

# 24<sup>TH</sup> ANNUAL REPORT

2016-17



*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

[www.kslindia.com](http://www.kslindia.com)

# KHANDWALA SECURITIES LIMITED

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## BOARD OF DIRECTORS

Mr. Kalpen Shukla	- Independent Director
Mr. Paresh J. Khandwala	- Managing Director
Mr. Pranav Khandwala	- Non Executive Director (w.e.f. December 04, 2016)
Mrs. Bhagyashree Khandwala	- Executive Director / Chief Financial Officer (w.e.f February 14, 2017)
Mr. Rohitasava Chand	- Independent Director
Mr. Homiar Vakil	- Independent Director

Mr. Abhishek Joshi	- Company Secretary & Compliance Officer
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## REGISTERED OFFICE

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

## AUDITORS

M/s. Udyen Jain & Associates  
Chartered Accountants  
201, 2nd 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

CONTENTS	PAGE NO.
Performance Highlights	2
Notice	3
Director's Report	8
Management Discussion and Analysis	33
Corporate Governance Report	40
Standalone Financial Statement	51
Consolidated Financial Statements	72

**Dear Shareholders**

Our endeavours since the last one year have been to try and put our best efforts to generate growth by bringing about changes in our business models. Last year, in our annual report, we introduced certain guiding principles. We have stood by these principles in terms of being fair, obeying the rules, respecting risk and making continuous effort to motivate the people connected to the organisation.

We have adhered to all these guided principles, and we are confident that by following these principles year on year, our company's foundation and values will always remain strong. We believe, that the business where the basic principles are not compromised with, it can always survive the toughest of times and emerge stronger.

We are on a journey of transformation. The industry, as well as, the way of doing business is changing. With technology speeding up spread of information, Investors are becoming more and more aware. Hence it is our endeavour to try and be one step ahead, not only in terms of information, but also in terms of processes.

We believe that going forward, the government will continue to bring many positive changes in our system. With GST being successfully introduced, the confidence of the citizens of our own nation as well as the foreign nationals, has increased. It has put our country in a bright spot and from here onwards, there seems like there is no looking back. This positive outlook in the long term would benefit our business and we look forward to capitalising on the new developments.

In the near term there could be stock-specific corrections, but no major dip in the market, as domestic liquidity has been fairly robust on the back of strong SIP and Ulip inflows.

In the medium to long term, we are quite bullish on equity markets as the Indian economy is in a sweet spot with most macro parameters like growth, inflation and current account deficit showing signs of stability.

Stable economic parameters, coupled with the pick-up in earnings growth and robust liquidity, signal good times for the equity markets over the next three to five years.

We are in the up cycle of corporate earnings growth, and earnings are likely to grow in double digits annually over the next few years, and therefore valuation multiples could remain at a premium for now. After the recent run up, Nifty is trading at 10% premium valuation over long term average on the basis of price-to-earnings ratio.

However, if one looks at other valuation parameters such as price to book and Market Capitalisation to GDP, the market is not overvalued. The current valuations on PE multiple looks higher since the markets have rallied, while we have not seen earnings growth over the past few years. While we may not rule out a correction in market in the near term, Indian equity markets are still attractive for long-term investors as the impact of structural reforms initiated by the current government will begin to show results in the next few years.

This year, your Company has reported an income of Rs 495.36 lacs, up 42.05% from last year and loss after tax of Rs. 60.95 lacs, down compared to the previous year loss. The Return on equity has been (0.51) for F.Y. 2016-17 to (0.59) for F.Y. 2015-16. The Company's Networth is now Rs 2,846.52 lacs with a balance sheet size of Rs 3,921.26 lacs. Your Company's future endeavors will be to have a healthy financial performance and a strong balance sheet which will allow us to serve you even better, through good times or eventual lean ones.

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 that 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 continued to give us support.

**With best wishes,**

**Sincerely**

**Bhagyashree Khandwala**  
**Executive Director / CFO**

**May 29, 2017**

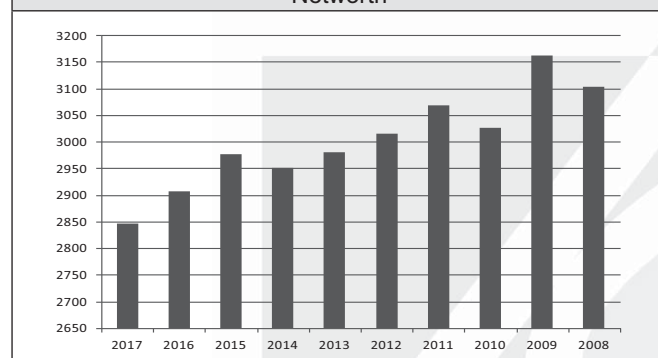
## Performance Highlights

### Consolidated Financial Performance of Khandwala Securities Limited

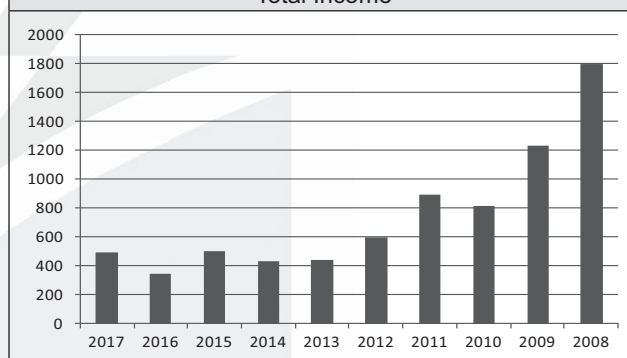
(in Rs. Lacs except per share data)

Year Ended March 31,	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Income	495.36	348.72	506.85	438.18	440.03	599.42	893.76	813.43	1231.07	1801.71
Total Expenditure	555.3	420.25	489.21	466.62	475.87	657.73	850.66	988.60	965.37	1030.71
Profit Before Tax	-59.94	-71.53	17.64	-28.44	-35.83	-58.31	43.11	-175.18	260.70	771.00
Tax Expenses	1.02	-1.42	-7.46	-0.62	-0.83	-3.32	-0.27	-0.01	39.68	97.43
Net Profit	-60.95	-70.11	25.10	-27.82	-35.01	-54.99	43.37	-175.17	226.02	673.57
Paid up Equity Capital	1193.90	1193.90	1193.90	1193.90	1193.90	1193.90	1193.90	1193.90	1193.90	1193.90
Networth	2846.52	2907.48	2977.58	2952.49	2980.31	3015.31	3070.30	3026.93	3163.82	3103.91
Diluted EPS (FV Rs. 10) (in Rs.)	-0.51	-0.59	0.21	-0.23	-0.29	-0.46	0.36	-1.66	1.67	5.58
BVPS (FV Rs. 10) (in Rs.)	22.17	22.68	23.26	23.05	23.29	23.58	24.04	23.68	24.82	23.07

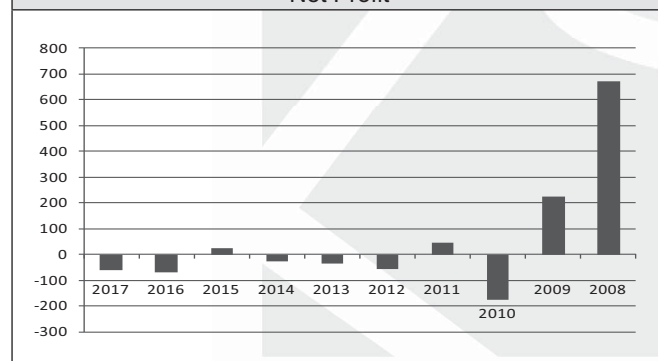
Network



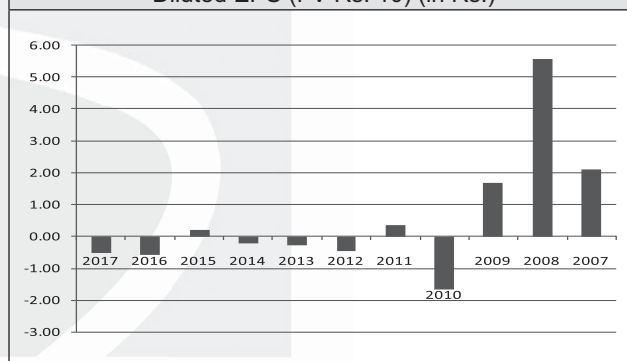
Total Income



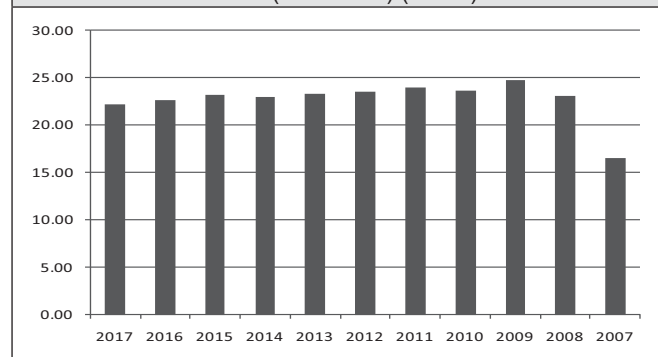
Net Profit



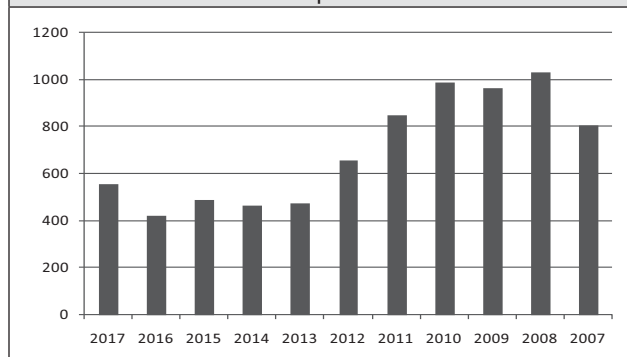
Diluted EPS (FV Rs. 10) (in Rs.)



BVPS (FV Rs. 10) (in Rs.)



Total Expenditure



## NOTICE

Notice is hereby given that the Twenty Fourth Annual General Meeting of the Members of **Khandwala Securities Limited** will be held on Thursday, September 21, 2017 at 12.30 p.m. at Garware Club House, Wankhede Stadium, 'D' Road, Churchgate, Mumbai - 400 020, 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, 2017 together with the Report of the Directors and the Auditors thereon; and
  - b. the audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2017 together with Report of the Auditors thereon.
2. To appoint a Director in place of Mrs. Bhagyashree Khandwala (DIN: 02335473), who retires by rotation and being eligible, offers herself for re-appointment.
3. **Appointment of Statutory Auditors**

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, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, as amended from time to time and pursuant to the recommendation of the Audit Committee and the Board of Directors, M/s. Aniket Kulkarni & Associates, Chartered Accountants (Firm Registration No. 130521W), be and are hereby appointed as the Auditors of the Company in place of the retiring auditors, M/s. Udyen Jain & Associates, Chartered Accountants (Firm Registration No. 116336W), for a period of three years to hold office from the conclusion of this Annual General Meeting till the conclusion of the Twenty Seventh Annual General Meeting of the Company to be held in the year 2020 (subject to the ratification of their appointment by the members at every Annual General Meeting), at such remuneration as may be mutually agreed upon between the Board of Directors and the Auditors."

### SPECIAL BUSINESS:

4. **Appointment of Mrs. Bhagyashree Khandwala as an Executive Director**  
 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 196, 197, 203 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) read with Schedule V to the Companies Act, 2013, the consent of the members of the Company be and is hereby accorded to the appointment of Mrs. Bhagyashree Khandwala (DIN: 02335473), as an Executive Director (designated as Executive Director and Chief Financial Officer) of the Company, for a period of 3 years with effect from February 14, 2017, liable to retire by rotation, on the terms and conditions, as set out below:

#### a) **Remuneration:**

Salary: Rs. 3,50,000/- per annum.

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

- Medical Reimbursement, leave travel assistance, contribution to provident fund, super annuation fund or annuity fund, gratuity etc. - as per the rules and policies 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** the Board of Directors be and is hereby authorized to alter and vary the terms and conditions of appointment and remuneration payable to Mrs. Bhagyashree Khandwala, in such manner as may be agreed to between the Board of Directors and Mrs. Bhagyashree Khandwala, subject to the same not exceeding the limits specified under Schedule V of the Companies Act, 2013.

**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profits in any financial year during the currency of tenure of Mrs. Bhagyashree Khandwala, the payment of salary, perquisites and other allowances shall be governed by the limits prescribed under Section II of Part II of Schedule V of the Companies Act, 2013.

**RESOLVED FURTHER THAT** any one of the Directors and/or Company Secretary of the Company be and are hereby authorized 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."

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

**Date :** August 9, 2017

**Place :** Mumbai

**Paresh Khandwala  
Managing Director**

#### **Registered Office:**

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

CIN: L67120MH1993PLC070709

Tel:- 91-22-40767373 Fax:- 91-22-40767377

E-mail:- investorgrievances@kslindia.com

**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 authorized representatives 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 the duly filled attendance slip enclosed herewith for attending the meeting, along with their copy of the Annual Report.
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 AGM 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 14, 2017 to September 21, 2017 (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 maintained, under Section 189 of the Companies Act, 2013 will be available for inspection by the members at the Annual General Meeting.
11. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, between 11.00 a.m. and 1.00 p.m. up to the date of the Annual General Meeting.
12. 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.
13. 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, Registrar & Share Transfer Agent. 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.
14. 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.
15. 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.
16. 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, M/s. Karvy Computershare Private Limited.
17. Brief resume of Directors 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 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings (SS-2), are provided in the Annexure to the Notice.

18. The Notice of the 24<sup>th</sup> Annual General Meeting along with the Annual Report 2016-17 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company's RTA / Depositories, unless any Member has requested for a physical copy. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted or requested modes. The Notice is being sent to all Members whose names would appear in the Register of Members as on Friday, August 18, 2017 and Directors and Auditors of the Company.

19. 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.

**20. 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 by the Companies (Management and Administration) Amendment Rules, 2015 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 24<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services. The facility of casting votes by the members using an electronic voting system from a place other than the venue of the Annual General Meeting (remote e-voting) will be provided by M/s. Karvy Computershare Pvt. Ltd. The Instructions for e-voting is enclosed with this Annual Report.

21. The Route Map showing directions to reach the venue of the 24<sup>th</sup> Annual General Meeting is annexed in this Annual Report.

**EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 102 OF THE COMPANIES ACT, 2013**

**Item No. 3**

This Explanatory Statement is provided though strictly not required as per Section 102 of the Companies Act, 2013.

In terms of the provisions of Section 139(1) of the Companies Act, 2013 ('the Act'), no listed Company can appoint or re-appoint an audit firm as auditor for more than two terms of five consecutive years. Further, as per Section 139(2) of the Act, a transitional period of three years from the commencement of the Act has been provided to comply with this requirement. Accordingly, the term of existing

Statutory Auditors, M/s. Udyen Jain & Associates, Chartered Accountants is up to the conclusion of the ensuing Twenty Fourth Annual General Meeting of the Company.

Based on the recommendation of the Audit Committee, the Board of Directors at its meeting held on June 23, 2017, proposed the appointment of M/s. Aniket Kulkarni & Associates, Chartered Accountants (Firm Registration No. 130521W), as the Statutory Auditor of the Company for a period of three years, to hold office from the conclusion of this AGM till the conclusion of the Twenty Seventh AGM of the Company to be held in the year 2020, subject to the ratification of their appointment by the members at every Annual General Meeting.

M/s. Aniket Kulkarni & Associates, Chartered Accountants have consented to their appointment as Statutory Auditors and have confirmed that if appointed, their appointment will be in accordance with the Section 139 read with Section 141 of the Act.

None of the Directors and Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, in item no. 3 of the Notice.

The Board recommends the ordinary resolution as set out in item no. 3 of the Notice for the approval of the Members.

**Item No. 4**

Based on the recommendation of Nomination and Remuneration Committee, the Board of Directors at its meeting held on February 14, 2017, appointed Mrs. Bhagyashree Khandwala as Chief Financial Officer of the Company. Subsequently, the Board also appointed Mrs. Bhagyashree Khandwala as an Executive Director of the Company for a period of 3 years w.e.f February 14, 2017, subject to the approval of the Members at the ensuing Annual General Meeting of the Company.

In the opinion of the Board, Mrs. Bhagyashree Khandwala possesses appropriate skills, experience & knowledge and fulfills the conditions for her appointment as an Executive Director and Chief Financial Officer of the Company. Her appointment as a Non-Executive Director was approved by the members in the 21<sup>st</sup> Annual General Meeting held on September 20, 2014.

The remuneration proposed to be payable to Mrs. Bhagyashree Khandwala by way of salary, perquisites and other allowances has been approved by the Nomination and Remuneration Committee and are within the limit prescribed under Section 197 read with Schedule V of the Companies Act, 2013.

The information pertaining to Section II of Part II of Schedule V of the Companies Act, 2013 are as follows:-

**I. General Information:**

- a) **Nature of industry :-** Broking and Investment Advisory Services
- b) **Date or expected date of commencement of commercial production :-** Not Applicable
- c) **In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus :-** Not Applicable
- d) **Financial performance based on given indicators: -** The Financial Performance of the Company for the Financial Year ended March 31, 2017 are as follows :-

Particulars	Amount (Rs. in Lakhs)
Total Income	495.36
Total Expenditure	555.30
Profit / (loss) before tax	(59.94)
Profit / (loss) after tax	(60.95)

- e) **Foreign investments or collaborations, if any :-** As on March 31, 2017, the total foreign shareholding in the Company is 5,71,002 equity shares i.e. 4.78% of the total capital.

**II. Information about the appointee:**

- a) **Background details :-** Mrs. Bhagyashree Khandwala has done her MBA in finance from Indian Education Society, Mumbai University. She has completed her B.Com from H. R. College of Commerce, Churchgate, Mumbai. She has more than 4 years of experience in the field of Customer Service Management. She started her career as a Relationship Manager with Citibank from May 2004 to August 2006. Later, she joined M/s. Northumbrian Water Resources, UK as Admin Assistant. She also had a good knowledge and experience in accounting, cash flow, etc.
- b) **Past remuneration :-** Nil
- c) **Recognition or awards :-** Nil
- d) **Job profile and her suitability :-** Mrs. Bhagyashree Khandwala has been appointed as an Executive Director and Chief Financial Officer (CFO) of the Company. She is looking into the day to day affairs of the Company and providing an administrative support to the management of the Company. Taking into considered her qualification and expertise in the relevant fields, she is suited for the responsibilities assigned to her by the Board of Directors.
- e) **Remuneration proposed:-** Since the same have been already explained in detail hereinabove, the same are not repeated.

- f) **Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin) :-** The proposed remuneration is much below the prevailing remuneration in the industry of similar size for similarly placed persons.
- g) **Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any :-** Mrs. Bhagyashree Khandwala is one of the person forming part of the Promoter Group of the Company and apart of the proposed remuneration as stated above, she has no other pecuniary relationship directly or indirectly with Company. Mrs. Bhagyashree Khandwala is the wife of Mr. Pranav Khandwala, Director of the Company and Mr. Pranav Khandwala is the son of Mr. Paresh Khandwala, Managing Director of the Company.

**III. Other information:**

- a) **Reasons of loss or inadequate profits :-** Due to stiff competition and higher overall expenditure including financial charges, the company has incurred losses.
- b) **Steps taken or proposed to be taken for improvement :-** The Company has taken various strategic measures to increase revenue and to reduce overall cost of expenditure.
- c) **Expected increase in productivity and profits in measurable terms :-** The Company is continuing its efforts to address the issues of increasing its productivity levels and there by optimizing its profits, despite the constraint of working capital requirement and is hopeful of posting better results in the forthcoming years.

**IV. Disclosures**

Except Mrs. Bhagyashree Khandwala and her relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in item no. 4 of the Notice.

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

**Date:** August 9, 2017

**Place:** Mumbai

**Registered Office:**

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

CIN: L67120MH1993PLC070709

**Paresh Khandwala  
Managing Director**



### **ANNEXURE TO THE NOTICE**

**Information of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meeting (SS-2):**

Name of the Director	Mrs. Bhagyashree Khandwala
DIN	02335473
Age	36 years
Qualification	B.Com, MBA (Finance)
Date of Appointment	30.05.2014
Expertise in Functional area	She has diverse experience in the field of financial market and accounting.
Terms and conditions of appointment / reappointment	As per the resolution set out at Item No. 4 of this Notice read with explanatory statement thereto
Remuneration last drawn (including sitting fee), if any	As mentioned in Corporate Governance Report
Number of meetings attended during the year	5
Directorship held in other Companies in India	<ul style="list-style-type: none"> <li>Trumonee Financial Limited</li> <li>Pan Global Trading Private Limited</li> <li>Khandwala Commodity and Derivatives Private Limited</li> </ul>
Memberships / Chairmanship of Committees in other Companies	Nil
No. of equity shares held in the Company	133980
Relationship with Directors / Key Managerial Personnel, if any	Mrs. Bhagyashree Khandwala is the spouse of Mr. Pranav Khandwala, Director and Mr. Pranav Khandwala is the son of Mr. Paresh Khandwala, Managing Director.

**DIRECTORS' REPORT**

To

The Members,

Your Directors hereby presenting their Twenty Fourth Annual Report together with the audited financial statements of your Company for the financial year ended 31<sup>st</sup> March 2017.

**FINANCIAL HIGHLIGHTS**

The summary of the Company's financial performance, for the Financial Year 2016-17 as compared to the previous Financial Year 2015-16 is given below:

(Rs. in Lakhs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Total Income	495.36	348.72
Financial Cost	34.57	32.10
Depreciation and Amortization Expenses	29.67	29.00
Profit / (Loss) before Exceptional Items & Tax	(59.94)	(71.53)
Exceptional Items	-	-
Profit / (Loss) before Tax	(59.94)	(71.53)
Provision for Tax	1.01	(1.42)
Profit / (Loss) after Tax	(60.95)	(70.11)
<b>Appropriations</b>		
Dividend on Preference Shares	-	-
Provision for Corporate Tax on Dividend	-	-
Surplus / (Deficit) carried forward	568.21	629.17
Reserves and Surplus	1452.62	1513.58

**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 2016-17.

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

During the year under review, the standalone income for the financial year was Rs. 495.36 lacs as compared to Rs. 348.72 lacs for the previous year. The total expenses during the financial year was Rs. 555.30 lacs as compared to Rs. 420.25 lacs in the previous year. The Net loss after tax was Rs. 60.95 lacs in the financial year as compared to net loss of Rs. 70.11 lacs in the previous year.

The detailed information on operational and financial performance of the Company are given in the Management Discussion & Analysis Report, forming part of this Annual Report.

**SHARE CAPITAL**

The paid up equity share capital as on March 31, 2017 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, 2017, 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 also 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 Report, forming part of this 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, Mrs. Bhagyashree Khandwala, retires by rotation at the ensuing Annual General Meeting and, being eligible, offers herself for re-appointment. The Board of Directors recommends her re-appointment.

**b) Changes in Directors and Key Managerial Personnel**

During the year under review, Mr. Pranav Khandwala was appointed as Whole-time Director of the Company w.e.f September 1, 2016. But, later he informed the Board that for exploring some other business opportunities, he will not be able to look into the day to day affairs of the Company. Hence he resigned from the designation of Whole-time Director and Chief Financial Officer (CFO) of the Company w.e.f. December 4, 2016. However, he expressed his willingness to continue to act as a Non-Executive Director of the Company. Accordingly, the Board appointed him as Non-Executive Director of the Company.

Further, Mr. Shreedhar M. Parande resigned from the Chairman of the Board and Independent Director of the Company effective from the close of business hours on November 12, 2016. The Board places on record its appreciation for the services rendered by Mr. Shreedhar M. Parande during his tenure as a member of the Board and its Committees.

Further, Mrs. Bhagyashree Khandwala was appointed as Chief Financial Officer (CFO) of the Company with effect from February 14, 2017. Subsequently, the Board also appointed Mrs. Bhagyashree Khandwala as an Executive Director of the Company, for a period of three years with effect from February 14, 2017, subject to the approval by members at the ensuing Annual General Meeting of the Company.

**DECLARATION OF INDEPENDENCE**

The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under the provisions of the Companies Act, 2013 read with schedules and rules issued there under as well as SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**MEETINGS OF THE BOARD OF DIRECTORS**

During the financial year, the Board met 5 (five) times i.e. on May 20, 2016, August 10, 2016, November 12, 2016, December 12, 2016 and February 14, 2017. 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 and meeting held during the year are provided in the Corporate Governance Report, forming 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 Board of Directors evaluated the performance of the Board after seeking inputs from all the directors on the basis of board composition and structures, understanding of their roles and responsibilities, effectiveness of board processes, etc. In a separate meeting of the Independent Directors of the Company, the performance of non-independent directors, performance of the board as a whole was evaluated after taking into accounts the view of executive directors and non-executive directors.

The Board and the Nomination and Remuneration Committee, has reviewed the performance of the individual directors of the Company on the basis of their criteria such as effectiveness, performance, transparency, strategic thinking, quality of discussions at the meetings, etc. The performance evaluation of independent directors was done by the entire board. The Directors 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 personnel 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 financial year ended 31<sup>st</sup> March, 2017, 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 31<sup>st</sup> March, 2017;
- (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 the Related Party Transactions that were entered during the financial year 2016-17 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 uploaded on the website of the Company.

#### **DEPOSITS**

During the year under review, the Company has neither accepted nor renewed any deposits from the public under the provision of Section 73 and other applicable provisions, if any, Companies Act, 2013 read with the rules made thereunder.

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

The particulars of loans, guarantees and investments made by the Company under Section 186 of the Companies Act, 2013, during the financial year, have been disclosed in the notes of the financial statements.

#### **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 2017 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 the provisions of Section 197(12) of Companies Act, 2013, the ratio of the remuneration of each Director to the median employee's remuneration and other details in term of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are forming part of this report as "Annexure - 4".

During the year under review, there was no employee was in receipt of remuneration exceeding the limits as prescribed under the provision of Section 197 of the Companies Act, 2013 read with Rule 5(2) and 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.

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 / WHISTLE BLOWER POLICY**

The Company has adopted a Vigil Mechanism/Whistle Blower Policy for the employees for reporting genuine concerns/grievances and reporting any unethical behavior or wrong practices such as fraud, violation of code of conduct, inappropriate behavior, etc. in the organization. This Policy provides the adequate safeguards against the victimization of the employees who use the vigil mechanism. The Vigil Mechanism/Whistle Blower Policy has been uploaded on the website of the Company at [http://www.kslindia.com/Admin/Fileuploads/Code\\_of\\_Corporate\\_Disclosure\\_for\\_prevention\\_of\\_Insider\\_Trading.pdf](http://www.kslindia.com/Admin/Fileuploads/Code_of_Corporate_Disclosure_for_prevention_of_Insider_Trading.pdf). The functioning of the vigil mechanism is reviewed by the Audit Committee from time to time.

#### **PREVENTION OF INSIDER TRADING**

The Company has adopted a Code of Practices and Procedure for Fair Disclosure of Unpublished Price Sensitive Information for prevention of Insider Trading. The said code is in line with the provisions of the SEBI (Prohibition of



Insider Trading) Regulations, 2015 and the same has been uploaded on the website of the Company at [http://www.kslindia.com/Static/Code\\_of\\_Conduct%20Revised\\_KSL.pdf](http://www.kslindia.com/Static/Code_of_Conduct%20Revised_KSL.pdf). All the Directors and the designated employees have complied with the Code.

#### **STATUTORY AUDITORS**

Pursuant to the provisions of Sec. 139 of the Companies Act, 2013 ("the Act") read with the Companies (Audit and Auditors) Rules, 2014, an audit firm can hold office as statutory auditor for two terms of five consecutive years i.e. for a maximum period of ten years. Further, as per the provisions of the Act, the Company is required to comply with these provisions within three years from the commencement of the Act.

M/s. Udyen Jain & Associates, Chartered Accountants, the existing Statutory Auditor of the Company has completed their terms in accordance with Sec. 139 of the Act and they will hold the office of Statutory Auditors upto the conclusion of the ensuing Twenty Fourth Annual General Meeting of the Company.

The Board, on the recommendation of the Audit Committee, at its meeting held on June 23, 2017, proposed the appointment of M/s. Aniket Kulkarni & Associates, Chartered Accountants (Firm Registration No. 130521W), as Statutory Auditor of the Company for a period of three years, to hold office from the conclusion of the ensuing Twenty Fourth Annual General Meeting till the conclusion of the Twenty Seventh Annual General Meeting of the Company, to be held in the year 2020, for the approval of the members of the Company.

M/s. Aniket Kulkarni & Associates, Chartered Accountants have consented to the said appointment as Statutory Auditors of the Company and confirmed that the appointed, if made, would be in accordance with the Section 139 and 141 of the Act.

#### **SECRETARIAL AUDITORS**

In accordance with 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, Practicing Company Secretary, to conduct the Secretarial Audit of the Company for the financial year ended March 31, 2017. The Secretarial Audit Report for the financial year ended March 31, 2017 is annexed as "Annexure-5" to this report.

There were no qualifications, reservations and adverse remarks in the Secretarial Audit Report of 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 is presently not applicable to the Company.

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

There has been an order passed by the Securities Appellate Tribunal (SAT) on March 8, 2017 in respect of the appeal filed by the Company against SEBI order dated May 13, 2015. The details of the same has been explained in point no. 9(b) of Corporate Governance Report, forming part of this Annual Report.

#### **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. 0.60 Lacs (Previous Year Rs. 1.01 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  
Khandwala Securities Limited**

Date : May 29, 2017  
Place : Mumbai

**Kalpen Shukla  
Chairman**



**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 of Associate Companies and Joint Ventures

(Amount in Rupees)

Name of the Associate Company	Trumonee Financial Limited
Latest audited Balance Sheet Date	31 <sup>st</sup> March, 2017
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	16,78,695/-
Profit/Loss for the year Considered in Consolidation	(20,424)/-
Profit/Loss for the year not Considered in Consolidation	-

**For Udyen Jain & Associates**  
**Chartered Accountants**

**Sushil Bajaj**  
**Partner**  
Mem. No: 131144  
ICAI Registration No. 116336W

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

**Kalpen Shukla**  
**Chairman**  
DIN: 00117482

**Bhagyashree Khandwala**  
**Executive Director / CFO**  
DIN:- 02335473

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

**Abhishek Joshi**  
**Company Secretary**

Place:- Mumbai

Date:- May 29, 2017

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

As on the financial year ended on March 31, 2017

[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	Broking and Investment Advisory Services	6619	70.24

**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, 2016				No. of Shares held at the end of the year as on March 31, 2017				% 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	3653932	-	3653932	30.60	3681878	-	3681878	30.84	0.24
(b) Central Govt / State Govt(s)	-	-	-	-	-	-	-	-	-
(c) Bodies Corporate	3174264	-	3174264	26.59	3319318	-	3319318	27.80	1.21
(d) Banks / FI	-	-	-	-	-	-	-	-	-
(e) Any Others	-	-	-	-	-	-	-	-	-
<b>Sub-Total A(1) :</b>	<b>6828196</b>	<b>-</b>	<b>6828196</b>	<b>57.19</b>	<b>7001196</b>	<b>-</b>	<b>7001196</b>	<b>58.64</b>	<b>1.45</b>
<b>(2) Foreign</b>									
(a) NRI - Individuals	-	-	-	-	-	-	-	-	-
(b) Other - Individuals	-	-	-	-	-	-	-	-	-

Category of Shareholder	No. of Shares held at the beginning of the year as on April 1, 2016				No. of Shares held at the end of the year as on March 31, 2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(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>6828196</b>	-	<b>6828196</b>	<b>57.19</b>	<b>7001196</b>	-	<b>7001196</b>	<b>58.64</b>	<b>1.45</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	2663312	32000	2695312	22.58	2659607	32000	2691607	22.54	(0.04)
(b) Individuals									
i. Individuals shareholders holding nominal share capital upto Rs.1 lakh	784764	55727	840491	7.04	779982	54227	834209	6.99	(0.05)
ii. Individuals shareholders holding nominal share capital in excess of Rs.1 lakh	915137	-	915137	7.67	821704	-	821704	6.89	(0.78)
(c) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(d) Others (specify):									
i. Clearing Members	739	-	739	0.01	19282	-	19282	0.16	0.15
ii. Non Resident Indians	543935	35100	579035	4.85	535902	35100	571002	4.78	(0.07)
iii. Trusts	-	-	-	-	-	-	-	-	-
iv. Nbfci	80090	-	80090	0.67	-	-	-	-	(0.67)
<b>Sub-Total B(2) :</b>	<b>4987977</b>	<b>122827</b>	<b>5110804</b>	<b>42.81</b>	<b>4816477</b>	<b>121327</b>	<b>4937804</b>	<b>41.36</b>	<b>(1.45)</b>
<b>Total Public Shareholding B=B(1)+B(2)</b>	<b>4987977</b>	<b>122827</b>	<b>5110804</b>	<b>42.81</b>	<b>4816477</b>	<b>121327</b>	<b>4937804</b>	<b>41.36</b>	<b>(1.45)</b>
<b>(C) Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>11816173</b>	<b>122827</b>	<b>11939000</b>	<b>100.00</b>	<b>11817673</b>	<b>121327</b>	<b>11939000</b>	<b>100.00</b>	<b>-</b>

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

Sr. No	Shareholder's Name	Shareholding at the beginning of the Year as on April 1, 2016			Shareholding at the end of the Year as on March 31, 2017			% 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	1271080	10.65	-	1271080	10.65	-	-
4.	Mr. Pratik Paresh Khandwala	773731	6.48	-	773731	6.48	-	-
5.	Mr. Pranav Paresh Khandwala	684737	5.74	-	684737	5.74	-	-
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	132944	1.11	-	160890	1.35	-	0.24
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	-	-
16.	Pigero Investments Private Limited	-	-	-	145054	1.20	-	1.20
	<b>Total</b>	<b>6828196</b>	<b>57.19</b>	<b>14.52</b>	<b>7001196</b>	<b>58.64</b>	<b>14.52</b>	<b>1.44</b>

**(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 (01.04.2016) / end of the year (31.03.2017)		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	01.04.2016	Nil	Nil movement during the year	1733321	14.52
		1733321	14.52	31.03.2017				
2	Bentley Investments Private Limited	1440943	12.07	01.04.2016	Nil	Nil movement during the year	1440943	12.07
		1440943	12.07	31.03.2017				
3	Mrs. Daxa Paresh Khandwala	1271080	10.65	01.04.2016	Nil	Nil movement during the year	1271080	10.65
		1271080	10.65	31.03.2017				
4	Mr. Pratik Paresh Khandwala	773731	6.48	01.04.2016	Nil	Nil movement during the year	773731	6.48
		773731	6.48	31.03.2017				

# KHANDWALA SECURITIES LIMITED

Sr. No	Shareholder's Name	Shareholding at the beginning of the year (01.04.2016) / end of the year (31.03.2017)		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
5	Mr. Pranav Paresh Khandwala	684737	5.74	01.04.2016	Nil	Nil movement during the year	684737	5.74
		684737	5.74	31.03.2017				
6.	Mrs. Tulsi Paresh Khandwala	303958	2.55	01.04.2016	Nil	Nil movement during the year	303958	2.55
		303958	2.55	31.03.2017				
7.	Mrs. Bhagyashree Pranav Khandwala	133980	1.12	01.04.2016	Nil	Nil movement during the year	133980	1.12
		133980	1.12	31.03.2017				
8.	Mrs. Leena Mayank Khandwala	54740	0.46	01.04.2016	Nil	Nil movement during the year	54740	0.46
		54740	0.46	31.03.2017				
9.	Mr. Paresh Jayantilal Khandwala	132944	1.11	01.04.2016			132944	1.11
				04.04.2016	3597	Transfer	136541	1.14
				06.04.2016	5500	Transfer	142041	1.19
				11.04.2016	700	Transfer	142741	1.20
				20.04.2016	500	Transfer	143241	1.20
				21.04.2016	150	Transfer	143391	1.20
				26.04.2016	250	Transfer	143641	1.20
				27.04.2016	1000	Transfer	144641	1.21
				28.04.2016	389	Transfer	145030	1.21
				03.05.2016	350	Transfer	145380	1.22
				05.05.2016	50	Transfer	145430	1.22
				09.05.2016	300	Transfer	145730	1.22
				10.05.2016	876	Transfer	146606	1.23
				11.05.2016	1105	Transfer	147711	1.24
				12.05.2016	805	Transfer	148516	1.24
				25.05.2016	100	Transfer	148616	1.24
				26.05.2016	663	Transfer	149279	1.25
				27.05.2016	151	Transfer	149430	1.25
				03.06.2016	1000	Transfer	150430	1.26
				07.06.2016	50	Transfer	150480	1.26
				08.06.2016	550	Transfer	151030	1.27
				14.06.2016	500	Transfer	151530	1.27
				17.06.2016	500	Transfer	152030	1.27
				20.06.2016	1500	Transfer	153530	1.29
				22.06.2016	760	Transfer	154290	1.29
				23.06.2016	1800	Transfer	156090	1.31
				24.06.2016	1000	Transfer	157090	1.32
				27.06.2016	2800	Transfer	159890	1.34
				28.06.2016	1000	Transfer	160890	1.35
		160890	1.35	31.03.2017				



Sr. No	Shareholder's Name	Shareholding at the beginning of the year (01.04.2016) / end of the year (31.03.2017)		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
10.	Mr. Jatin Ashok Khandwala	16953	0.14	01.04.2016	Nil	Nil movement during the year	16953	0.14
		16953	0.14	31.03.2017				
11.	Mr. Mayank Ashok Khandwala	14453	0.12	01.04.2016	Nil	Nil movement during the year	14453	0.12
		14453	0.12	31.03.2017				
12	Mr. Ashok Jayantilal Khandwala	1967	0.02	01.04.2016	Nil	Nil movement during the year	1967	0.02
		1967	0.02	31.03.2017				
13.	Mrs. Ramila Ashok Khandwala	160	0.00	01.04.2016	Nil	Nil movement during the year	160	0.00
		160	0.00	31.03.2017				
14.	Mrs. Sonal Jatin Khandwala	126	0.00	01.04.2016	Nil	Nil movement during the year	126	0.00
		126	0.00	31.03.2017				
15.	Paresh Jayantilal Khandwala HUF	265103	2.22	01.04.2016	Nil	Nil movement during the year	265103	2.22
		265103	2.22	31.03.2017				
16.	Pigero Investments Private Limited	-	-	01.04.2016			-	-
				22.04.2016	15000	Transfer	15000	0.13
				28.06.2016	500	Transfer	15500	0.13
				29.06.2016	500	Transfer	16000	0.15
				30.06.2016	1497	Transfer	17497	0.15
				01.07.2016	500	Transfer	17997	0.16
				04.07.2016	510	Transfer	18507	0.16
				07.07.2016	500	Transfer	19007	0.16
				08.07.2016	500	Transfer	19507	0.17
				12.07.2016	1000	Transfer	20507	0.18
				13.07.2016	500	Transfer	21007	0.18
				14.07.2016	500	Transfer	21507	0.18
				15.07.2016	500	Transfer	22007	0.19
				18.07.2016	500	Transfer	22507	0.20
				19.07.2016	1000	Transfer	23507	0.20
				20.07.2016	870	Transfer	24377	0.24
				22.07.2016	4600	Transfer	28977	0.25
				25.07.2016	549	Transfer	29526	0.25
				26.07.2016	500	Transfer	30026	0.26
				27.07.2016	1000	Transfer	31026	0.27
				28.07.2016	1000	Transfer	32026	0.28
				29.07.2016	1246	Transfer	33272	0.28
				01.08.2016	25	Transfer	33297	0.30
				16.08.2016	2207	Transfer	35504	0.30

Sr. No	Shareholder's Name	Shareholding at the beginning of the year (01.04.2016) / end of the year (31.03.2017)		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
				17.08.2016	200	Transfer	35704	0.30
				19.08.2016	300	Transfer	36004	0.30
				23.08.2016	200	Transfer	36204	0.31
				25.08.2016	500	Transfer	36704	0.31
				26.08.2016	600	Transfer	37304	0.32
				29.08.2016	1136	Transfer	38440	0.36
				30.08.2016	4503	Transfer	42943	0.38
				31.08.2016	2454	Transfer	45397	0.43
				01.09.2016	5410	Transfer	50807	0.43
				02.09.2016	34	Transfer	50841	0.43
				06.09.2016	1005	Transfer	51846	0.43
				07.09.2016	30	Transfer	51876	0.45
				08.09.2016	1425	Transfer	53301	0.48
				20.09.2016	4490	Transfer	57791	0.49
				21.09.2016	1100	Transfer	58891	0.53
				22.09.2016	4911	Transfer	63802	0.54
				23.09.2016	740	Transfer	64542	0.54
				26.09.2016	200	Transfer	64742	0.55
				27.09.2016	500	Transfer	65242	0.55
				28.09.2016	700	Transfer	65942	0.55
				29.09.2016	(150)	Transfer	65792	0.55
				30.09.2016	150	Transfer	65942	0.56
				03.10.2016	827	Transfer	66769	0.58
				04.10.2016	2550	Transfer	69319	0.59
				05.10.2016	620	Transfer	69939	0.59
				06.10.2016	275	Transfer	70214	0.59
				06.10.2016	(75)	Transfer	70139	0.59
				07.10.2016	25	Transfer	70164	0.59
				14.10.2016	250	Transfer	70414	0.59
				18.10.2016	275	Transfer	70689	0.60
				20.10.2016	500	Transfer	71189	0.62
				24.10.2016	3275	Transfer	74464	0.63
				25.10.2016	551	Transfer	75015	0.63
				26.10.2016	25	Transfer	75040	0.64
				27.10.2016	1050	Transfer	76090	0.64
				28.10.2016	25	Transfer	76115	0.66
				30.10.2016	2750	Transfer	78865	0.67
				01.11.2016	1000	Transfer	79865	0.67
				02.11.2016	100	Transfer	79965	0.67
				15.11.2016	200	Transfer	80165	0.68
				17.11.2016	1505	Transfer	81670	0.72
				22.11.2016	4300	Transfer	85970	0.72
				23.11.2016	100	Transfer	86070	0.72
				24.11.2016	150	Transfer	86220	0.73
				25.11.2016	1000	Transfer	87220	0.73



**(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 (01.04.2016) / end of the year (31.03.2017)		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	943000	7.90	01.04.2016	Nil	Nil movement during the year	943000	7.90
		943000	7.90	31.03.2017				
2.	Vicco Products (Bombay) Limited	592152	4.96	01.04.2016	Nil	Nil movement during the year	592152	4.96
		592152	4.96	31.03.2017				
3.	Prabhudas Lilladher Private Limited	570000	4.77	01.04.2016			570000	4.77
				22.04.2016	-150	Transfer	569850	4.77
				07.10.2016	-50	Transfer	569800	4.77
				14.10.2016	-272	Transfer	569528	4.77
				21.10.2016	-1207	Transfer	568321	4.76
				28.10.2016	-13540	Transfer	554781	4.65
				04.11.2016	-705	Transfer	554076	4.64
				16.12.2016	-200	Transfer	553876	4.64
				23.12.2016	-200	Transfer	553676	4.64
				06.01.2017	-405	Transfer	553271	4.63
				20.01.2017	-505	Transfer	552766	4.63
				03.02.2017	-22	Transfer	552744	4.63
				17.02.2017	-20	Transfer	552724	4.63
		552724	4.63	31.03.2017				
4.	Mrs. Brinda P. Khandwala	275761	2.31	01.04.2016	Nil	Nil movement during the year	275761	2.31
		275761	2.31	31.03.2017				
5.	SMC Global Securities Ltd	294279	2.46	01.04.2016			294279	2.46
				03.06.2016	-49	Transfer	294230	2.46
				19.08.2016	-2000	Transfer	292230	2.45
				02.09.2016	-2000	Transfer	290230	2.43
				09.09.2016	-700	Transfer	289530	2.43
				16.09.2016	-975	Transfer	288555	2.42
				23.09.2016	-4000	Transfer	284555	2.38
				30.09.2016	-4150	Transfer	280405	2.35
				07.10.2016	-3100	Transfer	277305	2.32
				20.01.2017	-3060	Transfer	274245	2.30
				03.02.2017	-2000	Transfer	272245	2.28
				10.02.2017	-7000	Transfer	265245	2.22
				03.03.2017	-7755	Transfer	257490	2.16
				10.03.2017	-578	Transfer	256912	2.15
		256912	2.15	31.03.2017				

Sr. No	Name	Shareholding at the beginning of the year (01.04.2016) / end of the year (31.03.2017)		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
6.	Mr. Manu Kalyanji Raj	222100	1.86	01.04.2016	Nil	Nil movement during the year	222100	1.86
		222100	1.86	31.03.2017				
7.	Mr. Raj Kumar Lohia	130160	1.09	01.04.2016	Nil	Nil movement during the year	130160	1.09
		130160	1.09	31.03.2017				
8.	Mr. Bharat Kantilal Patel	119880	1.00	01.04.2016	Nil	Nil movement during the year	119880	1.00
		119880	1.00	31.03.2017				
9.	Mr. Jignesh Mansukhlal Raj	91200	0.76	01.04.2016	Nil	Nil movement during the year	91200	0.76
		91200	0.76	31.03.2017				
10.	Mr. Nipa Jignesh Raj	85000	0.71	01.04.2016	Nil	Nil movement during the year	85000	0.71
		85000	0.71	31.03.2017				

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

Sr. No	Name	Shareholding at the beginning of the year (01.04.2016) / end of the year (31.03.2017)		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.	Mr. Paresh Jayantilal Khandwala (Managing Director)	132944	1.11	01.04.2016			132944	1.11
				04.04.2016	3597	Transfer	136541	1.14
				06.04.2016	5500	Transfer	142041	1.19
				11.04.2016	700	Transfer	142741	1.20
				20.04.2016	500	Transfer	143241	1.20
				21.04.2016	150	Transfer	143391	1.20
				26.04.2016	250	Transfer	143641	1.20
				27.04.2016	1000	Transfer	144641	1.21
				28.04.2016	389	Transfer	145030	1.21
				03.05.2016	350	Transfer	145380	1.22
				05.05.2016	50	Transfer	145430	1.22
				09.05.2016	300	Transfer	145730	1.22
				10.05.2016	876	Transfer	146606	1.23
				11.05.2016	1105	Transfer	147711	1.24



Sr. No	Name	Shareholding at the beginning of the year (01.04.2016) / end of the year (31.03.2017)		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
				12.05.2016	805	Transfer	148516	1.24
				25.05.2016	100	Transfer	148616	1.24
				26.05.2016	663	Transfer	149279	1.25
				27.05.2016	151	Transfer	149430	1.25
				03.06.2016	1000	Transfer	150430	1.26
				07.06.2016	50	Transfer	150480	1.26
				08.06.2016	550	Transfer	151030	1.27
				14.06.2016	500	Transfer	151530	1.27
				17.06.2016	500	Transfer	152030	1.27
				20.06.2016	1500	Transfer	153530	1.29
				22.06.2016	760	Transfer	154290	1.29
				23.06.2016	1800	Transfer	156090	1.31
				24.06.2016	1000	Transfer	157090	1.32
				27.06.2016	2800	Transfer	159890	1.34
				28.06.2016	1000	Transfer	160890	1.35
		160890	1.35	31.03.2017				
2.	Mr. Pranav Paresh Khandwala (Non-Executive Director)	684737	5.74	01.04.2016	Nil	Nil movement during the year	684737	5.74
		684737	5.74	31.03.2017				
3.	Mrs. Bhagyashree Pranav Khandwala (Executive Director / CFO)	133980	1.12	01.04.2016	Nil	Nil movement during the year	133980	1.12
		133980	1.12	31.03.2017				
4.	Mr. Rohitasava Chand (Independent Director)	-	-	01.04.2016	Nil	Nil movement during the year	-	-
		-	-	31.03.2017				
5.	Mr. Kalpen Shukla (Independent Director)	-	-	01.04.2016	Nil	Nil movement during the year	-	-
		-	-	31.03.2017				
6.	Mr. Homiar N. Vakil (Independent Director)	-	-	01.04.2016	Nil	Nil movement during the year	-	-
		-	-	31.03.2017				

Sr. No	Name	Shareholding at the beginning of the year (01.04.2016) / end of the year (31.03.2017)		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
7.	Mr. Abhishek Joshi (Company Secretary & Compliance Officer)	-	-	01.04.2016	Nil	Nil movement during the year	-	-
		-	-	31.03.2017				

**(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	34,73,167	2,50,00,000	-	2,84,73,167
ii) Interest due but not paid	-	22,56,163	-	22,56,163
iii) Interest accrued but not	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>34,73,167</b>	<b>2,72,56,163</b>	<b>-</b>	<b>3,07,29,330</b>
<b>Change in Indebtedness during the financial year</b>				
- Addition	-	25,00,000	-	25,00,000
- Reduction	4,56,983	35,64,041	-	40,21,024
<b>Net Change</b>	<b>4,56,983</b>	<b>10,64,041</b>	<b>-</b>	<b>15,21,024</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	30,16,184	2,50,00,000	-	2,80,16,184
ii) Interest due but not paid	-	11,92,122	-	11,92,122
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>30,16,184</b>	<b>2,61,92,122</b>	<b>-</b>	<b>2,92,08,306</b>

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

**A. Remuneration to Managing Director, Whole-time Director and/or Manager:**

Sr. No	Particulars of Remuneration	Mr. Paresh Khandwala (Managing Director)	Mrs. Bhagyashree Khandwala (Executive Director / CFO)**	Mr. Pranav Khandwala (Whole-Time Director)***	Total Amount (in Rs.)
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	27,90,003	39,009	2,13,651	30,42,663
	(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*	3,34,997	5,709	41,250	3,81,975
	<b>Total</b>	<b>31,25,000</b>	<b>44,718</b>	<b>2,54,901</b>	<b>34,24,638</b>
	Ceiling as per the Act				#

\* others include reimbursements and special allowance.

\*\* appointed w.e.f. February 14, 2017.

\*\*\* ceased to be Whole-time Director and Chief Financial Officer w.e.f December 04, 2016.

# since the Company has incurred losses the overall ceiling is as per the limits stipulated in schedule V and Section 197 of the Companies Act, 2013

**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. Rohitasava Chand 3. Mr. Kalpen Shukla 4. Mr. Homiar N. Vakil	15,000 5,000 25,000 25,000
2	Commission	-	
3	Others, please specify	-	
4	Total (1)	-	
5	Other Non-Executive Directors · Fee for attending Board Meeting	Mrs. Bhagyashree Khandwala	25,000
6	Others, please specify	-	
7	Total (2)	-	
8	Total (B)=(1+2)	-	

**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)	Mrs. Bhagyashree Khandwala (CFO)**	Mr. Pranav Khandwala (CFO)***	
1	Gross salary	5,05,400	-	1,83,330	6,88,730
	(a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961				
	(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 *	44,600	-	66,665	1,11,265
	Total	5,50,000	-	2,49,995	7,99,995

\* others include reimbursements and special allowance.

\*\* Appointed as Executive Director and CFO w.e.f February 14, 2017.

\*\*\* Remuneration received as CFO till August 31, 2016.

**(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)
A. COMPANY					
Penalty			None		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			None		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
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.

**Annexure - 4**

**Disclosure of Remuneration 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 to the median remuneration of all 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	<b>Executive Directors / KMP</b>		
		Mr. Paresh Khandwala (Managing Director)	9.34	Nil
		Mrs. Bhagyashree Khandwala (Executive Director and CFO w.e.f 14.02.2017)	0.13	N.A
		Mr. Pranav Khandwala (Whole-time Director and CFO till 04.12.2016)	0.76	N.A
		Mr. Abhishek Joshi (Company Secretary)	1.64	Nil
		<b>Non - Executive Directors</b>		
		Mr. Kalpen Shukla	-	N.A
		Mr. Rohitasava Chand	-	N.A
		Mr. Homiar N. Vakil	-	N.A
		Mr. Shreedhar M. Parande (up to 12.11.2016)	-	N.A
2	The percentage increase in the median remuneration of employees in the financial year	12.39%.		
3	The number of employees as on 31 <sup>st</sup> March, 2017 on the rolls of Company	35 employees as on 31 <sup>st</sup> March 2017		
4	The explanation on the relationship between average increase in remuneration and company performance	The average increase in remuneration of all employees was 15.59%. The increase in remuneration was in line with the Company's market competitiveness.		
5	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 was 15.59% and there was no change in managerial remuneration during the year.		
6	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.		
7	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.		
8	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.		

**Note:-**

The Non-Executive Directors of the Company has received remuneration by way of sitting fees only and the same is not been included in the aforesaid calculation of remuneration.

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

Date: May 29, 2017  
Place: Mumbai

**Paresh Khandwala  
Managing Director**

**SECRETARIAL AUDIT REPORT****FORM NO. MR – 3****FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2017**

[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, 2017, 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, 2017 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** 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**

**Place:** Mumbai  
**Date:** May 29, 2017

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

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 Bhunesh Bansal & Associates**

**Place:** Mumbai  
**Date:** May 29, 2017

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

## Management Discussion and Analysis

### Global Economy

The global economy is in the midst of a decade long slow growth environment characterized by an imminent productivity growth crisis. The looming labor shortage in mature economies and skill deficiencies in emerging markets will add further challenges to global economic prospects. Global financial markets continue to face elevated levels of uncertainty notwithstanding the resilience to the outcomes of Brexit referendum and the US elections. A negative feedback loop arising from productivity and global trade slowdowns and rising protectionism is adding to the pessimistic outlook on global recovery even as the uptick in US interest rates poses a significant risk to emerging market economies.

The forces shaping the global outlook—both those operating over the short term and those operating over the long term—point to subdued growth for 2016 and a gradual recovery thereafter, as well as to downside risks. These forces include new shocks, such as Brexit, U.K. referendum result in favour of leaving the European Union; ongoing realignments, such as rebalancing in China and the adjustment of commodity exporters to a protracted decline in the terms of trade; and slow-moving trends, such as demographics and the evolution of productivity growth; as well as non-economic factors, such as geopolitical and political uncertainty. The subdued recovery also plays a role in explaining the weakness in global trade and persistently low inflation.

According to Goldman Sachs global growth expected for 2017 is likely to be 3.5%. Fiscal easing under the Trump organisation and a consistent and gradual improvement in labour market conditions has led to the US growing at 2-3 percent. Europe's growth forecast is 1.5%, Japan's growth rate is in the range of 1% caused due to the weakness in the demographics and decline in the working age population. China is expected to grow by 6.5 percent. However, long term concerns remain due to the continued rapid debt growth, which has a potential for financial weakness. Commodity producers saw a lot of economic pain in 2015-16 but there is gradual recovery.

### Indian Economy

Indian economy grew at 7.1 percent in FY2017 from 8 percent in FY2016. Despite some delays in domestic policy reforms and enduring fragilities in the banking system, investment demand is supported by the monetary easing cycle, rising FDI, and government efforts towards infrastructure investments and public-private partnerships. Economic activity is beginning to firm after demonetization that shocked the economy that resulted in massive cash shortages and economic disruptions through the economy

at the end of last year and growth is expected to have slowed to a multi-year low in Q3 FY 2016. The manufacturing PMI crossed into expansionary territory in January and imports rebounded. Despite the backdrop of more moderate growth, the government stuck to a market friendly budget for FY 2017. The budget pursued growth-supportive policies while targeting a narrower deficit of 3.2% of GDP and was met with a positive market reaction.

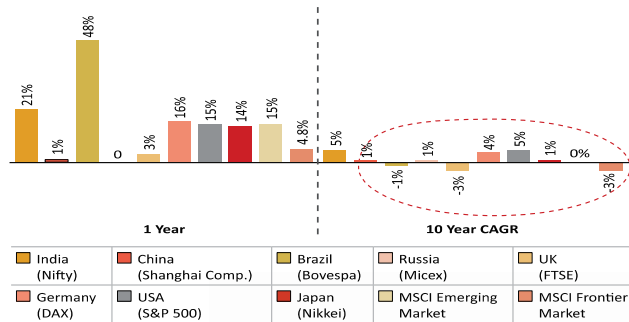
With the government taking steps to improve ease of doing business and relax regulations, Foreign Direct Investment into the country surged 60 per cent to \$4.68 billion in November last year maximum from Singapore, Mauritius, the UK, the US, the Netherlands and Japan. The Reserve Bank of India (RBI) signalled an unexpected early end to the two-year-old rate cut cycle, citing concerns of resurgent inflation. The monetary policy committee (MPC), headed by Governor Urjit Patel, decided unanimously to shift the policy stance from "accommodative" to "neutral" and has left the repo rate at 6.25%.

### The Equity Markets in FY2017

The large cap benchmark, Nifty 50, rose 18.55% YoY in FY2017 to close at 9174 points, after declining 8.86% YoY in FY2016. The multi-cap benchmark, Nifty 500, rose 23.91% for the year to close at 7995 points. The indices delivered positive returns during each quarter of the year except in Q3 FY2017, when it was impacted by the demonetisation news. However, the economy has since shown signs of recovery. Following net outflows by FIIs from Indian equities during FY2016, the year FY2017 saw strong net inflows. However, it was still lower than the levels seen during FY2013 and FY2015. DII saw net inflows for the 2<sup>nd</sup> consecutive year, although this year was subdued as compared to FY2016. The DII flows were largely led by the renewed interest in equity mutual funds by Indian households, who are increasingly viewing it as a long term savings vehicle delivering higher inflation adjusted returns as compared to fixed income products. The period following demonetisation only reaffirmed the shift in household savings from physical assets to fixed income products. The period following demonetisation only reaffirmed the shift in household savings from physical assets to financial assets, which augurs well for companies like us. NSE market capitalisation stood at INR 119.78 lakh crore as of March 2017, up 28.66% for the year. The long term performance of India's market capitalisation remains strong, with its 10-Year CAGR at 13.53%.

India's Nifty outperformed most Emerging Markets in US\$ terms, both in the long-term (10-Year CAGR) and Medium Term (1-Year returns). It also outperformed the Frontier Market Index

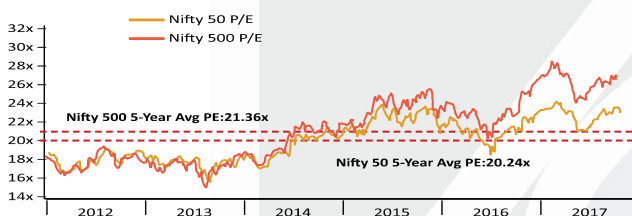
## Benchmark Indices Performance as of March 2017 (in US Dollar Terms)



Source: Bloomberg

P/E of both Nifty and Nifty 500 rose till Q2 FY2017, then saw trend reversal till Q3 FY2017 to converge towards their 5-Year averages, and followed by a subsequent uptick in Q4 FY2017

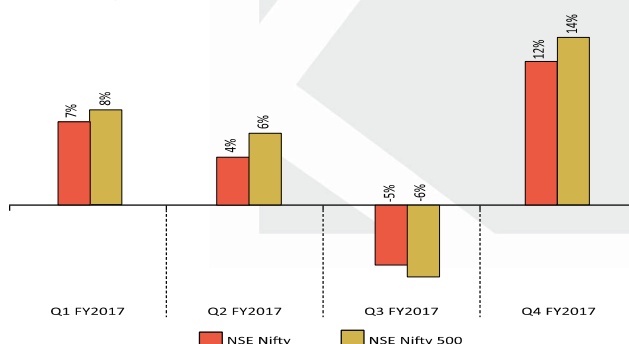
## Historical P/E Ratios of Nifty 50 and Nifty 500 Indices



Source: NSE

Both Nifty and Nifty 500 indices delivered positive returns during each quarter of the year, except Q3 FY2017

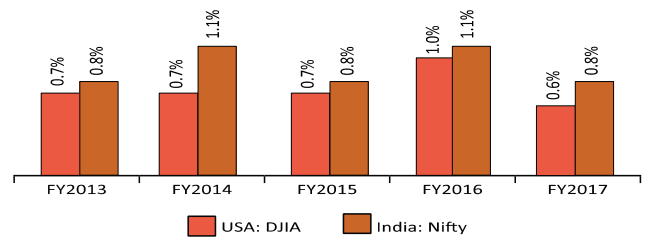
## Quarter-wise Returns of NSE Indices across Market-Cap categories



Source: NSE

FY2017 was less volatile both in India and USE, as the standard deviations of Nifty and DJIA were lower in FY2017 vs. FY2016

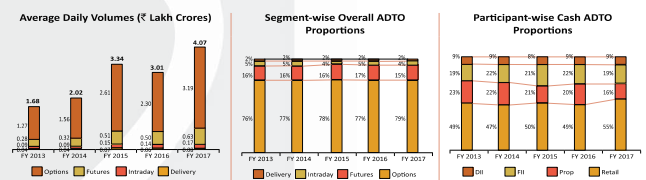
## Volatility (Standard Deviation) of benchmark indices



Source: NSE, Yahoo Finance

## Industry Facts

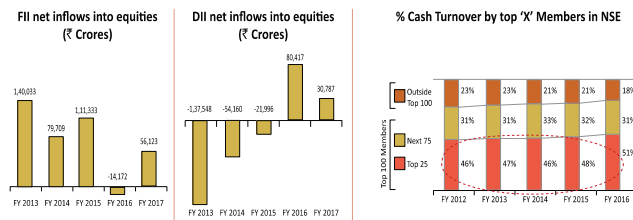
Equity market average daily traded volumes (ADTO) were INR 4.07 lakh crores in FY2017, up 35.27% YoY from 3.01 lakh crores in FY2016. Cash market ADTO was INR 24,687.58 crores in FY2017, up 22.57% from 20,150.08 crores in FY2016. Within cash, delivery increased 33.12% YoY to INR 8,075.90 crores. Cash volumes were 83.94% higher than the average seen between FY2012-14 and delivery volumes were 106.78% higher than the FY2012-14 average. Within derivatives, futures volume rose 24.73% YoY to INR 62,623.52 crores while options rose 38.68% YoY to INR 3.19 lakh crores. Amongst cash market participants, retail was up 38.54% YoY and institution was up 13.63% YoY, while prop was down 2.43% YoY. Within institution, DII cash volumes increased 30.66% YoY led by renewed interest in equity mutual funds from retail / HNI investors. The proportion of retail within cash volumes increased from 48.88% to 59.34% YoY while that of DII increased from 8.36% to 9.69% YoY. With primary market seeing higher IPO activity since the last two years and IPOs typically being a point of entry for new investors into direct equities, the incremental demat accounts created during FY2017 and FY2016 has been much higher than the previous years. As primary market issues pick up further, the incremental accounts should also pick up to commensurate pace.



Source: BSE, NSE

While FIIs saw net outflows from Indian equities during FY2016, FY2017 saw strong net inflows. However, this was still lower than the levels seen during FY2013 and FY2015. Factors like implementation of the Goods and Services Tax, relative economic growth and correction in the US dollar index attracted foreign investors towards India. DIIs saw net inflows for the 2<sup>nd</sup> consecutive year, largely led by the renewed interest in equity mutual funds. Consolidation of NSE cash market volumes amongst the Top 25 brokers increased in FY2016 when the market rallied. Top 25 brokers comprised 45.95% of cash volumes in FY2014, which increased to 47.82% till FY2015, and to 50.50% in

## FY2016.

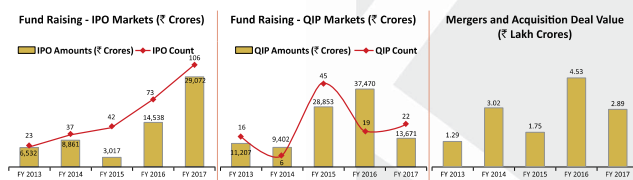


Source: BSE, NSE, SEBI, CDSL

## Investment Banking

### Industry Facts

The number of IPOs in India increased from 73 in FY2016 to 106 in FY2017. The amount of funds raised through IPOs in FY2017 was INR 29,071.56 crores, up from INR 14,537.59 crores in the previous year. Big ticket IPOs in FY2017 were from the BFSI sector, including ICICI Prudential Life Insurance, PNP Housing Finance, RBL Bank and Bombay Stock Exchange, apart from retailer Avenue Supermart and Mahanagar Gas. The number of QIPs increased from 19 in FY2016 to 22 in FY2017. However, the amount of funds raised through QIPs in FY2017 was INR 13,670.96 crores, down from INR 37,470.23 crores in the previous year. FY2017 saw only two large ticket QIPs, viz Yes Bank and Hindalco Industries, who raised INR ~4,900 crores and INR ~3,300 crores respectively. M&A activity in India was muted in FY2017. The deal value in FY2017 was INR 2.89 lakh crores, much lower than the INR 4.53 lakh crores in FY2016. The number of M&A deals was marginally lower at 963 in FY2017, as compared to 996 in FY2016. Prominent M&A deals this year included Rosneft-Essar Oil, HDFC Standard Life-Max Life Insurance, Reliance Communication-Aircel and Ultratech Cement-Jaiprakash Associates.



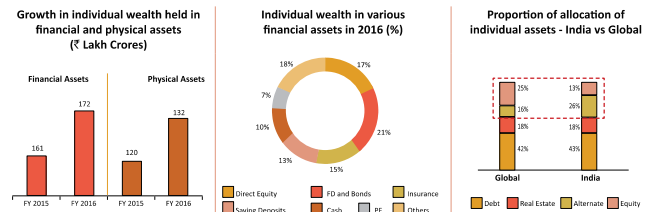
Source: BSE, NSE, Bloomberg, News Articles

## Wealth Management

### Industry Facts

As per the Karvy Private Wealth Report 2016, the total wealth held by individuals in India grew by 8.50% YoY to INR 304.29 lakh crores in FY2016. Within this, physical assets comprised INR 132.27 lakh crores and financial assets comprised INR 172.03 lakh crores. During FY2016, individual wealth in financial assets grew by 7.14% YoY, led by insurance and provident fund. In FY2016, ~48% of the new money was invested in financial assets in FY2016, while fixed assets as compared to ~35-40% in the previous years. Direct equity comprised 17.23% share in financial

assets in FY2016, while fixed deposits comprised 21.40%. However, the composition of equities in overall assets is still very less in India, as compared to the world.



Source: Karvy Wealth Report 2016

## 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 the 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 participation; **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. 495.36 Lakhs**

**Net Profit / (Loss) of Rs. (60.95) Lakhs**

**Earnings Per Share (EPS) of Rs. (0.51)**

**Segment Highlights – FY2017 over FY2016 & FY2015:**

Segment	FY2017	FY2016	FY2015
Brokerage	346.45	294.56	440.76
Corporate Advisory Services	1.50	3.03	0.40
Income from Capital Market Operations	22.79	3.61	4.72
Others	124.62	47.49	60.97
<b>Total Income</b>	<b>495.36</b>	<b>348.71</b>	<b>506.85</b>



Ratios	FY2017	FY2016	FY2015
Debt / Equity	0.10	0.10	0.10
Book Value (INR)	22.17	22.68	23.26

**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 69.94% of our total revenues at Rs. 495.36 Lacs for the year ended March 31, 2017.

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 1<sup>st</sup> April 2016 to 31<sup>st</sup> March 2017.

**Institutional Equities business:**

Equity and derivatives brokerage business of the Company contributed 69.94% of the consolidated revenue during this financial year. The Company's revenue of Rs. 495.36 Lacs for the year showed a increase of 42.05% 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. At present, we have over 13 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 6.36% during the FY2017 over previous FY2016.

Category	Brokerage Revenue during FY 16-17	Brokerage Revenue during FY 15-16
MF	-	-
INS	3,27,329	4,50,957
BANKS	18,39,437	23,45,885
CORP	15,18,085	6,68,540
<b>Total</b>	<b>36,84,851</b>	<b>34,64,383</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 importance 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 of garnering much larger assets under management through the PMS division compared to last year and would be able to clearly demonstrate its core expertise to maximize the value under PMS, even during 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 large 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.



**CORPORATE GOVERNANCE REPORT  
for the year 2016-17**

*[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.

The Company is in compliance with the corporate governance requirements stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**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 Company has an optimum combination of Executive and Non-Executive Directors. As on 31<sup>st</sup> March, 2017, the Board comprises of six Directors out of which four are non-executive Directors and two are executive directors. Out of the four non-executive Directors, three 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 following table gives details for the financial year 2016-17 of directorships, category and number of memberships of board / committees of various other public companies:

Name & DIN No. of the Directors	Category of Directorship	No. of Directorships in other Companies (excl. Khandwala Securities Limited)*	No. of Committee Positions held in other Companies (excl. Khandwala Securities Limited)**	
			Member	Chairman
Mr. Kalpen Shukla <sup>(S1)</sup> (DIN: 00117482)	Chairman, Non-Executive, Independent Director	-	-	-
Mr. Shreedhar M. Parande <sup>(S2)</sup> (DIN: 00542525)	Chairman, Non-Executive, Independent Director	2	3	1
Mr. Paresh J. Khandwala (DIN: 00112678)	Managing Director, Promoter	1	-	-
Mr. Pranav Khandwala <sup>(S3)</sup> (DIN: 00519113)	Non-Executive, Non-Independent Director	1	-	-
Mrs. Bhagyashree Khandwala <sup>(S4)</sup> (DIN: 02335473)	Executive Director & Chief Financial Officer	1	-	-
Mr. Rohitasava Chand (DIN: 00011150)	Non-Executive, Independent Director	1	-	-
Mr. Homiar N. Vakil (DIN: 05210178)	Non-Executive, Independent Director	-	-	-

\* only directorship in public limited companies incorporated in India have been considered.

\*\* only audit committee and stakeholders relationship committee in other public limited companies have been considered for the committee positions.

<sup>S1</sup> appointed as Chairman of the Board with effect from December 12, 2016.

<sup>S2</sup> ceased to be Chairman and Independent Director with effect from close of business hours of November 12, 2016.

<sup>S3</sup> ceased to be Whole-time Director and Chief Financial Officer with effect from December 4, 2016, but will continue to act as a Non Executive Director.

<sup>S4</sup> appointed as Executive Director and Chief Financial Officer with effect from February 14, 2017.

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 they hold the Directorship. 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 2016-2017, 5 (Five) Board Meetings were held on May 20, 2016, August 10, 2016, November 12, 2016, December 12, 2016 and February 14, 2017. 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 2016-17 and at the last Annual General meeting are given below:

Name of the Directors	No. of Board Meetings during the financial year 2016-2017		Attendance at the last Annual General Meeting held on September 19, 2016
	held	attended	
Mr. Paresh J. Khandwala	5	5	Present
Mr. Rohitasava Chand	5	1	Absent
Mr. Kalpen Shukla	5	5	Present
Mr. Pranav Khandwala	5	2	Present
Mr. Homiar N. Vakil	5	5	Present
Mrs. Bhagyashree Khandwala	5	5	Present
Mr. Shreedhar M. Parande (up to November 12, 2016)	3	3	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, 2017
1	Mr. Pranav Khandwala	684737
2	Mr. Rohitasava Chand	Nil
3	Mr. Kalpen Shukla	Nil
4	Mr. Homiar N. Vakil	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**

Pursuant to Schedule IV of the Companies Act, 2013 and Regulation 25(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of the Independent Directors of the Company was held on March 22, 2017 without the attendance of non-independent directors and members of management.

**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 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 31<sup>st</sup> March, 2017, the Audit 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. Homiar N. Vakil	Member	Non-Executive, Independent Director
3	Mr. Rohitasava 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 2016-17, 4 (four) meetings of the Committee were held on May 20, 2016, August 10, 2016, November 12, 2016 and February 14, 2017.

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 2016-2017 are given below:

Name of Members	No. of Meetings	
	Held	Attended
Mr. Kalpen Shukla	4	4
Mr. Homiar N. Vakil (w.e.f November 12, 2016)	1	1
Mr. Rohitasava Chand	4	1
Mr. Shreedhar M. Parande (upto November 12, 2016)	3	3

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 upto November 12, 2016 was present at the last Annual General Meeting of the Company held on September 19, 2016.

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 compliance 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 31<sup>st</sup> March, 2017, the Nomination and Remuneration Committee comprises of following 3 (three) Directors as Members:

Sr. No	Name of Members	Designation	Category
1	Mr. Rohitasava Chand	Chairman	Non-Executive, Independent Director
2	Mr. Kalpen Shukla	Member	Non-Executive, Independent Director
3	Mr. Homiar N. Vakil	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 2016-17, 2 (two) meetings of the Committee were held on August 10, 2016 and February 14, 2017. The details of attendance of members in the Nomination and Remuneration Committee Meeting held during the financial year 2016-2017 are given below:

Name of Members	No. of Meetings	
	Held	Attended
Mr. Kalpen Shukla	2	2
Mr. Homiar N. Vakil (w.e.f November 12, 2016)	1	1
Mr. Shreedhar M. Parande (upto November 12, 2016)	1	1
Mr. Rohitasava Chand	2	-

##### **Nomination and Remuneration Policy**

Pursuant to the provisions of Section 178 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has framed a Nomination and Remuneration Policy of the Company and the same is annexed to the Directors' Report.

#### **5. BOARD EVALUATION**

In accordance with the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 for the financial year ended March 31, 2017. The Independent Directors at their separate meeting held during the financial year has reviewed the performance of non-independent directors. The performance evaluation of the Independent Directors was carried out by entire board. 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 the Managing Director, Whole-time Director and Executive Director during the financial year ended March 31, 2017 are as under:

(in Rs.)

Name & Designation of Directors	Salary	Commission	Perquisites and Allowance	Total (In Rs.)	Tenure of Appointment
Mr. Paresh J. Khandwala (Managing Director)	27,90,003	Nil	3,34,997	31,25,000	January 1, 2015 to December 31, 2018
Mrs. Bhagyashree Khandwala (Executive Director and CFO w.e.f February 14, 2017)	39,009	Nil	5,709	44,718	February 14, 2017 to February 13, 2020
Mr. Pranav Khandwala (Whole-Time Director till December 04, 2016)	2,13,651	Nil	41,250	2,54,901	-

**Note:** There is no Scheme of "Employee Stock Options" during the financial year 2016-17.

### 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, 2017 are as under:

Names of Directors	Sitting Fees (in Rs.)
Mr. Shreedhar Parande	15,000
Mr. Kalpen Shukla	25,000
Mr. Rohitasava Chand	5,000
Mr. Homiar N. Vakil	25,000
Mrs. Bhagyashree Khandwala	25,000
<b>Total</b>	<b>95,000</b>

## 7. STAKEHOLDERS RELATIONSHIP COMMITTEE

### a) Composition

In 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, 2017, the Stakeholders Relationship Committee comprised of the following 3 (three) Directors as members:

Sr. No	Name of Members	Designation	Category
1	Mr. Kalpen Shukla	Chairman	Non-Executive, Independent Director
2	Mr. Rohitasava 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 2016-17, 1 (one) meeting of the Committee was held on February 14, 2017. The details of attendance of members in the Stakeholders Relationship Committee Meeting held during the financial year 2016-2017 are given below:

Name of Members	No. of Meetings	
	Held	Attended
Mr. Rohitasava Chand	1	-
Mr. Paresh Khandwala	1	1
Mr. Kalpen Shukla (w.e.f November 12, 2016)	1	1

Mr. Shreedhar M. Parande ceased to be a member of the Stakeholders Relationship Committee w.e.f November 12, 2016.

The Company Secretary of the Company is the Compliance Officer.

The details of the complaints received and resolved during the financial year 2016-2017 are as follows:-

Opening as on April 1, 2016	Nil
Received during the year	Nil
Resolved during the year	Nil
Closing as on March 31, 2017	Nil

## 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
2015 – 2016 23 <sup>rd</sup> Annual General Meeting	Monday, September 19, 2016 at 12.15 p.m.	C.K. Nayudu Hall, Cricket Club of India (CCI), Brabourne Stadium, Churchgate, Mumbai - 400 020	None
2014 – 2015 22 <sup>nd</sup> Annual General Meeting	Saturday, September 19, 2015 at 12.15 p.m.	C.K. Nayudu Hall, Cricket Club of India (CCI), Brabourne Stadium, Churchgate, Mumbai - 400 020	➤ Re-appointment of Mr. Pares 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. Nayudu Hall, Cricket Club of India (CCI), Brabourne Stadium, Churchgate, Mumbai - 400 020	➤ change in borrowing powers limits upto Rs. 150 crores

No resolution was passed by the Company during the Financial Year 2016-17 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;

- The Securities Appellate Tribunal (SAT) vide its order dated March 8, 2017 dismissed the appeal filed by the Company which challenging the SEBI Order dated May 13, 2015, in the matter of dealing in scrip of M/s. Shree Rama Multi Tech Limited during the period June 2000 to September 2000, which imposing into a penalty of suspending the certificate of registration

of the Company as a stock broker at National Stock Exchange of India Limited for a period of one month.

The Company has challenged the aforesaid SAT order before the Hon'ble Supreme Court of India ("the Court"). The Court has granted an interim stay on the operations of the aforesaid SAT order till the disposal of this matter. At present, the matter is pending for hearing before the Court.

### (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 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, 2017.

**(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, 2017 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](http://www.kslindia.com). During the year, the Company has not made any

presentations to the Institutional Investors or analysts.

**11. GENERAL SHAREHOLDER INFORMATION**

**a) Date and Venue of the 24<sup>th</sup> Annual General Meeting**

The 24<sup>th</sup> Annual General Meeting of the Company is scheduled to be held at Garware Club House, Wankhede Stadium, 'D' Road, Churchgate, Mumbai - 400 020 on Thursday, September 21, 2017 at 12.30 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 14, 2017 to September 21, 2017 (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 2017-2018 has been paid by the Company to BSE and NSE.

**f) Financial Calendar 2017-2018 (Tentative dates)**

Results for the quarter ended June 30, 2017	on or before August 14, 2017
Results for the quarter ended September 30, 2017	on or before November 14, 2017
Results for the quarter ended December 31, 2017	on or before February 14, 2018
Results for the financial year ended March 31, 2018	on or before May 30, 2018

**g) Custodial Fees to Depositories**

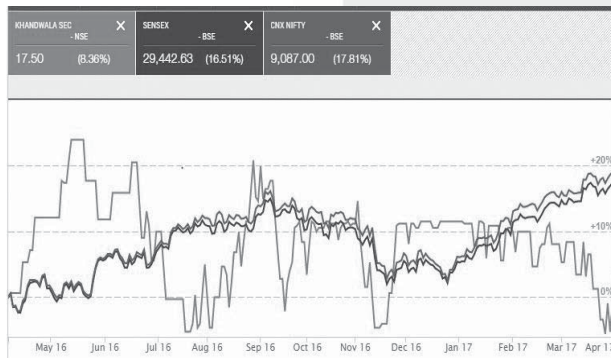
The Annual Custody/Issuer fee for the financial year 2017-18 has been paid by the Company to National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL).

**h) Stock performance**

**Market Price Data**

Monthly High, Low and Close price in the last financial year 2016-17 at BSE Limited and National Stock Exchange of India Limited:-

Month	BSE (in Rs.)			NSE (in Rs.)		
	High	Low	Close	High	Low	Close
April 2016	17.85	15.45	16.80	18.15	16.00	18.10
May 2016	18.00	15.40	18.00	20.00	18.05	18.05
June 2016	18.30	14.65	15.75	19.45	16.20	17.75
July 2016	16.60	15.05	15.50	17.00	15.00	16.95
August 2016	19.75	15.50	19.40	20.45	15.40	18.50
September 2016	20.75	15.95	17.05	20.30	15.25	16.70
October 2016	18.60	16.60	18.45	18.90	17.00	17.95
November 2016	18.50	15.25	17.25	18.50	14.75	17.95
December 2016	18.00	16.10	17.25	18.00	16.60	18.00
January 2017	18.00	16.15	17.50	18.00	16.20	17.85
February 2017	18.00	16.70	17.15	17.95	16.15	17.45
March 2017	17.75	15.05	17.00	17.90	15.25	16.80



**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, 2017

Number of Shares		Number of Shareholders	% of Shareholders	Number of Shares held	% of Shares held
From	To				
1	5000	1818	81.12	2185560	1.83
5001	10000	173	7.72	1525140	1.28
10001	20000	113	5.04	1825140	1.53
20001	30000	29	1.29	755860	0.63
30001	40000	22	0.98	769380	0.64
40001	50000	11	0.49	517640	0.43
50001	100000	25	1.12	1800240	1.51
100001	ABOVE	50	2.23	110011040	92.14
<b>Total</b>		<b>2241</b>	<b>100.00</b>	<b>119390000</b>	<b>100.00</b>

Distribution of shareholding according to categories of shareholders as on March 31, 2017

Sl. No.	Category	No. of Shares held	% of Issued Share Capital
a	Promoter & Promoter Group	7001196	58.64
b	Banks, Financial Institutions, Insurance Cos. (Central / State Govt. Institutions / Non-Govt. Institutions)	-	-
c	Mutual Funds	-	-
d	Bodies Corporate	2691607	22.54
e	NRI's and OCB's	571002	4.78
f	Clearing Member	19282	0.16
g	Public and Others	1655913	13.88
	<b>Total</b>	<b>11939000</b>	<b>100.00</b>

**l) Dematerialization of Shares**

As on March 31, 2017, 98.98% 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**

Date: May 29, 2017  
Place: Mumbai

**Paresh Khandwala  
Managing Director**

## **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, 2017.

**For Khandwala Securities Limited**

**Paresh Khandwala**  
**Managing Director**  
**(DIN: 00112678)**

Date: May 29, 2017  
Place: Mumbai

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## **MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER CERTIFICATION**

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

We, Paresh Khandwala, Managing Director and Bhagyashree Khandwala (Executive Director & CFO) 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 31<sup>st</sup> March, 2017 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**  
**(DIN: 00112678)**

Date: May 29, 2017  
Place: Mumbai

**Bhagyashree Khandwala**  
**Executive Director / CFO**  
**(DIN: 02335473)**

**AUDITOR'S CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF  
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 2017, as stipulated in the Regulation 17 to 27 and clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Regulation 17 to 27 and clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for the year ended March 31, 2017.

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 & ASSOCIATES**

Chartered Accountants  
Firm Registration No. 116336W

Date:- May 29, 2017  
Place:- Mumbai

**Sushil Bajaj**  
Partner  
Mem. No: 131144

## 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 **31<sup>st</sup> March 2017**, 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 **31<sup>st</sup> March 2017**, 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 **31<sup>st</sup> March, 2017** taken on record by the Board of Directors, none of the directors is disqualified as on **31<sup>st</sup> March, 2017** 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:
- 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 financial statements;
  - The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and
  - The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016. Based on audit procedures and replying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management. Refer note 37.
3. Further to our comments in our opinion referred to above, we report that:
- The Company had advanced application money towards purchase of shares of Rs. 216.69 lacs, which is outstanding for a period of 180 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 Rs. 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.
  - Long-term deposits to various companies of Rs. 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**

**Sushil Bajaj**  
**Partner**  
**Membership No: - 131144**

**Place: Mumbai**  
**Date: May 29, 2017**

## 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 **31<sup>st</sup> March 2017**, 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) Company is a service company primarily engaged in the business of rendering merchant banking & broking services. 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 2016-17 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 **31<sup>st</sup> March 2017** for a period of more than six months from the date they became payable *except TDS Defaults showing on TDS Traces website amounting to Rs. 50,638/- as on 31<sup>st</sup> March 2017.*

- (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 have not been deposited as at March 31, 2017 on account of disputes are given below:

Name of the Statute	Nature of the Dues	Amount (Rs.)	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)
		4.96	A.Y. 2007-08	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 given 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 given 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**

**Sushil Bajaj**  
**Partner**  
**Membership No: - 131144**

**Place: Mumbai**  
**Date: May 29, 2017**

## “Annexure-B” to the Independent Auditors’ Report – 31<sup>st</sup> March 2017

### 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, 2017 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, 2017, 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**

**Sushil Bajaj**  
**Partner**  
**Membership No: - 131144**  
**Place: Mumbai**  
**Date: May 29, 2017**

**BALANCE SHEET AS AT MARCH 31, 2017**
*(Currency : Indian Rupees)*

	Note	₹	As At March 31, 2017 ₹	As At March 31, 2016 ₹
<b>I EQUITY AND LIABILITIES</b>				
<b>(1) Shareholders' Funds</b>				
(a) <b>Share Capital</b>	<b>2</b>			
Equity Share Capital		11,93,90,000		11,93,90,000
Preference Share Capital		2,00,00,000		2,00,00,000
			13,93,90,000	13,93,90,000
(b) Reserves and Surplus	<b>3</b>		14,52,62,129	15,13,57,601
(c) Money Received against Share Warrants		-	-	-
<b>(2) Share Application Money Pending Allotment</b>		-	-	-
<b>(3) Non Current Liabilities</b>	<b>4</b>			
(a) Long -Term Borrowings		2,92,08,306		3,07,29,330
(b) Other Long Term Liabilities		1,02,19,651		1,02,25,451
(c) Long Term Provisions		10,35,184	4,04,63,141	3,92,745
<b>(4) Current Liabilities</b>	<b>5</b>			
(a) Trade Payable		6,27,11,260		7,07,21,299
(b) Other Current Liabilities		42,99,087		38,42,643
(c) Short Term Provisions		-	6,70,10,347	3,50,000
<b>TOTAL</b>			39,21,25,616	40,70,09,070
<b>II ASSETS</b>				
<b>(1) Non Current Assets</b>				
(a) <b>Fixed Assets</b>	<b>6</b>			
i Tangible Assets		6,95,23,101		7,16,85,274
ii Intangible Assets		48,751		1,26,189
			6,95,71,851	7,18,11,463
(b) Non Current Investments	<b>7</b>		3,37,55,000	3,37,55,000
(c) Long Term Loans and Advances	<b>8</b>		10,32,38,915	10,50,01,305
(d) Other Non - Current Assets	<b>9</b>		3,25,70,906	3,48,25,797
(e) Deferred Tax (Net)			7,77,951	8,79,505
<b>(2) Current Assets</b>				
(a) Current Investments	<b>10</b>	2,65,286		2,63,255
(b) Trade Receivable	<b>11</b>	9,81,38,756		9,78,99,019
(c) Cash and Cash Equivalents	<b>12</b>	4,18,44,096		5,75,60,633
(d) Short Term Loans and Advances	<b>13</b>	1,08,84,920		42,99,825
(e) Other Current Assets	<b>14</b>	10,77,936		7,13,267
			15,22,10,993	16,07,36,000
<b>TOTAL</b>			39,21,25,616	40,70,09,070
<b>Significant Accounting Policies and Notes to Accounts</b>	<b>1</b>			
See accompanying notes to the Financial Statements.	<b>2 to 39</b>			

As per our report attached of even date.

**For Udyen Jain & Associates**  
Chartered Accountants

**Sushil Bajaj**  
Partner  
Mem. No: 131144  
ICAI Registration No. 116336W

**For and on behalf of the Board of Directors**  
**Khandwala Securities Limited**
**Kalpen Shukla**  
Chairman  
DIN: 00117482

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

**Baghyashree Khandwala**  
Executive Director / CFO  
DIN: 02335473

**Abhishek Joshi**  
Company Secretary

Place :- Mumbai  
Date :- May 29, 2017

Place :- Mumbai  
Date :- May 29, 2017

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017**

*(Currency : Indian Rupees)*

	Note	₹	For the year ended March 31, 2017 ₹	For the year ended March 31, 2016 ₹
<b>I Revenue From Operations</b>				
Brokerage		3,46,44,625		2,94,56,825
Corporate Advisory Services		1,50,000		3,03,664
Income from Capital Market Operations		22,79,365		3,61,500
		3,70,73,989		3,01,21,989
<b>II Other Income</b>	15	1,24,61,749		47,49,551
<b>III Total Revenue (I + II)</b>			4,95,35,739	3,48,71,540
<b>IV Expenses</b>				
Employees' Remuneration and other benefits	16	1,94,73,095		1,53,87,984
Administrative and Other expenses	17	2,95,84,139		2,01,49,684
Finance charges	18	34,56,881		32,09,730
Depreciation		29,66,775		28,99,572
Other Expenses	19	48,766		3,77,609
			5,55,29,657	4,20,24,579
<b>V Profit/(Loss) before Tax and prior period items</b>			(59,93,918)	(71,53,039)
<b>VI Exceptional Items</b>			-	-
<b>VII Profit/(Loss) before Extraordinary items and tax (V - VI)</b>			(59,93,918)	(71,53,039)
<b>VIII Extraordinary items</b>			-	-
<b>IX Profit/(Loss) before Tax (VII - VIII)</b>			(59,93,918)	(71,53,039)
<b>X Tax Expense</b>				
(1) Current Tax			-	-
(2) MAT Tax			-	-
(3) Deferred Tax (Credited)/ Charged			1,01,554	(1,42,291)
<b>XI Profit / (Loss) for the period from Continuing Operations</b>			(60,95,472)	(70,10,748)
<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>			(60,95,472)	(70,10,748)
<b>XVI Earnings Per Share of - Basic (Rs.)</b>				
- Basic (Rs.)			(0.51)	(0.59)
- Diluted (Rs.)			(0.51)	(0.59)
Significant Accounting Policies and Notes to Accounts	1			
See accompanying notes to the Financial Statements.	2 to 39			

As per our report attached of even date.

**For Udyen Jain & Associates**  
Chartered Accountants

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

**Sushil Bajaj**  
Partner  
Mem. No: 131144  
ICAI Registration No. 116336W

**Kalpen Shukla**  
Chairman  
DIN: 00117482

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

**Baghyashree Khandwala**  
Executive Director / CFO  
DIN: 02335473

**Abhishek Joshi**  
Company Secretary

Place :- Mumbai  
Date :- May 29, 2017

Place :- Mumbai  
Date :- May 29, 2017

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017**
*(Currency : Indian Rupees)*

	For the Year ended March 31, 2017		For the Year ended March 31, 2016	
<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		(5,993,918)		(7,153,039)
Adjustments for:				
Depreciation	2,966,775		2,899,572	
Interest Income	(3,512,761)		(3,857,415)	
Finance Expenses	3,456,881		3,209,730	
Unrealised Gains On Mark to Market of F&O Stock	64,721		23,485	
Provision for Dimunition in investments/ Stock	4,581		7,354	
Provision for Reversal of Employee Benefit	301,740		361,395	
Sundry balance written off	8,010,765		24,472	
Sundry Credit Balance Written off	(7,185,460)		-	
Dividend Income	(366,617)		(38,271)	
		3,740,625		2,630,322
Operating profit before working capital changes		(2,253,293)		(4,522,717)
Adjustments for:				
Inventories	-		(54,600)	
Trade Receivables & Other Receivables	(10,912,763)		27,037,893	
Current Liabilities & Provision	(363,651)	(11,276,414)	16,570,117	43,553,410
Cash generated from operations		(13,529,707)		39,030,694
Direct taxes Refunded / (paid)		-		-
Net cash (used in) / generated from operating activities		(13,529,707)		39,030,694
<b>B. Cash flow from investing activities</b>				
Sale / (Purchase) of fixed assets (Net)	(727,164)		(5,114,083)	
Sale/ (Purchase) of Investments (Net of purchase)	-		-	
Interest received	3,158,234		3,502,901	
Dividend received	360,005		33,325	
Net cash (used in) / generated from investing activities		2,791,075		(1,577,857)
<b>C. Cash flow from financing activities</b>				
(Repayment)/Proceeds from long term borrowings(Net)	(1,521,025)		3,624,358	
(Repayment)/Proceeds from short term borrowings(Net)	-		-	
Interest and other Finance charges	(3,456,881)		(3,209,730)	
Net cash (used in) / generated from financing activities		(4,977,906)		414,628
<b>Net increase/(decrease) in cash and cash equivalents</b>		(15,716,538)		37,867,464
Cash and Cash equivalents (opening balance)	57,560,633		19,693,170	
Cash and Cash equivalents (closing balance)	41,844,096		57,560,633	
		(15,716,538)		37,867,464

See accompanying notes to the Financial Statements.

2 to 39

As per our report attached of even date.

**For Udyen Jain & Associates**  
Chartered Accountants

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

**Sushil Bajaj**  
Partner  
Mem. No: 131144  
ICAI Registration No. 116336W

**Kalpen Shukla**  
Chairman  
DIN: 00117482

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

**Bhagyashree Khandwala**  
Executive Director / CFO  
DIN: 02335473

**Abhishek Joshi**  
Company Secretary

Place :- Mumbai  
Date :- May 29, 2017

Place :- Mumbai  
Date :- May 29, 2017



## 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, the applicable 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 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.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### 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 counter party, 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, 2017		As at March 31, 2016	
	Nos	Amount	Nos	Amount
<b>NOTE 2 - SHARE CAPITAL</b>				
<b>Authorised</b>				
14,000,000 (P.Y. 14,000,000) Equity Shares of Rs. 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 Rs. 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 Rs. 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 Rs. 100/- each	2,00,000	2,00,00,000	2,00,000	2,00,00,000
	1,51,00,000	25,00,00,000	1,51,00,000	25,00,00,000
<b>Issued, Subscribed and Paid-up</b>				
<b>Equity Share Capital</b>				
1,19,39,000 (P. Y. 1,19,39,000) Shares of Rs. 10/- each fully paid-up	1,19,39,000	11,93,90,000	1,19,39,000	11,93,90,000
<b>TOTAL</b>	1,19,39,000	11,93,90,000	1,19,39,000	11,93,90,000
<b>Preference Share Capital</b>				
50,000 10.00% Cumulative Redeemable Preference shares of Rs. 100/- each fully paid-up.	50,000	50,00,000	50,000	50,00,000
150,000 10.00% Cumulative Redeemable Preference shares of Rs. 100/- each fully paid-up.	1,50,000	1,50,00,000	1,50,000	1,50,00,000
<b>TOTAL</b>	2,00,000	2,00,00,000	2,00,000	2,00,00,000
<b>Reconciliation Of Shares</b>				
<b>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	1,19,39,000	11,93,90,000	1,19,39,000	11,93,90,000
<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	2,00,000	2,00,00,000	2,00,000	2,00,00,000

### b) List of Share Holders Holding More than 5% of the total number of shares issued by the Company

Name of Equity Share Holder	Number of Shares	Percentage Shareholding	Number of Shares	Percentage Shareholding
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%	12,71,080	10.65%
Sarthak Consultants LLP	9,43,000	7.90%	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%	6,84,737	5.74%
<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 Rs. 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, 2017 ₹	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	-	
	4,82,73,000	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	6,29,16,601	6,99,27,349
Add: Transferred from Profit & Loss Account	(60,95,472)	(70,10,748)
	5,68,21,129	6,29,16,601
<b>TOTAL</b>	<b>14,52,62,129</b>	<b>15,13,57,601</b>
<b>NOTE 4 - NON CURRENT LIABILITIES</b>		
<b>(a) LONG -TERM BORROWINGS</b>		
<b>Secured</b>		
Vehicle Loan (Secured by hypothecation of vehicle)	30,16,184	34,73,167
(Terms of payment 60 Months EMI Rs.9,994/- P.M. Interest Rate @10.50% and 84 Months EMI Rs.56,045/- P.M. Interest Rate @10.25%)	30,16,184	34,73,167
<b>Unsecured</b>		
Loan from Yukti Securities Ltd.	2,61,92,122	2,72,56,163
	2,61,92,122	2,72,56,163
	2,92,08,306	3,07,29,330
<b>(b) Other Long Term Laibilities</b>		
Security Deposits	1,02,19,651	1,02,25,451
	1,02,19,651	1,02,25,451
<b>(c) Long Term Provisions</b>		
Provision for Taxation (FBT)	5,64,501	5,64,501
Provision for Gratuity	35,571	(2,56,868)
Provision for Leave Encashment	85,112	85,112
Provision MAT Tax	3,50,000	-
	10,35,184	3,92,745

## NOTES FORMING PART OF FINANCIAL STATEMENTS

	As At March 31, 2017 ₹	As At March 31, 2016 ₹
<b>NOTE 5 - CURRENT LIABILITIES</b>		
<b>(a) Trade Payable</b>		
Sundry Creditors	6,27,11,260	7,07,21,299
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.		
	6,27,11,260	7,07,21,299
<b>(b) Other Current Liabilities</b>		
<b>Other Liabilities</b>		
Payable to Employees	22,81,624	17,06,873
Statutory Dues	11,37,157	6,88,326
Other Expenses Liabilities	8,80,306	14,47,445
	42,99,087	38,42,643
<b>(c) Short Term Provisions</b>		
Provision MAT Tax	-	3,50,000
	-	3,50,000

## NOTE 6- FIXED ASSETS

Particulars	Gross Block				Depreciation			Net Block		
	As At 01-Apr-16	Additions during the period	Deductions during the period	As At 31-Mar-17	As At 01-Apr-16	For the period	Dep. Prov.On deletions	As At 31st March 17	As At 31st March 17	As At 31st March 16
<b>TANGIBLE ASSETS</b>										
Office Buildings	9,38,20,894	-	-	9,38,20,894	2,86,42,702	15,77,283	-	3,02,19,985	6,36,00,909	6,51,78,192
Computers	6,09,860	4,76,056	23,487	10,62,429	1,58,612	2,43,389	23,487	3,78,514	6,83,915	4,51,248
Office Equipments	8,37,433	2,51,108	17,400	10,71,141	2,49,916	1,79,745	17,400	4,12,261	6,58,880	5,87,517
Furniture and Fixtures	14,66,124	-	9,52,898	5,13,226	12,09,012	1,79,116	9,52,898	4,35,230	77,996	2,57,112
Vehicles	64,06,787	-	14,28,003	49,78,784	18,40,182	6,23,033	14,28,003	10,35,212	39,43,572	45,66,605
Plant & Machinery (Computer)	11,09,579	-	-	11,09,579	4,64,979	86,771	-	5,51,750	5,57,829	6,44,600
	10,42,50,676	7,27,164	24,21,788	10,25,56,052	3,25,65,402	28,89,337	24,21,788	3,30,32,951	6,95,23,101	7,16,85,274
<b>INTANGIBLE ASSETS</b>										
Computer Software	7,53,834	-	4,22,002	3,31,832	6,27,645	77,438	4,22,002	2,83,081	48,751	1,26,189
<b>Total</b>	<b>10,50,04,510</b>	<b>7,27,164</b>	<b>28,43,790</b>	<b>10,28,87,884</b>	<b>3,31,93,047</b>	<b>29,66,775</b>	<b>28,43,790</b>	<b>3,33,16,032</b>	<b>6,95,71,851</b>	<b>7,18,11,463</b>
Previous Year	10,03,79,505	51,14,083	4,89,078	10,50,04,510	3,05,87,271	28,99,572	2,93,796	3,31,93,047	7,18,11,463	



**NOTES FORMING PART OF FINANCIAL STATEMENTS**

	Face Value	As at March 31, 2017		As at March 31, 2016	
		Number	Amount	Number	Amount
NOTE 7 - INVESTMENTS					
OTHER INVESTMENTS					
(Long term, non trade, fully paid up)					
i. Quoted					
Equity Shares			-		-
ii. Unquoted					
Equity Shares					
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
			5,51,13,200		5,51,13,200
(i + ii)			5,51,13,200		5,51,13,200
Less : Provision for diminution			2,13,58,200		2,13,58,200
TOTAL			3,37,55,000		3,37,55,000
Quoted :					
Aggregate Book Value (net of provision)			-		-
Market Value			-		-
Unquoted :					
Aggregate Book Value (net of provision)			3,37,55,000		3,37,55,000

	As At March 31, 2017 ₹	As At March 31, 2016 ₹
<b>NOTE - 8 LONG TERM LOANS AND ADVANCES</b>		
Deposits with exchange & other	2,85,70,274	3,03,32,664
Deposit with Companies	5,30,00,000	5,30,00,000
Share Application	2,16,68,641	2,16,68,641
<b>TOTAL</b>	<b>10,32,38,915</b>	<b>10,50,01,305</b>
<b>NOTE - 9 OTHER NON - CURRENT ASSETS</b>		
Advance Payment of Tax	30,70,906	53,25,797
In Fixed Deposit Accounts	2,95,00,000	2,95,00,000
<b>TOTAL</b>	<b>3,25,70,906</b>	<b>3,48,25,797</b>
<b>NOTE 10 - CURRENT INVESTMENT</b>		
<b>SHARE STOCK</b>		
Equity Shares -(Refer Appendix 10-A)	2,65,286	2,63,255
<b>TOTAL</b>	<b>2,65,286</b>	<b>2,63,255</b>

## NOTES FORMING PART OF FINANCIAL STATEMENTS

## Appendix 10-A

NAME OF THE SCRIP	As at March 31, 2017		As at March 31, 2016	
	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	2,000	32,900
LIC MF Liquid Plus Fund	13,156	1,32,879	12,627	1,26,267
Pennar Ind. Ltd	200	5,119	200	6,000
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	10,750	5,000	14,450
UTI Top 100 Funds	1,000	6,213	1,000	6,213
		2,65,286		2,63,255

	As At March 31, 2017 ₹	As At March 31, 2016 ₹
<b>NOTE 11 - SUNDRY DEBTORS</b>		
(Unsecured)		
Outstanding for more than six months		
Considered good	7,17,99,113	8,96,81,556
Considered doubtful	70,17,688	80,47,521
	7,88,16,801	9,77,29,077
Outstanding for Less than Six Months		
Considered good	2,63,39,644	82,17,463
Considered doubtful	-	-
	10,51,56,444	10,59,46,540
Less : Provision for Doubtful Debts	70,17,688	80,47,521
<b>TOTAL</b>	<b>9,81,38,756</b>	<b>9,78,99,019</b>
<b>NOTE 12 - CASH AND BANK BALANCES</b>		
Cash on hand	5,46,698	6,59,935
Balance with Scheduled Banks:		
In Current Accounts	2,72,47,398	4,28,50,698
In Fixed Deposit Accounts (Less than One Year)	1,40,50,000	1,40,50,000
	4,12,97,398	5,69,00,698
<b>TOTAL</b>	<b>4,18,44,096</b>	<b>5,75,60,633</b>
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is :	4,18,44,096	5,75,60,633

	As At March 31, 2017 ₹	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	<b>49,600</b>	7,800
Prepaid Expenses	<b>11,38,832</b>	14,83,503
Advance to Sundry Creditors	<b>5,61,360</b>	8,74,341
Exchange Obligation - Receivable	<b>91,35,128</b>	19,34,181
<b>TOTAL</b>	<b>1,08,84,920</b>	42,99,825
<b>NOTE 14 - OTHER CURRENTS ASSETS</b>		
Interest Accrued on Fixed Deposit	<b>3,63,872</b>	3,64,478
Advance for Expenses	<b>32,448</b>	50,705
Service Tax	<b>6,81,615</b>	2,98,084
<b>TOTAL</b>	<b>10,77,936</b>	7,13,267
	<b>For the year ended March 31, 2017 ₹</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 Rs. 3,51,275/-] (Previous year Rs. 3,85,762/-)	<b>35,12,761</b>	38,57,415
Dividend :- On stock in trade	<b>3,66,617</b>	38,271
Interest on Income Tax Refund	<b>4,70,277</b>	1,79,865
Unrealised Gains/(Loss) On Mark to Market of F&O Stock	<b>(64,721)</b>	(23,485)
Sundry Credit Balance Written off	<b>71,85,460</b>	-
Miscellaneous Income	<b>9,91,355</b>	6,97,485
<b>TOTAL</b>	<b>1,24,61,749</b>	<b>47,49,551</b>
<b>NOTE 16 - EMPLOYEES' REMUNERATION AND OTHER BENEFITS</b>		
Salaries and Bonus	<b>1,41,37,178</b>	1,00,17,732
Managing Director's Remuneration	<b>34,24,638</b>	31,25,019
Contribution to Provident and other Funds	<b>6,10,415</b>	5,40,726
Staff Welfare Expenses	<b>9,99,124</b>	12,81,838
Gratuity	<b>3,01,740</b>	4,22,669
<b>TOTAL</b>	<b>1,94,73,095</b>	1,53,87,984

## NOTES FORMING PART OF FINANCIAL STATEMENTS

	For the year ended March 31, 2017 ₹	For the year ended March 31, 2016 ₹
<b>NOTE 17 - ADMINISTRATIVE AND OTHER EXPENSES</b>		
Financial Advisory charges	31,85,546	35,89,835
Computer Expenses	1,46,465	1,86,630
Demat charges	7,33,322	6,56,084
Rates and Taxes	21,18,859	20,08,149
Insurance	5,13,607	5,50,383
Internet Expenses	1,90,560	1,53,000
Advertisement Expenses	46,090	1,09,984
Sub Brokerage Paid	10,95,781	10,89,220
Business Promotion Expenses	1,73,977	1,35,222
Legal & Professional Fees	32,65,063	23,15,344
Telephone/Postage and Courier Charges	6,52,151	6,54,854
Electricity Charges	15,77,166	16,03,954
Registration Fees	8,69,185	9,66,887
Repairs and Maintenance	23,42,163	18,47,393
Security Charges	3,49,272	3,48,373
Printing and Stationery	3,95,141	4,71,260
Subscription Expenses	4,96,305	2,86,761
Travelling and Conveyance	8,11,548	8,77,331
Auditor's Remuneration		
For Audit	3,20,000	3,20,000
For Tax Audit	1,80,000	1,80,000
Directors sitting fees	95,200	75,000
Donation	30,100	26,100
Commission Paid	16,27,630	13,35,253
Miscellaneous Expenses	3,58,243	3,38,196
Sundry Balance Written off	80,10,765	24,472
<b>TOTAL</b>	<b>2,95,84,139</b>	<b>2,01,49,684</b>
<b>NOTE - 18 FINANCE CHARGES</b>		
Interest Expense	29,40,972	28,00,456
Bank Guarantee Commission and Other Charges	5,15,909	4,09,274
<b>TOTAL</b>	<b>34,56,881</b>	<b>32,09,730</b>
<b>NOTE - 19 OTHER EXPENSES</b>		
Loss on Stock Valuation	4,581	7,354
Loss on Market Operation	44,185	3,70,255
<b>TOTAL</b>	<b>48,766</b>	<b>3,77,609</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 Rs. 216.69 Lacs (Previous year Rs. 216.69 Lacs) is outstanding for a period of 180 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 of the Negotiable Instruments Act, 1881. The said matter is pending for hearing at Mumbai High Court.

22. Long-term deposits to various companies of Rs.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. There has been a legal proceedings pending before the Hon'ble Judge of Small Cause Court at Mumbai, which was filed by the Company against M/s. Shree Rama Multi Tech Limited, in the matter of recovery of rental income for an amount of Rs. 12,00,000/- per annum basis from the financial year 2002-2003 onwards to till date and for repossession of property of the Company. At present, the matter is pending for the next hearing before the said court.
24. In the matter of Mr. Hiten Parmar (PAN:- BGCP4193C) regarding receivable of the outstanding amount of Rs. 56,93,287/- which is due more than 18 months, the Company have filed the case before the panel of arbitrators of National

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

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. The panel of arbitrators directed Mr. Hiten Parmar (Constituent) to pay to the Company Rs. 55,85,544.87/- (Rupees Fifty Five Lakhs Eighty Five Thousand Five Hundred Forty Four and paise Eighty seven Only) within 30 days from the date of receipt of award. As the Company has not received the amount as on Balance sheet date, the Company is in the process of filing of FIR under Indian Penal code with Police and for execution of the decree in Court for recovery.

25. SEBI vide its Order No. WTM/RKA/EFD/DRA-11/45/2015 dated 13<sup>th</sup> May, 2015 had suspended the Certificate of Registration of the Company as a Stock Broker at National Stock Exchange of India Limited (SEBI Registration No. INB230600030) for a period of one month. The Company challenged the aforesaid SEBI Order and filed an appeal before Securities Appellate Tribunal (SAT) on May 22, 2015. The SAT had granted an interim stay on operation of the aforesaid SEBI Order.

On 08<sup>th</sup> March, 2017, the SAT passed the order and dismissed the appeal filed by the Company challenging the aforesaid SEBI Order. The SAT has also granted a stay of four weeks on operation of the said Order so as enable the Company to challenge the SAT order before the Hon'ble Supreme Court of India. The Company filed an appeal before the Hon'ble Supreme Court of India and it has been admitted. On April 7, 2017, the Supreme Court has granted an interim stay on the operation of the aforesaid SAT order (and consequently, the WTM's Order of SEBI) till the disposal of matter. Currently, the said matter is pending for hearing before the Hon'ble Supreme Court of India.

26. There is a Mark to Market Loss of Rs.64,721/- as on 31<sup>st</sup> March 2017 on account of Unrealized Loss on Future Contract as per AS-30.

27. The net deferred tax assets are calculated as follows:

(Rs. In Lacs)

Particulars	Accumulated as at 31 <sup>st</sup> March 2016	Charge/ Credit during the year	As at 31 <sup>st</sup> March 2017
<b>Deferred tax asset:</b>			
Provision for doubtful debtors/advances that are deducted for tax purposes when written off	199.45	-	199.45
Deferred Tax Asset on account of Unabsorbed Depreciation	216.50	-	216.50
<b>Deferred tax liability:</b>			
Additional depreciation on fixed assets for tax purposes due to higher tax depreciation rates	(405.94)	(1.01)	(406.95)
Expenses carried forward as per books but claimed for tax purposes as incurred	(1.22)	-	(1.22)
<b>Net Deferred tax Assets/ (Liability)</b>	<b>8.79</b>	<b>(1.01)</b>	<b>7.78</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 Rs. Lacs)

Sr. No.	Particulars	Year Ended 31 <sup>st</sup> March 2017	Year Ended 31 <sup>st</sup> March 2016
<b>1</b>	<b>Segment Revenue-external</b>		
a)	Investment / Stock Operations	22.79	3.62
b)	Fee-based Operations	347.95	297.60
c)	Other Unallocated Revenue	124.62	47.50
	<b>Total revenue</b>	<b>495.36</b>	<b>348.72</b>
<b>2</b>	<b>Segment Result</b>		
a)	Investment / Stock Operations	20.30	3.06
b)	Fee-based Operations	(13.83)	55.01
	<b>Total</b>	<b>6.47</b>	<b>58.07</b>
	Less: Interest	34.57	32.10
	Unallocated Expenses less unallocated income	(31.84)	(97.50)
	Net (Loss) / Profit before Tax & prior Period Items	(59.94)	(71.53)
	Provision for tax (including deferred tax)	1.02	(1.42)
	Net (Loss)/Profit after tax for the year	<b>(60.95)</b>	<b>(70.11)</b>
	<b>Other Items</b>		
<b>3</b>	<b>Segment Assets</b>		
a)	Investment / Stock Operations	340.26	340.24
b)	Fee-based Operations	1843.01	2011.69
c)	Unallocated Corporate Assets	1636.50	1685.13
		<b>3819.76</b>	<b>4037.05</b>
<b>4</b>	<b>Segment Liabilities</b>		
a)	Investment / Stock Operations	0.06	0.07
b)	Fee-based Operations	504.34	650.48
c)	Unallocated Corporate Liabilities	176.75	171.74
		<b>681.16</b>	<b>822.28</b>
<b>5</b>	<b>Depreciation</b>	29.67	29.00
<b>6</b>	<b>Non cash items other than depreciation</b>		
a)	Investment / Stock operations	0.05	0.07



## 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, 2017	Year ended March 31, 2016
<b>Basic</b>		
Numerator used for calculating basic earnings per share – Profit after taxation (Rs. lacs)	(60.95)	(70.11)
Less: Dividend on Cumulative Preference share dividend (including dividend tax thereon)	-	-
Profit / (Loss) attributable to equity shareholders (Rs. lacs)	(60.95)	(70.11)
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 (Rs.)	10.00	10.00
Basic earnings per share – (Rs.)	(0.51)	(0.59)
<b>Diluted</b>		
Numerator used for calculating Diluted earning per Share-Profit /(Loss) after taxation (Rs. In Lacs)	(60.95)	(70.11)
Weighted Average Number of Shares (In Lacs) used as Denominator for calculating Diluted Earning per Share	119.39	119.39
Diluted earning per Share- (Rs.)	(0.51)	(0.59)

### 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. Mrs. Bhagyashree P. Khandwala - Executive Director / CFO

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

#### 1. Mr. Pranav 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 31<sup>st</sup> March 2017

[Rs. in lacs]

Transaction	2016-17	2015-16
Brokerage received	5.41	1.82
Remuneration Paid	34.25	31.25
Advisory fees paid	0.57	0.42
<b>Outstanding Balance</b>		
Sundry Debtors	175.02	174.89
Sundry Creditors	38.27	3.41
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, 2017.

#### 32. Transaction in foreign currency: (In lacs)

Foreign travel expenses – Rs. 0.60, Previous year Rs. 1.00.

#### 33. Debtors include:

(i) Due from a firm in which a director is interested as partner - Rs.138.44 lacs (Previous year Rs.144.85 lacs)

(ii) Due from relatives and Enterprises controlled by the relatives of the Key Managerial Personnel – Rs.36.58 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 : Rs. 34.25 Lacs  
(P.Y. Rs. 31.25 lacs)

#### (ii) Sitting fees to other Directors : Rs. 0.95 Lacs (P.Y. Rs. 0.75 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. 16 -17
Liability at the beginning of the year	23,31,987
Interest Cost	1,87,958
Current Service Cost	1,35,765
Past Service Cost (Non Vested Benefit)	-
Past Service Cost (Vested Benefit)	-
Settlement	-
Liability Transfer in	-
Liability Transfer out	-
(Benefit Paid from the Funds)	-

Actuarial (Gain) / Loss on Obligations-Due to change in Financial Assumptions	1,70,697
Actuarial (Gain) / Loss on Obligations-Due to Experience	10,086
Liability at the end of the year	28,36,493

<b>II. Fair value of Plan Assets:</b>	<b>F.Y. 16 -17</b>
Fair Value of Plan Assets at the Beginning of the year	25,88,855
Expected Return on Plan Assets	2,08,662
Contributions by the Employer	-
Transfer from other company	-
(Transfer to other company)	-
(Benefit Paid)	-
Actuarial gain / (Loss) on Plan Assets- Due to Experience	3,405
Fair Value of Plan Assets at the end of the year	28,00,922

<b>III. Actual Return on Plan Assets:</b>	<b>F.Y. 16 -17</b>
Expected Return on Assets	2,08,662
Actuarial gain/ (Loss) on Plan Assets- Due to Experience	3,405
Actual Return on Plan Assets	2,12,067

<b>IV. Amount Recognized in the Balance Sheet:</b>	<b>F.Y. 16 -17</b>
(Present Value of Benefit Obligation at the end of the Period)	(28,36,493)
Fair Value of Plan Assets at the end of the year	28,00,922
Funded Status (Surplus/ (Deficit))	(35,571)
Unrecognized Past Service Cost at the end of the Period	-
Net (Liability) /Asset Recognized in the Balance Sheet	(35,571)

<b>V. Expenses Recognized in the Income Statement:</b>	<b>F.Y. 16 -17</b>
Current Service Cost	1,35,765
Net Interest Cost	(20,704)
Actuarial (Gain) or Loss	1,77,378
Past Service Cost (Non Vested Benefit) Recognized	-
Past Service Cost (Vested Benefit) Recognized	-
Transition Liability during the period	-
Expense Recognized in P&L	2,92,439

<b>VI. Balance Sheet Reconciliation</b>	<b>F.Y. 16 -17</b>
Opening Net Liability	(2,56,868)
Expense as above	2,92,439
Transfer from other company Net	-
Transfer to other company Net	-
Employer's Contribution	-
Net Liability /(Asset) Recognized in Balance Sheet	35,571

<b>VII. Assumptions</b>	<b>F.Y. 16 -17</b>
Discount Rate Previous	8.06%
Rate of Return on Plan Assets Previous	8.06%
Salary Escalation Previous	5.00%
Attrition Rate Previous Year	2.00%
Discount Rate Current	7.20%
Rate of Return on Plan Assets Current	7.20%
Salary Escalation Current	5.00%
Attrition Rate Current Year	2.00%

<b>VIII. Other Details</b>	<b>F.Y. 16 -17</b>
No. Of Active Members	38
Per Month Salary For Active Member	5,65,064
Projected Benefit Obligation (PBO)	28,36,493
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. Disclosure on Specified Bank Notes :**

During the year, the Company had Specified Bank Notes (SBNs) or other denomination notes as defined in MCA notification, G.S.R. 308(E), dated 30<sup>th</sup> March, 2017. The details of SBNs held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination-wise SBNs and other notes as per notification are as follows:

Particulars	SBNs	Other Denomination Notes	Total
Closing Cash in hand as on November 8, 2016	5,34,000/-	5,91,519/-	11,25,519/-
Add: Total Receipts	-	2,14,500/-	2,14,500/-
Less: Total Payments	-	-	-
Less: Amount Deposited in Bank	(5,34,000/-)	-	(5,34,000/-)
Closing cash in hand as on December 30, 2016	-	-	8,06,019/-

38. **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:

[Rs. in lacs]

Name of the Statute	Nature of the Dues	Amount (Rs.)	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)
		4.96	A.Y. 2007-08	ITAT	143(3)

- ii) Preference dividends are in arrears from F.Y. 2008-09 to F.Y.2016-17 as aggregating to Rs. 1.80 Crores.
- iii) TDS defaults showing on TDS traces website for the various Financial Years as on 31<sup>st</sup> March 2017 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.

39. The figures for the previous period have been regrouped, rearranged or reclassified wherever necessary to conform to the current period's presentation.

As per our report attached of even date.

**For Udyen Jain & Associates**  
Chartered Accountants

**Sushil Bajaj**  
Partner  
Mem. No: 131144  
ICAI Registration No. 116336W

Place :- Mumbai  
Date :- May 29, 2017

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

**Kalpen Shukla**  
Chairman  
DIN: 00117482

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

**Bhagyashree Khandwala**  
Executive Director / CFO  
DIN: 02335473

**Abhishek Joshi**  
Company Secretary

Place :- Mumbai  
Date :- May 29, 2017

**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 **31<sup>st</sup> March 2017**, 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, 2017, and its consolidated profit 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 31<sup>st</sup> March 2017 taken on record by the Board of Directors of the Holding Company & its associates companies, none of the directors is disqualified as on 31<sup>st</sup> March 2017 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**  
(Registration No. 116336W)

**Sushil Bajaj**  
(Partner)  
Membership No.131144

**Place: Mumbai**  
**Date: May 29, 2017**



**“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 at **31<sup>st</sup> March 2017** 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, 2017, 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**  
 (Registration No. 116336W)

**Sushil Bajaj**  
 (Partner)  
 Membership No. 131144

**Place: Mumbai**  
**Date: May 29, 2017**



**“Annexure-B” to the Independent Auditors’ Report – 31<sup>st</sup> March 2017**

**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 at 31<sup>st</sup> March 2017 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, 2017, 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**  
(Registration No. 116336W)

**Sushil Bajaj**  
(Partner)  
Membership No.131144

**Place: Mumbai**  
**Date: May 29, 2017**

# CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2017

(Currency : Indian Rupees)

	Note		As At March 31, 2017 ₹	As At March 31, 2016 ₹
<b>I EQUITY AND LIABILITIES</b>				
<b>(1) Shareholders' Funds</b>				
(a) <b>Share Capital</b>	2			
Equity Share Capital		11,93,90,000		11,93,90,000
Preference Share Capital		2,00,00,000		2,00,00,000
			13,93,90,000	13,93,90,000
(b) Reserves and Surplus	3		13,91,67,440	14,52,83,336
(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		2,92,08,306		3,07,29,330
(b) Other Long Term Liabilities		1,02,19,651		1,02,25,451
(c) Long Term Provisions		10,35,184		3,92,745
			4,04,63,141	
<b>(4) Current Liabilities</b>	5			
(a) Trade Payable		6,27,20,376		7,07,33,556
(b) Other Current Liabilities		42,99,087		36,41,469
(c) Short Term Provisions		-		3,50,000
			6,70,19,463	
<b>TOTAL</b>			38,60,40,044	40,07,45,888
<b>II ASSETS</b>				
<b>(1) Non Current Assets</b>				
(a) <b>Fixed Assets</b>	6			
i Tangible Assets		6,95,23,101		7,16,85,274
ii Intangible Assets		48,751		1,26,189
			6,95,71,851	7,18,11,463
Goodwill on Consolidation			2,59,76,616	2,59,76,616
(b) Non Current Investments	7		5,000	5,000
(c) Long Term Loans and Advances	8		10,34,20,294	10,50,01,305
(d) Other Non - Current Assets	9		3,25,70,906	3,48,25,797
(e) Deferred Tax (Net)			7,77,951	8,79,505
<b>(2) Current Assets</b>				
(a) Current Investments	10	2,70,773		2,68,469
(b) Trade Receivable	11	9,81,81,298		9,79,41,561
(c) Cash and Cash Equivalents	12	4,19,38,147		5,76,56,028
(d) Short Term Loans and Advances	13	1,08,84,920		42,99,825
(e) Other Current Assets	14	24,42,287		20,80,319
			15,37,17,425	16,22,46,202
<b>TOTAL</b>			38,60,40,044	40,07,45,888
<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 41

**For Udyen Jain & Associates**  
Chartered Accountants

**Sushil Bajaj**  
Partner  
Mem. No: 131144  
ICAI Registration No. 116336W

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

**Kalpen Shukla**  
Chairman  
DIN: 00117482

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

**Abhishhek Joshi**  
Executive Director / CFO  
DIN: 02335473

**Abhishek Joshi**  
Company Secretary

Place :- Mumbai  
Date :- May 29, 2017

Place :- Mumbai  
Date :- May 29, 2017

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017**

<i>(Currency : Indian Rupees)</i>				
	Note	₹	For the year ended March 31, 2017 ₹	For the year ended March 31, 2016 ₹
<b>I Revenue From Operations</b>				
Brokerage		3,46,44,625		2,94,56,825
Corporate Advisory Services		1,50,000		3,03,664
Income from Capital Market Operations		22,79,365		3,61,500
		3,70,73,989		3,01,21,989
<b>II Other Income</b>	15	1,24,66,900		47,49,756
<b>III Total Revenue ( I + II )</b>			<b>4,95,40,889</b>	<b>3,48,71,744</b>
<b>IV Expenses</b>				
Employees' Remuneration and other benefits	16	1,94,73,095		1,53,93,472
Administrative and Other expenses	17	2,96,09,564		2,01,60,094
Finance charges	18	34,57,031		32,09,854
Depreciation		29,66,775		28,99,572
Other Expenses	19	48,766		3,77,609
			<b>5,55,55,231</b>	<b>4,20,40,602</b>
<b>V Profit/(Loss) before Tax and prior period items</b>			<b>(60,14,342)</b>	<b>(71,68,857)</b>
<b>VI Exceptional Items</b>				-
<b>VII Profit/(Loss) before Extraordinary items and tax ( V - VI )</b>			<b>(60,14,342)</b>	<b>(71,68,857)</b>
<b>VIII Extraordinary items</b>				-
<b>IX Profit/ (Loss) before Tax ( VII - VIII )</b>			<b>(60,14,342)</b>	<b>(71,68,857)</b>
<b>X Tax Expense</b>				
(1) Current Tax				-
(2) MAT Tax				-
(3) Deferred Tax (Credited)/ Charged			1,01,554	(1,42,291)
<b>XI Profit / (Loss) for the period from Continuing Operations</b>			<b>(61,15,896)</b>	<b>(70,26,566)</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>(61,15,896)</b>	<b>(70,26,566)</b>
<b>XVI Earnings Per Share of - Basic (Rs.)</b>				
- Basic (Rs.)			<b>(0.51)</b>	<b>(0.59)</b>
- Diluted (Rs.)			<b>(0.51)</b>	<b>(0.59)</b>
<b>Significant Accounting Policies and Notes to Accounts</b>	1			

See accompanying notes to the Financial Statements.

**2 to 41**

As per our report attached of even date.

**For Udyen Jain & Associates**  
Chartered Accountants

**Sushil Bajaj**  
Partner  
Mem. No: 131144  
ICAI Registration No. 116336W

**For and on behalf of the Board of Directors**  
**Khandwala Securities Limited**
**Kalpen Shukla**  
Chairman  
DIN: 00117482

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

**Bhagyashree Khandwala**  
Executive Director / CFO  
DIN: 02335473

**Abhishek Joshi**  
Company Secretary

Place :- Mumbai  
Date :- May 29, 2017

Place :- Mumbai  
Date :- May 29, 2017

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

	(Currency : Indian Rupees)	
	For the Year ended March 31, 2017	For the Year ended March 31, 2016
<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	<b>(60,14,342)</b>	<b>(71,68,857)</b>
Adjustments for:		
Depreciation	29,66,775	28,99,572
Interest Income	(35,12,761)	(38,57,415)
Finance Expenses	34,57,031	32,09,854
Unrealised Gains On Mark to Market of F&O Stock	64,721	23,485
Provision for Diminution in investments/ Stock	4,581	7,354
Provision for Reversal of Employee Benefit	3,01,740	3,61,395
Sundry balance written off	80,10,765	24,472
Sundry Credit Balance Written off	(71,85,460)	
Dividend Income	(3,66,617)	(38,476)
	<b>37,40,775</b>	<b>26,30,242</b>
Operating profit before working capital changes	<b>(22,73,567)</b>	<b>(45,38,615)</b>
Adjustments for:		
Inventories	(273)	(54,600)
Trade Receivables & Other Receivables	(1,10,91,443)	2,68,99,686
Current Liabilities & Provision	1,65,767	1,63,68,943
Cash generated from operations	<b>(1,35,31,050)</b>	<b>3,86,75,414</b>
Direct taxes Refunded / (paid)	-	-
Net cash (used in) / generated from operating activities	<b>(1,35,31,050)</b>	<b>3,86,75,414</b>
<b>B. Cash flow from investing activities</b>		
Sale / (Purchase) of fixed assets (Net)	(7,27,164)	(51,14,083)
Sale/ (Purchase) of Investments (Net of purchase)	-	-
Interest received	31,58,234	38,57,415
Dividend received	3,60,005	33,529
Net cash (used in) / generated from investing activities	<b>27,91,075</b>	<b>(12,23,138)</b>
<b>C. Cash flow from financing activities</b>		
(Repayment)/Proceeds from long term borrowings(Net)	(15,21,025)	36,24,358
(Repayment)/Proceeds from short term borrowings(Net)	-	-
Interest and other Finance charges	(34,56,881)	(32,09,854)
Net cash (used in) / generated from financing activities	<b>(49,77,906)</b>	<b>4,14,504</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(1,57,17,881)</b>	<b>3,78,66,779</b>
Cash and Cash equivalents (opening balance)	5,76,56,028	1,97,89,250
Cash and Cash equivalents (closing balance)	4,19,38,147	5,76,56,028
	<b>(1,57,17,881)</b>	<b>3,78,66,779</b>

See accompanying notes to the Financial Statements.

2 to 41

As per our report attached of even date.

**For Udyen Jain & Associates**  
Chartered Accountants

**Sushil Bajaj**  
Partner  
Mem. No: 131144  
ICAI Registration No. 116336W

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

**Kalpen Shukla**  
Chairman  
DIN: 00117482

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

**Bhagyashree Khandwala**  
Executive Director / CFO  
DIN: 02335473

**Abhishek Joshi**  
Company Secretary

Place :- Mumbai  
Date :- May 29, 2017

Place :- Mumbai  
Date :- May 29, 2017

## 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, the applicable 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.

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 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 the balance sheet date. Deferred tax assets are recognized



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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 FOR THE YEAR ENDED 31ST MARCH, 2017**

(Currency : Indian Rupees)

	As at March 31, 2017		As at March 31, 2016	
	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
	1,51,00,000	25,00,00,000	1,51,00,000	25,00,00,000
<b>Issued, Subscribed and Paid-up</b>				
<b>Equity Share Capital</b>				
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>	1,19,39,000	11,93,90,000	1,19,39,000	11,93,90,000
<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>	2,00,000	2,00,00,000	2,00,000	2,00,00,000
<b>Reconciliation Of Shares</b>				
<b>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	1,19,39,000	11,93,90,000	1,19,39,000	11,93,90,000
<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	2,00,000	2,00,00,000	2,00,000	2,00,00,000

**b) List of Share Holders Holding More than 5% of the total number of shares issued by the Company**

Name of Equity Share Holder	Number of Shares	Percentage Shareholding	Number of Shares	Percentage Shareholding
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%	12,71,080	10.65%
Sarthak Consultants LLP	9,43,000	7.90%	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%	6,84,737	5.74%
<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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

		As At March 31, 2017	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			
		4,82,73,000	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	5,68,42,336		6,38,68,902
Add: Transferred from Profit & Loss Account	(61,15,896)		(70,26,566)
		5,07,26,440	5,68,42,336
<b>TOTAL</b>		13,91,67,440	14,52,83,336
<b>NOTE 4 - NON CURRENT LIABILITIES</b>			
<b>(a) LONG -TERM BORROWINGS</b>			
<b>Secured</b>			
Vehicle Loan (Secured by hypothecation of vehicle)		30,16,184	34,73,167
(Terms of payment 60 Months EMI Rs.9,994/- P.M. Interest Rate @10.50% and 84 Months EMI Rs.56,045/- P.M. Interest Rate @10.25%)		30,16,184	34,73,167
<b>Unsecured</b>			
Loan from Yukti Securities Ltd.		2,61,92,122	2,72,56,163
		2,61,92,122	2,72,56,163
		2,92,08,306	3,07,29,330
<b>(b) Other Long Term Laibilities</b>			
Security Deposits		1,02,19,651	1,02,25,451
		1,02,19,651	1,02,25,451
<b>(c) Long Term Provisions</b>			
Provision for Taxation (FBT)		5,64,501	5,64,501
Provision for Gratuity		35,571	(2,56,868)
Provision for Leave Encashment		85,112	85,112
Provision MAT Tax		3,50,000	-
		10,35,184	3,92,745

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017**

	As At March 31, 2017 ₹	As At March 31, 2016 ₹
<b>NOTE 5 - CURRENT LIABILITIES</b>		
<b>(a) Trade Payable</b>		
Sundry Creditors	6,27,20,376	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.		
	6,27,20,376	7,07,33,556
<b>(b) Other Current Liabilities</b>		
<b>Other Liabilities</b>		
Payable to Employees	22,81,624	17,06,873
Statutory Dues	11,37,157	6,88,326
Other Expenses Liabilities	8,80,306	12,46,271
	42,99,087	36,41,469
<b>(c) Short Term Provisions</b>		
Provision MAT Tax	-	3,50,000
	-	3,50,000

**NOTE 6- FIXED ASSETS**

Particulars	Gross Block			Depreciation				Net Block		
	As At 1-Apr-16	Additions during the period	Deductions during the period	As At 31-Mar-17	As At 1-Apr-16	For the period	Dep. Prov.On deletions	As At 31st March 17	As At 31st March 17	As At 31st March 16
<b>TANGIBLE ASSETS</b>										
Office Buildings	9,38,20,894	-	-	9,38,20,894	2,86,42,702	15,77,283	-	3,02,19,985	6,36,00,909	6,51,78,192
Computers	6,09,860	4,76,056	23,487	10,62,429	1,58,612	2,43,389	23,487	3,78,514	6,83,915	4,51,248
Office Equipments	8,37,433	2,51,108	17,400	10,71,141	2,49,916	1,79,745	17,400	4,12,261	6,58,880	5,87,517
Furniture and Fixtures	14,66,124	-	9,52,898	5,13,226	12,09,012	1,79,116	9,52,898	4,35,230	77,996	2,57,112
Vehicles	64,06,787	-	14,28,003	49,78,784	18,40,182	6,23,033	14,28,003	10,35,212	39,43,572	45,66,605
Plant & Machinery (Computer)	11,09,579	-	-	11,09,579	4,64,979	86,771	-	5,51,750	5,57,829	6,44,600
	10,42,50,676	7,27,164	24,21,788	10,25,56,052	3,25,65,402	28,89,337	24,21,788	3,30,32,951	6,95,23,101	7,16,85,274
<b>INTANGIBLE ASSETS</b>										
Computer Software	7,53,834	-	4,22,002	3,31,832	6,27,645	77,438	4,22,002	2,83,081	48,751	1,26,189
<b>Total</b>	<b>10,50,04,510</b>	<b>7,27,164</b>	<b>28,43,790</b>	<b>10,28,87,884</b>	<b>3,31,93,047</b>	<b>29,66,775</b>	<b>28,43,790</b>	<b>3,33,16,032</b>	<b>6,95,71,851</b>	<b>7,18,11,463</b>
Previous Year	10,03,79,505	51,14,083	4,89,078	10,50,04,510	3,05,87,271	28,99,572	2,93,796	3,31,93,047	7,18,11,463	

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

	Face Value	As at March 31, 2017		As at March 31, 2016	
		Number	Amount	Number	Amount
NOTE 7 - INVESTMENTS					
OTHER INVESTMENTS					
(Long term, non trade, fully paid up)					
i.	Quoted				
	Equity Shares				
ii.	Unquoted				
	Equity Shares				
	Kowa Spinning Limited	10	10,08,000	2,13,58,200	10,08,000
	Vadodara Stock Exchange Limited	10	500	5,000	500
			2,13,63,200		2,13,63,200
	(i + ii)		2,13,63,200		2,13,63,200
	Less : Provision for diminution		2,13,58,200		2,13,58,200
	TOTAL		5,000		5,000
	Quoted :				
	Aggregate Book Value (net of provision)				-
	Market Value				-
	Unquoted :				
	Aggregate Book Value (net of provision)		5,000		5,000

	As At March 31, 2017 ₹	As At March 31, 2016 ₹
<b>NOTE - 8 LONG TERM LOANS AND ADVANCES</b>		
Deposits with exchange & other	2,87,51,653	3,03,32,664
Deposit with Companies	5,30,00,000	5,30,00,000
Share Application	2,16,68,641	2,16,68,641
<b>TOTAL</b>	<b>10,34,20,294</b>	<b>10,50,01,305</b>
<b>NOTE - 9 OTHER NON - CURRENT ASSETS</b>		
Advance Payment of Tax	30,70,906	53,25,797
In Fixed Deposit Accounts	2,95,00,000	2,95,00,000
<b>TOTAL</b>	<b>3,25,70,906</b>	<b>3,48,25,797</b>
<b>NOTE 10 - CURRENT INVESTMENT</b>		
<b>SHARE STOCK</b>		
Equity Shares -(Refer Appendix 10-A)	2,70,773	2,68,469
<b>TOTAL</b>	<b>2,70,773</b>	<b>2,68,469</b>



**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017**
**Appendix 10-A**

NAME OF THE SCRIP	As at March 31, 2017		As at March 31, 2016	
	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	2,000	32,900
LIC MF Liquid Plus Fund	14,346	1,38,366	13,816	1,31,481
Pennar Ind. Ltd	200	5,119	200	6,000
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	10,750	5,000	14,450
UTI Top 100 Funds	1,000	6,213	1,000	6,213
		<b>2,70,773</b>		<b>2,68,469</b>

	As At March 31, 2017 ₹	As At March 31, 2016 ₹
<b>NOTE 11 - SUNDRY DEBTORS</b>		
(Unsecured)		
Outstanding for more than six months		
Considered good	7,18,41,655	8,97,24,098
Considered doubtful	70,17,688	80,47,521
	<b>7,88,59,343</b>	<b>9,77,71,619</b>
Outstanding for Less than Six Months		
Considered good	2,63,39,644	82,17,463
Considered doubtful	-	-
	<b>10,51,98,986</b>	<b>10,59,89,082</b>
Less : Provision for Doubtful Debts	70,17,688	80,47,521
<b>TOTAL</b>	<b>9,81,81,298</b>	<b>9,79,41,561</b>
<b>NOTE 12 - CASH AND BANK BALANCES</b>		
Cash on hand	6,33,889	7,47,127
Balance with Scheduled Banks:		
In Current Accounts	2,72,54,257	4,28,58,902
In Fixed Deposit Accounts (Less than One Year)	1,40,50,000	1,40,50,000
	<b>4,13,04,257</b>	<b>5,69,08,902</b>
<b>TOTAL</b>	<b>4,19,38,147</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>4,19,38,147</b>	<b>5,76,56,028</b>

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

	As At March 31, 2017 ₹	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	49,600	7,800
Prepaid Expenses	11,38,832	14,83,503
Advance to Sundry Creditors	5,61,360	8,74,341
Exchange Obligation - Receivable	91,35,128	19,34,181
<b>TOTAL</b>	<b>1,08,84,920</b>	<b>42,99,825</b>
<b>NOTE 14 - OTHER CURRENTS ASSETS</b>		
Interest Accrued on Fixed Deposit	3,63,872	3,64,478
Advance for Expenses	32,448	50,705
Service Tax	20,45,967	16,65,135
<b>TOTAL</b>	<b>24,42,287</b>	<b>20,80,318</b>
	For the year ended March 31, 2017 ₹	For the year ended March 31, 2016 ₹
<b>NOTE 15 - OTHER INCOME</b>		
Interest on Fixed deposits with Banks [Tax deducted at source ₹3,51,275/-] (Previous year ₹3,85,762/-)	35,12,761	38,57,415
Dividend :- On stock in trade	3,66,890	38,476
Interest on Income Tax Refund	4,70,277	1,79,865
Unrealised Gains/(Loss) On Mark to Market of F&O Stock	(64,721)	(23,485)
Sundry Credit Balance W/off	71,85,460	-
Miscellaneous Income	9,96,233	6,97,485
<b>TOTAL</b>	<b>1,24,66,900</b>	<b>47,49,756</b>
<b>NOTE 16 - EMPLOYEES' REMUNERATION AND OTHER BENEFITS</b>		
Salaries and Bonus	1,41,37,178	1,00,23,220
Managing Director's Remuneration	34,24,638	31,25,019
Contribution to Provident and other Funds	6,10,415	5,40,726
Staff Welfare Expenses	9,99,124	12,81,838
Gratuity	3,01,740	4,22,669
<b>TOTAL</b>	<b>1,94,73,095</b>	<b>1,53,93,472</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017**

	For the year ended March 31, 2017 ₹	For the year ended March 31, 2016 ₹
<b>NOTE 17 - ADMINISTRATIVE AND OTHER EXPENSES</b>		
Financial Advisory charges	31,92,492	35,89,835
Computer Expenses	1,46,465	1,86,630
Demat charges	7,33,322	6,56,084
Rates and Taxes	21,32,468	20,10,276
Insurance	5,13,607	5,50,383
Internet Expenses	1,90,560	1,53,000
Advertisement Expenses	46,090	1,09,984
Sub Brokerage Paid	10,95,781	10,89,220
Business Promotion Expenses	1,73,977	1,35,222
Legal & Professional Fees	32,65,063	23,21,421
Telephone/Postage and Courier Charges	6,52,151	6,54,854
Electricity Charges	15,77,166	16,03,954
Registration Fees	8,69,185	9,66,887
Repairs and Maintenance	23,42,163	18,47,393
Security Charges	3,49,272	3,48,373
Printing and Stationery	3,95,141	4,71,260
Subscription Expenses	4,96,305	2,86,761
Travelling and Conveyance	8,11,548	8,77,331
Auditor's Remuneration		
For Audit	3,22,171	3,22,206
For Tax Audit	1,80,000	1,80,000
Directors sitting fees	95,200	75,000
Donation	30,100	26,100
Commission Paid	16,27,630	13,35,253
Miscellaneous Expenses	3,60,943	3,38,196
Sundry Balance Written off	80,10,765	24,472
<b>TOTAL</b>	<b>2,96,09,564</b>	<b>2,01,60,094</b>
<b>NOTE - 18 FINANCE CHARGES</b>		
Interest Expense	29,40,972	28,00,456
Bank Guarantee Commission and Other charges	5,16,059	4,09,399
<b>TOTAL</b>	<b>34,57,031</b>	<b>32,09,854</b>
<b>NOTE - 19 OTHER EXPENSES</b>		
Loss on Stock Valuation	4,581	7,354
Loss on Market Operation	44,185	3,70,255
<b>TOTAL</b>	<b>48,766</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’.

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, 2017 is as under:

Sr. No	Name of Associate Enterprises	As at March 31, 2017	
		No of shares	% of Holding
1	Trumonee Financial Limited	33,75,000	43.41

**21 Principles used in preparing Consolidated Financial Statements:**

- 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.
- Intra-group transactions are eliminated in preparation of consolidated financial statements.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

- c) The excess of the cost to the parent of its investment in a 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 a 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 31<sup>st</sup> March, 2017 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 Rs. 216.69 Lacs (Previous year Rs. 216.69 Lacs) is outstanding for a period of 180 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 of the Negotiable Instrument Act, 1881. The said matter is pending for hearing at Mumbai High Court.
- 24 Long-term deposits to various companies of Rs.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 There has been a legal proceedings pending before the Hon'ble Judge of Small Cause Court at Mumbai, which was filed by the Company against M/s. Shree Rama Multi Tech Limited, in the matter of recovery of rental income for an amount of Rs. 12,00,000/- per annum basis from the financial year 2002-2003 onwards to till date and for repossession of property of the Company. At present, the matter is pending for the next hearing before the said court.
- 26 In the matter of Mr. Hiten Parmar (PAN:- BGCPP4193C) regarding receivable of the outstanding amount of Rs. 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. The panel of arbitrators directed Mr. Hiten Parmar (Constituent) to pay to the Company Rs. 55,85,544.87/- (Rupees Fifty Five Lakhs

Eighty Five Thousand Five Hundred Forty Four and paise Eighty seven Only) within 30 days from the date of receipt of award. As the Company has not received the amount as on Balance sheet date, the Company is in the process of filing of FIR under Indian Penal code with Police and for execution of the decree in Court for recovery.

- 27 SEBI vide its Order No. WTM/RKA/EFD/DRA-11/45/2015 dated 13<sup>th</sup> May, 2015 had suspended the Certificate of Registration of the Company as a Stock Broker at National Stock Exchange of India Limited (SEBI Registration No. INB230600030) for a period of one month. The Company challenged the aforesaid SEBI Order and filed an appeal before Securities Appellate Tribunal (SAT) on May 22, 2015. The SAT had granted an interim stay on operation of the aforesaid SEBI Order.

On 08<sup>th</sup> March, 2017, the SAT passed the order and dismissed the appeal filed by the Company challenging the aforesaid SEBI Order. The SAT has also granted a stay of four weeks on operation of the said Order so as enable the Company to challenge the SAT order before the Hon'ble Supreme Court of India. The Company filed an appeal before the Hon'ble Supreme Court of India and it has been admitted. On April 7, 2017, the Supreme Court has granted an interim stay on the operation of the aforesaid SAT order (and consequently, the WTM's Order of SEBI) till the disposal of matter. Currently, the said matter is pending for hearing before the Hon'ble Supreme Court of India.

- 28 There is a Mark to Market Loss of Rs.64,721/- as on 31<sup>st</sup> March 2017 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	Accumulated As at 31 <sup>st</sup> March 2016	Charge/ Credit during the year	As at 31 <sup>st</sup> March 2017
<b>Deferred tax asset:</b>			
Provision for doubtful debtors/advances that are deducted for tax purposes when written off	199.45	-	199.45
Deferred Tax Asset on account of Unabsorbed Depreciation	216.50	-	216.50
<b>Deferred tax liability:</b>			
Additional depreciation on fixed assets for tax purposes due to higher tax depreciation rates	(405.94)	(1.01)	(406.95)

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017**

Expenses carried forward as per books but claimed for tax purposes as incurred	(1.22)	-	(1.22)
<b>Net Deferred tax Assets/(Liability)</b>	<b>8.79</b>	<b>(1.01)</b>	<b>7.78</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.

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 31 <sup>st</sup> March 2017	Year Ended 31 <sup>st</sup> March 2016
<b>1</b>	<b>Segment Revenue-external</b>		
a)	Investment / Stock Operations	22.79	3.62
b)	Fee-based Operations	347.95	297.60
c)	Other Unallocated Revenue	124.67	47.50
	<b>Total revenue</b>	<b>495.41</b>	<b>348.72</b>
<b>2</b>	<b>Segment Result</b>		
a)	Investment / Stock Operations	20.30	3.06
b)	Fee-based Operations	(14.07)	55.01
	<b>Total</b>	<b>6.24</b>	<b>58.07</b>
	Less: Interest	34.57	32.10
	Unallocated Expenses less unallocated income	(31.81)	(97.66)
	Net (Loss) / Profit before Tax & prior Period Items	(60.14)	(71.69)
	Provision for tax (including deferred tax)	1.02	(1.42)
	Net (Loss)/Profit after tax for the year	<b>(61.16)</b>	<b>(70.27)</b>
	<b>Other Items</b>		
<b>3</b>	<b>Segment Assets</b>		
a)	Investment / Stock Operations	2.81	2.79
b)	Fee-based Operations	1843.01	2011.69
c)	Unallocated Corporate Assets	1913.09	1959.94
		<b>3758.91</b>	<b>3974.42</b>
<b>4</b>	<b>Segment Liabilities</b>		
a)	Investment / Stock Operations	0.06	0.07

b)	Fee-based Operations	504.34	650.48
c)	Unallocated Corporate Liabilities	176.85	169.85
		<b>681.25</b>	<b>820.39</b>
<b>5</b>	<b>Depreciation</b>	29.67	29.00
<b>6</b>	<b>Non cash items other than depreciation</b>		
a)	Investment / Stock operations	0.05	0.07

**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, 2017	Year ended March 31, 2016
<b>Basic</b>		
Numerator used for calculating basic earnings per share – Profit after taxation (₹lacs)	<b>(61.16)</b>	<b>(70.27)</b>
Less: Dividend on Cumulative Preference share dividend (including dividend tax thereon)	-	-
Profit / (Loss) attributable to equity shareholders (₹ lacs)	<b>(61.16)</b>	<b>(70.27)</b>
Weighted average number of shares (in lacs) used as Denominator for calculating basic earnings per share	<b>119.39</b>	<b>119.39</b>
Nominal value per equity share (Rs.)	<b>10.00</b>	<b>10.00</b>
Basic earnings per share – (Rs.)	<b>(0.51)</b>	<b>(0.59)</b>
<b>Diluted</b>		
Numerator used for calculating Diluted earning per Share-Profit /(Loss) after taxation (₹In Lacs)	<b>(61.16)</b>	<b>(70.27)</b>
Weighted Average Number of Shares (In Lacs) used as Denominator for calculating Diluted Earning per Share	<b>119.39</b>	<b>119.39</b>
Diluted earning per Share- (Rs.)	<b>(0.51)</b>	<b>(0.59)</b>

**32 Related Party Disclosures**
**Names of Related Parties:**

A) Enterprises where control exists

Associate Companies:



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

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. Mrs. Bhagyashree P. Khandwala - Executive Director / CFO

D) Relatives of Key Management Personnel:

1. Mr. Pranav 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 31<sup>st</sup> March 2017

[₹ in lacs]

Transaction	2016-17	2015-16
Brokerage received	5.41	1.82
Remuneration Paid	34.25	31.25
Advisory fees paid	0.57	1.49
Lease rent received	-	-
<b>Outstanding Balance</b>	<b>175.02</b>	<b>174.89</b>
Sundry Debtors	38.27	3.41
Sundry Creditors	337.50	337.50
Investment Associate Companies		

- 33 As per information and explanation received there are no dues payable to Small Scale Industrial Undertakings as at March 31, 2017.

- 34 Transaction in foreign currency: (In lacs)

Foreign travel expenses – ₹ 0.60, Previous year ₹ 1.00.

- 35 Debtors include:

- (i) Due from a firm in which a director is interested as partner - Rs.138.44 lacs (Previous year Rs.144.85 lacs)
- (ii) Due from relatives and Enterprises controlled by the relatives of the Key Managerial Personnel – Rs.36.58 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 : ₹ 34.25 Lacs (P.Y. ₹31.25 lacs)  
Allowances

- (ii) Sitting fees to other Directors : ₹0.95 Lacs (P.Y. ₹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.

I. Change in Benefit Obligation:	F.Y. 16 -17
Liability at the beginning of the year	23,31,987
Interest Cost	1,87,958
Current Service Cost	1,35,765
Past Service Cost (Non Vested Benefit)	-
Past Service Cost (Vested Benefit)	-
Settlement	-
Liability Transfer in	-
Liability Transfer out	-
(Benefit Paid from the Funds)	-
Actuarial (Gain) / Loss on Obligations-Due to change in Financial Assumptions	1,70,697
Actuarial (Gain) / Loss on Obligations-Due to Experience	10,086
Liability at the end of the year	28,36,493

II. Fair value of Plan Assets:	F.Y. 16 -17
Fair Value of Plan Assets at the Beginning of the year	25,88,855
Expected Return on Plan Assets	2,08,662
Contributions by the Employer	-
Transfer from other company	-
(Transfer to other company)	-
(Benefit Paid)	-
Actuarial gain / (Loss) on Plan Assets- Due to Experience	3,405
Fair Value of Plan Assets at the end of the year	28,00,922

III. Actual Return on Plan Assets:	F.Y. 16 -17
Expected Return on Assets	2,08,662
Actuarial gain/ (Loss) on Plan Assets- Due to Experience	3,405
Actual Return on Plan Assets	2,12,067

IV. Amount Recognized in the Balance Sheet:	F.Y. 16 -17
(Present Value of Benefit Obligation at the end of the Period)	(28,36,493)
Fair Value of Plan Assets at the end of the year	28,00,922

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017**

Funded Status (Surplus/ (Deficit))	(35,571)
Unrecognized Past Service Cost at the end of the Period	-
Net (Liability) /Asset Recognized in the Balance Sheet	(35,571)

<b>V. Expenses Recognized in the Income Statement:</b>	<b>F.Y. 16 -17</b>
Current Service Cost	1,35,765
Net Interest Cost	(20,704)
Actuarial (Gain) or Loss	1,77,378
Past Service Cost (Non Vested Benefit) Recognized	-
Past Service Cost (Vested Benefit) Recognized	-
Transition Liability during the period	-
Expense Recognized in P&L	2,92,439

<b>VI. Balance Sheet Reconciliation</b>	<b>F.Y. 16 -17</b>
Opening Net Liability	(2,56,868)
Expense as above	2,92,439
Transfer from other company Net	-
Transfer to other company Net	-
Employer's Contribution	-
Net Liability /(Asset) Recognized in Balance Sheet	35,571

<b>VII. Assumptions</b>	<b>F.Y. 16 -17</b>
Discount Rate Previous	8.06%
Rate of Return on Plan Assets Previous	8.06%
Salary Escalation Previous	5.00%
Attrition Rate Previous Year	2.00%
Discount Rate Current	7.20%
Rate of Return on Plan Assets Current	7.20%
Salary Escalation Current	5.00%
Attrition Rate Current Year	2.00%

<b>VIII. Other Details</b>	<b>F.Y. 16 -17</b>
No. Of Active Members	38
Per Month Salary For Active Member	5,65,064
Projected Benefit Obligation (PBO)	28,36,493
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.

**39 Disclosure on Specified Bank Notes :**

During the year, the Company had Specified Bank Notes (SBNs) or other denomination notes as defined in MCA notification, G.S.R. 308(E), dated 30<sup>th</sup> March, 2017. The details of SBNs held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination-wise SBNs and other notes as per notification are as follows:

Particulars	SBNs	Other Denomination Notes	Total
Closing Cash in hand as on November 8, 2016	5,34,000/-	6,78,711/-	12,12,711/-
Add: Total Receipts	-	2,14,500/-	2,14,500/-
Less: Total Payments	-	-	-
Less: Amount Deposited in Bank	(5,34,000/-)	-	(5,34,000/-)
Closing cash in hand as on December 30, 2016	-	-	8,93,211/-

**40 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 (Rs.)	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)
		4.96	A.Y. 2007-08	ITAT	143(3)

- ii) Preference dividends are in arrears from F.Y. 2008-09 to F.Y.2016-17 as aggregating to ₹1.80 Crores.
- iii) TDS defaults showing on TDS traces website for the various Financial Years as on 31<sup>st</sup> March 2017 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.
- 41 The figures for the previous period have been regrouped, rearranged or reclassified wherever necessary to conform to the current period's presentation.

As per our report attached of even date.

**For Udyen Jain & Associates**  
*Chartered Accountants*

**Sushil Bajaj**  
**Partner**  
Mem. No: 131144  
ICAI Registration No. 116336W

Place :- Mumbai  
Date :- May 29, 2017

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

**Kalpen Shukla**  
**Chairman**  
DIN: 00117482

**Bhagyashree Khandwala**  
**Executive Director / CFO**  
DIN: 02335473

Place :- Mumbai  
Date :- May 29, 2017

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

**Abhishek Joshi**  
**Company Secretary**

[illegible]

# 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 24<sup>th</sup> Annual General Meeting of the Company, to be held on Thursday, September 21, 2017 at 12.30 p.m. at Garware Club House, Wankhede Stadium, 'D' Road, 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, 2017 together with the Report of the Directors and the Auditors thereon; and b. the audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2017 together with the Report of the Auditors thereon.		
2	Re-appointment of Mrs. Bhagyashree Khandwala (DIN: 02335473), who retires by rotation		
3	Appointment of Statutory Auditors and fix their remuneration		
4	Appointment of Mrs. Bhagyashree Khandwala as an Executive Director		

Signed this ..... day of ..... 2017

Signature of Shareholder: .....

Signature of Proxy holder: .....

Affix  
Revenue  
Stamp of  
₹ 1

#### 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 **Twenty Fourth Annual General Meeting** of the Company being held at Garware Club House, Wankhede Stadium, 'D' Road, Churchgate, Mumbai - 400 020 on **Thursday, September 21, 2017 at 12.30 p.m.**

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

## ROUTE MAP FOR 24<sup>TH</sup> 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