which could accelerate the construction from 18 km per day to 30 km per day. The inland waterways projects, Sagarmala port project, railway station redevelopment and groundwork for 20 smart cities are other initiatives.

The slow but steady improvement in the Indian economy continued in FY2015-16. The GDP growth rate (based on the new series) rose from 6.3% in FY2013-14 to 7.1% in FY2014-15 and further to 7.2% in FY2015-16. Growth was largely consumption led; investment activity continued to remain muted during the year.

#### GDP Growth Rate

(new GDP series; base year: 2011-12)



Source: CSO, MOSPI

#### Growth by Sector

(based on the new GDP series)

Sector	FY2013-14	FY2014-15	FY2015-16
Agriculture	4.2%	-0.3%	1.3%
Industry	5.0%	5.9%	7.4%
Services	7.8%	10.3%	8.9%

Note: The above is Gross Value Added (GVA) growth which is marginally different from GDP growth

Source: CSO, MOSPI

The pick-up in growth in FY2015-16 was driven by an improvement in agriculture and industrial sector performance. Industrial growth rose to 7.4% in FY16 from 5.9% in the earlier year, solely on account of an improvement in manufacturing; growth in mining, utilities and construction actually slowed

down during the year. Despite two consecutive years of poor monsoons, agriculture GVA rose by 1.3% during FY16; this was largely on account of a low base as unseasonal rainfall had destroyed Rabi output in the previous year. Service sector growth dropped to 8.9% from 10.3% - the slowdown was broad based. The financial services, real estate and business services segment continued to post double-digit growth for the third consecutive year in FY2015-16. Overall there has been steady improvement in economic activity over the past three years and the economy is firmly placed on an improving trajectory.

Urban consumption, rural consumption and exports would fuel the incremental demand of the economy's production of goods and services. The rural economy has been badly hit as successive years of drought impacted crop revenues. Even MNREGA is yet to take off in a big way, since its wages often lagged the wages in the construction sector. However, expectation of normal monsoon in FY2017 should augur well for a revival of the rural fortune. Increased allocation of federal monies to the states should also give a fill-up to rural development projects, fuelling jobs and incomes. While merchandise trade deficit narrowed to a 5-Year low owing to a dip in imports, the sluggish growth in exports remains a key concern. The slowdown in India's traditional export destinations impacted the export demand for light engineering goods and readymade garments. India has to build competitiveness in further segments in order to capture export flows to new destinations where demand and monies are ample. Urban consumption remains a rejuvenating story, although the consumer base in India is still a small portion of its 1.20 bn population. This base has to expand further if the incremental growth to GDP has to be added. Moreover, shifts in the nature of consumption can impact business sectors. For example: increased digitalization transformed sectors like retail, media and telecom. So innovation will hold key, if businesses have to remain relevant.

The sharp decline in global oil prices benefitted India significantly. The country's current account deficit (CAD) is estimated to have contracted by 30bps to 1% of GDP in FY2015-16 as compared to year-ago levels, on the back of significant reduction in the net oil trade deficit. This would be the lowest level of the CAD in a decade. Despite a decline in non-fuel prices, India's non-oil trade deficit expanded, partly offsetting the reduction in oil trade deficit. This was because the weakness in global demand hurt India's exports significantly.

The rupee depreciated steadily through the most of the year touching a record low of 68.78 against the US dollar on February 26, 2016, right before the Union Budget for FY2016-17. Thereafter, it posted gains, ending the year at 66.33 per USD. Overall it lost 5.6% against the greenback during FY2015-16, yet it was amongst the best performing currencies during the fiscal.

Control over inflation has been one of the positives this year, especially food inflation. There was a spike around the third quarter as prices of key food items shot up, but these were successfully controlled from Jan 2016 onwards. Resultantly, the Reserve Bank of India reduced policy rates by more than 1% during the year, and remains accommodative based on inflation trends. The transmission of the rate cuts is yet to be done in a meaningful way by banks, such that it can revive the sluggish capex investment cycle. As it is, many banks are facing asset quality issues, which might just result in slowing down the speed of decision-making for loans. The government is also working on other initiatives like single-window clearances for approvals as well as easing the criteria for FDI in certain sectors, since rate cuts alone cannot revive the investment cycle. Till the time private sector pushes its investment cycle, public expenditure projects will be the main source of incremental jobs and incomes, although it means the government has to continue walking the fiscal tight-rope.

On the fiscal front, the Government continued on the path of consolidation. It stuck to its fiscal deficit target of 3.9% for FY2015-16. It had hiked excise duty on petrol and diesel multiple times during the fiscal; this along with the service tax hike helped it garner revenues in order to push up capital expenditure by 20.9% at a time when private capital expenditure was muted, while meeting the fiscal deficit target. Besides, it also curtailed revenue expenditure growth by cutting subsidies. To continue on its path to fiscal consolidation, the Government has set itself a target of 3.5% for FY2016-17 and 3% for FY2017-18.

Going into FY17, we expect the situation to improve because – first a normal monsoon (IMD’s forecast) should provide relief to rural economy. Second, the benefits of RBI rate cuts will finally flow into the domestic economy through better transmission and lastly, Government’s infra push and reforms should start improving the domestic economy. The priority areas for the Government have been highways, railways, energy, financial inclusion and defense. A thrust to rural spends, infrastructure and social programmes should help boost the rural economy, which remains largely untapped from India’s growth story. Overall, India now looks better off amongst its BRICS peers. The commodity slump created widespread unemployment and social instability in Brazil and South Africa, economic sanctions by the West negatively impacted Russia, and the Chinese engine slowed down as it finds its new normal as a consumption-driven economy. India’s GDP growth in FY2017 can be expected to accelerate further if certain key reforms come on-ground. Developing political consensus between the government and opposition on such critical policy reforms will hold key to their success. In short, a lot will depend on how the reforms, jobs, capex and exports take-off in coming months.

## THE EQUITY MARKETS IN FY2016

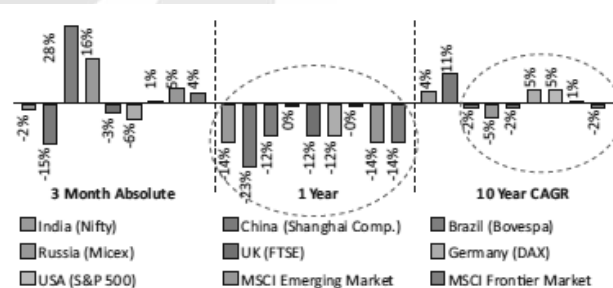
The large-cap benchmark, Nifty 50, was down 8.86% YoY in FY2016 (in INR terms). The multi-cap benchmark, Nifty

500, was down 7.54% for the year. The dips were seen across almost all the quarters of the year. Pull-out of FII monies due to profit booking, migration towards safer assets and geographies, reduction in emerging market exposure following the commodity slump and dip in investible surplus were some challenges that impacted the markets. However, strong macro situation, growth expectations and reducing rates in fixed income led to inflows of DII monies, which helped counter the FII outflow to some extent. The markets also saw increased volatility this year. Market valuations had moved upwards ever since the May 2014 election, and which continued till mid-FY2016. However, damp performance of the market led to a dip in valuations towards their 5-Year historical averages. Nifty 50’s average P/E in FY2016 was 21.78x, while the 5-Year historical average is 19.51x. Similarly, Nifty 500’s average P/E in FY2016 was 23.54x with a 5-Year historical average of 19.71x. The gap between the large-cap and mid-cap P/Es had widened during FY2016, as compared to previous years. As and when corporate earnings pick up, valuations should re-rate. NSE market capitalization stood at INR 93.10 tn, as of March 31, 2016. This was down 6.24% for the year (in INR terms). However, the long-term performance in market capitalization remains strong, with the 10-Year CAGR at 12.71%.

On a relative basis, the Nifty outperformed most Emerging Market peers in US\$ terms on a 10-Year basis, except for China. Apart from emerging market peers, India also outperformed the Frontier Markets index in the long-term. Short-term returns in India lagged its peers owing to pull-out by FIIs in Q4 FY2016. The year FY2016 was a rough one for all the major markets, as multiple global challenges impacted investor sentiments. Hence, India was not the only casualty in the lot.

Nifty outperformed most Emerging Market peers in US\$ terms in the long-term, except China. The year FY2016 has been rough for most major markets world-over, not just for India.

## Benchmark Indices Performance as of March 31, 2016 (in US Dollar Terms)



Source: Bloomberg

P/E ratio of large-cap and multi-cap indices rose from Q1 FY2015 to Aug 2015, after which there was a trend reversal to their 5-Year historical average and a widening gap between the two.

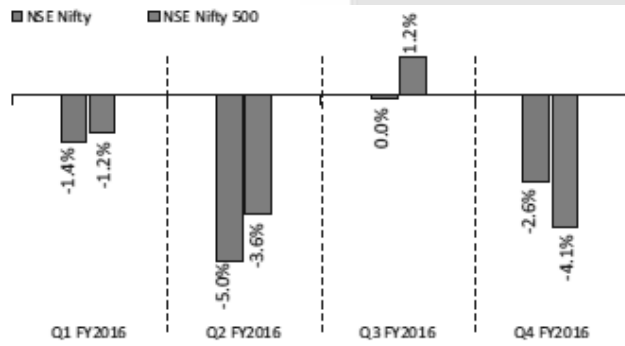
**Historical P/E Ratios of Nifty 50 and Nifty 500 Indices**



Source: NSE

Market performance remained disappointing across quarters, in both large-cap and multi-cap indices. Large-caps led the drop for most of the year, while mid-caps followed towards the year-end.

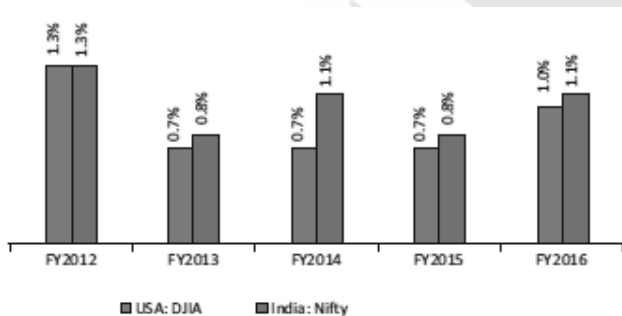
**Quarter-wise Returns of NSE Indices across Market-cap categories**



Source: NSE

FY2016 has been a volatile year in India, as in the US. Standard deviations of both Nifty and DJIA were higher this year, reversing the reduction in volatility that had been seen last year.

**Volatility (Standard Deviation) of benchmark indices**



Source: NSE, Yahoo Finance

**INDUSTRY STRUCTURE AND DEVELOPMENTS**

**Commercial Credit Markets**

The growth of Indian banking sector moderated further during FY16 (non-food credit at 12% levels) following slower than anticipated macro recovery which led to cash flows of borrowers coming under stress. As a result, the asset quality of bank continued to worsen. In addition, the asset quality review of bank by RBI exacerbated the pain. Hence, the profitability of PSU banks continued to be under strain and will recover only gradually.

**NBFC Industry**

The NBFC Sector has been steadily gaining systemic importance with increase in assets from less than 11% of banking assets in FY09 to over 14% now. NBFCs have been growing at faster rate due to a smaller base and also due to their ability to structure transactions to satisfy specific customer needs. NBFCs could also control the assets quality, though it has worsened, due to their agility and availability of a higher and quality collateral cover. NBFCs continue to be an important source of capital for borrowers, supplementing the efforts of the banks.

**Retails Finance**

NBFCs and HFCs have continued to scale up their portfolio focusing on housing finance, LAP, SME finance and consumer finance. Monoline NBFCs and MFIs focus exclusively on vehicle finance, gold loans micro finance, etc within these sectors, housing finance market continue to grow significantly on the back of young Indian demographic profile. Further, the SME segment continues to be under-banked and NBFCs are increasingly turning towards this sector. Thus, the potential for NBFCs and HFCs to scale up their business remains significant.

**Capital Markets**

FY16 was a roller coaster year for equity markets primarily due to significant global headwinds and poor earnings momentum however, going ahead sentiment should be better with gradual improvement in economy and corporate earnings. With greater interest in equities and other asset classes the wealth management industry is also on the cusp of significant growth going forward.

After a stellar showing in FY15 debt capital markets faltered in FY16 due to global volatility and the US fed rate hike. Though RBI resumed accommodative stance, the rate cuts failed to have the desired effect on bond market yields as transmission was poor however, Union Budget and other policy action by the Government and RBI are now paying way for efficient monetary transmission thus, we expect a much more vibrant FY17 for the debt market.

**Asset Management**

The asset management industry in India consists of a vibrant and rapidly growing, mutual funds sector, alternative investment funds (ALFS) and asset reconstruction. In recent

times MF & AIF sectors have seen a wide range of regulatory changes that have brought about increased competition and enhanced consumer protection.

Mutual Funds' average AuMs were INR 13.53 trillion during the fourth quarter of FY16, Up 14% YOY, giving fresh impetus to industry. Alternative assets funds in the structured credit and distressed assets space ended FY16 with AuMs of U\$ 4 billion during the year.

As the financial saving of Indian Investors shift from hard assets (gold and real estate) to financial instrument, the asset management industry should expect exciting opportunities ahead.

Assets reconstruction industry continues to offer an alternative for banks for speedier resolutions of assets. ARCs grew there AuMs in FY16 despite facing funding / capital constraints. With the expected amendments to SARFEASI Act & other reforms, ARC Industry will see significant prospects for growth.

## Life Insurance

Life insurance sector in India suffer from low level of penetration at 3.3% of GDP and per capita insurance density of only INR 3,498 while global insurance penetration stands at 6.2% with density of INR 42,103 (Source Swiss Re report). Given the young demographics India rising life expectancy and absence of state social security, insurance is expected to grow significantly offering exciting opportunities.

## BUSINESS STREAMS:

Khandwala Securities Limited (KSL) is a Category 1 Merchant Banker, offering a range of products and services such as Broking and Distribution, Institutional Equities, Wealth Management and Investment Banking.

Business Stream	Primary products and services
Broking and Distribution	Equity (cash and derivatives) broking, Commodity broking and Currency, Distribution of Financial products, Depository services
Institutional Broking	Equity (cash and derivatives) broking, Advisory
Investment Banking	Capital Raising, M&A Advisory, Domestic IPOs, Private Equity placements, Corporate finance advisory, Restructuring, FCCBs and GDRs
Investment Management	Portfolio Management Services, Professional Money Managers, Trading, Alternate Assets, Specialized and Ancillary advisory services

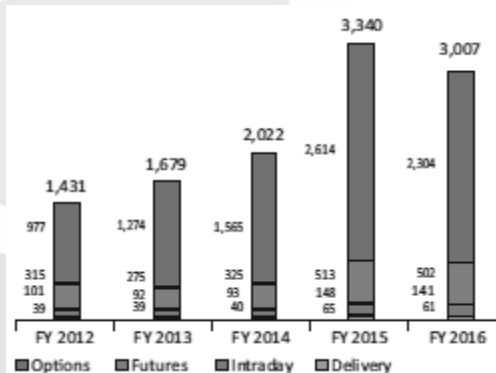
## Broking Business

### Industry facts

Equity market average volumes (ADTO) were INR 3.01 tn in FY2016, down 9.97% YoY. Cash market volumes dipped

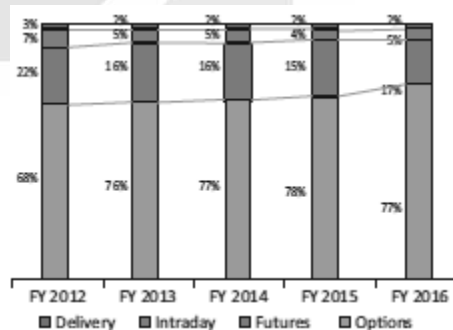
5.56% YoY to INR 201.50 bn. Within cash, delivery declined 6.35% YoY to INR 60.71 bn. However, cash volumes were still 50.13% higher than the average seen between FY2012-2014 and delivery volumes were still 55.43% higher than the FY2012-2014 average. Within derivatives, futures dipped 2.18% YoY to INR 502.08 bn. This year, options were down 11.86% YoY to INR 2.30 tn, a reversal from recent years when options led the growth in the overall market volumes. Cash volumes clocked a low of INR 178.94 bn and a high of INR 235.14 bn, in terms of the MoM trend during FY2016. Amongst cash market participants, retail and prop saw declines of 8.33% and 7.46% YoY respectively. DII cash volumes increased 1.93% YoY, led by renewed interest in equity mutual funds from retail / HNI investors. The proportion of retail within cash volumes decreased from 50.36% to 48.88% YoY while that of DII increased from 8.04% to 8.67% YoY. However, retail cash volumes still remain 49.55% higher than the FY2012-2014 average despite this YoY dip. With primary market seeing some activity since the last two years, the incremental number of demat accounts this year has increased slightly as compared to previous years. As primary issues pick up further, the incremental accounts should also gather pace.

## Average Daily Volumes (INR Bn)



Source: NSE, BSE

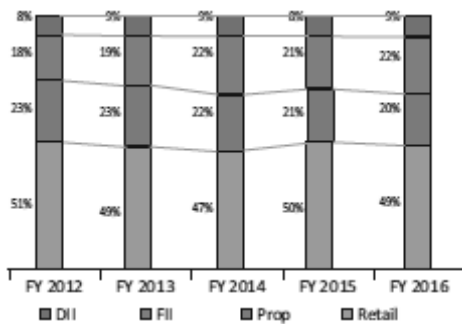
## Segment-wise Overall ADTO Proportions



Source: NSE, BSE



**Participant-wise Cash ADTO Proportions**



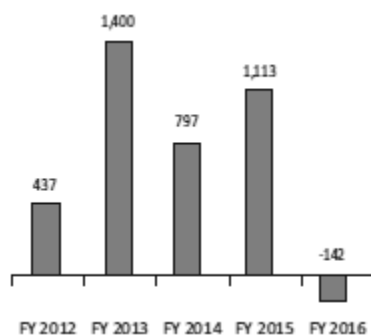
Source: NSE, BSE

FII registered net outflows this year, after six consecutive years of strong net inflows. However, this was hardly an India-specific situation, as FIIs scaled back their investments in riskier asset classes such as emerging market equities following the uncertainties surrounding the recent commodity slump, challenges in many larger emerging economies and expectations of rate hikes by the US Fed. Many sovereign wealth funds withdrew their global investments as the decline in oil prices reduced their net investible surplus.

However, the FII outflow was countered to some extent by renewed inflows by DIIs, who saw record net inflows into equity mutual funds after five consecutive years of net outflows. This was led by a healthy rise in retail and HNI investor folios over the last year.

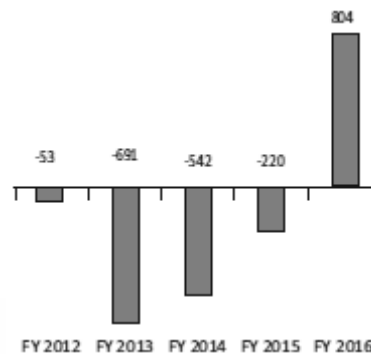
In terms of consolidation of NSE cash market volumes amongst the top brokers, consolidation of volumes within the Top-25 members has increased steadily since the last few years, especially in FY2015 when the market rallied. Top-25 brokers controlled 43% of NSE cash volumes in FY2011, which increased to 46% till FY2014, and to 48% in FY2015. This shows that volumes consolidate mostly with the market-leaders as the broking market volumes take off.

**FII net inflows into equities (INR bn)**



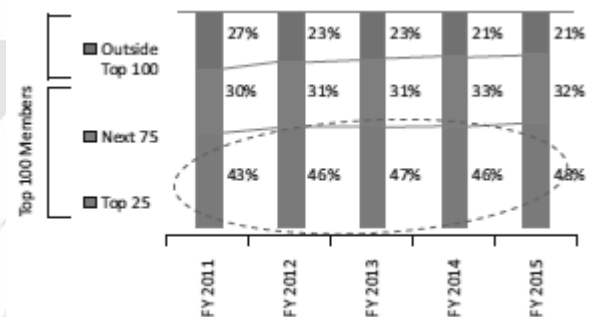
Source: SEBI, CDSL

**DII net inflows into equities (INR bn)**



Source: NSE, BSE

**% Cash Turnover by Top 'X' members in NSE**



Source: NSE

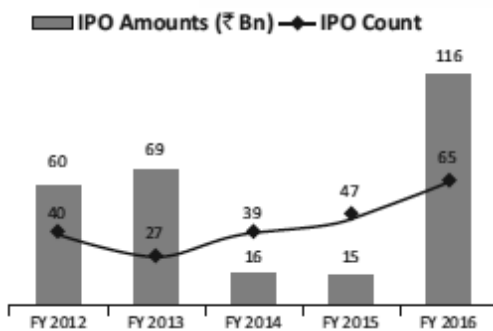
**Investment Banking Business**

**Industry facts**

As per a Business Standard report, India was ranked among the Top-6 countries in terms of number of IPOs globally in the quarter ending March 2016. BSE was featured amongst the Top-6 global exchanges in terms of funds raised. Divestments of government owned PSUs, listings of the insurance majors, microfinance, payments banks, e-commerce, life sciences and automotive are expected to lead the IPO pipeline in coming months. QIP issuances remained on the lower side, although few large deals in the last quarter pushed up the aggregate amount raised and average deal value on a YoY basis. As per Business Standard, M&A deal tally in India declined by 17.87% YoY to US\$30.43 bn in CY2015, although the number of transactions saw an uptick from 569 to 600 - the highest in the last three years. This increase in deal count was led largely by the domestic deals segment, as global uncertainties restricted outbound transactions. As per Grant Thornton, cross-border deals increased 16% YoY in CY2015, on the back of 11 deals valued over US\$500 mn each. The positive news is that India was the largest receiver of foreign direct investments in H1-2015 with US\$ 31 bn, and the Make in India initiative and positive macro environment should augur well for inbound transactions, going forward.

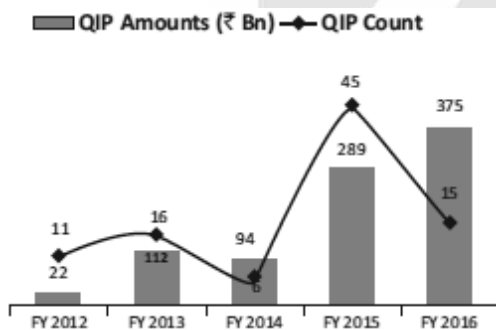
As per a Livemint report, funds raised through debt capital markets in CY2015 declined by 28% YoY to US\$ 37.5 bn. This is the lowest ever since 2009. The freeze on domestic capex plans by companies is one of the reason for the muted activity in the debt capital markets. In fact, most of the borrowings have been to refinance old loans rather than for new capex, as companies seek to lower the cost of borrowing. Funds raised from the off shore bond market declined from US\$ 35 bn in CY2013 and US\$ 18.8 bn in CY2014 to a low of US\$ 8.9 bn in CY2015, while domestic fund raising declined by 9% YoY to INR 1.82 tn. However, bond arrangers remain hopeful that domestic issuances may rise in coming months as borrowing through bonds still works out cheaper than domestic banks.

**Fund raising – IPO Markets (INR Bn)**



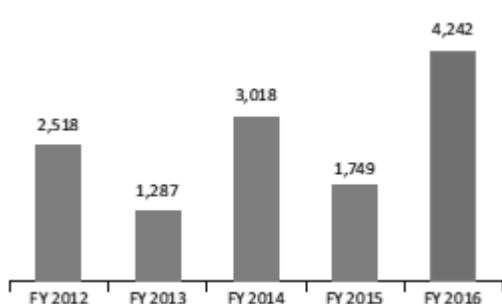
Source: News articles

**Fund raising – QIP Markets (INR Bn)**



Source: News articles

**Mergers and Acquisitions (INR Bn)**



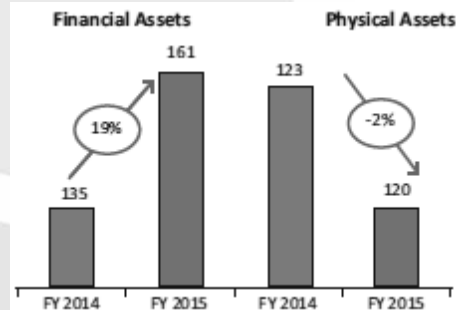
Source: Bloomberg

**Investment Management Business**

**Industry facts**

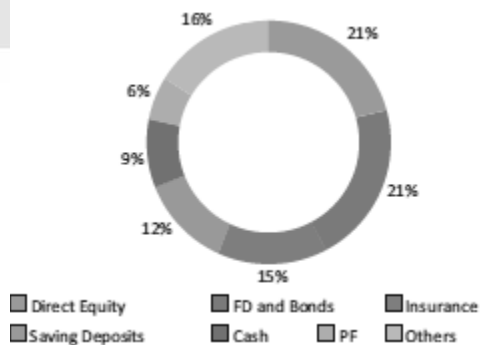
As per Karvy Private Wealth Report 2015, the total wealth held by individuals in India grew by 8.94% YoY to INR 280.44 tn in FY2015, of which physical assets comprise INR 119.89 tn and financial assets comprise INR 160.55 tn. During the year FY2015, individual wealth in financial assets grew by 19.17% YoY, led by equities, insurance and PF. Conversely, physical assets de-grew by 2.35% YoY owing to muted performance in gold and real estate during FY2015. Direct equity notched the largest share within individual wealth in financial assets - up from 19.79% in FY2014 to 21.40% in FY2015. Fixed deposits and bonds, which had comprised the largest share in FY2014 at 21.83%, dipped to 20.70% in FY2015. FY2015 saw a trend-reversal in the investment of the new additional money, with 54% of the new money in FY2015 invested in financial assets as compared to 35-40% in the previous years. The proportion of financial assets held in debt and real estate in India is largely in line with those seen globally. Moreover, rapid growth in equities coupled with muted growth in gold during the coming years can push their proportions in India too in line with those seen globally.

**Growth in individual wealth held in financial and physical assets (INR Tn)**



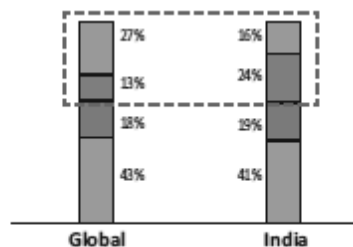
Source: Karvy Private Wealth Report 2015

**Individual wealth in various financial assets in FY2015 (%)**



Source: Karvy Private Wealth Report 2015

**Proportion of allocation of individual financial assets – India vs Global**



■ Debt ■ Real Estate ■ Alternate ■ Equity

Source: Karvy Private Wealth Report 2015

**OUTLOOK & STRATEGY**

Despite the sluggish GDP growth rate, which is still higher than that of most large economies in the world, the long-term outlook on India remains upbeat. With a stable government, which is committed to policy reforms, ease of doing business and encouraging foreign investments, in place, India is expected to resume its journey to higher growth sooner than later.

The financial service sector is expected to grow once the conditions start improving, early signs of which are already visible. Meanwhile, the debt markets hold exciting opportunities as they will become the more dominant source of capital for corporates in future. While the commercial banks are grappling with asset quality issues, the NBFCs are expected to continue to be an effective channel for credit dispensation.

In this backdrop, we believe our strategic approach whose corner stones are profitability, scalability, constant focus on risk and growth in adjacent markets, building leadership and maintaining culture, will continue to manifest in constant growth for us.

**AN OVERVIEW OF KHANDWALA SECURITIES LIMITED**

Khandwala Securities Limited's equity shares are listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The way to understand the activities of the Company is to analyse its business it carries out. It may be noted that the Company is focused on financial services as its core business area. Various businesses in the Company are divided in four segments. These are: **Investment banking business** comprising Capital Raising, M&A Advisory, Domestic IPOs, Private Equity placements, Corporate finance advisory, Restructuring, FCCBs and GDRs; **Institutional Equities business** comprising institutional equity sales, execution, research; **Broking and Distribution business** comprising non-institutional equity sales, trading, research, broking and distribution, depository participants; **Investment Advisory business** comprising private and corporate wealth management, portfolio management.

Various operating businesses are carried out by having independent teams and regulatory licenses. Our Company wide clients include public and private sector corporations, multinational corporations, financial institutions, institutional investors – both domestic and global, high net-worth individuals and retail investors as well as market intermediaries.

**Financial Highlights:**

**The salient features of the Company's performance:-**

**Total Revenues of Rs. 348.71 Lakhs**

**Net Profit / (Loss) of Rs. (70.10) Lakhs**

**Earnings Per Share (EPS) of Rs. (0.59)**

**Segment Highlights – FY2016 over FY2015 & FY2014:**

(Rs. In Lacs)

Segment	Revenue Financial Year ended on 31 <sup>st</sup> March 2016	Revenue Financial Year ended on 31 <sup>st</sup> March 2015	Revenue Financial Year ended on 31 <sup>st</sup> March 2014
Brokerage	294.56	440.76	264.13
Corporate Advisory Services	3.03	0.40	99.84
Income from Capital Market Operations	3.61	4.72	1.69
Other	47.49	60.97	72.52
Total Income	348.71	506.85	438.18

Ratios	2015-16	2014-15	2013-14
Debt/Equity (Loans/ Shareholders Funds)	0.10	0.10	0.10
Book Value (Rs.)		23.26	23.05

**Broking Business:**

The Brokerage services of your Company include equity and debt broking and are supported by a strong research platform.

Income received for brokerage services, had accounted for approximately 84.47% of our total revenues at Rs. 348.71 Lacs for the year ended March 31, 2016.

Your Company also trades in the currency derivatives segment of National Stock Exchange.

**Private Client Broking business:**

Our private client broking services are targeted at High Net worth Individuals (HNIs) who actively invest and trade in equity markets and seek priority service with Bloomberg research and advisory support. Our approach is to provide advisory-based brokerage services with a strong emphasis

on research, and to offer our clients value-added services usually reserved for institutional clients.

KSL with its concentrated efforts in equity broking business, and as future strategy to build high volumes and revenues could successfully add a good number of Trading Accounts for various segments (Cash, Derivatives and Currency Futures) during the period 1<sup>st</sup> April 2015 to 31<sup>st</sup> March 2016.

Your Company is confident that with its high degree of execution skills and services support, besides with its high end research will grow to new heights in its revenues in the coming years.

### Institutional Equities business:

Equity and derivatives brokerage business of the Company contributed 84.47% of the consolidated revenue during this financial year. The Company's revenue of Rs. 348.71 Lacs for the year showed a decrease of 31.20% over the previous year corresponding to a comparable increase in volume. However it is encouraging to note that we marginally increased our market share. The number of clients who traded and the number of transactions were also good.

The institutional equities business comprises institutional equity sales, sales-trading and research. We differentiate ourselves based on our cutting-edge research focus, which aids our execution capabilities across our sales and trading platforms. We provide equity and derivatives sales and trading services to a large and diversified base of institutional investors, including FIIs and domestic institutional investors. As at present, we have over 38 institutional investors actively transacting with us on a continuous basis.

The category wise contribution from the Institutional Dealing Desk to our revenues has been mentioned in the table below which shows an Increase of 50.85% during the Fiscal Year 2015-16 over previous financial year 2014-15, financial year 2013-14 and financial year 2012-13.

Category	Brokerage Revenue during FY 15-16	Brokerage Revenue during FY 14-15	Brokerage Revenue during FY 13-14	Brokerage Revenue during FY 12-13
MF	-	-	1,13,264	8,27,062
INS	4,50,957	1,75,823	-	1,07,31,422
BANKS	23,45,885	24,30,882	14,22,405	12,70,377
CORP	6,68,540	24,25,723	18,00,229	25,60,610
<b>Total</b>	<b>34,64,383</b>	<b>50,32,428</b>	<b>33,35,968</b>	<b>1,53,89,471</b>

### Investment banking business:

The equity capital markets team focuses on structuring and executing diverse equity capital raising transactions in the public and private markets for our clients. Products in this segment include IPOs, follow-on offerings, rights offerings, private placement, ADR offerings, GDR offerings, QIP transactions and convertible offerings, etc. for both listed and unlisted entities.

As an Investment Banking firm, it has always been our endeavor to structure and put together transaction structures that build long term, sustainable value for both the borrower and lender of funds in the equity markets. This approach, though having proved its mettle during the stages of market tightness, has been somewhat considered as a weakness by industry participants, resulting in us not being able to successfully convince Bloomberg on its benefits. This has led to situations wherein KSL has had to either withdraw from certain mandates or had to face resistance from Indian Corporates in awarding their fund raising mandates to us from the secondary markets. This is despite the management of these corporate houses acknowledging the deep knowledge and understanding of the micro and macro economy factors including the future growth prospects in specific industry, and the sustainable long term valuation parameters.

We always believe that in order for market to value and reward its participants, it is important for both the Promoter Groups and the Merchant Bankers to design appropriate and sustainable valuation models such that it remains consistent with the overall corporate performance and at the same point in time is able to ride both the good and the bad times.

Investment Baking and Advisory Group is putting their best endeavors on reviving some of the lost or delayed transactions, and are confident that in improved market sentiment same can be executed efficiently.

### Portfolio Management Services:

The Portfolio Management Segment is bound to grow and offer immense business potential for financial advisory services. The NRI community is the key market segment. Successful NRI business owners and professionals are of great interest to Portfolio management institutions. KSL has identified this rapidly growing segments' need for specific products and services and has created practice models and advisory teams that specialize in servicing NRIs. Our service offerings include providing HNIs with investment advisory, planning and asset deployment advice, asset allocation and the distribution of a wide range of products. Our primary focus is on understanding each client's financial profile, including tolerance for risk, capital growth expectations, and current financial position and income requirements in order to create comprehensive and tailored investment strategies. Our Portfolio Management services have increased our clients' access to and use of our financial products and services

Your Company is confident to garner much larger assets under management under the PMS division compared to last year and could be able to clearly demonstrate its core expertise to maximize the value under PMS, even under adverse market situation.

**Market Research:**

Our institutional equities business is supported by an experienced and dedicated team of analysts in fundamental, technical and alternative investment research. Our research initiatives are driven by committed professionals, management graduates, Chartered Accountants and Engineers having combined experience of several decades.

Besides conventional tools, including quantitative analytical techniques and models to identify short and medium-term investment opportunities. Our research team maintains an updated database on, and tracks regularly, various factors impacting economy, industry and companies. The trends are analyzed using data both on macro and micro level.

Various research products such as Market Today, Market Weekly, Market Technicals, India Strategy, Model Portfolio, Eco Update, InSight, Company/Sector reports/updates and others are sent to esteemed clients on a regular basis. These reports are supplemented by day-to-day market information by way of market alerts and impact analysis. Strength of our research capability lies in our ability to identify emerging investment themes and spot winners ahead of time.

Our research reports, widely acknowledged by domestic and international print and electronic media, are rated among the leading domestic brokerage houses and have earned royalties from international data services providers in foreign exchange.

Our Intelligent Research Reports are accessible on globally acknowledged and marquee websites such as Bloomberg.net, thomsonreuters.com, 1call.com, moneycontrol.com, securities.com, valuenotes.com, capitaliq.com.

Our research reports are highly recognized by international investor's community including leading Foreign Institutional Investors, global central banks, multi-lateral development agencies and independent multi-strategy funds. Some of the research reports, apart from being widely acclaimed, have been ranked among the best by international financial information providers such as Thomson-Reuters and Bloomberg.

**OPPORTUNITIES AND THREATS**

The following factors present specific opportunities across our businesses:

- Expected GDP growth rate of 7.4% coupled with reforms push by the government relating to project approvals, land acquisition, mining, and infrastructure will lead to huge investments by both the public and private sector companies. There will be huge capital requirement to fund these investments which will present opportunities for investment banking and advisory business;
- Fall in global commodity prices will reinvigorate private consumption demand and lead to capacity expansion by the industry;
- Corporates are looking at expanding in domestic as well

as overseas markets through mergers & acquisitions which offer opportunities for the corporate advisory business.

- Growing mid-size segment of corporates where the need for customized solutions is particularly high will present opportunities for our advisory businesses;
- With increase in the income levels, change in attitude from wealth protection to wealth creation and risk taking abilities of the youth, there is also a huge market opportunity for wealth management service providers.
- Improved sentiments in the secondary markets will also enhance the participation of investors across segments thereby helping the prospects of equity brokerage business. We expect economic activity to pick up from grass root levels presenting opportunities in both lending and asset reconstruction business.

Despite the above opportunities, our performance could be affected by following perceived threats to our businesses:

- Impact of abnormal monsoon, rising fiscal deficit, sustained high interest rates and high inflation;
- Geopolitical tensions across the globe;
- Regulatory changes impacting the landscape of business;
- Increased intensity of competition from players across the segment/industry;
- Attrition of employees caused by strong demand from ever increasing number of market participants;
- Continuous downward pressure on the fees, commissions and brokerages caused by heightened competition and willingness of most players to deliver services at very low fees;
- Entry of corporate heavy weights and global players in the lending business. Given their capital strength as well as access to cheaper sources of capital will increase pressure on us to remain competitive and impact margins.

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

Our research reports are highly recognized by international investor's community including leading Foreign Institutional Investors, global central banks, multi-lateral development agencies and independent multi-strategy funds. Some of the research reports, apart from being widely acclaimed, have been ranked among the best by international financial information providers such as Thomson-Reuters and Bloomberg.

We maintain adequate internal control systems commensurate with the nature of business, size and complexity of its operations. We have well-established processes, guidelines and procedures to augment the internal controls. This, coupled with adequate internal

information systems ensures proper information flow for the decision-making process. Adherence to these processes is ensured through frequent internal audits. The internal control system is designed to ensure maintenance of proper accounting controls, monitoring of operations, protection and conservation of assets and compliances with applicable laws and regulations.

These controls ensure that financial and other records are reliable for preparing financial statements and other information. An extensive programme of internal audit is conducted by an independent firm and reviewed by the Audit Committee. Internal audit also evaluates and suggests improvement in effectiveness of risk management, control and governance process. All our operating subsidiaries are subject to internal audits to assess and improve the effectiveness of risk management, control and governance process. These procedures ensure that all transactions are properly reported and classified in the financial records.

The Audit Committee of Board provides necessary oversight and directions to the internal audit function and periodically review the findings and ensures corrective measures are taken keeping in mind the organization's requirements, growth prospects and ever evolving business environment. This system enables us to capture a precise reflection of the organization's position at all times and also facilitates timely detection and plugging of anomalies by various business groups. We also address any issues identified by regulatory inspection teams very diligently and report the same to the Board of Directors and the regulators.

### **RISK CONCERNS AND RISK MANAGEMENT**

The Risk Management Function is overseen by the Audit Committee. Risk Management Policies are designed after discussion with various constituents and experts. In a business where prices and realities change every instant, it is imperative for KSL to operate within a broadly de-risked business model that protects stakeholder interests on the one hand and facilitates growth on the other.

Therefore, the concept of real-time risk mitigation management is integrated within the Company's existing business strategy. It is integrated into the Company's strategic and operational decision making process; it is ingrained in the organizational mindset; it pervades all organizational tiers, roles and functions.

KSL's effective risk management is guided by an understanding of the various parameters that can have a bearing on its business and profitability:

- External: These comprise risks that the Company faces but cannot control – industry slowdown, competition, regulatory changes, brand perception etc.
- Internal: These comprise risks that the Company can directly control through prudent strategy – costs, liquidity, technology, operations, people etc.

KSL controls client risk through a prudent categorization of clients as per their financial depth. This helps circumscribe their trading limits, leading to effective risk management. KSL monitors a client's trading pattern in addition to keeping a continuous vigil on positions, balances and margins. This provides an understanding of a client's trading pattern in terms of nature of transactions, trading, investments, F&O types of scrips, etc. to detect any undesirable or prohibited practices. Based on this, remedial actions are initiated whenever required. This ensures strict regulatory compliance.

### **Industry Risk**

KSL is primarily engaged in the business of financial services. Any slowdown in the country's economy or financial sector as well as any changes in interest rates, political climate or regulatory changes could affect the Company's prospects. Further the capital market is always exposed to the cyclical risk of upswing and downturns, which in turn depend on the overall economical growth of the country.

### **Management Perception**

KSL's presence in multiple product segments also serves as a natural hedge against a downturn in any particular sector. For instance, the Company's presence in the relatively volatile equity segment is balanced by its presence in the relatively stable insurance, mutual funds and fixed interest-bearing debt instruments. Your Company has broadly three major revenue generation department viz. Broking division, Corporate Advisory Division and Capital Market Operation. The total revenue generated by the company during the year shows the overall performance of all the departments jointly and doesn't depend on any single segment of revenue.

### **Liquidity risk**

In the event of clients not honoring their financial commitments following an unexpected market movement, the Company's cash flow could be significantly affected.

KSL has exercised prudence in client selection and credit extension. For instance, the Company's internal audit team ascertains client credentials before they are permitted to trade.

### **Management Perception**

As a corporate policy, it is endeavor to constantly monitor the margin payments and settlements of our customers on a continuous basis. Our ability to understand the financial track record of each of our customers provides us with a judgment and direction on the margin calls to be issued as also calling for pre-payments if need be in cases of exigencies. This approach we believe gives the Company the required flexibility in managing the liquidity risk across multiple categories and types of customer profiles. This assumes that at KSL we follow an independent and customer centric risk management exercise thereby ensuring timely interventions to significantly reduce potential liquidity risks.

**Economic risk**

A slowdown in economic growth in India could cause the business of the Company to suffer. While the Indian economy has shown sustained growth over the last several years, the growth in industrial production has been variable. Any slowdown in the Indian economy, and in particular in the demand for housing and infrastructure, could adversely affect the Company's business. Similarly, any sustained volatility in global commodity prices, including a significant increase in the prices of oil and petroleum products, could once again spark off a new inflationary cycle, thereby curtailing the purchasing power of the consumers.

**Management Perception**

The Company manages these risks by maintaining a conservative financial profile and following prudent business and risk management practices.

**Human Resource Risk**

Human Resources represent the company's principal asset in a knowledge-led business, where any attrition or skill obsolescence could lead to a weaker industry position.

**Management Perception**

Your Company has consciously made the transition from a family based organization into a professionally managed one, accompanied by delegation of responsibilities for intellectual growth. Over the years, your company has invested in the human resource by providing timely training, various seminars on personal development etc. The free work environment provided by the Company has also resulted in low attrition of manpower.

**Client Risk**

In the financial industry the company depends on a few bigger corporate and institutional clients from where majority of the revenue is generated.

**Regulatory risk**

The Company's presence in a variety of financial segments warrants an ongoing compliance with the evolving requirements of their various regulators. Any violation or transgression could invite censure, affecting the Company's brand.

**Management Perception**

Your Company enjoys strong long term relationship with its clients. However, as a good Risk Management practice, the company has never relied upon particular client base and hence not exposed to such risk. During the year under review company has added 1 (One) new institutional client from where regular business is generated. It is your company's constant endeavor to search for new area of business and clients.

KSL takes its compliance commitment seriously, recognizing that the business must not only serve the interest of the

customer but also function well within the established guidelines of the various regulatory authorities for responsible and profitable growth. At KSL, the compliance discipline extends across the entire transaction cycle, client identification, KYC process transaction execution, transaction settlement involving securities and funds transfer. The compliance requirements across the various service points have been communicated comprehensively to branch through compliance manuals, leading to uniformity, quality, priority and discipline

**Human Resources**

Your company considers its human resource as the most valuable asset and, recognizing this, devotes a considerable development of its employees in various traits, apart from job related skills:

- Employee satisfaction survey was carried out along with various seminars by the HR department of the Company to understand the employees and help them to perform in the most efficient manner. Feedbacks were received during such sessions and corrective actions have been initiated;
- Communication meeting is being organized once in a quarter to apprise all the employees on the major development on various fronts such as market, deals stroked etc;
- Your company had recruited Management Trainees during the year and they were given specific job assignments in the research department. This has helped your company to establish goodwill with local management schools and prepare future prospects for employment.

**We focus on our Stakeholders, clients and their best interests and outcomes;**

## **CORPORATE GOVERNANCE REPORT for the year 2015-16**

[As per regulation 34(3) read with Schedule V(c) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

Corporate Governance provides the structure through which corporations set and pursue their objectives, while reflecting the context of the social, regulatory and market environment. Corporate Governance is a mechanism for monitoring the actions, policies and decisions of corporations. It involves the alignment of interests among the stakeholders.

The Board of Directors of your company takes the responsibility for maintaining sound principle of Corporate Governance. As a part of it, we have laid a foundation for good corporate governance that helps to maintain transparency and encourage timely disclosures, encompassing good corporate practices, procedures, standards and implicit rules in the working of the Company. It has always been an integral part of your Company's philosophy.

### **1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

The Company's philosophy on Corporate Governance envisages the attainment of the highest levels of transparency and accountability in all aspects of its operations, interactions with shareholders, employees, government departments, SEBI, Stock Exchanges and other regulatory authorities.

### **2. BOARD OF DIRECTORS**

#### **(i) Composition and Category of the Board**

The Composition of the Board is constituted in such way that it strictly conforms to the provisions of the Companies Act, 2013 as well as the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Board of Directors of the Company has an optimum combination of Executive and Non Executive Directors with one woman director. As on March 31, 2016, the Board comprises of seven Directors out of which five are non-executive Directors. Out of the five non-executive Directors, four are Independent Directors. The Chairman of the Board is a non-executive and Independent Director. The Managing Director is responsible for the conduct of the business and day to day affairs of the Company under the supervision of the Board of Directors.

The composition, category, other Directorship and committee positions held them are as under:

Name & DIN No. of the Directors	Category	No. of Directorships in other Companies*	No. of Committee Positions held in other Companies**	
			Member	Chairman
Mr. Shreedhar M. Parande (DIN: 00542525)	Chairman, Non-Executive, Independent Director	2	1	-
Mr. Paresh J. Khandwala (DIN: 00112678)	Managing Director, Promoter Director	1	-	-
Mr. Rohit Chand (DIN: 00011150)	Non-Executive, Independent Director	2	-	-
Mr. Kalpen Shukla (DIN: 00117482)	Non-Executive, Independent Director	-	-	-
Mr. Pranav Khandwala (DIN: 00519113)	Director/Chief Financial Officer	1	-	-
Mr. Homiar N. Vakil (DIN: 05210178)	Non-Executive, Independent Director	-	-	-
Mrs. Bhagyashree Khandwala (DIN: 02335473)	Non-Executive, Non-Independent Director	1	-	-

\* excluding private limited companies, foreign companies and companies registered under Section 8 of the Companies Act, 2013.

\*\* only Audit Committee and Stakeholders Relationship Committee in other public limited companies have been considered for the Committee positions.

None of the Directors on the Board is a members of more than 10 Committees and Chairman of more than 5 Committees, across all the public limited companies in which he/she is a Director. All the Directors have made necessary disclosures regarding other directorship and committee positions held by them in other Companies. Further, none of the Directors hold Directorship in more than 10 Public Limited Companies and none of the Independent Directors served as Independent Director in more than 7 Listed Companies.

#### **(ii) Board Meetings and Attendance:**

(a) The Board meets at regular intervals of time to discuss and decide business strategies, company's policies, future goals and review financial results, business operations and overall performance of the Company. The Board also, inter alia, considers and reviews annual operating and capital expenditure budgets, investments and exposure limits, minutes of the meeting of audit committee and other committees of the board, periodically compliance reports of all laws applicable to the Company, etc. The notice and agenda for the



meetings of the Board and its Committees, together with the appropriate supporting documents are sent well in advance separately to each director. There were no material, financial and commercial transactions entered into between the senior management and the Company which could have potential conflict of interests with the Company at large.

- (b) During the financial year 2015-2016, 5 (Five) Board Meetings were held on May 26, 2015, August 1, 2015, September 3, 2015, November 7, 2015 and February 12, 2016. The gap between two meetings did not exceed four months. The details of attendance of directors in the Board meetings held during the financial year 2015-16 and at the last Annual General meeting are given below:

Name of the Director	No. of Board Meetings during the financial year 2015-2016		Attendance at the last Annual General Meeting held on September 19, 2015
	held	attended	
Mr. Shreedhar M. Parande	5	3	Present
Mr. Paresh J. Khandwala	5	5	Present
Mr. Rohit Chand	5	4	Absent
Mr. Kalpen Shukla	5	4	Present
Mr. Pranav Khandwala	5	5	Present
Mr. Homiar N. Vakil	5	4	Present
Mrs. Bhagyashree Khandwala	5	5	Present

**(iii) Relationship between Directors**

Mrs. Bhagyashree Khandwala is the spouse of Mr. Pranav Khandwala and Mr. Pranav Khandwala is the son of Mr. Paresh Khandwala. None of the other directors are in relationship with each other.

**(iv) Shares held by Non-Executive Directors**

Sr. No	Name of the Directors	No. of equity shares held as on March 31, 2016
1	Mrs. Bhagyashree Khandwala	1,33,980
2	Mr. Rohit Chand	Nil
3	Mr. Kalpen Shukla	Nil
4	Mr. Homiar N. Vakil	Nil
5	Mr. Shreedhar M. Parande	Nil

**(v) Familiarization Programme for Independent Directors**

The Board of Directors of the Company has adopted a familiarization programme for the Independent Directors of the Company. This program aims to provide insights into the Company to enable the Independent Directors to understand its business in depth and

contribute significantly to the Company success. The details of such program are disclosed on the website of the Company at <http://www.kslindia.com/Static/KSLPolicies.aspx>

**(vi) Separate Meeting of Independent Directors:**

In accordance with the provisions of Schedule IV of the Companies Act, 2013, a separate meeting of the Independent Directors of the Company was held on March 30, 2016 without the attendance of non-independent directors and members of management, inter alia:

- To review the performance of non-Independent Directors and the Board as a whole;
- To review the performance of the Chairman of the Company, taking into accounts the view of executive directors and non-executive directors;
- To assess the quality, quantity and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

Except Mr. Rohit Chand, all the Independent directors were present at the Meeting.

**3. COMMITTEES OF THE BOARD:**

With a view to have more focused attention on the business and for better corporate governance and accountability and to ensure effective compliances of all the statutory requirements, the Board has constituted various committees. The details of composition, role, functions and responsibility of each Committee are as follows:

**I. AUDIT COMMITTEE**

**a) Composition:**

The composition of Audit Committee of the Company is in line with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. As on March 31, 2016, the Audit Committee comprises of following 3 (three) Directors as Members:

Sr. No.	Name of Members	Designation	Category
1	Mr. Shreedhar M. Parande	Chairman	Non-Executive, Independent Director
2	Mr. Kalpen Shukla	Member	Non-Executive, Independent Director
3	Mr. Rohit Chand	Member	Non-Executive, Independent Director

The Members of the Audit Committee are financially literate and have requisite experience in financial management. The constitution and terms of reference of the Audit Committee is in conformity with the provisions of section 177 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## b) Terms of Reference:

The brief terms of reference of Audit Committee are as follows:

- (1) oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (2) recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- (3) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (4) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - b. changes, if any, in accounting policies and practices and reasons for the same;
  - c. major accounting entries involving estimates based on the exercise of judgment by management;
  - d. significant adjustments made in the financial statements arising out of audit findings;
  - e. compliance with listing and other legal requirements relating to financial statements;
  - f. disclosure of any related party transactions;
  - g. modified opinion(s) in the draft audit report;
- (5) reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- (6) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
- (7) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (8) approval or any subsequent modification of transactions of the listed entity with related parties;
- (9) scrutiny of inter-corporate loans and investments;
- (10) valuation of undertakings or assets of the listed entity, wherever it is necessary;
- (11) evaluation of internal financial controls and risk management systems;
- (12) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (13) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (14) discussion with internal auditors of any significant findings and follow up there on;
- (15) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- (16) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (17) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (18) to review the functioning of the whistle blower mechanism;
- (19) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;

## c) Meetings and Attendance:

During the financial year 2015-16, 4 (four) meetings of the Committee were held on May 26, 2015, August 1, 2015, November 7, 2015 and February 12, 2016. The gap between two meetings did not exceed four months. The details of attendance of members in the Audit Committee Meeting held during the financial year 2015-2016 are given below:

Name of Members	No. of Meetings	
	Held	Attended
Mr. Shreedhar M. Parande	4	2
Mr. Kalpen Shukla	4	4
Mr. Rohit Chand	4	4

The Managing Director, Statutory Auditor, Internal Auditor and Chief Financial Officer are also invited to attend the Audit Committee Meetings, as and when required. Mr. Shreedhar M. Parande, the chairman of the Audit Committee was present at the last Annual General Meeting of the Company held on September 19, 2015.

The Company Secretary acts as the Secretary of the Audit Committee.

**4. NOMINATION AND REMUNERATION COMMITTEE**

**a) Composition:**

The composition of Nomination and Remuneration Committee of the Company is in line with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. As on March 31, 2016, the Nomination and Remuneration Committee comprises of following 3 (three) Directors as Members:

Sr. No.	Name of Members	Designation	Category
1	Mr. Kalpen Shukla	Chairman	Non-Executive, Independent Director
2	Mr. Shreedhar M. Parande	Member	Non-Executive, Independent Director
3	Mr. Rohit Chand	Member	Non-Executive, Independent Director

**b) Terms of Reference:**

The brief terms of reference of Nomination and Remuneration Committee are as follows:

- (1) To form criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- (2) To form criteria for evaluation of performance of independent directors and the board;
- (3) To devise policy on diversity of board of directors;
- (4) To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the board of directors their appointment and removal.
- (5) To extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

**c) Meeting and Attendance:**

During the financial year 2015-16, 3 (three) meetings of the Committee were held on May 26, 2015, August 1, 2015 and September 3, 2015. The details of attendance

of members in the Nomination and Remuneration Committee Meeting held during the financial year 2015-2016 are given below:

Name of Members	No. of Meetings	
	Held	Attended
Mr. Kalpen Shukla	3	3
Mr. Shreedhar M. Parande	3	2
Mr. Rohit Chand	3	2

**Nomination and Remuneration Policy**

Pursuant to the provisions of Section 178 of the Companies Act, 2013 and Listing Regulations, the Company has framed a Nomination and Remuneration Policy of the Company and the same is annexed to the Directors' Report.

**5. EVALUATION OF BOARD'S PERFORMANCE:**

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulations, the Board of Directors on recommendation of the Nomination and Remuneration Committee has carried out an annual performance evaluation of its own performance, the directors individually as well as the working of its various committees. The Independent Directors at their separate meeting held during the financial year has reviewed the performance of non-independent directors, performance of the board as a whole and performance of the Chairman of the Company after taking into accounts the view of executive directors and non-executive directors. The evaluation of the Directors was based on various aspects which, inter alia, included the level of participation in the Board Meetings, understanding of their roles and responsibilities, business of the Company along with the environment and effectiveness of their contribution.

**6. REMUNERATION OF DIRECTORS:**

**a. Remuneration to Executive Directors**

The details of remuneration paid to executive directors for the year ended March 31, 2016 are as under:

Name of Director	Salary	Commission	Perquisites and Allowance	Total	Tenure of Appt.
Mr. Paresh J. Khandwala	Rs. 31,25,000/-	Nil	Nil	Rs. 31,25,000/-	January 1, 2015 to December 31, 2018

**Note:** There is no Scheme of "Employee Stock Options" during the financial year 2015-16.

**b. Remuneration to Non-Executive / Independent Directors**

The Non-Executive /Independent Directors are paid remuneration by way of sitting fees for attending the Board Meeting and they are within the limits prescribed

under the Companies Act, 2013. The non-executive directors have no material pecuniary relationships or transactions with the Company in their personal capacity.

The details of remuneration paid to non-executive directors for the year ended March 31, 2016 are as under:

Names of Directors	Sitting Fees
Mr. Shreedhar Parande	15,000
Mr. Kalpen Shukla	20,000
Mr. Rohit Chand	20,000
Mr. Homiar N. Vakil	20,000

## 7. STAKEHOLDERS RELATIONSHIP COMMITTEE

### a) Composition

During the financial year 2014-15, the nomenclature of the "Shareholders/Investors Grievance Committee" was changed to "Stakeholders Relationship Committee" pursuant to the provisions of the Section 178 of the Companies Act, 2013. The composition of Stakeholders Relationship Committee is in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. As on March 31, 2016, the Stakeholders Relationship Committee comprised of the following 3 (three) Directors as members:

Sr. No.	Name of Members	Designation	Category
1	Mr. Shreedhar M. Parande	Chairman	Non-Executive, Independent Director
2	Mr. Rohit Chand	Member	Non-Executive, Independent Director
3	Mr. Paresh Khandwala	Member	Managing Director

### b) Terms of Reference:

The terms of reference of the Committee are to deal with matters relating to transfer/transmission of shares and monitors redressal of complaints from shareholders relating to transfers, non-receipt of balance sheet, non-receipt of dividend, etc. with a view to expediting the process of share transfers, the Chairman of the Audit Committee and Secretary is authorized to approve transfers/transmission of shares.

### c) Meeting and Attendance:

During the financial year 2015-16, 1 (one) meetings of the Committee was held on September 3, 2015. The details of attendance of members in the Stakeholders Relationship Committee Meeting held during the financial year 2015-2016 are given below:

Name of Members	No. of Meetings	
	Held	Attended
Mr. Shreedhar M. Parande	1	1
Mr. Rohit Chand	1	-
Mr. Paresh Khandwala	1	1

The Company Secretary of the Company is the Compliance Officer.

During the financial year 2015-16, one request has been received by the Company relating to transfer of shares which has been resolved. As on date, there are no transfers/grievances/complaints are pending.

## 8. GENERAL BODY MEETINGS:

### Annual General Meetings

Details of last three Annual General Meetings of the Company are given below:

Financial Year & Name of Meeting	Day, Date and Time	Venue	Special Resolutions passed
2014 – 2015 22 <sup>nd</sup> Annual General Meeting	Saturday, September 19, 2015 at 12.15 p.m.	C.K. Naydu Hall, Cricket Club of India (CCI), Brabourne Stadium, Churchgate, Mumbai - 400 020	➤ Re-appointment of Mr. Paresh Khandwala as Managing Director for a further period of 3 years w.e.f January 1, 2015
2013- 2014 21 <sup>st</sup> Annual General Meeting	Saturday, September 20, 2014 at 12.15 p.m.	C.K. Naydu Hall, Cricket Club of India (CCI), Brabourne Stadium, Churchgate, Mumbai - 400 020	➤ change in borrowing powers limits upto Rs. 150 crores
2012-2013 20 <sup>th</sup> Annual General Meeting	Friday, September 20, 2013 at 12.30 p.m.	C.K. Naydu Hall, Cricket Club of India (CCI), Brabourne Stadium, Churchgate, Mumbai - 400 020	Nil

During the financial year, the Company had not passed any resolution for obtaining approval of members through postal ballot.

## 9. OTHER DISCLOSURES:

### a) Related Party Transaction

The Company did not have any material significant related party transactions having a potential conflict with the interest of the Company at large. All the transactions entered into with related parties were in the ordinary course of business and on arms length basis. The transactions entered with the related parties are disclosed in the notes to accounts.

**(b) Compliance Status**

There has neither been any non-compliance of any legal provision of applicable law, nor any penalty, stricture imposed by the Stock Exchanges or SEBI or any other statutory authorities, on any matter related to capital market during the last three years except;

- SEBI has passed an adjudication order dated May 13, 2015 under Section 12(3) of the SEBI Act, 1992 read with regulations 28(2) of the SEBI (Intermediaries) Regulations, 2008 in the matter of trading in shares of M/s. Shree Rama Multi Tech Limited for the period June 2000 to September 2000 and suspended the certificate of registration of the Company as a Stock Broker for a period of one month.

The Company has filed an appeal against the aforesaid adjudication order of the SEBI before Securities Appellate Tribunal (SAT) on May 20, 2015. The SAT vide its order dated May 22, 2015 has granted an interim relief to the Company and set aside the aforesaid order of the SEBI till the next date of hearing. At present, the matter is pending before SAT.

**(c) Vigil Mechanism / Whistle Blower Policy**

The Company has established a Vigil Mechanism/ Whistle Blower Policy for employees and directors to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. The said policy has been post on the website of the Company at [www.kslindia.com](http://www.kslindia.com). None of the directors/employee has been denied access to the audit committee.

**(d) Mandatory Requirements**

The Company has complied with all the mandatory requirements of Clause 49 of the erstwhile Listing Agreement as well as the SEBI (Listing obligations & Disclosure Requirements) Regulations, 2015.

**(e) Discretionary Requirements**

The non-mandatory requirements / discretionary requirements as stipulated in Regulation 27(1) read with Part E of Schedule II of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 are as follows:

- The Company has separate persons to the post of Chairman and Managing Director.
- During the financial year under review, there is no audit qualification in the Company's financial statements. The Company continues to adopt best practices to ensure regime of unqualified financial statements.
- The Internal auditor of the Company report directly to the Audit Committee of the Board.

**(f) Policy for determining 'material' subsidiaries**

The policy for determining 'material subsidiaries' is not applicable as the Company do not have any subsidiary.

**(g) Policy on dealing with related party transactions**

The policy on dealing with related party transactions is disclosed on the website of the Company at [www.kslindia.com](http://www.kslindia.com).

**(h) CEO / CFO Certification**

As required under Regulation 17 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Managing Director and Chief Financial Officer of the Company have certified to the Board regarding the Financial Statements of the Company for the financial year ended March 31, 2016.

**(i) Disclosure of Accounting treatment in preparation of Financial Statements**

The financial statements have been prepared in accordance with the applicable accounting standards prescribed under Section 133 of the Companies Act, 2013 as applicable and other accounting principle generally accepted in India.

**(j) Code of Conduct**

The Code of Conduct for the Board of Directors and the Senior Management Personnel has been disclosed on the website of the company at [www.kslindia.com](http://www.kslindia.com). The declaration by the Managing Director stating that all the Board Members and Senior Management Personnel have affirmed their compliance with the laid down code of conduct for the financial year ended March 31, 2016 is annexed to this Report.

**(k) Code for Prevention of Insider Trading Practices**

The Company has adopted a code of practice and procedure for fair disclosure of Unpublished Price Sensitive Information for prevention of Insider Trading for its directors and designated employees in accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015. The said code is also disclosed on the website of the Company at [www.kslindia.com](http://www.kslindia.com)

**(l) Compliance Certificate on Corporate Governance**

As per Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the certificate issued by M/s. Udyen Jain & Associates, Chartered Accountants, regarding compliance of conditions of Corporate Governance is annexed to this Report.

**(m) Management Discussion and Analysis**

The Management Discussion and Analysis forms a part of this Annual Report.

**10. MEANS OF COMMUNICATION**

In compliance with the requirements of the Listing Regulations, the Company regularly intimates quarterly/annual financial results of the Company to the stock exchanges immediately after they are taken on record by the Board. These financial results are normally published in Free Press Journal (English) and Navshakti (Marathi) newspapers. The quarterly/annual financial results and other official news are displayed on the website of the Company at. www.kslindia.com. During the year, the Company has not made any presentations to the Institutional Investors or analysts.

**11. DISCLOSURE REGARDING APPOINTMENT / RE-APPOINTMENT OF DIRECTORS**

The brief details of director seeking appointment/re-appointment in the ensuing Annual General Meeting are given below:

<b>Name of the Director</b>	Mr. Pranav Khandwala
<b>DIN</b>	00519113
<b>Date of Birth</b>	30/12/1980
<b>Qualification</b>	MBA
<b>Date of Appointment</b>	14/11/2011
<b>Expertise in Functional area</b>	Mr. Pranav Khandwala have an industry experience of more than over 8 years in identifying, creating and managing strategic business initiatives, resulting in enhanced business opportunities and value creation. He has a strong financial background with high levels of achievements in the company which was not only the result of analysis and hard work but also strong communication abilities, team work and fire in the belly attitude for huge growth. He has completed 2 global Masters Programme from renowned universities in UK.
<b>Directorship in other Companies</b>	<ul style="list-style-type: none"> <li>➤ Khandwala Commodity &amp; Derivatives Private Limited</li> <li>➤ Trumonee Financial Limited</li> <li>➤ Piggero Investments Private Limited</li> <li>➤ Pan Global Trading Private Limited</li> </ul>
<b>Membership in Board Committees of other Companies</b>	Nil
<b>No. of equity shares held in the Company</b>	6,84,737
<b>Inter Se Relationship with any other Director</b>	Mr. Paresh Khandwala and Mrs. Bhagyashree Khandwala

**12. GENERAL SHAREHOLDER INFORMATION**
**a) Date and Venue of the 23<sup>rd</sup> Annual General Meeting**

The 23<sup>rd</sup> Annual General Meeting of the Company is scheduled to be held at C. K. Nayudu Hall, Cricket Club of India (CCI), Brabourne Stadium, Churchgate, Mumbai - 400 020 on Monday, September 19, 2016 at 12.15 p.m.

**b) Financial Year of the Company**

The financial year covers the period from April 1 to March 31.

**c) Dates of Book Closure**

September 12, 2016 to September 19, 2016 (both days inclusive)

**d) Dividend**

The Board of Director do not recommend equity dividend for the financial year under review.

**e) Listing of Equity Shares**

The Company's equity shares are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

**Stock Code**

BSE Limited (BSE) : 531892

National Stock Exchange of India Limited (NSE) : KHANDSE

ISIN No for NSDL/CDSL : INE060B01014

The Annual Listing Fees for financial year 2016-2017 has been paid by the Company to BSE and NSE.

**f) Financial Calendar 2016-2017 (Tentative dates)**

Results for the quarter ended June 30, 2016	on or before August 14, 2016
Results for the quarter ended September 30, 2016	on or before November 14, 2016
Results for the quarter ended December 31, 2016	on or before February 14, 2017
Results for the financial year ended March 31, 2017	on or before May 30, 2017

**g) Custodial Fees to Depositories**

The Annual Custody/Issuer fee for the financial year 2016-17 has been paid by the Company to National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL).

**h) Stock performance**

**Market Price Data**

Monthly High, Low and Close price in the last financial year 2015-16 at BSE Limited and National Stock Exchange of India Limited:-

Month	BSE (in Rs.)			NSE (in Rs.)		
	High	Low	Close	High	Low	Close
April 2015	17.93	14.25	16.00	18.95	18.50	18.95
May 2015	19.75	16.50	18.75	-	-	-
June 2015	18.00	15.00	16.00	18.05	15.45	16.85
July 2015	19.75	16.00	18.45	19.20	15.95	18.25
August 2015	17.60	15.55	17.00	18.45	16.75	16.95
September 2015	18.70	15.40	16.85	18.50	17.10	18.50
October 2015	19.00	16.05	19.00	18.20	16.95	18.15
November 2015	20.60	17.75	17.75	19.75	17.90	19.00
December 2015	19.50	15.50	16.90	19.90	16.90	19.00
January 2016	18.00	16.25	16.25	19.70	15.85	15.85
February 2016	18.65	14.70	17.35	16.90	15.25	16.90
March 2016	20.20	15.50	17.10	17.50	15.00	16.15



**i) Registrar and Share Transfer Agents**

Karvy Computershare Private Limited  
 "Karvy Selenium Tower B",  
 Plot No. 31 & 32, Financial District,  
 Nanakramguda,  
 Gachibowli, Hyderabad – 500032  
 Tel:- 91-40-67162222 / 33211000  
 e-mail: support@karvy.com

**j) Share Transfer System**

Trading in Equity Shares of the Company is permitted only in dematerialized form. Shares sent for transfer in physical form are registered and returned within a period of one month from the date of receipt of the documents, provided the documents are valid and complete in all respects. With a view to expediting the process of share transfers, the Chairman and Secretary are authorised to approve transfers /transmission of shares below 5000 in numbers. The Stakeholders Relationship Committee meets as and when required to consider the other transfer proposals and attend to shareholder grievances.

**k) Categories and Distribution of Shareholding**

Distribution of Shareholding by size as on March 31, 2016

Number of Shares		Number of Shareholders	% of Shareholders	Number of Shares held	% of Shareholding
From	To				
1	5000	1,849	80.71	226,112	1.89
5001	10000	182	7.94	159,837	1.34
10001	20000	118	5.15	191,557	1.60
20001	30000	30	1.31	77,484	0.65
30001	40000	22	0.96	76,459	0.64
40001	50000	13	0.57	61,653	0.52
50001	100000	27	1.18	199,008	1.67
100001	ABOVE	50	2.18	10,946,890	91.69
<b>Total</b>		<b>2,291</b>	<b>100.00</b>	<b>11,939,000</b>	<b>100.00</b>

Distribution of shareholding according to categories of shareholders as on March 31, 2016

Sl. No.	Category	No. of Shares held	% of Issued Share Capital
a	Promoter & Promoter Group	6828196	57.19
b	Banks, Financial Institutions, Insurance Cos. (Central / State Govt. Institutions / Non-Govt. Institutions)	-	-
c	Mutual Funds	-	-
d	Bodies Corporate	2695312	22.58
e	NRI's and OCB's	579035	4.85
f	Clearing Member	739	0.01
g	Public and Others	1835718	15.37
<b>Total</b>		<b>11939000</b>	<b>100.00</b>

**l) Dematerialization of Shares**

As on March 31, 2016, 98.97% of total equity share capital of the Company was held in a dematerialized form with National Securities Depository Limited and Central Depository Services (India) Limited.

**m) Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity**

Not Applicable

**n) Details of shares lying in the suspense account [Pursuant to SEBI (Listing Obligations & Disclosure Requirements)]**

Nil

**o) Plant Location**

The Company does not have any plant at any locations.

**p) Address for Correspondence**

Shareholders may correspond with the Registrar and

Transfer agents viz Karvy Computershare Private Limited at the address mentioned herein above on all matters relating to transfer or transmission of shares, dematerialization of shares and any other query relating to shares of the Company. Shareholders would have to correspond with the respective Depository Participants for shares held in demat mode.

For all investor related matters and investor grievances, shareholders may correspond at the below mentioned address:

Company Secretary / Compliance Officer

**Khandwala Securities Limited**

Regd. Off: Ground Floor,  
Vikas Building, Green Street,  
Fort, Mumbai - 400 023

Telephone no.: +91 22 4076 7373/74

Fax no.: +91 22 4076 7377

Email:investorgrievances@kslindia.com

**For and on behalf of  
Khandwala Securities Limited**

**Paresh Khandwala  
Managing Director**

Date: May 20, 2016

Place: Mumbai

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### DECLARATION BY MANAGING DIRECTOR

To,  
The Members of,  
Khandwala Securities Limited

I, Paresh Khandwala, Managing Director of Khandwala Securities Limited, hereby declare that all the members of the Board and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct for the year ended March 31, 2016.

**For Khandwala Securities Limited**

**Paresh Khandwala  
Managing Director**

Date: May 20, 2016  
Place: Mumbai



## AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members of

**Khandwala Securities Limited**

We have examined the compliance of conditions of Corporate Governance by Khandwala Securities Limited ('the Company') for the year ended 31<sup>st</sup> March 2016, as stipulated in:

- Chapter 49 (excluding clause 49(VII)(E) of the Listing Agreements of the Company with stock exchange(s) for the period from April 1, 2015 to November 30, 2015.
- Clause 49(VII)(E) of the Listing Agreements of the Company with the stock exchange(s) for the period from April 1, 2015 to September 1, 2015.
- Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations for the period from September 2, 2015 to March 31, 2016, and
- Regulation 17 to 27 (excluding regulation 23(4) and clauses (b) to (i) of regulation 46(2) and para C,D and E of Schedule V of the Listing Regulations for the period from December 1, 2015 to March 31, 2016.

The compliance of 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, and the representations made by the Directors and Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement and regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C,D and E of Schedule V of the Listing Regulations for the respective periods of applicability as specified above, during the year ended March 31, 2016.

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 UDYEN JAIN AND ASSOCIATES**

Chartered Accountants  
Firm Registration No. 116336W

**Udyen Jain**

Partner

Mem. No: F-101201

Date: May 20, 2016

Place: Mumbai

**Managing Director and Chief Financial Officer Certification**

**To,  
The Board of Directors  
Khandwala Securities Limited**

We, Paresh Khandwala, Managing Director and Pranav Khandwala, Chief Financial Officer of Khandwala Securities Limited, to the best of our knowledge and belief, certify that:

- a) we have reviewed the financial statements and the cash flow statement for the year ended March 31, 2016 and to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) 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) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which 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 the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or propose to take rectify these deficiencies.
- d) we have indicated to the Auditors and the Audit Committee that:
  - (i) there are no significant changes in internal controls over financial reporting during the year ;
  - (ii) there are no significant changes in accounting policies during the year; and
  - (iii) there are no instances of significant fraud of which we have become aware and there has been no involvement of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**By order of the Board  
For Khandwala Securities Limited**

**Paresh Khandwala  
Managing Director**

**Pranav Khandwala  
Chief Financial Officer**

Date: May 20, 2016  
Place: Mumbai

## **INDEPENDENT AUDITORS' REPORT**

To ,

### **The Members of Khandwala Securities Limited**

#### **Report on the Standalone Financial Statements**

We have audited the accompanying financial statements of **Khandwala Securities Limited** ("the Company"), which comprise the Balance Sheet as at **March 31, 2016**, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation 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 the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at **March 31, 2016**, and its Profit & Loss Account and its cash flows for the year ended on that date.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure-A**" a statement on the matters specified in the paragraph 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

- (e) On the basis of the written representations received from the directors as on **31st March, 2016** taken on record by the Board of Directors, none of the directors is disqualified as on **31st March, 2016** from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "**Annexure B**"; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its Financial position in its Financial Statements as referred to in Note no. 25 to the Standalone Financial Statements.
  - ii. The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
3. Further to our comments in our opinion referred to above, we report that:
- (a) The Company had advanced application money towards purchase of shares of ₹ 216.69 lacs, which is outstanding for a period of 168 months as at the end of the year. In the absence of information regarding the status of the allotment or the net worth of the entities in which the Company made applications, we are unable to ascertain the extent to which an amount of ₹ 216.69 lacs is recoverable and accordingly, the effect thereof on the financial statements cannot be ascertained. Please refer Note No. 21 forming part of financial statements.
  - (b) Long-term deposits to various companies of ₹ 530.00 lacs are subject to confirmation and subsequent adjustments, if any. Please refer Note No. 22 forming part of financial statements

**For Udyen Jain & Associates**  
**Chartered Accountants**  
Firm Registration No: 116336W

**Udyen Jain**  
**Partner**  
Membership No: F - 101201  
Place: Mumbai  
Date: May 20, 2016

**ANNEXURE TO THE AUDITOR'S REPORT**

With reference to the “Annexure-A” referred to in the Independent Auditors’ Report to the Members of **Khandwala Securities Limited** (‘the Company’) on the financial statements for the year ended **March 31, 2016**, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The Company is a service company primarily engaged in the business of rendering merchant banking & share broking service. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of Order is not applicable
- (iii) In our opinion and according to the information and explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act. Hence reporting under clause 3(iii) of the Order is not applicable to the company.
- (iv) In our opinion and according to the information and explanations given to us, the company has neither granted any loans to directors, etc. nor made loan and investment under section 185 and 186 of the Companies Act respectively. Hence, reporting under clause 3(iv) of the Order is not applicable to the company.
- (v) According to the information and explanations given to us, during the FY 2015-16 the Company has not accepted deposits from the public during the year. Therefore, the provisions of clause 3(v) of the Order are not applicable to the Company.
- (vi) The Central Government has not prescribed the maintenance of cost records under sub-section (l) of section 148 of the Act, for any of the goods manufactured or services rendered by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Income-tax, service tax, cess, Provident Fund and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. However there have been few cases of delays in payment of Income Tax and Service Tax.  
  
According to the information and explanations given to us, no undisputed amounts payable in respect of Income tax, service tax, cess and other material statutory dues were in arrears as at **March 31, 2016** for a period of more than six months from the date they became payable except TDS Defaults showing on TDS Traces website amounting to ₹ 2,52,825/- as on March 31, 2016.
- (b) According to the information and explanation given to us, there are no material dues of income tax or service tax which have not been deposited with appropriate authorities on account of any dispute except reported as below.  
  
Details of dues of income tax which not been deposited as at March 31, 2016 on account of disputes are given below:

Name of the Statute	Nature of the Dues	Amount (₹ In Lacs)	Period to which the amount relates	Forum where Dispute is pending	Under Section
Finance Act 1994	Service Tax	7.11	F.Y. 2010 to 2016	Add. Commissioner Service Tax	73 (1) of Finance Act 1994
Income Tax Act 1961	Income Tax	31.88	A.Y. 2006-07	ITAT	271(1)(C)
		7.8	A.Y. 2007-08	CIT (A)	271(1)(C)
		4.96	A.Y. 2007-08	ITAT	143(3)
		82.65	A.Y. 2009-10	ITAT	143(3)

- (viii) According to the information and explanations given to us, and based on the verification of records of company examined by us, the company has not default in repayment of loan or borrowings to financial institution & bank.
- (ix) According to the information and explanations provided to us and as per the records of the company examined by us, company has not raised funds by way of public issue/ follow-on offer (including debt instruments) and term loans. Therefore paragraph 3(ix) of the Order is not applicable to the company
- (x) According to the information and explanations given to us, no material fraud by the Company or on the

Company by its officers or employees has been noticed or reported during the course of our audit.

- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Companies Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made preferential

allotment of Equity Share / private placement of shares or fully or partly convertible debenture. Therefore paragraph 3(xiv) not applicable to the company.

- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with director or person connected with them.
- (xvi) In our opinion and according to information and explanation provide to us, Company is not required to be registered under section 45-IA of Reserve Bank of India Act, 1934. Therefore paragraph 3(xvi) of the Order is not applicable to the company

**For Udyen Jain & Associates**  
**Chartered Accountants**  
Firm Registration No: 116336W

**Udyen Jain**  
**Partner**  
Membership No: F - 101201  
Place: Mumbai  
Date: May 20, 2016

**ANNEXURE-B TO THE INDEPENDENT AUDITORS' REPORT MARCH 31, 2016****Report on the Internal Financial Controls under clause (i) of sub – section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the Internal Financial Control over financial reporting of **Khandwala Securities Limited** (“the Company”) as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Control Over Financial Reporting issued by the ICAI. These responsibilities include the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of assets, the prevention and detection of fraud and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We have conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the standards on auditing, issued by ICAI and deemed to be prescribed under section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those standards and the Guidance Note require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A Company’s Internal Financial Control over Financial Reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transaction and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made in accordance with authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

**Inherent Limitations of internal Financial Controls over Financial Reporting**

Because of inherent limitations of internal controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatement due to error or fraud may occur and not to be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by Institute of Chartered Accounts of India.

**For Udyen Jain & Associates  
Chartered Accountants**

Firm Registration No.: 116336W

**Udyen Jain**  
**Partner**  
**Membership No: F-101201**

**Place: Mumbai**  
**Date: May 20, 2016**



# KHANDWALA SECURITIES LIMITED

## BALANCE SHEET AS AT MARCH 31, 2016

(Currency : Indian Rupees)

	Note	As At March 31, 2016 ₹	As At March 31, 2015 ₹
<b>I EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	2		
Equity Share Capital		11,93,90,000	11,93,90,000
Preference Share Capital		2,00,00,000	2,00,00,000
		<b>13,93,90,000</b>	13,93,90,000
(b) Reserves and Surplus	3	15,13,57,601	15,83,68,349
(c) Money Received against Share Warrants		-	-
<b>(2) Share Application Money Pending Allotment</b>		-	-
<b>(3) Non Current Liabilities</b>	4		
(a) Long -Term Borrowings		3,07,29,330	2,82,65,973
(b) Other Long Term Liabilities		1,02,25,451	1,02,22,762
(c) Long Term Provisions		3,92,745	1,96,578
<b>(4) Current Liabilities</b>	5		
(a) Trade Payable		7,07,21,299	4,82,05,885
(b) Other Current Liabilities		38,42,643	88,25,796
(c) Short Term Provisions		3,50,000	3,50,000
<b>TOTAL</b>		<b>40,70,09,070</b>	<b>39,38,25,343</b>
<b>II ASSETS</b>			
<b>(1) Non Current Assets</b>			
(a) Fixed Assets	6		
i Tangible Assets		7,16,85,274	6,95,36,305
ii Intangible Assets		1,26,189	2,55,929
iii Capital Work In Progress		-	-
iv Intangible Assets Under Development		-	-
		<b>7,18,11,463</b>	6,97,92,234
(b) Non Current Investments	7	3,37,55,000	3,37,55,000
(c) Long Term Loans and Advances	8	10,50,01,305	9,61,11,470
(d) Other Non - Current Assets	9	3,48,25,797	4,82,00,543
(e) Deferred Tax (Net)		8,79,505	7,37,214
<b>(2) Current Assets</b>			
(a) Current Investments	10	2,63,255	2,11,063
(b) Trade Receivable	11	9,78,99,019	11,98,69,292
(c) Cash and Cash Equivalents	12	5,75,60,633	1,96,93,170
(d) Short Term Loans and Advances	13	42,99,825	46,80,047
(e) Other Current Assets	14	7,13,267	7,75,311
		<b>16,07,36,000</b>	14,52,28,883
<b>TOTAL</b>		<b>40,70,09,070</b>	<b>39,38,25,343</b>
<b>Significant Accounting Policies and Notes to Accounts</b>	1		

See accompanying notes to the Financial Statements.  
As per our report attached of even date.

2 to 38

**For Udyen Jain & Associates**  
Chartered Accountants

For and on behalf of the Board of Directors  
**Khandwala Securities Limited**

**Mr. Udyen Jain**  
Partner  
Mem. No: F - 101201  
ICAI Registration No. 116336W

**Shreedhar M.Parande**  
Chairman  
DIN: 00542525

**Paresh J. Khandwala**  
Managing Director  
DIN: 00112678

**Pranav Khandwala**  
Chief Financial Officer

**Abhishek Joshi**  
Company Secretary

Place : Mumbai  
Date : May 20, 2016

Place : Mumbai  
Date : May 20, 2016



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2016**

(Currency : Indian Rupees)

	Note	For the year ended March 31, 2016	For the year ended March 31, 2015
		₹	₹
<b>I Revenue From Operations</b>			
Brokerage		2,94,56,825	4,40,76,154
Corporate Advisory Services		3,03,664	40,120
Income from Capital Market Operations		3,61,500	4,71,868
		<b>3,01,21,989</b>	<b>4,45,88,142</b>
<b>II Other Income</b>	15	<b>47,49,551</b>	<b>60,96,979</b>
<b>III Total Revenue ( I + II )</b>		<b>3,48,71,540</b>	<b>5,06,85,121</b>
<b>IV Expenses</b>			
Employees' Remuneration and other benefits	16	1,53,87,984	1,71,04,619
Administrative and Other expenses	17	2,01,49,684	1,95,18,079
Finance charges	18	32,09,730	52,55,614
Depreciation		28,99,572	60,92,374
Other Expenses	19	3,77,609	9,50,530
		<b>4,20,24,579</b>	<b>4,89,21,216</b>
<b>V (Loss)/Profit before Tax and prior period items</b>		<b>(71,53,039)</b>	<b>17,63,905</b>
<b>VI Exceptional Items</b>		-	-
<b>VII Profit before Extraordinary items and tax ( V - VI )</b>		<b>(71,53,039)</b>	<b>17,63,905</b>
<b>VIII Extraordinary items</b>		-	-
<b>IX (Loss)/profit before Tax (VII - VIII)</b>		<b>(71,53,039)</b>	<b>17,63,905</b>
<b>X Tax Expense</b>			
(1) Current Tax		-	-
(2) MAT Tax		-	3,50,000
(3) Deferred Tax (Credited)/ Charged		(1,42,291)	(10,95,709)
<b>XI Profit / (Loss) for the period from Continuing Operations</b>		<b>(70,10,748)</b>	<b>25,09,614</b>
<b>XII Profit / (Loss) from Discounting Operations</b>		-	-
<b>XIII Tax Expense of Discounting Operations</b>		-	-
<b>XIV Profit / (Loss) from Discounting Operations (after tax) (XII -XIII)</b>		-	-
<b>XV Profit (Loss) for the period (XI +XIV )</b>		<b>(70,10,748)</b>	<b>25,09,614</b>
<b>XVI Earnings Per Share of</b>			
- Basic (₹)		(0.59)	0.21
- Basic (₹)		(0.59)	0.21
- Diluted (₹)		(0.59)	0.21
Significant Accounting Policies and Notes to Accounts	1		

See accompanying notes to the Financial Statements.  
As per our report attached of even date.

2 to 38

**For Udyen Jain & Associates**  
Chartered Accountants

**Mr. Udyen Jain**  
Partner  
Mem. No: F - 101201  
ICAI Registration No. 116336W

For and on behalf of the Board of Directors  
**Khandwala Securities Limited**

**Shreedhar M.Parande**  
Chairman  
DIN: 00542525

**Pranav Khandwala**  
Chief Financial Officer

**Paresh J. Khandwala**  
Managing Director  
DIN: 00112678

**Abhishek Joshi**  
Company Secretary

Place : Mumbai  
Date : May 20, 2016

Place : Mumbai  
Date : May 20, 2016

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016**
*(Currency : Indian Rupees)*

	For the Year ended March 31, 2016	For the Year ended March 31, 2015
<b>A. Cash flow from operational activities</b>		
Net (Loss)/Profit before tax adjusted for prior period items and excess provisions for tax written back	(71,53,039)	17,63,905
Adjustments for:		
Depreciation	28,99,572	60,92,374
Interest Income	(38,57,415)	(47,50,817)
Finance Expenses	32,09,730	52,55,614
Unrealised Gains On Mark to Market of F&O Stock	23,485	1,97,822
Lease Rental	-	(12,60,000)
Provision for Diminution in investments/ Stock	7,354	5,238
Provision for Reversal of Employee Benefit	3,61,395	(3,97,508)
Sundry balance written off	24,472	15,513
Dividend Income	(38,271)	(34,385)
	<b>26,30,322</b>	<b>51,23,852</b>
Operating profit before working capital changes	<b>(45,22,717)</b>	<b>68,87,757</b>
Adjustments for:		
Inventories	(54,600)	9,25,491
Trade Receivables & Other Receivables	2,70,37,893	3,35,97,363
Current Liabilities & Provision	<b>1,65,70,117</b>	<b>4,35,53,410</b>
Cash generated from operations	<b>3,90,30,694</b>	<b>(13,05,334)</b>
Direct taxes Refunded / (paid)	-	-
Net cash (used in) / generated from operating activities	<b>3,90,30,694</b>	<b>(13,05,334)</b>
<b>B. Cash flow from investing activities</b>		
Sale / (Purchase) of fixed assets (Net)	(51,14,083)	(4,56,106)
Sale/ (Purchase) of Investments (Net of purchase)	-	7,50,000
Interest received	35,02,901	42,12,472
Dividend received	33,325	28,207
Net cash (used in) / generated from investing activities	<b>(15,77,857)</b>	<b>45,34,573</b>
<b>C. Cash flow from financing activities</b>		
(Repayment)/Proceeds from long term borrowings(Net)	36,24,358	(2,17,642)
(Repayment)/Proceeds from short term borrowings(Net)	-	(2,34,01,451)
Interest and other Finance charges	(32,09,730)	(52,55,614)
Net cash (used in) / generated from financing activities	<b>4,14,628</b>	<b>(2,88,74,707)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3,78,67,464</b>	<b>(2,56,45,467)</b>
Cash and Cash equivalents (opening balance)	1,96,93,170	4,53,38,637
Cash and Cash equivalents (closing balance)	<b>5,75,60,633</b>	<b>1,96,93,170</b>
	<b>3,78,67,464</b>	<b>(2,56,45,467)</b>

See accompanying notes to the Financial Statements.  
As per our report attached of even date.

2 to 38

**For Udyen Jain & Associates**  
Chartered Accountants

**Mr. Udyen Jain**  
Partner  
Mem. No: F - 101201  
ICAI Registration No. 116336W

For and on behalf of the Board of Directors  
**Khandwala Securities Limited**

**Shreedhar M.Parande**  
Chairman  
DIN: 00542525

**Pranav Khandwala**  
Chief Financial Officer

**Paresh J. Khandwala**  
Managing Director  
DIN: 00112678

**Abhishek Joshi**  
Company Secretary

Place : Mumbai  
Date : May 20, 2016

Place : Mumbai  
Date : May 20, 2016

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### 1. Significant Accounting Policies

#### Basis of preparation of financial statements

The financial statement of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India to comply with Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act 2013. The Financial Statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in previous year.

#### Use of estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from the estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

#### Revenue recognition

Income from capital market operations (non-delivery based transactions) is accounted for on sale of securities. Income from Merchant Banking services, Brokerage and income from corporate advisory services are accounted for as and when the relevant services are rendered except where the recovery is uncertain in which case it is accounted for on receipt. Interest income is accounted for on accrual basis except where the recovery is uncertain, in which case it is accounted for on receipt. Dividend income is accounted for when the right to receive dividend is established.

#### Fixed assets (Tangible & Intangible) and depreciation/Amortisation

The company has used the following rates to provide depreciation on its non-current assets.

Class of asset	Estimated useful Life (In Years)
<b>Tangible Fixed Assets :</b>	
Building	60
Office equipment's	5
Computers	3
Furniture and fixtures	10
Vehicles	8
Plant and Machinery	15
<b>Intangible Fixed Assets :</b>	
Computer Software	6

#### Investments

Investments are classified into current investments and non-current investments. Investments, which are intended to be held for one year or more, are classified as non-current investments and investments, which are intended to be held for less than one year, are classified as current investments.

Non-current investments are carried at cost less provision for diminution, other than temporary.

Current investments are carried at lower of cost or fair value. The comparison of cost and fair value is done separately in respect of each investment.

#### Inventories

Stock-in-trade is valued at lower of cost and market value. While determining market value, due consideration has been given to shares which have become ex-rights/ex-bonus at the year end for which rights/bonus shares have been received subsequent to year end.

#### Foreign currency transactions

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. Exchange differences, if any arising out of transactions settled during the year are recognized in the statement of profit and loss of the year.

#### Employee benefits

The accounting policy followed by the company in respect of its employee benefit schemes in accordance with Accounting Standard 15 (Revised 2005), is set out below:

#### Provident fund

The Company contributes to a recognized provident fund, which is a defined contribution scheme. The contributions are accounted for on an accrual basis and recognized in the statement of profit and loss.

#### Gratuity

The Company's gratuity scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit is calculated by estimating the amount of future benefit that the employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value, and the fair value of any plan assets, if any, is deducted. The present value of the obligation under such benefit plan is determined based on actuarial valuation. Actuarial gains and losses arising from experience adjustments and change in actuarial assumptions are recognized in the statement of profit and loss in the period in which they arise.

#### Taxation

Tax expense comprises income tax (i.e. amount of tax for the year determined in accordance with the Income Tax Act, 1961), deferred tax charge or benefit (reflecting the tax effect of timing differences between accounting income and taxable income for the year)

#### Income tax

Provision for income tax is recognized based on estimated tax liability computed after adjusting for allowances, disallowances and exemptions in accordance with the Income Tax Act, 1961.

#### Deferred tax

The deferred tax charge or benefit and the corresponding deferred tax liabilities and assets are recognized using the tax rates that have been enacted or substantially enacted as at

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the asset can be realized in future, however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of the assets. 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.

**Derivative Instruments**

Initial / additional margin paid for futures / options is included under the head current assets. Contracts are marked to market in accordance with the prevalent regulations and the amount receivable or payable is disclosed under the head current assets or current liabilities, as the case may be. The profit or loss on settlement of derivative contracts is recognized in the Profit and Loss account. As on the balance sheet date, provision for loss on futures contracts is made to the extent of mark to market margins paid, while for open options, to the extent premium paid exceeds premium prevailing on that date.

**Provisions:**

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

**Cash & Cash Equivalents:**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and fixed deposits.

**Current / Non Current Classification**

An asset shall be classified as current when it satisfies any of the following criteria:—

- (a) it is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is expected to be realised within twelve months after the reporting date; or
- (d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets shall be classified as non-current.

A liability shall be classified as current when it satisfies any of the following criteria:—

- (a) it is expected to be settled in the company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is due to be settled within twelve months after the reporting date; or
- (d) the company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities shall be classified as non-current.

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

(Currency : Indian Rupees)

	As at March 31, 2016		As at March 31, 2015	
	Nos	Amount	Nos	Amount
<b>NOTE 2 - SHARE CAPITAL</b>				
<b>Authorised</b>				
14,000,000 (P.Y. 14,000,000) Equity Shares of ₹ 10/- each	1,40,00,000	14,00,00,000	1,40,00,000	14,00,00,000
500,000 (P.Y. 500,000) Cumulative Redeemable Preference Shares of ₹ 100/- each	5,00,000	5,00,00,000	5,00,000	5,00,00,000
400,000 (P.Y.400,000) Cumulative Convertible Preference Shares of ₹ 100/- each	4,00,000	4,00,00,000	4,00,000	4,00,00,000
2,00,000 (P.Y. 2,00,000) Optionally convertible Redeemable Preference Shares of ₹ 100/- each	2,00,000	2,00,00,000	2,00,000	2,00,00,000
	<u>1,51,00,000</u>	<u>25,00,00,000</u>	<u>1,51,00,000</u>	<u>25,00,00,000</u>
<b>Issued, Subscribed and Paid-up</b>				
Equity Share Capital				
1,19,39,000 (P. Y. 1,19,39,000) Shares of ₹ 10/- each fully paid-up	1,19,39,000	11,93,90,000	1,19,39,000	11,93,90,000
<b>TOTAL</b>	<u>1,19,39,000</u>	<u>11,93,90,000</u>	<u>1,19,39,000</u>	<u>11,93,90,000</u>
<b>Preference Share Capital</b>				
50,000 10.00% Cumulative Redeemable Preference shares of ₹ 100/- each fully paid-up.	50,000	50,00,000	50,000	50,00,000
150,000 10.00% Cumulative Redeemable Preference shares of ₹ 100/- each fully paid-up.	1,50,000	1,50,00,000	1,50,000	1,50,00,000
<b>TOTAL</b>	<u>2,00,000</u>	<u>2,00,00,000</u>	<u>2,00,000</u>	<u>2,00,00,000</u>
<b>Reconciliation of Shares Equity shares with voting rights</b>				
Balance as at the beginning of the year	1,19,39,000	11,93,90,000	1,19,39,000	11,93,90,000
Add: Issue of fresh shares during the year	-	-	-	-
Balance as at the end of the year	<u>1,19,39,000</u>	<u>11,93,90,000</u>	<u>1,19,39,000</u>	<u>11,93,90,000</u>
<b>Preference shares</b>				
Balance as at the beginning of the year	2,00,000	2,00,00,000	2,00,000	2,00,00,000
Add: Issue of fresh shares during the year	-	-	-	-
Balance as at the end of the year	<u>2,00,000</u>	<u>2,00,00,000</u>	<u>2,00,000</u>	<u>2,00,00,000</u>
<b>b) List of Share Holders Holding More than 5% of the total number of shares issued by the Company</b>				
<b>Name of Equity Share Holder</b>	<b>Number of Shares</b>	<b>Percentage Shareholding</b>	<b>Number of Shares</b>	<b>Percentage Shareholding</b>
Jayantilal Khandwala & Sons Pvt. Ltd.	17,33,321	14.52%	17,33,321	14.52%
Bentley Investments Pvt Ltd	14,40,943	12.07%	14,40,943	12.07%
Daxa Paresh Khandwala	12,71,080	10.65%	12,70,580	10.64%
Sarthak Consultants Private Limited	-	-	9,43,000	7.90%
Sarthak Consultants LLP	9,43,000	7.90%	-	-
Pratik Paresh Khandwala	7,73,731	6.48%	7,73,731	6.48%
Pranav Paresh Khandwala	6,84,737	5.74%	6,76,670	5.67%
<b>Name of Preference Share Holder</b>				
Mina Chand	12,500	6.25%	12,500	6.25%
Dolly Lai	12,500	6.25%	12,500	6.25%
Sanjay Thukral	12,500	6.25%	12,500	6.25%
Sindhu Seth	12,500	6.25%	12,500	6.25%
Rohit Chand	1,50,000	75.00%	1,50,000	75.00%

The Company has issued Equity as well as Preference Share having a par value of ₹ 10/100 per Share. Each holder of Equity / Preference share is entitled to one vote per Share. The Company Declares and pays dividends in Indian Rupees.

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

	As At March 31, 2016 ₹	As At March 31, 2015 ₹
<b>NOTE 3 - RESERVES AND SURPLUS</b>		
<b>Share Premium Account</b>		
As per last Balance Sheet	4,82,73,000	
Add: Received during the year	-	
	<u>4,82,73,000</u>	4,82,73,000
<b>Capital Redemption Reserve</b>		
	3,40,00,000	3,40,00,000
<b>Convertible Warrant Forfeiture</b>		
As per last Balance Sheet	61,68,000	
Add: Amount Forfeited during the year	- 61,68,000	61,68,000
<b>Profit &amp; Loss Account</b>		
As per last Balance Sheet	6,99,27,349	6,74,17,735
Add: Transferred from Profit & Loss Account	<u>(70,10,748)</u>	<u>25,09,614</u>
	<u>6,29,16,601</u>	6,99,27,349
<b>TOTAL</b>	<u><b>15,13,57,601</b></u>	<u><b>15,83,68,349</b></u>
<b>NOTE 4 - NON CURRENT LIABILITIES</b>		
<b>(a) LONG - TERM BORROWINGS</b>		
<b>Secured</b>		
Vehicle Loan (Secured by hypothecation of vehicle)	34,73,167	3,49,974
(Terms of Payment 60 Months EMI ₹ 9,994/- P.M. interest @ 10.50% and 84 Months EMI ₹ 56,045/- P.M. interest @ 10.25%)	<u>34,73,167</u>	<u>3,49,974</u>
<b>Unsecured</b>		
Loan from Yukti Securities Ltd.	2,72,56,163	2,67,54,999
Deposits From Public	-	11,61,000
	<u>2,72,56,163</u>	<u>2,79,15,999</u>
	<u><b>3,07,29,330</b></u>	<u><b>2,82,65,973</b></u>
<b>(b) Other Long Term Liabilities</b>		
Security Deposits	1,02,25,451	1,02,22,762
	<u><b>1,02,25,451</b></u>	<u><b>1,02,22,762</b></u>
<b>(c) Long Term Provisions</b>		
Provision for Taxation (FBT)	5,64,501	5,64,501
Provision for Gratuity	(2,56,868)	(6,18,263)
Provision for Leave Encashment	85,112	2,50,340
	<u><b>3,92,745</b></u>	<u><b>1,96,578</b></u>

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

	As At March 31, 2016 ₹	As At March 31, 2015 ₹
<b>NOTE 5 - CURRENT LIABILITIES</b>		
<b>(a) Trade Payable</b>		
Sundry Creditors	7,07,21,299	4,82,05,885
The Company has not received any intimation from 'suppliers' regarding their status under the Micro, Small and Medium enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/ payable as required under the said Act and could not be furnished.		
	<u>7,07,21,299</u>	<u>4,82,05,885</u>
<b>(b) Other Current Liabilities</b>		
Credit Balance in Current Accounts (Book overdraft)	-	15,12,955
Other Liabilities		
Payable to Employees	17,06,873	48,91,947
Statutory Dues	6,88,326	10,81,437
Other Liabilities	14,47,445	13,39,457
	<u>38,42,643</u>	<u>88,25,796</u>
<b>(c) Short Term Provisions</b>		
Provision MAT Tax	3,50,000	3,50,000
	<u>3,50,000</u>	<u>3,50,000</u>

**NOTE 6- FIXED ASSETS**

Particulars	Gross Block				Depreciation				Net Block		
	As At 01-Apr-15	Additions during the period	Deductions during the period	As At 31-Mar-16	As At 01-Apr-15	For the period	Dep. Prov.On deletions	As At 31st March 16	As At 31st March 16	As At 31st March 15	
Office Buildings *	9,38,20,894	-	-	9,38,20,894	2,70,65,523	15,77,179	-	2,86,42,702	6,51,78,192	6,67,55,371	
Computers	2,57,310	3,52,550	-	6,09,860	29,321	1,29,291	-	1,58,612	4,51,248	2,27,989	
Office Equipments	4,23,433	4,14,000	-	8,37,433	1,40,689	1,09,227	-	2,49,916	5,87,517	2,82,744	
Furniture and Fixtures	14,66,124	-	-	14,66,124	9,31,966	2,77,046	-	12,09,012	2,57,112	5,34,158	
Vehicles	25,48,332	43,47,533	4,89,078	64,06,787	15,43,628	5,90,350	2,93,796	18,40,182	45,66,605	10,04,704	
Plant & Machinery (Computer)	11,09,579	-	-	11,09,579	3,78,240	86,739	-	4,64,979	6,44,600	7,31,339	
	<b>9,96,25,671</b>	<b>51,14,083</b>	<b>4,89,078</b>	<b>10,42,50,676</b>	<b>3,00,89,366</b>	<b>27,69,832</b>	<b>2,93,796</b>	<b>3,25,65,402</b>	<b>7,16,85,274</b>	<b>6,95,36,305</b>	
<b>INTANGIBLE ASSETS</b>											
Computer Software	7,53,834	-	-	7,53,834	4,97,905	1,29,740	-	6,27,645	1,26,189	2,55,929	
<b>Total</b>	<b>10,03,79,505</b>	<b>51,14,083</b>	<b>4,89,078</b>	<b>10,50,04,510</b>	<b>3,05,87,271</b>	<b>28,99,572</b>	<b>2,93,796</b>	<b>3,31,93,047</b>	<b>7,18,11,463</b>	<b>6,97,92,234</b>	
Previous Year	11,01,00,091	4,56,106	1,01,76,692	10,03,79,505	3,46,71,589	60,92,374	1,01,76,692	3,05,87,271	6,97,92,234		



**NOTES FORMING PART OF FINANCIAL STATEMENTS**

	Face Value	As at March 31, 2016		As at March 31, 2015	
		Number	Amount	Number	Amount
<b>NOTE 7 - INVESTMENTS</b>					
<b>OTHER INVESTMENTS</b>					
<i>(Long term, non trade, fully paid up)</i>					
<i>i. Quoted</i>					
<b>Equity Shares</b>					
			-		-
<i>ii. Unquoted</i>					
<b>Equity Shares</b>					
Kowa Spinning Limited *	10	10,08,000	2,13,58,200	10,08,000	2,13,58,200
Vadodara Stock Exchange Limited	10	500	5,000	500	5,000
TruMonee Financial Ltd	10	33,75,000	3,37,50,000	33,75,000	3,37,50,000
			<u>5,51,13,200</u>		<u>5,51,13,200</u>
	(i + ii)		<u>5,51,13,200</u>		<u>5,51,13,200</u>
Less : Provision for diminution			<u>2,13,58,200</u>		<u>2,13,58,200</u>
	<b>TOTAL</b>		<u><u>3,37,55,000</u></u>		<u><u>3,37,55,000</u></u>
<b>Quoted :</b>					
Aggregate Book Value (net of provision)			-		-
Market Value			-		-
<b>Unquoted :</b>					
Aggregate Book Value (net of provision)			<u>3,37,55,000</u>		<u>3,37,55,000</u>

\* Shares are in the process of being registered in the name of the Company.

		As At	As At
		March 31, 2016	March 31, 2015
		₹	₹
<b>NOTE - 8 LONG TERM LOANS AND ADVANCES</b>			
Deposits with exchange & other		3,03,32,664	2,14,42,829
Deposit with Companies		5,30,00,000	5,30,00,000
Share Application		2,16,68,641	2,16,68,641
	<b>TOTAL</b>	<u><u>10,50,01,305</u></u>	<u><u>9,61,11,470</u></u>
<b>NOTE - 9 OTHER NON - CURRENT ASSETS</b>			
Advance Payment of Tax		53,25,797	56,38,906
In Fixed Deposit Accounts		2,95,00,000	4,20,00,000
Advance to Sundry Creditors		-	2,720
Employees		-	5,58,917
	<b>TOTAL</b>	<u><u>3,48,25,797</u></u>	<u><u>4,82,00,543</u></u>
<b>NOTE 10 - CURRENT INVESTMENT</b>			
<b>SHARE STOCK</b>			
Equity Shares -(Refer Appendix 10-A)		2,63,255	2,11,063
	<b>TOTAL</b>	<u><u>2,63,255</u></u>	<u><u>2,11,063</u></u>



**NOTES FORMING PART OF FINANCIAL STATEMENTS**

**Appendix 10-A**

NAME OF THE SCRIP	As at March 31, 2016		As at March 31, 2015	
	Number	₹	Number	₹
<b>Equity Shares :</b>				
Creative Casting Ltd	5,900	3,894	5,900	3,894
Deccan Granite Ltd	20,300	37,555	20,300	37,555
Future Consumer Enterprise Ltd	2,000	32,900	-	-
LIC MF Liquid Plus Fund	12,627	1,26,267	12,132	1,21,321
Pennar Ind. Ltd	200	6,000	200	6,104
Saraswat Co-Op Bank	2,550	25,500	2,550	25,500
Setech Electronics Ltd	2,70,000	1	2,70,000	1
Sharp Industries Ltd	2,210	10,475	2,210	10,475
Suryachakra Power Corporation	5,000	14,450	-	-
UTI Top 100 Funds	1,000	6,213	1,000	6,213
		<u>2,63,255</u>		<u>2,11,063</u>
			<b>As At</b>	<b>As At</b>
			<b>March 31, 2016</b>	<b>March 31, 2015</b>
			₹	₹
<b>NOTE 11 - SUNDRY DEBTORS</b>				
(Unsecured)				
Outstanding for more than six months				
Considered good		8,96,81,556		9,42,21,014
Considered doubtful		80,47,521		80,47,521
		<u>9,77,29,077</u>		<u>10,22,68,535</u>
Outstanding for Less than Six Months				
Considered good		82,17,463		2,56,48,279
Considered doubtful		-		-
		<u>10,59,46,540</u>		<u>12,79,16,813</u>
Less : Provision for Doubtful Debts		80,47,521		80,47,521
	<b>TOTAL</b>	<u>9,78,99,019</u>		<u>11,98,69,292</u>
<b>NOTE 12 - CASH AND BANK BALANCES</b>				
Cash on hand		6,59,935		1,08,836
Balance with Scheduled Banks:				
In Current Accounts		4,28,50,698		1,75,34,334
In Fixed Deposit Accounts (Less than One Year )		1,40,50,000		20,50,000
		<u>5,69,00,698</u>		<u>1,95,84,334</u>
	<b>TOTAL</b>	<u>5,75,60,633</u>		<u>1,96,93,170</u>
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is :		5,75,60,633		1,96,93,170

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

	As At March 31, 2016 ₹	As At March 31, 2015 ₹
<b>NOTE 13 - SHORT TERMS LOANS AND ADVANCES</b>		
Advances recoverable in cash or kind or for value to be received		
Employees	7,800	5,41,022
Prepaid Expenses	14,83,503	20,57,212
Advance to Sundry Creditors	28,08,522	20,81,813
<b>TOTAL</b>	<b>42,99,825</b>	<b>46,80,047</b>
<b>NOTE 14 - OTHER CURRENTS ASSETS</b>		
Interest Accrued on Fixed Deposit	3,64,478	4,84,602
Advance for Expenses	50,705	65,615
Service Tax	2,98,084	2,25,094
<b>TOTAL</b>	<b>7,13,267</b>	<b>7,75,311</b>
	<b>For the year ended March 31, 2016 ₹</b>	<b>For the year ended March 31, 2015 ₹</b>
<b>NOTE 15 - OTHER INCOME</b>		
Interest on Fixed deposits with Banks [Tax deducted at source ₹ 3,85,762/-] (Previous year ₹ 4,75,523/-)	38,57,415	47,50,817
Dividend :- On stock in trade	38,271	34,385
Lease Rentals	-	12,60,000
Interest on Income Tax Refund	1,79,865	-
Unrealised Gains/(Loss) On Mark to Market of F&O Stock	(23,485)	(1,97,822)
Miscellaneous Income	6,97,485	2,49,600
<b>TOTAL</b>	<b>47,49,551</b>	<b>60,96,979</b>
<b>NOTE 16 - EMPLOYEES' REMUNERATION AND OTHER BENEFITS</b>		
Salaries and Bonus	1,00,17,732	1,29,55,377
Managing Director's Remuneration	31,25,019	31,25,019
Contribution to Provident and other Funds	5,40,726	5,82,878
Staff Welfare Expenses	12,81,838	7,48,533
Gratuity	4,22,669	(3,07,188)
<b>TOTAL</b>	<b>1,53,87,984</b>	<b>1,71,04,619</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

	For the year ended March 31, 2016 ₹	For the year ended March 31, 2015 ₹
<b>NOTE 17 - ADMINISTRATIVE AND OTHER EXPENSES</b>		
Financial Advisory charges	35,89,835	27,25,918
Computer Expenses	1,86,630	2,57,846
Demat charges	6,56,084	12,19,784
Rates and Taxes	20,08,149	17,08,664
Insurance	5,50,383	5,07,926
Internet Expenses	1,53,000	1,53,000
Advertisement Expenses	1,09,984	1,40,487
Sub Brokerage Paid	10,89,220	-
Business Promotion Expenses	1,35,222	1,35,276
Legal & Professional Fees	23,15,344	26,17,805
Telephone/Postage and Courier Charges	6,54,854	6,64,604
Electricity Charges	16,03,954	14,93,273
Registration Fees	9,66,887	7,56,353
Repairs and Maintenance	18,47,393	12,28,347
Security Charges	3,48,373	3,49,423
Printing and Stationery	4,71,260	4,20,437
Subscription Expenses	2,86,761	4,64,983
Travelling and Conveyance	8,77,331	11,77,524
Auditor's Remuneration		
For Audit	3,20,000	3,20,000
For Tax Audit	1,80,000	1,80,000
Directors sitting fees	75,000	1,00,000
Donation	26,100	24,000
Commission Paid	13,35,253	25,15,770
Miscellaneous Expenses	3,62,668	3,56,659
<b>TOTAL</b>	<b>2,01,49,684</b>	<b>1,95,18,079</b>
<b>NOTE - 18 FINANCE CHARGES</b>		
On Other Loans	28,00,456	48,01,918
Other Financial Charges	4,09,274	4,53,696
<b>TOTAL</b>	<b>32,09,730</b>	<b>52,55,614</b>
<b>NOTE - 19 OTHER EXPENSES</b>		
Loss on Stock Valuation	7,354	5,238
Loss on Market Operation	3,70,255	9,45,292
<b>TOTAL</b>	<b>3,77,609</b>	<b>9,50,530</b>

20. The Company provides Portfolio Management Services (PMS) to its clients. Transactions on account of PMS activities are carried out exclusively on behalf of PMS clients. Therefore, assets and liabilities arising out of the above effectively belong to the PMS clients and hence are not reflected in the Company's accounts. Management fees earned/expenditure incurred by the Company from this activity is accounted for on an accrual basis.
21. Share Application Money of ₹ 216.69 Lacs (Previous year ₹ 216.69 Lacs) is outstanding for a period of 168 months as at the balance sheet date, for which financial statements are in the process of being obtained. The Company has initiated legal proceedings against the party to recover the application money, with interest there on, under Sec 138, matter is pending for hearing at Mumbai Court.

22. Long-term deposits to various companies of ₹530.00 lacs are subject to confirmation and subsequent adjustments, if any. Since company is not in the receipt of any Interest on the same deposit since long period so that company has not accounted any interest on the same deposit.
23. In the matter of Mr. Hiten Parmar (PAN:-BGCPP4193C) regarding receivable of the outstanding amount of ₹ 56,93,287/- which is due more than 18 months, the Company have filed the case before the panel of arbitrators of National Stock Exchange of India Limited (NSE). The panel of arbitrators of NSE has considered the matter and passed the arbitral in favour of the Company on April 12, 2016 but still the Company has not received any amount from Mr. Hiten Parmar. The company is in the process to file the legal suits against Mr. Hiten Parmar for recovery of the aforesaid outstanding amount.

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

24. During the FY 2015-16, the company has not accounted rental income amounting to ₹ 12 Lacs in Profit & Loss Account. In past the company has consistently accounted rental income in books of accounts however due to non recovery of rental income since FY 2002-2003, the company has decided not to book rental income in profit & loss account. The Company has initiated legal proceedings against the party to recover arrears of rental income and possession of property in the Court Of Small Cause at Mumbai and same matter is pending for hearing in Court.
25. During the year, the SEBI has passed an adjudication order dated May 13, 2015 under Section 12(3) of the SEBI Act, 1992 read with regulations 28(2) of the SEBI (Intermediaries) Regulations, 2008 in the matter of trading in shares of M/s. Shree Rama Multi Tech Limited for the period June 2000 to September 2000 and suspended the certificate of registration of the Company as a Stock Broker for a period of one month.
- The Company has filed an appeal against the aforesaid adjudication order of the SEBI before Securities Appellate Tribunal (SAT) on May 20, 2015. The SAT vide its order dated May 22, 2015 has granted an interim relief to the Company and set aside the aforesaid order of the SEBI till the next date of hearing. At present, the matter is pending before SAT.
26. There is a Mark to Market Loss of ₹23,485/- as on 31st March 2016 on account of Unrealized Loss on Future Contract as per AS-30.
27. The net deferred tax assets are calculated as follows:

(₹ In Lacs)

Particulars	Accumulated As at March 31, 2015	Charge/ Credit during the year	As at March 31, 2016
<b>Deferred tax asset:</b>			
Provision for doubtful debtors/advances that are deducted for tax purposes when written off	199.45	-	<b>199.45</b>
Deferred Tax Asset on account of Unabsorbed Depreciation	216.50	-	<b>216.50</b>
<b>Deferred tax liability:</b>			
Additional depreciation on fixed assets for tax purposes due to higher tax depreciation rates	(407.36)	1.42	<b>(405.94)</b>
Expenses carried forward as per books but claimed for tax purposes as incurred	(1.22)	-	<b>(1.22)</b>
Net Deferred tax Assets/ (Liability)	7.37	1.42	<b>8.79</b>

**28. Segment Information**

For management purposes, the Company is organized into two segments - Fee based and Investment/Trading In Stock. The Company has considered these two divisions as its business segments.

The Fee based division provides financial advisory services relating to mergers and acquisitions, equity and debt issue management, portfolio management and broking.

Investment and Stock division carries out trading, investing and speculation activities in capital markets (debt and equity) for the Company.

Fixed assets used in the Company's business are not identified to any of the reportable segments, as these are used interchangeably between segments and hence the fixed assets and depreciation are not allocated to any of the reportable segments.

As the entire business operations of the Company are conducted only in India, the Company has not reported any secondary segment information.

**Information about Primary Business Segments**

(Amount in ₹ Lacs)

Sr. No.	Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
<b>1</b>	<b>Segment Revenue-external</b>		
a)	Investment / Stock Operations	<b>3.62</b>	4.72
b)	Fee-based Operations	<b>297.60</b>	441.16
c)	Other Unallocated Revenue	<b>47.50</b>	60.97
	<b>Total revenue</b>	<b>348.72</b>	<b>506.85</b>
<b>2</b>	<b>Segment Result</b>		
a)	Investment / Stock Operations	<b>3.06</b>	(6.09)
b)	Fee-based Operations	<b>55.01</b>	173.10
	<b>Total</b>	<b>58.07</b>	<b>167.00</b>
	Less: Interest	<b>32.10</b>	52.56
	Unallocated Expenses less unallocated income	<b>(97.50)</b>	(96.81)
	Net (Loss) / Profit before Tax & prior Period Items	<b>(71.53)</b>	17.64
	Provision for tax (including deferred tax)	<b>(1.42)</b>	(7.46)
	Net (Loss)/Profit after tax for the year	<b>(70.11)</b>	25.10
	<b>Other Items</b>		
<b>3</b>	<b>Segment Assets</b>		
a)	Investment / Stock Operations	<b>340.24</b>	339.71
b)	Fee-based Operations	<b>2011.69</b>	1882.39
c)	Unallocated Corporate Assets	<b>1685.13</b>	1673.27
	<b>Total</b>	<b>4037.05</b>	<b>3895.37</b>
<b>4</b>	<b>Segment Liabilities</b>		
a)	Investment / Stock Operations	<b>0.07</b>	0.05
b)	Fee-based Operations	<b>650.48</b>	471.44
c)	Unallocated Corporate Liabilities	<b>171.74</b>	160.13
	<b>Total</b>	<b>822.28</b>	<b>631.62</b>
<b>5</b>	<b>Depreciation</b>	<b>29.00</b>	60.92
<b>6</b>	<b>Non cash items other than depreciation</b>		
a)	Investment / Stock operations	<b>0.07</b>	0.05
b)	Fee based operations	-	-

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### 29. Earnings per share:

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20 - Earnings Per Share prescribed by the Companies (Accounting Standards) Rules, 2006.

Basic earnings per share are computed by dividing the net profit after tax attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares and dilutive potential equity shares outstanding at year-end.

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
<b>Basic</b>		
Numerator used for calculating basic earnings per share – Profit after taxation (₹ lacs)	(70.11)	25.10
Less: Dividend on Cumulative Preference share dividend (including dividend tax thereon)	-	-
Profit / (Loss) attributable to equity shareholders (₹ lacs)	(70.11)	25.10
Weighted average number of shares (in lacs) used as Denominator for calculating basic earnings per share	119.39	119.39
Nominal value per equity share (₹)	10.00	10.00
Basic earnings per share – (₹)	(0.59)	0.21
<b>Diluted</b>		
Numerator used for calculating Diluted earning per Share-Profit / (Loss) after taxation (₹ In Lacs)	(70.11)	25.10
Weighted Average Number of Shares (In Lacs) used as Denominator for calculating Diluted Earning per Share	119.39	119.39
Diluted earning per Share- (₹)	(0.59)	0.21

### 30. Related Party Disclosures

#### Names of Related Parties:

- A) Enterprises where control exists  
Associate Companies:  
1. Trumonee Financial Ltd.
- B) Enterprises controlled by the relatives of the Key Managerial Personnel:  
1. Piggero Investments Pvt. Ltd.  
2. Bentley Investments Pvt. Ltd.  
3. Khandwala Commodity & Derivatives Pvt. Ltd.
- C) Key Management Personnel:

1. Mr. Paresh J. Khandwala - Managing Director
2. Mr. Pranav P. Khandwala - Director / CFO

#### D) Relatives of Key Management Personnel:

1. Mrs. Bhagyashree P. Khandwala
2. Mrs. Daxa P. Khandwala
3. Mr. Pratik P. Khandwala
4. Ms. Tulsi P. Khandwala
5. Mrs. Brinda P. Khandwala

### Transactions with related parties for the year ended 31st March 2016

Transaction	2015-16	2014-15
Brokerage received	1.82	0.40
Remuneration Paid	31.25	31.25
Advisory fees paid	1.49	7.49
Lease rent received	-	(0.60)
<b>Outstanding Balance</b>		
Sundry Debtors	174.89	170.31
Sundry Creditors	3.41	12.97
Investment Associate Companies	337.50	337.50

31. As per information and explanation received there are no dues payable to Small Scale Industrial Undertakings as at March 31, 2016.

32. Transaction in foreign currency: (In lacs)

Foreign travel expenses – ₹ 1.00, Previous year ₹ 1.49.

33. Debtors include:

- (i) Due from a firm in which a director is interested as partner - ₹144.85lacs (Previous year ₹152.85 lacs)
- (ii) Due from relatives and Enterprises controlled by the relatives of the Key Managerial Personnel - ₹30.04 Lacs.
- (iii) The above dues have arisen in the normal course of business.

34. The creditors are largely from receipt of margin money from the clients while the debtors reflect the pattern of settlement period, wherein year-end date falls within to be settled period.

#### 35. Managerial Remuneration:

- (i) Remuneration to Managing Director  
Salary and Other Allowances : ₹ 31.25 Lacs  
(P.Y. ₹ 31.25 lacs)
- (ii) Sitting fees to other Directors : ₹ 0.75 Lacs  
(P.Y. ₹ 1.00 Lacs)

36. Liability for Employee benefits has been determined by an actuary, appointed for the purpose, in conformity with the principles set out in the accounting standard 15 (Revised) the details of which are as hereunder.

I. Change in Benefit Obligation:	F.Y. 15 -16
Liability at the beginning of the year	22,29,098
Interest Cost	1,77,436
Current Service Cost	1,35,543
Past Service Cost (Non Vested Benefit)	-
Past Service Cost (Vested Benefit)	-
Settlement	-
Liability Transfer in	-
Liability Transfer out	-

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

(Benefit Paid from the Funds)	<b>(95,827)</b>
Actuarial (Gain) / Loss on Obligations-Due to change in Financial Assumptions	<b>(6,25,297)</b>
Actuarial (Gain) / Loss on Obligations-Due to Experience	<b>5,11,034</b>
Liability at the end of the year	<b>23,31,987</b>

<b>II. Fair value of Plan Assets:</b>	<b>F.Y. 15 -16</b>
Fair Value of Plan Assets at the Beginning of the year	<b>24,42,471</b>
Expected Return on Plan Assets	<b>1,94,421</b>
Contributions by the Employer	<b>43,095</b>
Transfer from other company	-
(Transfer to other company)	-
(Benefit Paid)	<b>(95,827)</b>
Actuarial gain / (Loss) on Plan Assets- Due to Experience	<b>4,695</b>
Fair Value of Plan Assets at the end of the year	<b>25,88,855</b>

<b>III. Actual Return on Plan Assets:</b>	<b>F.Y. 15 -16</b>
Expected Return on Assets	<b>1,94,421</b>
Actuarial gain/ (Loss) on Plan Assets- Due to Experience	<b>4,695</b>
Actual Return on Plan Assets	<b>1,99,116</b>

<b>IV. Amount Recognized in the Balance Sheet:</b>	<b>F.Y. 15 -16</b>
(Present Value of Benefit Obligation at the end of the Period)	<b>(23,31,987)</b>
Fair Value of Plan Assets at the end of the year	<b>25,88,855</b>
Funded Status (Surplus/ (Deficit))	<b>2,56,868</b>
Unrecognized Past Service Cost at the end of the Period	-
Net (Liability) /Asset Recognized in the Balance Sheet	<b>2,56,868</b>

<b>V. Expenses Recognized in the Income Statement:</b>	<b>F.Y. 15 -16</b>
Current Service Cost	<b>1,35,543</b>
Net Interest Cost	<b>(16,985)</b>
Actuarial (Gain) or Loss	<b>(1,18,958)</b>
Past Service Cost (Non Vested Benefit) Recognized	-
Past Service Cost (Vested Benefit) Recognized	-
Transition Liability during the period	-
Expense Recognized in P&L	<b>(400)</b>

<b>VI. Balance Sheet Reconciliation</b>	<b>F.Y. 15 -16</b>
Opening Net Liability	<b>(2,13,373)</b>
Expense as above	<b>(400)</b>
Transfer from other company Net	-
Transfer to other company Net	-
Employer's Contribution	<b>(43,095)</b>
Net Liability /(Asset) Recognized in Balance Sheet	<b>(2,56,686)</b>

<b>VII. Assumptions</b>	<b>F.Y. 15 -16</b>
Discount Rate Previous	<b>7.96%</b>
Rate of Return on Plan Assets Previous	<b>7.96%</b>
Salary Escalation Previous	<b>5.00%</b>
Attrition Rate Previous Year	<b>2.00%</b>
Discount Rate Current	<b>8.06%</b>
Rate of Return on Plan Assets Current	<b>8.06%</b>
Salary Escalation Current	<b>5.00%</b>
Attrition Rate Current Year	<b>2.00%</b>

<b>VIII. Other Details</b>	<b>F.Y. 15 -16</b>
No. Of Active Members	<b>33</b>
Per Month Salary For Active Member	<b>4,70,287</b>
Projected Benefit Obligation (PBO)	<b>23,31,987</b>
Prescribed Contribution for next year (12 Months)	-

**Note:-**

Gratuity is payable as per company's scheme as detailed in the report.

Actuarial Gain/ Loss are accounted for in the period of occurrence in the Statement of the Profit or Loss.

Salary escalation & attrition rate are considered as advised by the company, they appear to be in line with the industry practice considering promotion and demand & supply of the employees.

Experience adjustments and comparative figure are not provided separately as it was part of earlier submitted.

Closing Expected Rate of Return taken as described in proposed Ind AS 19 on Employee Benefits.

Company has passed the Gratuity provision in Profit & Loss Account considering the valuation provided by Life Insurance Corporation of India.

**37. Contingent Liabilities: -**

- i) Contingent Liabilities on account of disputed cases pending before various authorities of Income Tax Act is annexed below. No provision has been made in the books of accounts as the outcome is still awaited:

(₹ in lacs)

Name of the Statute	Nature of the Dues	Amount (₹)	Period to which the amount relates	Forum where Dispute is pending	Under Section
Finance Act 1994	Service Tax	7.11	FY 2010 to 2016	Add. Commissioner Service Tax	73 (1) of Finance Act 1994
Income Tax Act 1961	Income Tax	31.88	A.Y. 2006-07	ITAT	271(1)(C)
		7.8	A.Y. 2007-08	CIT (A)	271(1)(C)
		4.96	A.Y. 2007-08	ITAT	143(3)
		82.65	A.Y. 2009-10	ITAT	143(3)

- ii) Preference dividends are in arrears from F.Y. 2008-09 to F.Y.2015-16 as aggregating to ₹ 1.60 Crores.
- iii) TDS defaults showing on TDS traces website for the various Financial Years as on 31st March 2016 has been reviewed and there is no possible demand arising due to that. The Company is under process of rectifying the defaults by revising the TDS returns.
38. The figures for the previous period have been regrouped, rearranged or reclassified wherever necessary to conform to the current period's presentation.

For Udyen Jain & Associates  
Chartered Accountants

For and on behalf of the Board of Directors  
Khandwala Securities Limited

**Udyen Jain**  
Partner  
Mem. No: F - 101201  
ICAI Registration No. 116336W

**Shreedhar M. Parande** **Paresh J. Khandwala**  
Chairman **Managing Director**  
DIN: 00542525 **DIN: 00112678**

**Pranav Khandwala** **Abhishek Joshi**  
Chief Financial Officer **Company Secretary**

Place : Mumbai  
May 20, 2016

Place : Mumbai  
Date : May 20, 2016



## **INDEPENDENT AUDITOR'S REPORT**

To,

### **Members of**

### **Khandwala Securities Limited**

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of KHANDWALA SECURITIES LIMITED (hereinafter referred to as "the Holding Company") and its associates comprising of the Consolidated Balance Sheet as at March 31, 2016, the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

### **Management's Responsibility for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows including its associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, as applicable.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143(11) of the Act.

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers

internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidation 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, of the consolidated state of affairs of Group, its associates entities as at March 31, 2016, and its consolidated profit & loss and its consolidated cash flow for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

1. As required by section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statement have been kept by the Company so far as it appears from our examination of those books.
  - c) The consolidation Balance Sheet, the consolidated Statement of Profit and Loss, and the consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid consolidated statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
  - e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company & its associates companies, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we refer to our separate Report in “**Annexure A**”. This is based on the audit report of the Holding company & associates.
- g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its Financial position in its Financial Statements as referred to in Note no. 27 to the Consolidated Financial Statements..
  - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standard, for material foreseeable losses, if any on long term contracts including derivatives contracts.
  - iii. There was no amount which was required to be transferred to the Investor Education and Protection Fund by the Holding Company & its associates.

**For Udyen Jain & Associates**  
**Chartered Accountants**  
Firm Registration No: 116336W

**Udyen Jain**  
**Partner**  
Membership No: F - 101201

Place: Mumbai  
Date: May 20, 2016



## **ANNEXURE TO THE AUDITOR'S REPORT**

**Annexure A** to the Independent Auditor's report of even date on the Consolidation Financial Statements of **Khandwala Securities Limited** (hereinafter referred to as "the Holding Company").

Referred to paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirement of our report of even date

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Khandwala Securities Limited. (hereinafter referred to as "the Holding Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

The respective Board of Director of the Holding Company & its associates, which is company incorporated is responsible for establishing and maintaining internal financial controls based on the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by The Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Holding Company & its associates incorporated in india have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Udyen Jain & Associates**  
**Chartered Accountants**  
Firm Registration No: 116336W

**Udyen Jain**  
**Partner**

Membership No: F - 101201

Place: Mumbai  
Date: May 20, 2016

**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2016**
*(Currency : Indian Rupees)*

	Note	As At March 31, 2016	
		₹	₹
<b>I EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	2		
Equity Share Capital		11,93,90,000	
Preference Share Capital		2,00,00,000	
			13,93,90,000
(b) Reserves and Surplus	3		14,52,83,336
<b>(2) Share Application Money Pending Allotment</b>			-
<b>(3) Non Current Liabilities</b>	4		
(a) Long -Term Borrowings		3,07,29,330	
(c) Other Long Term Liabilities		1,02,25,451	
(d) Long Term Provisions		3,92,745	4,13,47,527
<b>(4) Current Liabilities</b>	5		
(a) Trade Payable		7,07,33,556	
(b) Other Current Liabilities		36,41,469	
(c) Short Term Provisions		3,50,000	7,47,25,025
			<u>40,07,45,888</u>
		<b>TOTAL</b>	
<b>II ASSETS</b>			
<b>(1) Non Current Assets</b>			
(a) Fixed Assets	6		
i Tangible Assets		7,16,85,274	
ii Intangible Assets		1,26,189	
iii Capital Work In Progress		-	
iv Intangible Assets Under Development		-	
			7,18,11,463
Goodwill on Consolidation			2,59,76,616
(b) Non Current Investments	7		5,000
(c) Long Term Loans and Advances	8		10,50,01,305
(d) Other Non - Current Assets	9		3,48,25,797
(e) Deferred Tax (Net)			8,79,505
<b>(2) Current Assets</b>			
(a) Current Investments	10	2,68,469	
(b) Trade Receivable	11	9,79,41,561	
(c) Cash and Cash Equivalents	12	5,76,56,028	
(d) Short Term Loans and Advances	13	42,99,825	
(e) Other Current Assets	14	20,80,318	16,22,46,202
			<u>40,07,45,888</u>
		<b>TOTAL</b>	
<b>Significant Accounting Policies and Notes to Accounts</b>	1		

See accompanying notes to the Consolidated Financial Statements. 2 to 40  
As per our report attached of even date.

**For Udyen Jain & Associates**  
Chartered Accountants

**Mr. Udyen Jain**  
Partner  
Mem. No: F - 101201  
ICAI Registration No. 116336W

For and on behalf of the Board of Directors  
**Khandwala Securities Limited**

**Shreedhar M.Parande**  
Chairman  
DIN: 00542525

**Pranav Khandwala**  
Chief Financial Officer

**Paresh J. Khandwala**  
Managing Director  
DIN: 00112678

**Abhishek Joshi**  
Company Secretary

Place : Mumbai  
Date : May 20, 2016

Place : Mumbai  
Date : May 20, 2016

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2016**

(Currency : Indian Rupees)

	Note	For the year ended March 31, 2016	
		₹	₹
<b>I Revenue From Operations</b>			
Brokerage		2,94,56,825	
Corporate Advisory Services		3,03,664	
Income from Capital Market Operations		3,61,500	
		3,01,21,989	
<b>II Other Income</b>	15	47,49,756	3,48,71,744
<b>III Total Revenue ( I + II )</b>			
<b>IV Expenses</b>			
Employees' Remuneration and other benefits	16	1,53,93,472	
Administrative and Other expenses	17	2,01,60,094	
Finance charges	18	32,09,854	
Depreciation		28,99,572	
Other Expenses	19	3,77,609	
			4,20,40,602
<b>V (Loss)/Profit before Tax and prior period items</b>			(71,68,857)
<b>VI Exceptional Items</b>			-
<b>VII Profit before Extraordinary items and tax ( V - VI )</b>			(71,68,857)
<b>VIII Extraordinary items</b>			-
<b>IX (Loss)/profit before Tax ( VII - VIII )</b>			(71,68,857)
<b>X Tax Expense</b>			
(1) Current Tax			-
(2) MAT Tax			-
(3) Deferred Tax (Credited)/ Charged			(1,42,291)
<b>XI Profit / (Loss) for the period from Continuing Operations</b>			(70,26,566)
<b>XII Profit / (Loss) from Discounting Operations</b>			-
<b>XIII Tax Expense of Discounting Operations</b>			-
<b>XIV Profit / (Loss) from Discounting Operations (after tax ) ( XII -XIII )</b>			-
<b>XV Profit (Loss) for the period (XI +XIV )</b>			(70,26,566)
<b>XVI Earnings Per Share of</b>			
- Basic (₹)			(0.59)
- Basic (₹)			(0.59)
- Diluted (₹)			(0.59)
Significant Accounting Policies and Notes to Accounts	1		

See accompanying notes to the Consolidated Financial Statements. 2 to 40  
As per our report attached of even date.

**For Udyen Jain & Associates**  
Chartered Accountants

**Mr. Udyen Jain**  
Partner  
Mem. No: F - 101201  
ICAI Registration No. 116336W

For and on behalf of the Board of Directors  
**Khandwala Securities Limited**

**Shreedhar M.Parande**  
Chairman  
DIN: 00542525

**Pranav Khandwala**  
Chief Financial Officer

**Paresh J. Khandwala**  
Managing Director  
DIN: 00112678

**Abhishek Joshi**  
Company Secretary

Place : Mumbai  
Date : May 20, 2016

Place : Mumbai  
Date : May 20, 2016

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016**
*(Currency : Indian Rupees)*

	<b>For the Year ended March 31, 2016</b>	
<b>A. Cash flow from operational activities</b>		
Net (Loss)/Profit before tax adjusted for prior period items and excess provisions for tax written back		(71,68,857)
Adjustments for:		
Depreciation	28,99,572	
Interest Income	(38,57,415)	
Finance Expenses	32,09,854	
Unrealised Gains On Mark to Market of F&O Stock	23,485	
Lease Rental	-	
Provision for Diminution in investments/ Stock	7,354	
Provision for Reversal of Employee Benefit	3,61,395	
Sundry balance written off	24,472	
Dividend Income	(38,476)	
		<u>26,30,242</u>
Operating profit before working capital changes		(45,38,615)
Adjustments for:		
Inventories	(54,600)	
Trade Receivables & Other Receivables	2,68,99,686	
Current Liabilities & Provision	1,63,68,943	4,32,14,029
Cash generated from operations		3,86,75,414
Direct taxes Refunded / (paid)		-
Net cash (used in) / generated from operating activities		<u>3,86,75,414</u>
<b>B. Cash flow from investing activities</b>		
Sale / (Purchase) of fixed assets (Net)	(51,14,083)	
Sale/ (Purchase) of Investments (Net of purchase)	-	
Interest received	38,57,415	
Dividend received	33,529	
Net cash (used in) / generated from investing activities		<u>(12,23,138)</u>
<b>C. Cash flow from financing activities</b>		
(Repayment)/Proceeds from long term borrowings(Net)	36,24,358	
(Repayment)/Proceeds from short term borrowings(Net)	-	
Interest and other Finance charges	(32,09,854)	
Net cash (used in) / generated from financing activities		<u>4,14,504</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>3,78,66,779</u>
Cash and Cash equivalents (opening balance)	1,97,89,250	
Cash and Cash equivalents (closing balance)	5,76,56,028	
		<u><u>3,78,66,779</u></u>

See accompanying notes to the Consolidated Financial Statements. 2 to 40  
As per our report attached of even date.

**For Udyen Jain & Associates**  
Chartered Accountants

**Mr. Udyen Jain**  
Partner  
Mem. No: F - 101201  
ICAI Registration No. 116336W

For and on behalf of the Board of Directors  
**Khandwala Securities Limited**

**Shreedhar M.Parande**  
Chairman  
DIN: 00542525

**Pranav Khandwala**  
Chief Financial Officer

**Paresh J. Khandwala**  
Managing Director  
DIN: 00112678

**Abhishek Joshi**  
Company Secretary

Place : Mumbai  
Date : May 20, 2016

Place : Mumbai  
Date : May 20, 2016

## **NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

### **1. Consolidated Significant Accounting Policies**

#### **Basis of preparation of consolidated financial statements**

The Consolidated financial statement of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India to comply with Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act 2013. The consolidated Financial Statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in previous year.

#### **Use of estimates**

The preparation of the consolidated financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the consolidated financial statements. Actual results could differ from the estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

#### **Revenue recognition**

Income from capital market operations (non-delivery based transactions) is accounted for on sale of securities. Income from Merchant Banking services, Brokerage and income from corporate advisory services are accounted for as and when the relevant services are rendered except where the recovery is uncertain in which case it is accounted for on receipt. Interest income is accounted for on accrual basis except where the recovery is uncertain, in which case it is accounted for on receipt. Dividend income is accounted for when the right to receive dividend is established.

#### **Fixed assets (Tangible & Intangible) and depreciation/Amortisation**

The company has used the following rates to provide depreciation on its non-current assets.

<b>Class of asset</b>	<b>Estimated useful Life (In Years)</b>
<b>Tangible Fixed Assets :</b>	
Building	60
Office equipment's	5
Computers	3
Furniture and fixtures	10
Vehicles	8
Plant and Machinery	15
<b>Intangible Fixed Assets :</b>	
Computer Software	6

#### **Investments**

Investments are classified into current investments and non-current investments. Investments, which are intended to be held for one year or more, are classified as non-current investments and investments, which are intended to be held for less than one year, are classified as current investments.

Non-current investments are carried at cost less provision for diminution, other than temporary.

Current investments are carried at lower of cost or fair value. The comparison of cost and fair value is done separately in respect of each investment.

#### **Inventories**

Stock-in-trade is valued at lower of cost and market value. While determining market value, due consideration has been given to shares which have become ex-rights/ex-bonus at the year end for which rights/bonus shares have been received subsequent to year end.

#### **Foreign currency transactions**

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. Exchange differences, if any arising out of transactions settled during the year are recognized in the statement of profit and loss of the year.

#### **Employee benefits**

The accounting policy followed by the company in respect of its employee benefit schemes in accordance with Accounting Standard 15 (Revised 2005), is set out below:

#### **Provident fund**

The Company contributes to a recognized provident fund, which is a defined contribution scheme. The contributions are accounted for on an accrual basis and recognized in the statement of profit and loss.

#### **Gratuity**

The Company's gratuity scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit is calculated by estimating the amount of future benefit that the employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value, and the fair value of any plan assets, if any, is deducted. The present value of the obligation under such benefit plan is determined based on actuarial valuation. Actuarial gains and losses arising from experience adjustments and change in actuarial assumptions are recognized in the statement of profit and loss in the period in which they arise.

#### **Taxation**

Tax expense comprises income tax (i.e. amount of tax for the year determined in accordance with the Income Tax Act, 1961), deferred tax charge or benefit (reflecting the tax effect of timing differences between accounting income and taxable income for the year)

#### **Income tax**

Provision for income tax is recognized based on estimated tax liability computed after adjusting for allowances, disallowances and exemptions in accordance with the Income Tax Act, 1961.

#### **Deferred tax**

The deferred tax charge or benefit and the corresponding deferred tax liabilities and assets are recognized using the tax rates that have been enacted or substantially enacted as at

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the asset can be realized in future, however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of the assets. 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.

**Derivative Instruments**

Initial / additional margin paid for futures / options is included under the head current assets. Contracts are marked to market in accordance with the prevalent regulations and the amount receivable or payable is disclosed under the head current assets or current liabilities, as the case may be. The profit or loss on settlement of derivative contracts is recognized in the Profit and Loss account. As on the balance sheet date, provision for loss on futures contracts is made to the extent of mark to market margins paid, while for open options, to the extent premium paid exceeds premium prevailing on that date.

**Provisions:**

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

**Cash & Cash Equivalents:**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and fixed deposits.

**Current / Non Current Classification**

An asset shall be classified as current when it satisfies any of the following criteria:—

- (a) it is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is expected to be realised within twelve months after the reporting date; or
- (d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets shall be classified as non-current.

A liability shall be classified as current when it satisfies any of the following criteria:—

- (a) it is expected to be settled in the company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is due to be settled within twelve months after the reporting date; or
- (d) the company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities shall be classified as non-current.



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Currency : Indian Rupees)

	As at March 31, 2016	
	Nos	Amount
<b>NOTE 2 - SHARE CAPITAL</b>		
<b>Authorised</b>		
14,000,000 (P.Y. 14,000,000) Equity Shares of ₹ 10/- each	1,40,00,000	14,00,00,000
500,000 (P.Y. 500,000) Cumulative Redeemable Preference Shares of ₹ 100/- each	5,00,000	5,00,00,000
400,000 (P.Y.400,000) Cumulative Convertible Preference Shares of ₹ 100/- each	4,00,000	4,00,00,000
2,00,000 (P.Y. 2,00,000) Optionally convertible Redeemable Preference Shares of ₹ 100/- each	2,00,000	2,00,00,000
	<b>1,51,00,000</b>	<b>25,00,00,000</b>
<b>Issued, Subscribed and Paid-up</b>		
Equity Share Capital		
1,19,39,000 (P. Y. 1,19,39,000) Shares of ₹ 10/- each fully paid-up	1,19,39,000	11,93,90,000
<b>TOTAL</b>	<b>1,19,39,000</b>	<b>11,93,90,000</b>
<b>Preference Share Capital</b>		
50,000 10.00% Cumulative Redeemable Preference shares of ₹ 100/- each fully paid-up.	50,000	50,00,000
150,000 10.00% Cumulative Redeemable Preference shares of ₹ 100/- each fully paid-up.	1,50,000	1,50,00,000
<b>TOTAL</b>	<b>2,00,000</b>	<b>2,00,00,000</b>
<b>Reconciliation of Shares Equity shares with voting rights</b>		
Balance as at the beginning of the year	1,19,39,000	11,93,90,000
Add: Issue of fresh shares during the year	-	-
Balance as at the end of the year	<b>1,19,39,000</b>	<b>11,93,90,000</b>
<b>Preference shares</b>		
Balance as at the beginning of the year	2,00,000	2,00,00,000
Add: Issue of fresh shares during the year	-	-
Balance as at the end of the year	<b>2,00,000</b>	<b>2,00,00,000</b>
<b>b) List of Share Holders Holding More than 5% of the total number of shares issued by the Company</b>		
<b>Name of Equity Share Holder</b>	<b>Number of Shares</b>	<b>Percentage Shareholding</b>
Jayantilal Khandwala & Sons Pvt. Ltd.	17,33,321	14.52%
Bentley Investments Pvt Ltd	14,40,943	12.07%
Daxa Paresh Khandwala	12,71,080	10.65%
Sarthak Consultants LLP	9,43,000	7.90%
Pratik Paresh Khandwala	7,73,731	6.48%
Pranav Paresh Khandwala	6,84,737	5.74%
<b>Name of Preference Share Holder</b>		
Mina Chand	12,500	6.25%
Dolly Lai	12,500	6.25%
Sanjay Thukral	12,500	6.25%
Sindhu Seth	12,500	6.25%
Rohit Chand	<b>1,50,000</b>	<b>75.00%</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

	As At March 31, 2016 ₹
<b>NOTE 3 - RESERVES AND SURPLUS</b>	
<b>Share Premium Account</b>	
As per last Balance Sheet	4,82,73,000
Add: Received during the year	-
	<u>4,82,73,000</u>
<b>Capital Redemption Reserve</b>	<b>3,40,00,000</b>
<b>Convertible Warrant Forfeiture</b>	
As per last Balance Sheet	61,68,000
Add: Amount Forfeited during the year	-
	<u>61,68,000</u>
<b>Profit &amp; Loss Account</b>	
As per last Balance Sheet	6,38,68,902
Add: Transferred from Profit & Loss Account	(70,26,566)
	<u>5,68,42,336</u>
<b>TOTAL</b>	<b><u>14,52,83,336</u></b>
<b>NOTE 4 - NON CURRENT LIABILITIES</b>	
<b>(a) LONG -TERM BORROWINGS</b>	
<b>Secured</b>	
Vehicle Loan (Secured by hypothecation of vehicle)	34,73,167
(Terms of Payment 60 Months EMI ₹ 9,994/- P.M. interest @ 10.50% and 84 Months EMI ₹ 56,045/- P.M. interest @ 10.25%)	<u>34,73,167</u>
<b>Unsecured</b>	
Loan from Yukti Securities Ltd.	2,72,56,163
	<u>2,72,56,163</u>
	<u>3,07,29,330</u>
<b>(b) Other Long Term Liabilities</b>	
Security Deposits	1,02,25,451
	<u>1,02,25,451</u>
<b>(c) Long Term Provisions</b>	
Provision for Taxation (FBT)	5,64,501
Provision for Gratuity	(2,56,868)
Provision for Leave Encashment	85,112
	<u>3,92,745</u>



**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

		As At March 31, 2016 ₹
<b>NOTE 5 - CURRENT LIABILITIES</b>		
<b>(a) Trade Payable</b>		
Sundry Creditors		7,07,33,556
The Company has not received any intimation from 'suppliers' regarding their status under the Micro, Small and Medium enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/ payable as required under the said Act and could not be furnished.		
		<b>7,07,33,556</b>
<b>(b) Other Current Liabilities</b>		
<b>Other Liabilities</b>		
Payable to Employees		17,06,873
Statutory Dues		6,88,326
Other Liabilities		12,46,271
		<b>36,41,469</b>
<b>(c) Short Term Provisions</b>		
Provision MAT Tax		3,50,000
		<b>3,50,000</b>

**NOTE 6- FIXED ASSETS**

Particulars	Gross Block				Depreciation				Net Block
	As At 01-Apr-15	Additions during the period	Deductions during the period	As At 31-Mar-16	As At 01-Apr-15	For the period	Dep. Prov. On deletions	As At 31st March 16	As At 31st March 16
Office Buildings *	9,38,20,894	-	-	9,38,20,894	2,70,65,523	15,77,179	-	2,86,42,702	6,51,78,192
Computers	2,57,310	3,52,550	-	6,09,860	29,321	1,29,291	-	1,58,612	4,51,248
Office Equipments	4,23,433	4,14,000	-	8,37,433	1,40,689	1,09,227	-	2,49,916	5,87,517
Furniture and Fixtures	14,66,124	-	-	14,66,124	9,31,966	2,77,046	-	12,09,012	2,57,112
Vehicles	25,48,332	43,47,533	4,89,078	64,06,787	15,43,628	5,90,350	2,93,796	18,40,182	45,66,605
Plant & Machinery (Computer)	11,09,579	-	-	11,09,579	3,78,240	86,739	-	4,64,979	6,44,600
	<b>9,96,25,671</b>	<b>51,14,083</b>	<b>4,89,078</b>	<b>10,42,50,676</b>	<b>3,00,89,366</b>	<b>27,69,832</b>	<b>2,93,796</b>	<b>3,25,65,402</b>	<b>7,16,85,274</b>
<b>INTANGIBLE ASSETS</b>									
Computer Software	7,53,834	-	-	7,53,834	4,97,905	1,29,740	-	6,27,645	1,26,189
<b>Total</b>	<b>10,03,79,505</b>	<b>51,14,083</b>	<b>4,89,078</b>	<b>10,50,04,510</b>	<b>3,05,87,271</b>	<b>28,99,572</b>	<b>2,93,796</b>	<b>3,31,93,047</b>	<b>7,18,11,463</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

	Face Value	As at March 31, 2016	
		Number	Amount
<b>NOTE 7 - INVESTMENTS</b>			
<b>OTHER INVESTMENTS</b>			
<i>(Long term, non trade, fully paid up)</i>			
<b>i. Quoted</b>			
<b>Equity Shares</b>			
-			
<b>ii. Unquoted</b>			
<b>Equity Shares</b>			
Kowa Spinning Limited *	10	10,08,000	2,13,58,200
Vadodara Stock Exchange Limited	10	500	5,000
			2,13,63,200
	(i + ii)		2,13,63,200
Less : Provision for diminution			2,13,58,200
	<b>TOTAL</b>		<b>5,000</b>
<b>Quoted :</b>			
Aggregate Book Value (net of provision)			-
Market Value			-
<b>Unquoted :</b>			
Aggregate Book Value (net of provision)			5,000

\* Shares are in the process of being registered in the name of the Company.

	As At March 31, 2016 ₹
<b>NOTE - 8 LONG TERM LOANS AND ADVANCES</b>	
Deposits with exchange & other	3,03,32,664
Deposit with Companies	5,30,00,000
Share Application	2,16,68,641
<b>TOTAL</b>	<b>10,50,01,305</b>
<b>NOTE - 9 OTHER NON - CURRENT ASSETS</b>	
Advance Payment of Tax	53,25,797
In Fixed Deposit Accounts	2,95,00,000
<b>TOTAL</b>	<b>3,48,25,797</b>
<b>NOTE 10 - CURRENT INVESTMENT</b>	
<b>SHARE STOCK</b>	
Equity Shares -(Refer Appendix 10-A)	2,68,469
<b>TOTAL</b>	<b>2,68,469</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### Appendix 10-A

NAME OF THE SCRIP	As at March 31, 2016	
	Number	₹
<b>Equity/ Preference Shares :</b>		
Creative Casting Ltd	5,900	3,894
Deccan Granite Ltd	20,300	37,555
Future Consumer Enterprise Ltd	2,000	32,900
LIC MF Liquid Plus Fund	13,816	1,31,481
Pennar Ind. Ltd	200	6,000
Saraswat Co-Op Bank	2,550	25,500
Setech Electronics Ltd	2,70,000	1
Sharp Industries Ltd	2,210	10,475
Suryachakra Power Corporation	5,000	14,450
UTI Top 100 Funds	1,000	6,213
		2,68,469
		As At March 31, 2016
		₹
<b>NOTE 11 - SUNDRY DEBTORS</b>		
(Unsecured)		
Outstanding for more than six months		
Considered good		8,97,24,098
Considered doubtful		80,47,521
		9,77,71,619
Outstanding for Less than Six Months		
Considered good		82,17,463
Considered doubtful		-
		10,59,89,082
Less : Provision for Doubtful Debts		80,47,521
	<b>TOTAL</b>	<b>9,79,41,561</b>
<b>NOTE 12 - CASH AND BANK BALANCES</b>		
Cash on hand		7,47,127
Balance with Scheduled Banks:		
In Current Accounts		4,28,58,902
In Fixed Deposit Accounts (Less than One Year )		1,40,50,000
		5,69,08,902
	<b>TOTAL</b>	<b>5,76,56,028</b>
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is :		<b>5,76,56,028</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

	As At March 31, 2016 ₹
<b>NOTE 13 - SHORT TERMS LOANS AND ADVANCES</b>	
<b>Advances recoverable in cash or kind or for value to be received</b>	
Employees	7,800
Prepaid Expenses	14,83,503
Advance to Sundry Creditors	28,08,522
<b>TOTAL</b>	<b>42,99,825</b>
<b>NOTE 14 - OTHER CURRENTS ASSETS</b>	
Interest Accrued on Fixed Deposit	3,64,478
Advance for Expenses	50,705
Service Tax	16,65,135
<b>TOTAL</b>	<b>20,80,318</b>
	<b>For the year ended March 31, 2016 ₹</b>
<b>NOTE 15 - OTHER INCOME</b>	
Interest on Fixed deposits with Banks [Tax deducted at source ₹ 3,85,762/-]	38,57,415
Dividend :- On stock in trade	38,476
Interest on Income Tax Refund	1,79,865
Unrealised Gains/(Loss) On Mark to Market of F&O Stock	(23,485)
Miscellaneous Income	6,97,485
<b>TOTAL</b>	<b>47,49,756</b>
<b>NOTE 16 - EMPLOYEES' REMUNERATION AND OTHER BENEFITS</b>	
Salaries and Bonus	1,00,23,220
Managing Director's Remuneration	31,25,019
Contribution to Provident and other Funds	5,40,726
Staff Welfare Expenses	12,81,838
Gratuity	4,22,669
<b>TOTAL</b>	<b>1,53,93,472</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

	<b>For the year ended March 31, 2016</b>
	₹
<b>NOTE 17 - ADMINISTRATIVE AND OTHER EXPENSES</b>	
Financial Advisory charges	35,89,835
Computer Expenses	1,86,630
Demat charges	6,56,084
Rates and Taxes	20,10,276
Insurance	5,50,383
Internet Expenses	1,53,000
Advertisement Expenses	1,09,984
Sub Brokerage Paid	10,89,220
Business Promotion Expenses	1,35,222
Legal & Professional Fees	23,21,421
Telephone/Postage and Courier Charges	6,54,854
Electricity Charges	16,03,954
Registration Fees	9,66,887
Repairs and Maintenance	18,47,393
Security Charges	3,48,373
Printing and Stationery	4,71,260
Subscription Expenses	2,86,761
Travelling and Conveyance	8,77,331
Auditor's Remuneration	
For Audit	3,22,206
For Tax Audit	1,80,000
Directors sitting fees	75,000
Donation	26,100
Commission Paid	13,35,253
Miscellaneous Expenses	3,62,668
<b>TOTAL</b>	<b>2,01,60,094</b>
<b>NOTE - 18 FINANCE CHARGES</b>	
On Other Loans	28,00,456
Other Financial Charges	4,09,399
<b>TOTAL</b>	<b>32,09,854</b>
<b>NOTE - 19 OTHER EXPENSES</b>	
Loss on Stock Valuation	7,354
Loss on Market Operation	3,70,255
<b>TOTAL</b>	<b>3,77,609</b>

**20 Principles and assumptions used for consolidated financial statements and Performa adjustments :**

The consolidated financial statements have been prepared by applying the principles laid in the Accounting Standard (AS) – 21 “Consolidated Financial Statements” and (AS) – 23 “Accounting For Investments in Associates in Consolidated Financial Statements” issued by the Institute of Chartered Accountants of India for the purpose of these Consolidated Balance Sheet and Statement of Profit and Loss, together referred to in as ‘Consolidated Financial Statements’.

As per the requirement under section 129(3) of companies Act 2013 read with the Companies (Accounts) Amendment Rules 2014 and such other enactments came there under, the company has prepared Consolidated Financial Statement for

the FY 2015-16. FY 2015-16 is the first year for preparation of Consolidated Financial Statement therefore comparative figures for the FY 2014-15 has not been presented in consolidated financial statement.

Following are the companies whose accounts have been considered for the consolidated financial statements:

Khandwala Securities Limited ('the Company') shareholding in the following companies as on March 31, 2016 is as under:

Sr. No	Name of Associate Enterprises	As at March 31, 2016	
		No of shares	% of Holding
1	Trumonee Financial Limited	33,75,000	43.41

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**
**21 Principles used in preparing Consolidated Financial Statements:**

- a) In preparing consolidated financial statements, the financial statements of the associates are combined on a line basis by adding together like items of assets, liabilities, income and expenses.
  - b) Intra-group transactions are eliminated in preparation of consolidated financial statements.
  - c) The excess of the cost to the parent of its investment in an associate over the parent's portion of equity of the associate, at the date on which investment in the associate is made, is treated as goodwill & recognized as an asset in the consolidated financial statements.
  - d) When the cost to the parent of its investment in an associate is less than the parent's portion of equity of the associate at the date on which investment in the associate is made, the difference is treated as a capital reserve in the consolidated financial statements.
  - e) In case of Associate Enterprises, the Financial statements as on 31st March, 2016 have been consolidated as per Accounting Standard – AS 23 “Accounting for Investments in Associates in Consolidated Financial Statements”.
  - f) Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.
22. The Company provides Portfolio Management Services (PMS) to its clients. Transactions on account of PMS activities are carried out exclusively on behalf of PMS clients. Therefore, assets and liabilities arising out of the above effectively belong to the PMS clients and hence are not reflected in the Company's accounts. Management fees earned/expenditure incurred by the Company from this activity is accounted for on an accrual basis.
23. Share Application Money of ₹ 216.69 Lacs (Previous year ₹ 216.69 Lacs) is outstanding for a period of 168 months as at the balance sheet date, for which financial statements are in the process of being obtained. The Company has initiated legal proceedings against the party to recover the application money, with interest there on, under Sec 138, matter is pending for hearing at Mumbai Court.
24. Long-term deposits to various companies of ₹530.00 lacs are subject to confirmation and subsequent adjustments, if any. Since company is not in the receipt of any Interest on the same deposit since long period so that company has not accounted any interest on the same deposit.
25. In the matter of Mr. Hiten Parmar (PAN:-BGCPP4193C) regarding receivable of the outstanding amount of ₹ 56,93,287/- which is due more than 18 months, the Company have filed the case before the panel of arbitrators of National Stock Exchange of India Limited (NSE). The panel of arbitrators of NSE has considered the matter and passed the arbitral in favour of the Company on April 12, 2016 but still the Company has not received any amount from Mr. Hiten Parmar. The company is in the process to file the legal suits against Mr. Hiten Parmar for recovery of the aforesaid outstanding amount.

26. During the FY 2015-16, the company has not accounted rental income amounting to ₹ 12 Lacs in Profit & Loss Account. In past the company has consistently accounted rental income in books of accounts however due to non recovery of rental income since FY 2002-2003, the company has decided not to book rental income in profit & loss account. The Company has initiated legal proceedings against the party to recover arrears of rental income and possession of property in the Court Of Small Cause at Mumbai and same matter is pending for hearing in Court.

27. During the year, the SEBI has passed an adjudication order dated May 13, 2015 under Section 12(3) of the SEBI Act, 1992 read with regulations 28(2) of the SEBI (Intermediaries) Regulations, 2008 in the matter of trading in shares of M/s. Shree Rama Multi Tech Limited for the period June 2000 to September 2000 and suspended the certificate of registration of the Company as a Stock Broker for a period of one month.

The Company has filed an appeal against the aforesaid adjudication order of the SEBI before Securities Appellate Tribunal (SAT) on May 20, 2015. The SAT vide its order dated May 22, 2015 has granted an interim relief to the Company and set aside the aforesaid order of the SEBI till the next date of hearing. At present, the matter is pending before SAT.

28. There is a Mark to Market Loss of ₹23,485/- as on March 31, 2016 on account of Unrealized Loss on Future Contract as per AS-30.

**29. The net deferred tax assets are calculated as follows:**

(₹ In Lacs)

Particulars	Charge/ Credit during the year	As at March 31, 2016
<b>Deferred tax asset:</b>		
Provision for doubtful debtors/advances that are deducted for tax purposes when written off	-	<b>199.45</b>
Deferred Tax Asset on account of Unabsorbed Depreciation	-	<b>216.50</b>
<b>Deferred tax liability:</b>		
Additional depreciation on fixed assets for tax purposes due to higher tax depreciation rates	1.42	<b>(405.94)</b>
Expenses carried forward as per books but claimed for tax purposes as incurred	-	<b>(1.22)</b>
<b>Net Deferred tax Assets/ (Liability)</b>	1.42	<b>8.79</b>

**30. Segment Information**

For management purposes, the Company is organized into two segments - Fee based and Investment/Trading In Stock. The Company has considered these two divisions as its business segments.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

The Fee based division provides financial advisory services relating to mergers and acquisitions, equity and debt issue management, portfolio management and broking.

Investment and Stock division carries out trading, investing and speculation activities in capital markets (debt and equity) for the Company.

Fixed assets used in the Company's business are not identified to any of the reportable segments, as these are used interchangeably between segments and hence the fixed assets and depreciation are not allocated to any of the reportable segments.

As the entire business operations of the Company are conducted only in India, the Company has not reported any secondary segment information.

### Information about Primary Business Segments

(Amount in ₹ Lacs)

Sr. No.	Particulars	Year Ended March 31, 2016
<b>1</b>	<b>Segment Revenue-external</b>	
a)	Investment / Stock Operations	3.62
b)	Fee-based Operations	297.60
c)	Other Unallocated Revenue	47.50
	<b>Total revenue</b>	<b>348.72</b>
<b>2</b>	<b>Segment Result</b>	
a)	Investment / Stock Operations	3.06
b)	Fee-based Operations	55.01
	<b>Total</b>	<b>58.07</b>
	Less: Interest	32.10
	Unallocated Expenses less unallocated income	(97.66)
	Net (Loss) / Profit before Tax & prior Period Items	(71.69)
	Provision for tax (including deferred tax)	(1.42)
	Net (Loss)/Profit after tax for the year	(70.27)
	<b>Other Items</b>	
<b>3</b>	<b>Segment Assets</b>	
a)	Investment / Stock Operations	2.79
b)	Fee-based Operations	2011.69
c)	Unallocated Corporate Assets	1959.94
		3974.42
<b>4</b>	<b>Segment Liabilities</b>	
a)	Investment / Stock Operations	0.07
b)	Fee-based Operations	650.48
c)	Unallocated Corporate Liabilities	169.85
		820.39
<b>5</b>	<b>Depreciation</b>	<b>29.00</b>
<b>6</b>	<b>Non cash items other than depreciation</b>	
a)	Investment / Stock operations	0.07
b)	Fee based operations	-

### 31. Earnings per share:

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20 - Earnings Per Share prescribed by the Companies (Accounting Standards) Rules, 2006.

Basic earnings per share are computed by dividing the net profit after tax attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares and dilutive potential equity shares outstanding at year-end.

Particulars	Year ended March 31, 2016
<b>Basic</b>	
Numerator used for calculating basic earnings per share – Profit after taxation (₹ lacs)	(70.27)
Less: Dividend on Cumulative Preference share dividend (including dividend tax thereon)	-
Profit / (Loss) attributable to equity shareholders (₹ Lacs)	(70.27)
Weighted average number of shares (in lacs) used as	119.39
Denominator for calculating basic earnings per share	
Nominal value per equity share (₹)	10.00
Basic earnings per share – (Rs).	(0.59)
<b>Diluted</b>	
Numerator used for calculating Diluted earning per Share-Profit / (Loss) after taxation (₹ In Lacs)	(70.27)
Weighted Average Number of Shares (In Lacs) used as Denominator for calculating Diluted Earning per Share	119.39
Diluted earning per Share- (₹)	(0.59)

### 32. Related Party Disclosures

#### Names of Related Parties:

- A) Enterprises controlled by the relatives of the Key Managerial Personnel:
- Piggero Investments Pvt. Ltd.
  - Bentley Investments Pvt. Ltd.
  - Khandwala Commodity & Derivatives Pvt. Ltd.
- B) Key Management Personnel:
- Mr. Paresh J. Khandwala - Managing Director
  - Mr. Pranav P. Khandwala - Director / CFO



**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**
**C) Relatives of Key Management Personnel:**

1. Mrs. Bhagyashree P. Khandwala
2. Mrs. Daxa P. Khandwala
3. Mr. Pratik P. Khandwala
4. Ms. Tulsi P. Khandwala
5. Mrs. Brinda P. Khandwala

**D) Transactions with related parties for the year ended March 31, 2016**

<i>₹ in lacs</i>	
<b>Transaction</b>	<b>2015-16</b>
Brokerage received	<b>1.82</b>
Remuneration Paid	<b>31.25</b>
Advisory fees paid	<b>1.49</b>
Lease rent received	-
<b>Outstanding Balance</b>	
Sundry Debtors	<b>174.89</b>
Sundry Creditors	<b>3.41</b>
Investment Associate Companies	<b>337.50</b>

33. As per information and explanation received there are no dues payable to Small Scale Industrial Undertakings as at March 31, 2016.

**34. Transaction in foreign currency: (In lacs)**

Foreign travel expenses – ₹ 1.00.

**35. Debtors include:**

- (i) Due from a firm in which a director is interested as partner - ₹144.85 lacs.
- (ii) Due from relatives and Enterprises controlled by the relatives of the Key Managerial Personnel - ₹ 30.04 Lacs.
- (iii) The above dues have arisen in the normal course of business.

36. The creditors are largely from receipt of margin money from the clients while the debtors reflect the pattern of settlement period, wherein year-end date falls within to be settled period.

**37. Managerial Remuneration:**

- (i) Remuneration to Managing Director  
Salary and Other Allowances : ₹ 31.25 Lacs
- (ii) Sitting fees to other Directors : ₹ 0.75 Lacs

38. Liability for Employee benefits has been determined by an actuary, appointed for the purpose, in conformity with the principles set out in the accounting standard 15 (Revised) the details of which are as hereunder.

<b>I. Change in Benefit Obligation:</b>	<b>F.Y. 15 -16</b>
Liability at the beginning of the year	<b>22,29,098</b>
Interest Cost	<b>1,77,436</b>
Current Service Cost	<b>1,35,543</b>
Past Service Cost (Non Vested Benefit)	-
Past Service Cost (Vested Benefit)	-
Settlement	-

Liability Transfer in	-
Liability Transfer out	-
(Benefit Paid from the Funds)	<b>(95,827)</b>
Actuarial (Gain) / Loss on Obligations-Due to change in Financial Assumptions	<b>(6,25,297)</b>
Actuarial (Gain) / Loss on Obligations-Due to Experience	<b>5,11,034</b>
Liability at the end of the year	<b>23,31,987</b>

<b>II. Fair value of Plan Assets:</b>	<b>F.Y. 15 -16</b>
Fair Value of Plan Assets at the Beginning of the year	<b>24,42,471</b>
Expected Return on Plan Assets	<b>1,94,421</b>
Contributions by the Employer	<b>43,095</b>
Transfer from other company	-
(Transfer to other company)	-
(Benefit Paid)	<b>(95,827)</b>
Actuarial gain / (Loss) on Plan Assets- Due to Experience	<b>4,695</b>
Fair Value of Plan Assets at the end of the year	<b>25,88,855</b>

<b>III. Actual Return on Plan Assets:</b>	<b>F.Y. 15 -16</b>
Expected Return on Assets	<b>1,94,421</b>
Actuarial gain/ (Loss) on Plan Assets- Due to Experience	<b>4,695</b>
Actual Return on Plan Assets	<b>1,99,116</b>

<b>IV. Amount Recognized in the Balance Sheet:</b>	<b>F.Y. 15 -16</b>
(Present Value of Benefit Obligation at the end of the Period)	<b>(23,31,987)</b>
Fair Value of Plan Assets at the end of the year	<b>25,88,855</b>
Funded Status (Surplus/ (Deficit))	<b>2,56,868</b>
Unrecognized Past Service Cost at the end of the Period	-
Net (Liability) /Asset Recognized in the Balance Sheet	<b>2,56,868</b>

<b>V. Expenses Recognized in the Income Statement:</b>	<b>F.Y. 15 -16</b>
Current Service Cost	<b>1,35,543</b>
Net Interest Cost	<b>(16,985)</b>
Actuarial (Gain) or Loss	<b>(1,18,958)</b>
Past Service Cost (Non Vested Benefit) Recognized	-
Past Service Cost (Vested Benefit) Recognized	-
Transition Liability during the period	-
Expense Recognized in P&L	<b>(400)</b>

<b>VI. Balance Sheet Reconciliation</b>	<b>F.Y. 15 -16</b>
Opening Net Liability	<b>(2,13,373)</b>
Expense as above	<b>(400)</b>
Transfer from other company Net	-
Transfer to other company Net	-
Employer's Contribution	<b>(43,095)</b>
Net Liability /(Asset) Recognized in Balance Sheet	<b>(2,56,686)</b>



**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

<b>VII. Assumptions</b>	<b>F.Y. 15 -16</b>
Discount Rate Previous	<b>7.96%</b>
Rate of Return on Plan Assets Previous	<b>7.96%</b>
Salary Escalation Previous	<b>5.00%</b>
Attrition Rate Previous Year	<b>2.00%</b>
Discount Rate Current	<b>8.06%</b>
Rate of Return on Plan Assets Current	<b>8.06%</b>
Salary Escalation Current	<b>5.00%</b>
Attrition Rate Current Year	<b>2.00%</b>

<b>VIII. Other Details</b>	<b>F.Y. 15 -16</b>
No. of Active Members	<b>33</b>
Per Month Salary For Active Member	<b>4,70,287</b>
Projected Benefit Obligation (PBO)	<b>23,31,987</b>
Prescribed Contribution for next year (12 Months)	<b>-</b>

**Note:-**

Gratuity is payable as per company's scheme as detailed in the report.

Actuarial Gain/ Loss are accounted for in the period of occurrence in the Statement of the Profit or Loss.

Salary escalation & attrition rate are considered as advised by the company, they appear to be in line with the industry practice considering promotion and demand & supply of the employees.

Experience adjustments and comparative figure are not provided separately as it was part of earlier submitted.

Closing Expected Rate of Return taken as described in proposed Ind AS 19 on Employee Benefits.

Company has passed the Gratuity provision in Profit & Loss Account considering the valuation provided by Life Insurance Corporation of India.

**39. Contingent Liabilities: -**

- i) Contingent Liabilities on account of disputed cases pending before various authorities of Income Tax Act is annexed below. No provision has been made in the books of accounts as the outcome is still awaited:

[₹ in lacs]

<b>Name of the Statute</b>	<b>Nature of the Dues</b>	<b>Amount (₹)</b>	<b>Period to which the amount relates</b>	<b>Forum where Dispute is pending</b>	<b>Under Section</b>
Finance Act 1994	Service Tax	7.11	FY 2010 to 2016	Add. Commissioner Service Tax	73 (1) of Finance Act 1994
Income Tax Act 1961	Income Tax	31.88	A.Y. 2006-07	ITAT	271(1)(C)
		7.8	A.Y. 2007-08	CIT (A)	271(1)(C)
		4.96	A.Y. 2007-08	ITAT	143(3)
		82.65	A.Y. 2009-10	ITAT	143(3)

- ii) Preference dividends are in arrears from F.Y. 2008-09 to F.Y.2015-16 as aggregating to ₹ 1.60 Crores.
- iii) TDS defaults showing on TDS traces website for the various Financial Years as on March 31, 2016 has been reviewed and there is no possible demand arising due to that. The Company is under process of rectifying the defaults by revising the TDS returns.
40. The figures for the previous period have been regrouped, rearranged or reclassified wherever necessary to conform to the current period's presentation.

**For Udyen Jain & Associates**  
Chartered Accountants

**Mr. Udyen Jain**  
Partner  
Mem. No: F - 101201  
ICAI Registration No. 116336W

Place : Mumbai  
Date : May 20, 2016

For and on behalf of the Board of Directors  
**Khandwala Securities Limited**

**Shreedhar M.Parande**  
Chairman  
DIN: 00542525

**Pranav Khandwala**  
Chief Financial Officer

Place : Mumbai  
Date : May 20, 2016

**Paresh J. Khandwala**  
Managing Director  
DIN: 00112678

**Abhishek Joshi**  
Company Secretary

## Notes

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# KHANDWALA SECURITIES LIMITED

**Registered Office :** Ground Floor, Vikas Building, Green Street, Fort, Mumbai - 400 023.  
Tel :- 91-22-40767373; Fax:- 91-22-40767377/78; website: www.kslindia.com  
CIN: L67120MH1993PLC070709

## Proxy form

### Form No. MGT-11

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s)	
Registered Address	
Email Id:	
Folio No.	
DP Id - Client Id	

I/We, being the member(s) of \_\_\_\_\_ shares of Khandwala Securities Limited, hereby appoint:

1. \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ having e-mail id \_\_\_\_\_ or failing him
2. \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ having e-mail id \_\_\_\_\_ or failing him
3. \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ having e-mail id \_\_\_\_\_

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 23<sup>rd</sup> Annual General Meeting of the Company, to be held on Monday, the 19<sup>th</sup> day of September, 2016 at 12.15 p.m. at C. K. Nayudu Hall, in the Cricket Club of India (CCI), Brabourne Stadium, Churchgate, Mumbai – 400 020 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No	Resolutions	For	Against
1	Consider and adopt : a. the audited financial statements of the Company for the financial year ended March 31, 2016 and the Reports of the Directors and the Auditors thereon; and b. the audited consolidated financial statements of the Company for the financial year ended March 31, 2016 and the Reports of the Auditors thereon		
2	Re-appointment of Mr. Pranav Khandwala, who retires by rotation		
3	Appointment of Auditors and fixing their remuneration		
4	Change in designation of Mr. Pranav Khandwala as a Whole-Time Director of the Company		
5	Adoption of new set of Articles of Association of the Company		

Signed this ..... day of ..... 2016

Signature of Shareholder: .....

Signature of Proxy holder: .....

Affix  
Revenue  
Stamp

#### Note:

This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.



## KHANDWALA SECURITIES LIMITED

Registered Office : Ground Floor, Vikas Building, Green Street, Fort, Mumbai - 400 023.

Tel :- 91-22-40767373; Fax:- 91-22-40767377/78; website: www.kslindia.com

CIN: L67120MH1993PLC070709

### ATTENDANCE SLIP

**(To be handed over at the entrance of the meeting hall)**

Member Folio No/Client ID	DP. ID No.	No. of Shares held
Name of Member	Name of Proxy Holder	

I hereby record my presence at the **23<sup>rd</sup> Annual General Meeting** of the Company at C. K. Nayudu Hall, in the Cricket Club of India (CCI), Brabourne Stadium, Churchgate, Mumbai – 400 020 on **Monday, the 19<sup>th</sup> day of September, 2016 at 12.15 p.m.**

\_\_\_\_\_  
Signature of Member/Proxy

# ROUTE MAP FOR AGM VENUE





**REGISTERED POST / SPEED POST / COURIER**

*If undelivered, please return to :*

**KHANDWALA SECURITIES LIMITED**

Ground Floor, Vikas Building,  
Green Street, Fort,  
Mumbai - 400 023