

# **27<sup>TH</sup> ANNUAL REPORT**

**2019-20**



*Wealth Visionaries*

## **OUR MANTRA**

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

Broking : Institutional Equity : Investment Banking : Investment Advisory : Private  
Wealth : Portfolio Management Services

### **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

# **KHANDWALA SECURITIES LIMITED**

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## **BOARD OF DIRECTORS**

Mr. Paresh J. Khandwala  
Mr. Pranav Khandwala  
Mrs. Bhagyashree Khandwala  
Mr. Pratik Khandwala  
Mr. Rohitasava Chand  
Mr. Homiar N. Vakil

- Managing Director
- Whole-time Director / CFO
- Non - Executive Director
- Non - Executive Director
- Independent Director
- Independent Director

## **COMPANY SECRETARY**

Mr. Abhishek Joshi

## **REGISTERED OFFICE**

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

## **BRANCH OFFICE**

C-8/9, Dr. Herekar Park,  
Next to Kamala Nehru Park,  
Off. Bhandarkar Road, Pune - 411004  
Tel:- 91-20-66220300/01/02

## **STATUTORY AUDITORS**

Aniket Kulkarni & Associates  
Chartered Accountants  
507, Lotus Business Park Premises Co. Op. Soc. Ltd  
Ram Baug Lane, Off. S. V. Road, Malad (West),  
Mumbai – 400064

## **BANKERS**

Canara Bank  
Union Bank of India

## **REGISTRAR & SHARE TRANSFER AGENT**

KFin Technologies Private Limited  
(Formerly known as Karvy Fintech Private Limited)  
Selenium Tower B, Plot No. 31 & 32,  
Financial District, Nanakramguda, Gachibowli,  
Hyderabad - 500 032, Telangana  
Tel :- 91-40-67162222  
Website: www.kfintech.com

## **LEGAL ADVISORS**

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

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**Dear Shareholders,**

The nature of FY20 remained volatile and challenging for the overall markets with various macro-level headwinds like weak auto sales, muted growth in personal and consumer loans and sluggish rural demand. Adding to these woes was the default of a major housing finance company, escalation in US-China trade tensions and fall in oil prices. Even then, equity markets enjoyed a bull run for most part of the year with the Sensex and Nifty touching an all-time high in January. But with the origination and spread of coronavirus and significant lockdown imposed by the government, economic activity was severely disrupted. India's growth engines (private consumption, private investment and exports) slowed down significantly due to tightening credit and poor customer sentiment.

From the economic slowdown, to the persistent stress in India's lending space, and the external volatilities arising due to the ongoing COVID-19 crisis, the financial services industry, today, is faced with a host of challenges. That said, it is also a defining moment for businesses across the spectrum. We, at Khandwala Securities Limited (KSL), perceive the year gone by as a litmus test of resilience, abundant with learnings. We are relying on the Company's vast wealth of insights garnered over the preceding decades, the diversified business model, the high pedigree of leadership and the commitment to responsible value creation – to withstand the macroeconomic turbulence. We are inspired by our legacy of trust and intrinsic excellence spanning nine decades. We are steadfast in our endeavour of providing innovative solutions to our clients that are steeped in our insights and expertise, while creating value for our stakeholders.

I hope you and your families have been safe and well these past few months. COVID -19 has been a very trying and once in a lifetime crisis, with an unprecedented impact on the lives and livelihoods of millions of Indians. Its negative impact on business and industry is also likely to be felt for a long time. At KSL, our teams were disciplined in following all the guidelines and protocols given by the Central and State Governments during lock downs and I am happy to share that all our office premises are now fully functional with our teams servicing clients efficiently. Through the lock down our staff worked from home, regularly interacted with clients, organized online knowledge sharing sessions and maintained a dialog with all stakeholders.

FY20 has been quite a challenging year for the Indian economy and particularly for the financial services sector. The continued liquidity crunch, uncertain and volatile credit environment and slow economic growth created headwinds. The COVID-19 pandemic and subsequent lockdowns have impacted the businesses and aggravated the prevailing sectoral challenges. The unprecedented business environment has put to test the resilience, prudence and adaptability of any business model. Having said that, the fiscal year has been full of learnings which have sharpened our foresight. We remain agile and create value for our clients and stakeholders. Looking ahead, it is clear that the next few quarters will be challenging for everyone, as individuals and organisations. At KSL, we continue to closely monitor the external environment and will prudently recalibrate our business strategy and planning as the situation unfolds.

Dear Shareholders, we have taken several steps during the year to streamline operations, strengthen technology, hire quality talent and improve productivity. I am confident that with our all round efforts we will emerge Stronger and more Resilient. Together let us march Towards a Bigger Tomorrow. I would like to end by expressing my gratitude to our clients, investors, bankers, regulators, every team member and you dear shareholders – for the trust reposed in us. My special thanks also to our Board members for their guidance. We look forward to your continued support in our growth trajectory, as we create long term value for all our stakeholders.

Sincerely,

**Pranav Khandwala**  
**Whole-time Director & CFO**

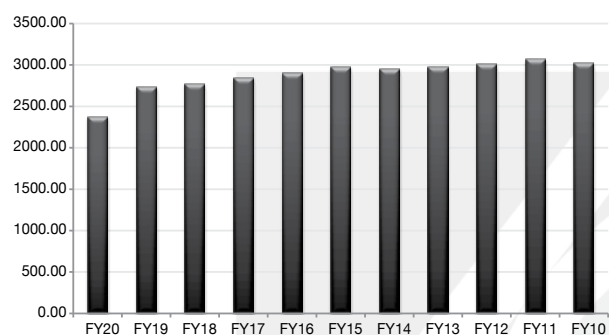
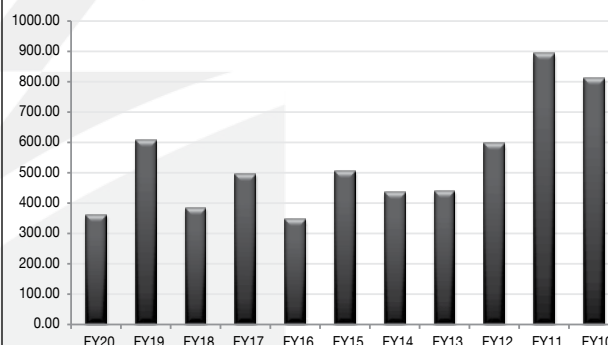
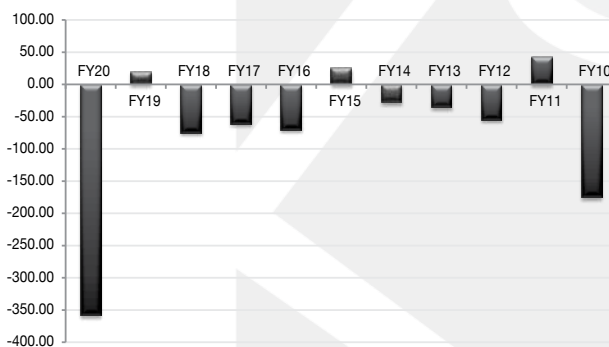
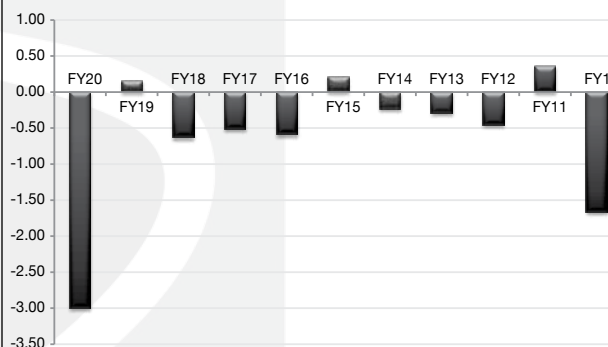
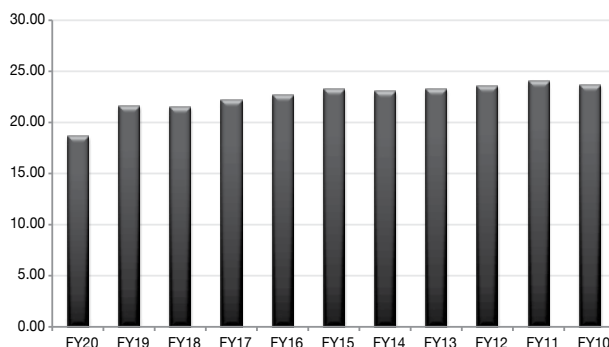
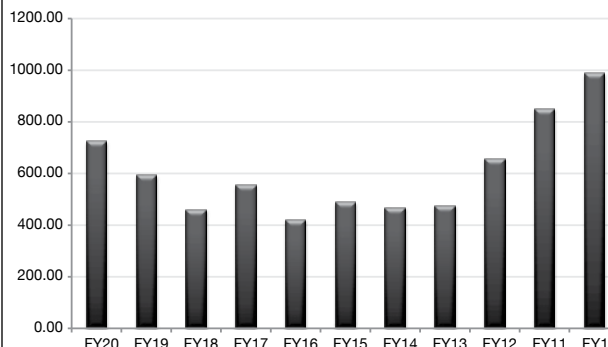
**July 27, 2020**

## Performance Highlights

### Standalone Financial Performance of Khandwala Securities Limited

*(₹ in Lakhs except per share data)*

	FY20	FY19	FY18	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10
Total Income	362.00	609.83	383.68	495.36	348.72	506.85	438.18	440.03	599.42	893.76	813.43
Total Expenditure	724.52	594.30	460.08	555.30	420.25	489.21	466.62	475.87	657.73	850.66	988.60
Profit Before Tax	-362.52	15.53	-76.40	-59.94	-71.53	17.64	-28.44	-35.83	-58.31	43.11	-175.18
Tax Expenses	3.82	3.58	1.30	1.02	-1.42	-7.46	-0.62	-0.83	-3.32	-0.27	-0.01
Net Profit	-358.70	19.11	-75.10	-60.95	-70.11	25.10	-27.82	-35.01	-54.99	43.37	-175.17
Paid up Equity Capital	1193.90	1193.90	1193.90	1193.90	1193.90	1193.90	1193.90	1193.90	1193.90	1193.90	1193.90
Networth	2374.96	2734.25	2772.32	2846.52	2907.48	2977.58	2952.49	2980.31	3015.31	3070.30	3026.93
Diluted EPS (FV Rs. 10) (in Rs.)	-3.00	0.16	-0.63	-0.51	-0.59	0.21	-0.23	-0.29	-0.46	0.36	-1.66
BVPS (FV Rs. 10) (in Rs.)	18.64	21.65	21.55	22.17	22.68	23.26	23.05	23.29	23.58	24.04	23.68

**Networth**

**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 Seventh Annual General Meeting of the Members of **Khandwala Securities Limited** will be held on Monday, November 23, 2020 at 12.00 noon IST through Video Conferencing ("VC"/ Other Audio Visual Means ("OAVM") to transact the following business.

### ORDINARY BUSINESS:

1. To receive, consider and adopt :-
  - a. the Audited Financial Statements of the Company for the financial year ended March 31, 2020 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, 2020 together with the 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. **Re-appointment of Statutory Auditors of the Company**

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 (including any statutory modification(s) or re-enactment(s) thereof) 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 re-appointed as Statutory Auditors of the Company, for a term of 5 (five) years to hold office from the conclusion of this Annual General Meeting till the conclusion of the Thirty Second Annual General Meeting of the Company to be held in the year 2025, on such terms and remuneration as may be mutually agreed upon between the Board of Directors and the Auditors."

### SPECIAL BUSINESS:

4. **Re-appointment of Mr. Homiar N. Vakil as an Independent Director of the Company**

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies

Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("SEBI Listing Regulations") and pursuant to the recommendation of the Nomination and Remuneration Committee and the Board of Directors, Mr. Homiar N. Vakil (DIN: 05210178), who holds the office of Independent Director up to September 18, 2020 and being eligible, has submitted a declaration that he meets the criteria for Independence under Section 149(6) of the Companies Act, 2013 and SEBI Listing Regulations, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, and to hold office as such for a second term of five consecutive years with effect from September 19, 2020 to September 18, 2025."

5. **Appointment of Mr. Pranav Khandwala as Whole-time Director of the Company**

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 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 and Articles of Association of the Company and pursuant to the recommendation of the Nomination and Remuneration Committee and the Board of Directors, the consent of the Members of the Company be and is hereby accorded to the appointment/change in designation of Mr. Pranav Khandwala (DIN: 00519113) as Whole-time Director (designated as Whole-time Director and Chief Financial Officer) of the Company, for a period of 5 years with effect from February 11, 2020, on the terms and conditions, as set out below:

- a) **Remuneration:**

Salary: Rs. 1,50,000/- per month.
- b) **Perquisites, allowances and other benefits**
  - Reimbursement of medical expenses, leave travel allowance, contribution to Provident Fund, Super Annuation Fund or Annuity fund, Gratuity etc. - as per the rules 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/or remuneration as it may deemed fit and as may be accepted to Mr. Pranav Khandwala, subject to the same not exceeding the limits specified under section 197 read with Schedule V of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force).

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

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

**6. Change in Designation of Mrs. Bhagyashree Khandwala from Executive Director to Non Executive Director of the Company**

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 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and pursuant to the recommendation of the Nomination and Remuneration Committee and the Board of Directors, the consent of the Members of the Company be and is hereby accorded to change the designation of Mrs. Bhagyashree Khandwala from "Executive Director" to "Non-Executive Director" of the Company, liable to retire by rotation, effective from February 11, 2020.

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

**7. Appointment of Mr. Pratik Khandwala as Director of the Company**

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 152, 161 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules,

2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and Articles of Association of the Company and pursuant to recommendation of the Nomination and Remuneration Committee and the Board of Directors, Mr. Pratik Khandwala (DIN: 00519147), who was appointed by the Board of Directors as an Additional Director of the Company with effect from August 14, 2020 and who holds office up to the date of this Annual General Meeting of the Company and in respect of whom the Company has received a Notice in writing from a Member under section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, being so eligible, be appointed as a Non-Executive Director of the Company, liable to retire by rotation."

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

**Paresh Khandwala  
Managing Director**

**Date :** September 21, 2020

**Place :** Mumbai

**NOTES:**

1. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs ('MCA') has vide its General Circular No. 14/2020 dated April 8, 2020 General Circular No. 17/2020 dated April 13, 2020 and General Circular No. 20/2020 dated May 5, 2020 (collectively "**MCA Circulars**"), permitted companies to conduct Annual General Meeting (AGM) through video conferencing (VC) or other audio visual means, subject to compliance of various conditions mentioned therein. In compliance with the MCA Circulars and applicable provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Twenty Seventh AGM of the Company is being convened and conducted through VC/OAVM.
2. The deemed venue for Twenty Seventh AGM shall be the Registered Office of the Company at Vikas Building, Ground Floor, Green Street, Fort, Mumbai - 400023.
3. **PURSUANT TO THE PROVISIONS OF THE COMPANIES ACT, 2013, A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. SINCE THIS AGM IS BEING HELD PURSUANT TO THE MCA CIRCULARS THROUGH VC/OAVM FACILITY, THE REQUIREMENTS OF PHYSICAL ATTENDANCE OF MEMBERS HAS BEEN DISPENSED WITH. ACCORDINGLY, THE FACILITY FOR APPOINTMENT OF PROXIES BY THE MEMBERS WILL NOT BE AVAILABLE FOR THIS AGM AND HENCE THE**



**PROXY FORM, ATTENDANCE SLIP AND ROUTE MAP ARE NOT ANNEXED TO THIS NOTICE.**

4. Institutional/Corporate shareholders (i.e. other than individuals/HUF, NRI, etc.) are required to send a scanned copy (pdf/jpg format) of its board or governing body's resolution/authorisation, etc., authorising their representative to attend the e-AGM on its behalf and to vote through remote e-voting. The said resolution/authorisation shall be sent to the scrutinizer by email through its registered email address to csbbansal@gmail.com with a copy marked to evoting@nsdl.co.in.
5. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the above ordinary business and special business is annexed hereto.
6. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The Members will be able to view the proceedings on the National Securities Depository Limited's ('NSDL') e-Voting website at [www.evoting.nsdl.com](http://www.evoting.nsdl.com). The facility of participation at the AGM through VC/OAVM will be made available to at least 1,000 Members on a first come first served basis as per the MCA Circulars. This will not include large shareholders (shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis. The detailed instructions for joining the Meeting through VC/OAVM form part of the Notes to this Notice.
7. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
8. Brief details of the directors, who are seeking appointment/re-appointment, are annexed hereto as per requirements of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India.
9. As per Regulation 40 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Transfer Agents, KFin Technologies Private Limited for assistance in this regard.
10. In terms of sections 101 and 136 of the Act, read with the rules made thereunder, the listed companies may send the notice of AGM and the annual report, including financial statements, boards' report, etc. by electronic mode. Pursuant to the said provisions of the Act read with MCA Circulars, SEBI Circular dated May 12, 2020, Notice of Twenty Seventh AGM along with the Annual Report for FY 2019-20 is being sent only through electronic mode to those members whose email addresses are registered with the Company/depositories. Members may note that the Notice and Annual Report for FY 2019-20 will also be available on the Company's website at <http://www.kslindia.com/Static/InvestorRelations.aspx> website of the stock exchanges i.e., BSE Limited at [www.bseindia.com](http://www.bseindia.com) and National Stock Exchange of India Limited at [www.nseindia.com](http://www.nseindia.com) and on the website of NSDL at [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
11. Members who have not registered their e-mail address are requested to register the same in respect of shares held in electronic form with the Depository through their Depository Participant(s) and in respect of shares held in physical form by writing to the Company's Registrar and Share Transfer Agent, KFin Technologies Private Limited, Selenium, Plot 31 & 32, Gachibowli Financial District, Nanakramguda, Hyderabad - 500 032. Members are requested to register their email id and support the green initiative efforts of the Company.
12. Pursuant to the provisions of Section 72 of the Companies Act, 2013, members holding shares in physical form are advised to file nomination in the prescribed Form SH-13 with KFin Technologies Private Limited. In respect of shares held in electronic/demat form, the members may please contact their respective depository participant.
13. Members holding the equity shares under multiple folios in the identical order of names are requested to write to the KFin Technologies Private Limited, to consolidate their holdings in one folio.
14. 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 at the AGM.
15. Non-resident Indian shareholders are requested to inform about the following immediately to the Company or its Registrar and Share Transfer Agent or the concerned Depository Participant, as the case may be:- a) the change in the residential status on return to India for permanent settlement, and b) the particulars of the NRE account with a Bank in India, if not furnished earlier.

16. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions in writing to the Company at least 10 days in advance so that information required may be complied and made available at the Meeting.
17. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held in electronic form and to KFin Technologies Private Limited in case the shares are held in physical form.
18. 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.
19. The Register of Directors and Key Managerial Personnel and their shareholding and the Register of contracts or arrangements in which directors are interested maintained under Section 189 of the Companies Act, 2013 will be made available for inspection by the Members electronically during the AGM.
20. The Register of Members and Share Transfer Books of the Company will remain closed from **November 16, 2020 to November 23, 2020** (both days inclusive).
21. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as venue voting on the date of the AGM will be provided by NSDL.
22. Members of the Company holding shares either in physical form or in electronic form as on the **cut-off date i.e. Saturday, November 14, 2020** may cast their vote by remote e-Voting. A person who is not a Member as on

the cut-off date should treat this Notice for information purpose only. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-Voting before the AGM as well as remote e-Voting during the AGM. Any person who acquires shares of the Company and becomes a Member of the Company after the dispatch of the Notice and holding shares as on the **cut-off date i.e. Saturday, November 14, 2020**, may obtain the User ID and Password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

23. The Scrutinizer, M/s. Bhuvnesh Bansal & Associates, Practicing Company Secretary (Membership No. FCS 6526 & COP No. 9089) has been appointed as the Scrutinizer to scrutinize the remote e-voting/ e-voting process in a fair and transparent manner. The Scrutinizer will submit the report to the Chairman or any person authorised by him after completion of the scrutiny and the results of voting will be announced after the AGM of the Company. The result declared along with the Scrutiniser's report shall be communicated to the Stock Exchanges on which the Company's shares are listed, NSDL, KFin Technologies Private Limited and will also be displayed on the Company's website at [www.kslindia.com](http://www.kslindia.com).
24. The Results on above resolutions shall be declared not later than 48 hours from the conclusion of the Meeting of the Company and the resolutions will be deemed to be passed on the Meeting date subject to receipt of the requisite number of votes in favor of the resolutions.

#### **THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER:-**

The remote e-voting period begins on **THURSDAY, NOVEMBER 19, 2020 at 09:00 A.M. IST** and ends on **SUNDAY, NOVEMBER 22, 2020 at 05:00 P.M. IST**. The remote e-voting module shall be disabled by NSDL for voting thereafter.

#### **How do I vote electronically using NSDL e-Voting system?**

*The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:*

**Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>**

**Step 2: Cast your vote electronically on NSDL e-Voting system.**

**Details on Step 1 is mentioned below:**

#### **How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.



2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholders’ section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

*Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.*

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:
  - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
  - c) How to retrieve your ‘initial password’?
    - (i) If your email ID is registered in your demat account or with the company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the

.pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.

- (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered**.
6. If you are unable to retrieve or have not received the “Initial password” or have forgotten your password:
  - a) Click on “**Forgot User Details/Password?**”(If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) **Physical User Reset Password?** (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
  - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

**Details on Step 2 is given below:**

**How to cast your vote electronically on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
3. Select “EVEN” of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
6. Upon confirmation, the message “Vote cast successfully” will be displayed.

7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for shareholders**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [csbbansal@gmail.com](mailto:csbbansal@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request to Mr. Sagar S. Gudhate at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

**Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e-mail ids for e-voting for the resolutions set out in this notice:**

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to [investorgrievances@kslindia.com](mailto:investorgrievances@kslindia.com).
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to [investorgrievances@kslindia.com](mailto:investorgrievances@kslindia.com).

**THE INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

2. Only those Members/shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

**INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at [investorgrievances@kslindia.com](mailto:investorgrievances@kslindia.com). The same will be replied by the company suitably.

**EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 102 OF THE COMPANIES ACT, 2013****Item No. 3**

M/s. Aniket Kulkarni & Associates, Chartered Accountants (Firm Registration No. 130521W) were appointed as Statutory Auditors of the Company by the Members at the Twenty Fourth Annual General Meeting (AGM) held on September 21, 2017, to hold office as Statutory Auditors from the conclusion of Twenty Fourth AGM till the conclusion of Twenty Seventh AGM of the Company to be held in the year 2020. Accordingly, their present term gets completed on conclusion of this AGM in terms of the said approval and Section 139 of the Companies Act, 2013 ('the Act') read with the Companies (Audit and Auditors) Rules, 2014.

The Board of Directors, on the recommendation of the Audit Committee, recommended for the approval of the Members the re-appointment of M/s. Aniket Kulkarni & Associates, Chartered Accountants, as the Statutory Auditors of the Company for a period of five years commencing from the conclusion of this AGM till the conclusion of the Thirty Second AGM to be held in the year 2025.

M/s. Aniket Kulkarni & Associates, Chartered Accountants, the statutory auditors of the Company have conducted the statutory audit of the company from FY 2017-18 to FY 2019-20 and their performance was found to be satisfactory.

M/s. Aniket Kulkarni & Associates is a Chartered Accountancy Firm who has been involved in various projects for the clients like transfer pricing assignments, IPO's, top scale direct tax and indirect tax advisory, project funding of over rupees 200 crores, mergers, acquisitions and foreign direct investments. The Firm provides a wide variety of services like Statutory Audit, Internal Audit, Direct & Indirect tax Compliances, Direct Tax Advisory, Indirect Tax Advisory, Corporate Finance, IPO Compliances, Private Equity, etc.

M/s. Aniket Kulkarni & Associates, Chartered Accountants have given their consent to act as the Auditors of the Company and have confirmed that the said appointment, if made, will be in accordance with the Section 139 read with Section 141 of the Act.

None of the Directors or Key Managerial Personnel of the Company and/or their relatives is in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 3 of the Notice of the AGM.

Accordingly, the Board of Directors recommends the Ordinary Resolution set out at Item No. 3 of the Notice of the AGM for approval of the Members.

**Item No. 4**

Mr. Homiar N. Vakil (DIN: 05210178) was appointed as an Independent Director on the Board of the Company pursuant to the provisions of Section 149 of the Companies Act, 2013 ("the Act") read with the Companies (Appointment and Qualification of Directors) Rules, 2014, by the Members at the Twenty Second Annual General Meeting of the Company held on September 19, 2015. He holds office as an Independent Director of the Company up to September 18, 2020 ("First Term") in line with the explanation to section 149(10) and 149(11) of the Act.

As per the provisions of Section 149(10) of the Act, an Independent Director shall hold office for a term of up to five consecutive years on the Board of a Company and shall be eligible for re-appointment for another term of upto five consecutive years on the Board of a Company, on passing of a special resolution by the Members.

The Nomination and Remuneration Committee of the Board of Directors has recommended the re-appointment of Mr. Homiar N. Vakil as an Independent Director for the second term of 5 (five) consecutive years i.e. from September 19, 2020 to September 18, 2025 on the Board of the Company.

The Company has received a declaration from Mr. Homiar N. Vakil confirming that he meets the criteria of independence under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, the Company has also received Mr. Homiar N. Vakil's consent to act as a Director in terms of section 152 of the Companies Act, 2013 and a declaration that he is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

Mr. Homiar N. Vakil have more than 30 years of knowledge and experience in Civil and Criminal litigation matters, arbitration matters, constitutional matters, writ petitions, Indirect Taxes, Public Trusts Matters and Public Interest Litigations. He had advised several large public & private sectors, foreign banks and individual in respect of litigation as well as property cases. Mr. Homiar N. Vakil is specialized in the area of conveyancing, title investigation, drafting contracts, preparing and vetting international banking documents.

In the opinion of the Board, Mr. Homiar N. Vakil fulfills the conditions for his re-appointment as an Independent Director as specified in the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended thereto and the SEBI Listing Regulations and he is independent of the management.

The copy of letter of appointment of Mr. Homiar N. Vakil setting out the terms and conditions of appointment is being made available for inspection by the members through electronic mode.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Homiar N. Vakil as an Independent Director. Further, he does not hold any equity shares of the Company. He is not related to any other Directors/KMP's of the Company. He is the Chairman of Board of the Directors and the Audit Committee and Member of the Nomination & Remuneration Committee.

None of the Directors or Key Managerial Personnel of the Company and/or their relatives except Mr. Homiar N. Vakil, to whom the resolution relates, is in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice of the AGM.

Accordingly, the Board of Directors recommends the Special Resolution set out at Item No. 4 of the Notice of the AGM for approval of the Members.

**Item No. 5**

Based on the recommendation of Nomination and Remuneration Committee, the Board of Directors at their meeting held on February 11, 2020, approved the appointment of Mr. Pranav Khandwala as Chief Financial Officer (CFO) of the Company. Subsequently, the Board also approved the appointment of Mr. Pranav Khandwala as Whole-time Director of the Company for a period of 5 (five) years w.e.f February 11, 2020, subject to the approval of the Members at the ensuing Annual General Meeting of the Company.

Mr. Pranav Khandwala has been associated with the Company since November 14, 2011. Before the appointment as Whole-time Director of the Company, he was holding the office as Non-Executive Director of the Company.

Mr. Pranav Khandwala is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as Whole-time Director of the Company.

The remuneration proposed to be payable to Mr. Pranav 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 :-** The Company is engaged in the business of stock broking, investment banking, investment advisory, portfolio management services and depository participant.
- 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, 2020 are as follows:-

Particulars	Amount (Rs. in Lakhs)
Total Income	362.00
Total Expenditure	724.52
Profit / (loss) before tax	(362.52)
Profit / (loss) after tax	(358.70)

- e) **Foreign investments or collaborations, if any:-** Not Applicable

**II. Information about the appointee:**

- a) **Background details:-** Mr. Pranav Khandwala has completed his graduation from Mumbai University and has done two year global Masters Programme from renowned universities in UK. He has around more than 17 years of experience in financial services entailing investor relations and investment advisory services along with creating and managing strategic business initiatives, resulting in enhanced business opportunities and value creation. He have significant experiences in raising capital and built strong relationships with internal and external stakeholders including domestic and foreign financial institutions, investors and research analysts.
- b) **Past remuneration :-** Before appointing Mr. Pranav Khandwala as Whole-time Director by the Board of Directors of the Company effective from February 11, 2020, he was holding the office as Non-Executive Director since December 4, 2016. In the past few years, he has received the remuneration in the form of sitting fees only.
- c) **Recognition or awards :-** Nil
- d) **Job profile and her suitability:-** Same as above in item no. a) herein above.
- e) **Remuneration proposed:-** As set out in the aforesaid Resolution.
- f) **Comparative remuneration profile with respect to industry, size of the company, profile of the position and person :-** Taking into consideration the size of the Company, the profile of Mr. Pranav Khandwala, the responsibilities shouldered by him and industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterparts in the companies.
- g) **Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any :-** Mr. Pranav Khandwala is one of the person forming part of the Promoter Group of the Company and apart of the proposed remuneration as stated above, he has no other pecuniary relationship directly or indirectly with Company. Mrs. Bhagyashree Khandwala, Director is the spouse of Mr. Pranav Khandwala, Mr. Pratik Khandwala and Mr. Pranav Khandwala are brothers 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 :-** Higher volatility in market in last quarter Jan-Mar 2020, higher expenditures including financial charges besides slow down of economy in general, 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:** - It is impractical to measure the productivity and profits due to volatility in the market.

#### **IV. Disclosures**

Except Mr. Pranav Khandwala and his 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. 5 of the Notice.

Accordingly, the Board of Directors recommends the Ordinary Resolution set out at Item No. 5 of the Notice of the AGM for approval of the Members.

#### **Item No. 6**

Mrs. Bhagyashree Khandwala was appointed as Executive Director of the Company for a term of 3 years with effect from February 14, 2017, by the Members in the Twenty Fourth Annual General Meeting of the Company held on September 21, 2017.

Mrs. Bhagyashree Khandwala informed the Board that she will not be able to hold the office as Executive Director of the Company and expressed her willingness to continue to act as Non-Executive Director of the Company. The Board, on the recommendation of the Nomination and Remuneration Committee, at its Board meeting held on February 11, 2020, considered her request and approved the change in designation of Mrs. Bhagyashree Khandwala from Executive Director to Non-Executive Director of the Company, subject to the approval of the Members at the ensuing Annual General Meeting of the Company.

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 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.

Mrs. Bhagyashree Khandwala is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has given her consent to act as Non Executive Director of the Company.

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. 6 of the Notice.

Accordingly, the Board of Directors recommends the Ordinary Resolution set out at Item No. 6 of the Notice of the AGM for approval of the Members.

#### **Item No. 7**

Pursuant to the provision of section 161 of the Companies Act, 2013, the Board of Directors, on the recommendation of the Nomination and Remuneration Committee, approved the appointment of Mr. Pratik Khandwala (DIN: 00519147) as an Additional Director (Non-Executive) of the Company

with effect from August 14, 2020, subject to the approval of the Members at the ensuing Annual General Meeting of the Company.

In terms of Section 161 of the Companies Act, 2013, Mr. Pratik Khandwala holds office up to the date of the ensuing Annual General Meeting of the Company. The Company has received notice in writing from a Member under section 160 of the Act, proposing his candidature for the office of Director of the Company.

Mr. Pratik Khandwala has completed his double masters in U.K. (MBA, Finance and MSC in Investment Management). He started his career in the Management Consultancy with Ernst & Young (EY, India), where he handled various large projects in the Company within the financial services segment which include business transformation, operational excellence, business process re-engineering, project and change management, business strategy, market assessment and business plans and feasibility assessment. One of his marquee experiences include setting up of a full-serviced bank where he coined new products offerings and deployed innovative digital solutions to cater a large customer base. He has worked as an Associate Director with EY Hong Kong, where he had acquired great knowledge and experience of consulting in global organizations, collaborating with cross-functional, multi-cultural teams and advising the clients across various countries including India, US, UK, Singapore, Europe and Hong Kong.

The Directors are of the view that the appointment of Mr. Pratik Khandwala, as Non Executive Director will be beneficial to the operations of the Company and hence said resolution is being placed before the members for their approval.

Mr. Pratik Khandwala is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as an Non Executive Director of the Company.

Except Mr. Pratik Khandwala and his 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. 7 of the Notice.

Accordingly, the Board of Directors recommends the Ordinary Resolution set out at Item No. 7 of the Notice of the AGM for approval of the Members.

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

**Paresh Khandwala  
Managing Director**

**Date :** September 21, 2020  
**Place :** Mumbai

**Registered Office:-**  
Ground Floor, Vikas Building,  
Green Street, Fort,  
Mumbai – 400023

CIN : L67120MH1993PLC070709



**ANNEXURE TO THE NOTICE**

Information of Directors seeking appointment/re-appointment in the forthcoming Annual General Meeting pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meeting (SS-2):

<b>Name of the Director</b>	Mrs. Bhagyashree Khandwala	Mr. Homiar N. Vakil
<b>DIN</b>	02335473	05210178
<b>Date of Birth</b>	26/12/1980	21/06/1958
<b>Qualification</b>	B.Com, MBA (Finance)	B.Com, LLB
<b>Date of Appointment</b>	30/05/2014	03/02/2012
<b>Expertise in Functional area</b>	She has diverse experience in the field of financial market and accounting.	He have more than 30 years of experience in civil and criminal litigation matters, arbitration matters, constitutional matters, writ petitions, Indirect Taxes, Public Trusts Matters and Public Interest Litigations.
<b>Remuneration last drawn (including sitting fee), if any</b>	As mentioned in Corporate Governance Report	As mentioned in Corporate Governance Report
<b>Directorship held in other Companies in India</b>	<ul style="list-style-type: none"> <li>• Trumonee Financial Limited</li> <li>• Bentley Investments Private Limited</li> </ul>	Nil
<b>Memberships / Chairmanship of Committees in other Companies</b>	Nil	Nil
<b>No. of Equity shares held in the Company</b>	1,33,980	Nil
<b>Relationship with Directors / Key Managerial Personnel, if any</b>	Mrs. Bhagyashree Khandwala is the spouse of Mr. Pranav Khandwala, Director and Mr. Pranav Khandwala is the son of Mr. Paresh Khandwala, Managing Director. Mr. Pratik Khandwala and Mr. Pranav Khandwala are brothers.	Not Applicable

<b>Name of the Director</b>	Mr. Pranav Khandwala	Mr. Pratik Khandwala
<b>DIN</b>	00519113	00519147
<b>Date of Birth</b>	30/12/1980	30/12/1980
<b>Qualification</b>	B.Com, MBA (Finance)	MBA (Finance), MSC (Investment Management)
<b>Date of Appointment</b>	14/11/2011	14/08/2020
<b>Expertise in Functional area</b>	He has around more than 17 years of experience in financial services entailing investor relations and investment advisory services along with creating and managing strategic business initiatives, resulting in enhanced business opportunities and value creation.	He has great knowledge and experience of in financial services segment.
<b>Remuneration last drawn (including sitting fee), if any</b>	As mentioned in Corporate Governance Report	Nil
<b>Directorship held in other Companies in India</b>	<ul style="list-style-type: none"> <li>• Trumonee Financial Limited</li> <li>• Khandwala Commodity and Derivatives Private Limited</li> <li>• Piggero Investments Private Limited</li> </ul>	<ul style="list-style-type: none"> <li>• Khandwala Commodity and Derivatives Private Limited</li> <li>• Bentley Investments Private Limited</li> </ul>
<b>Memberships / Chairmanship of Committees in other Companies</b>	Nil	Nil
<b>No. of Equity shares held in the Company</b>	7,08,617	7,96,555
<b>Relationship with Directors / Key Managerial Personnel, if any</b>	Mrs. Bhagyashree Khandwala is the spouse of Mr. Pranav Khandwala, Director and Mr. Pranav Khandwala is the son of Mr. Paresh Khandwala, Managing Director. Mr. Pratik Khandwala and Mr. Pranav Khandwala are brothers.	Mr. Pratik Khandwala and Mr. Pranav Khandwala are brothers. Mrs. Bhagyashree Khandwala is the spouse of Mr. Pranav Khandwala, Director and Mr. Pratik Khandwala is the son of Mr. Paresh Khandwala, Managing Director.

## DIRECTORS' REPORT

To  
The Members,

Your Directors hereby present the Twenty Seventh Annual Report on the business, operations and state of affairs of the Company together with the audited financial statements for the year ended 31<sup>st</sup> March 2020.

### FINANCIAL HIGHLIGHTS

The summary of the Company's financial performance, for the financial year 2019-20 as compared to the previous financial year 2018-19 is given below:

#### (I) Standalone Financial Performance :

(Rs. in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Total Income	362.00	609.83
Financial Cost	81.70	23.23
Depreciation and Amortization Expenses	27.97	27.78
Profit / (Loss) before Exceptional Items & Tax	(362.52)	15.53
Exceptional Items	-	-
Profit / (Loss) before Tax	(362.52)	15.53
Provision for Tax	(3.82)	(3.58)
Profit / (Loss) after Tax	(358.70)	19.11
Other Comprehensive Income	(0.60)	(7.18)
Total Comprehensive Income for the Year	(359.30)	11.93

#### (II) Consolidated Financial Performance :

(Rs. in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Total Income	362.01	609.83
Financial Cost	81.73	23.23
Depreciation and Amortization Expenses	27.97	27.78
Profit / (Loss) before Exceptional Items & Tax	(362.63)	15.40
Exceptional Items	-	-
Profit / (Loss) before Tax	(362.63)	15.40
Provision for Tax	(3.82)	(3.58)
Profit / (Loss) after Tax	(358.81)	18.98
Other Comprehensive Income	(0.60)	(7.18)
Total Comprehensive Income for the Year	(359.40)	11.80

## FINANCIAL PERFORMANCE

### Standalone

During the year under review, the standalone total income for the financial year was Rs. 362.00 lakhs as compared to Rs. 609.83 lakhs for the previous year. The total expenses incurred during the financial year was Rs. 724.52 lakhs as compared to Rs. 594.30 lakhs in the previous year. The Net Loss after tax was Rs. 358.70 lakhs in the financial year as compared to Net Profit after tax of Rs. 19.11 lakhs in the previous year.

### Consolidated

During the year under review, the consolidated total income for the financial year was Rs. 362.01 lakhs as compared to Rs. 609.83 lakhs for the previous year. The total expenses incurred during the financial year was Rs. 724.64 lakhs as compared to Rs. 594.43 lakhs in the previous year. The Net Loss after tax was Rs. 358.81 lakhs in the financial year as compared to Net Profit after tax of Rs. 18.98 lakhs in the previous year.

### COVID-19

In the month of March 2020, the COVID-19 pandemic developed rapidly into a global crisis, forcing governments to enforce lockdowns of all economic activity. For the Company, the focus immediately shifted to ensuring the health and well-being of all employees and on minimizing disruption to services for all our customers globally. The offices were completely closed from March 25, 2020. Later, after passing of few days, the offices were in operation at 10% level of employees and gradually improved to around 30-40% level. However, employees attendance was very low due to restrictions on movements. Resulting, part working of the office initially effected and the same is being improved gradually. The office is operating with complete compliance of all directives related to maintaining of social distancing and mandatory to wear face mask and have proper sanitizations.

### 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 2019-20.

### INFORMATION ON THE STATE OF AFFAIRS OF THE COMPANY

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

### 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, 2020, 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 Indian 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 provisions 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. All these documents will also be available for inspection at the Registered Office of the Company till the date of ensuing Annual General Meeting of the Company.

**EXTRACT OF ANNUAL RETURN**

Pursuant to the provisions of Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the extract of annual return in the prescribed form i.e. 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 Chief Financial Officer (CFO) of the

Company w.e.f February 11, 2020. Subsequently, the Board also appointed Mr. Pranav Khandwala (DIN: 00519113) as Whole-time Director of the Company for a term of 5 years w.e.f February 11, 2020, subject to the approval of the Members of the Company at the ensuing Annual General Meeting.

Mrs. Bhagyashree Khandwala (DIN: 02335473) resigned from the designation of CFO of the Company w.e.f February 11, 2020. Further, Mrs. Bhagyashree Khandwala informed the Board that she will not be able to hold the office as Executive Director of the Company and expressed her willingness to continue to act as Non-Executive Director of the Company. Accordingly, the Board approved the change in designation of Mrs. Bhagyashree Khandwala from Executive Director to Non-Executive Director w.e.f February 11, 2020 subject to the approval of the Members of the Company at the ensuing Annual General Meeting.

The Members have, at the Twenty Second Annual General Meeting held on September 19, 2015 appointed Mr. Homiar N. Vakil (DIN: 05210178) as an Independent Director of the Company to hold the office for a term of 5 (five) consecutive years with effect from September 19, 2015. Accordingly, the current term of Mr. Homiar N. Vakil expires on September 18, 2020. In terms of Section 149 of the Companies Act, 2013, Mr. Homiar N. Vakil is eligible for being re-appointed as an Independent Director on the Board, for another term of upto five consecutive years effective from September 19, 2020. The Board of Directors, on the recommendation of the Nomination and Remuneration Committee, at its meetings held on July 27, 2020, approved re-appointment of Mr. Homiar N. Vakil as an Independent Director for the second term of five consecutive years commencing from September 19, 2020, subject to the approval of the members at the ensuing Annual General Meeting of the Company.

Further, after the end of year and up to the date of the Report, Mr. Pratik Khandwala (DIN: 00519147) was appointed as Additional Director (Non-Executive) of the Company w.e.f August 14, 2020 and shall hold the office upto the date of ensuing Annual General Meeting. The Board recommends the appointment of Mr. Pratik Khandwala as Non-Executive Director in the ensuing Annual General Meeting.

**DECLARATION OF INDEPENDENCE**

The Board has received declarations from all the Independent Directors confirming that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are not disqualified from continuing as Independent Directors of the Company.

## **MEETINGS OF THE BOARD OF DIRECTORS**

During the financial year, the Board met 5 (five) times i.e. May 25, 2019, August 5, 2019, November 8, 2019, December 13, 2019 and February 11, 2020. 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 Board of Directors of the Company has constituted various Committees in compliance with the provisions of the Companies Act, 2013 and SEBI Listing Regulations. The details of the Committees along with their composition, terms of reference, no. of meeting held during the year and attendance at these meetings, are provided in the Corporate Governance Report, forming part of this Annual Report.

## **BOARD EVALUATION**

In compliance with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors has carried out an annual evaluation of its own performance, board committees and individual directors. The performance of the board and its committees was evaluated after seeking inputs from all the directors on the basis of criteria such as board effectiveness, quality of discussion, contribution at the meeting, corporate governance practices, strategic thinking, time commitment, review of the terms of reference of the committees, etc. The above criteria are based on the guidance note on Board Evaluation issued by the Securities and Exchange Board of India.

The Board and the Nomination and Remuneration Committee 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 that:

- (i) in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2020, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;
- (ii) 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, 2020;
- (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) the Annual accounts are prepared on a going concern basis.
- (v) proper internal financial controls have been laid down and the same are adequate and were operating effectively ; and
- (vi) proper systems had been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## **INTERNAL FINANCIAL CONTROLS**

The Company has in place adequate internal financial control with reference to the financial statements. The Company has policies and procedures in place for ensuring proper and efficient conduct of its business, 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. During the year under review, the Internal Financial Controls were operating effectively and no material or serious observation has been received from the Auditors of the Company for inefficiency or inadequacy of such controls.

## **INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

The details in respect of internal control system and their adequacy are included in the Management's Discussion and Analysis, which forms part of this annual report.

## **RISK MANAGEMENT**

The Company has a risk management framework which not only ensures timely identification of risks, analysis of the reasons for such risk, assessment of its materiality, assessment of its impact but also adequate risk mitigation processes. The Risk management framework encompasses all areas of the Company's business. The details of risk management including identification of elements of risk and their mitigation are provided in Management's Discussion and Analysis, which forms part of this annual report. The Audit Committee monitors the risk management plan and ensures its effectiveness.



**RELATED PARTY TRANSACTIONS**

All the Related Party Transactions that were entered during the financial year 2019-20 were on arm's length basis and in the ordinary course of business of the Company. Thus disclosure in form AOC-2 is not required. Further, there were no materially significant related party transactions entered by the Company during the year with the Promoters, Directors and Key Managerial Personnel which may have a potential conflict with the interest of the Company. The disclosure with related parties is set out in the notes to accounts forming part of the Annual Report. The Company has also adopted a related party transactions policy which is available on the website of the Company.

**DEPOSITS**

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

**LOAN, GUARANTEES AND INVESTMENTS BY COMPANY**

The details of loans, guarantees and investments made by the Company under the provision of 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 2020 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 in place 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 was 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>. 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>. All the Directors and the designated employees have complied with the Code.

**SECRETARIAL STANDARDS**

The Company has complied with all the applicable Secretarial Standards, issued by the Institute of Company Secretaries of India relating to meetings of the Board of Directors and General Meetings.

**SHARE CAPITAL**

During the year under review, there was no change in the equity share capital of the Company. The paid up equity share capital of the Company as on March 31, 2020 is Rs.11,93,90,000/- (1,19,39,000 equity shares of Rs.10/- each).

However, the Board of Directors at their meeting held on December 13, 2019, approved variation in the rights of preference shareholder of the Company, who is holding 1,50,000 - 10.00% Cumulative Redeemable Preference



Shares of Rs. 100/- each, fully paid up, of the Company by extending the due date of redemption of aforesaid preference shares for a further period of one year. Pursuant to the provision of section 48 of the Companies Act, 2013 read with the rules made thereunder, the Company has received written consent from the preference shareholder.

#### **STATUTORY AUDITORS**

At the twenty fourth AGM of the Company held on September 21, 2017, the Members approved the appointment of M/s. Aniket Kulkarni & Associates, Chartered Accountants (Firm Registration No. 130521W) as Statutory Auditors of the Company to hold the office for a period of three years from the conclusion of that AGM till the conclusion of twenty seventh AGM of the Company. Accordingly, the current term of M/s. Aniket Kulkarni & Associates, Chartered Accountants as Statutory Auditors of the Company will end at the conclusion of the ensuing AGM.

M/s. Aniket Kulkarni & Associates have consented to act as statutory auditors of the Company for a further term of 5 years from the conclusion of the forthcoming twenty seventh Annual General Meeting till the conclusion of the thirty second Annual General Meeting of the Company to be held in the year 2025 and given a certificate in accordance with Section 139, 141 and other applicable provisions of the Companies Act, 2013 to the effect that their re-appointment, if made, shall be in accordance with the conditions prescribed and that they are eligible to hold office as Statutory Auditors of the Company.

Necessary resolution and explanation thereto have been provided in the AGM notice seeking approval of members.

The Statutory Auditor's has given the qualified opinion in their audit reports and the Board has furnished required details/explanation in its Note Nos. 27 and 28 of Notes to the Standalone Financial Statements and Note Nos. 29 and 30 of Notes to the Consolidated Financial Statements respectively.

#### **SECRETARIAL AUDITORS**

Pursuant to the provisions of section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time, the Company had appointed M/s. Bhuvnesh Bansal & Associates, Practicing Company Secretary, to conduct the Secretarial Audit of the Company for the financial year ended March 31, 2020. The Secretarial Audit Report for the financial year ended March 31, 2020 is annexed as "Annexure-5" to this report.

There is no adverse remark, qualifications or reservations in the Secretarial Audit Report of the Company.

#### **INTERNAL AUDITORS**

Pursuant to the provisions of 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 for the financial year 2020-2021. 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 section 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 are no material significant material orders passed by the Regulators or Court or Tribunals which can have an impact on the going concern status and its future operations.

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

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

Foreign Exchange Earnings and Outgo:

During the year under review, the foreign exchange earnings was nil. The foreign exchange outgo was nil (Previous Year Rs. 1.83 Lacs).

#### **ACKNOWLEDGMENTS**

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

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

**Homiar N. Vakil  
Chairman**

Date : September 21, 2020  
Place : Mumbai

**Annexure – 1 to Director's Report  
Form AOC-1**

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

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

Not Applicable

**Part B: Associates and Joint Ventures**

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

<b>Name of the Associate Company</b>	<b>Trumonee Financial Limited</b>
Latest Audited Balance Sheet Date	31 <sup>st</sup> March, 2020
No. of Shares of Associate held by the company on the year end	33,75,000
Amount of Investment in Associates (In Rupees)	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 (in Rupees)	15,45,447
Profit / Loss for the year Considered in Consolidation (In Rupees)	(10,706)
Profit / Loss for the year not Considered in Consolidation	-

**For Aniket Kulkarni & Associates**  
**Chartered Accountants**  
(FRN No:- 130521W)

**Aniket Kulkarni**  
**Proprietor**  
Mem. No: 127246

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

**Homiar N. Vakil**  
**Chairman**  
DIN: 05210178

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

**Pranav Khandwala**  
**Whole-time Director / CFO**  
DIN: 02335473

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

Place: Mumbai

Date: September 21, 2020

**Annexure – 2 to Director’s Report**

**FORM NO. MGT-9**

**EXTRACT OF ANNUAL RETURN**

As on the financial year ended on March 31, 2020

[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 (BSE and NSE)
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	KFin Technologies Private Limited (Formerly known as Karvy Fintech Private Limited) Selenium, Tower B, Plot No. 31 & 32, Financial District, Nanakramguda, Gachibowli, Hyderabad - 500 032, Telangana Tel :- 91-40-67161562 Website: www.kfintech.com

**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	58.02

**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. SHAREHOLDING 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, 2019				No. of Shares held at the end of the year as on March 31, 2020				% 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	3744233	-	3744233	31.36	3758231	-	3758231	31.48	0.12
(b) Central Govt / State Govt(s)	-	-	-	-					-
(c) Bodies Corporate	3457785	-	3457785	28.96	3457785	-	3457785	28.96	-

Category of Shareholder	No. of Shares held at the beginning of the year as on April 1, 2019				No. of Shares held at the end of the year as on March 31, 2020				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(d) Banks / FI	-	-	-	-	-	-	-	-	-
(e) Any Others	-	-	-	-	-	-	-	-	-
<b>Sub-Total A(1) :</b>	<b>7202018</b>	<b>-</b>	<b>7202018</b>	<b>60.32</b>	<b>7216016</b>	<b>-</b>	<b>7216016</b>	<b>60.44</b>	<b>0.12</b>
<b>(2) Foreign</b>									
(a) NRI - Individuals	-	-	-	-	-	-	-	-	-
(b) Other - Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corporate	-	-	-	-	-	-	-	-	-
(d) Banks / FI	-	-	-	-	-	-	-	-	-
(e) Any Others	-	-	-	-	-	-	-	-	-
<b>Sub-Total A(2) :</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total shareholding of Promoter A=A(1)+A(2)</b>	<b>7202018</b>	<b>-</b>	<b>7202018</b>	<b>60.32</b>	<b>7216016</b>	<b>-</b>	<b>7216016</b>	<b>60.44</b>	<b>0.12</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>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(2) Non-Institutions</b>									
(a) Bodies Corporate									
i) Indian	1972657	32000	2004657	16.79	1476549	32000	1508549	12.64	(4.16)
ii) Overseas	-	-	-	-	-	-	-	-	-
(b) Individuals									
i. Individuals shareholders holding nominal share capital upto Rs.1 lakh	946587	51327	997914	8.36	926108	51127	977235	8.19	(0.17)
ii. Individuals shareholders holding nominal share capital in excess of Rs.1 lakh	1166531	0	1166531	9.77	1669310	0	1669310	13.98	4.21
(c) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(d) Others (specify):									
i. Clearing Members	30	0	30	0.00	0	0	0	0	-
ii. Non Resident Indians	533050	34800	567850	4.76	533090	34800	567890	4.76	-
iii. Trusts	-	-	-	-	-	-	-	-	-
iv. NBFC	-	-	-	-	-	-	-	-	-
<b>Sub-Total B(2) :</b>	<b>4618855</b>	<b>118127</b>	<b>4736982</b>	<b>39.68</b>	<b>4605057</b>	<b>117927</b>	<b>4722984</b>	<b>39.56</b>	<b>(0.12)</b>
<b>Total Public Shareholding B=B(1)+B(2)</b>	<b>4618855</b>	<b>118127</b>	<b>4736982</b>	<b>39.68</b>	<b>4605057</b>	<b>117927</b>	<b>4722984</b>	<b>39.56</b>	<b>(0.12)</b>
<b>(C) Shares held by Custodian for GDRs &amp; ADRs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total (A+B+C)</b>	<b>11820873</b>	<b>118127</b>	<b>11939000</b>	<b>100.00</b>	<b>11821073</b>	<b>117927</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, 2019			Shareholding at the end of the Year as on March 31, 2020			% Change in share holding during the year
		No. of Shares held	% of Total Shares of the Company	% of Shares pledged / encumbered to total shares	No. of Shares held	% 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	1440968	12.07	-	1440968	12.07	-	-
3	Mrs. Daxa Paresh Khandwala	1286731	10.77	-	1292807	10.83	-	0.06
4	Mr. Pratik Paresh Khandwala	796555	6.67	-	796555	6.67	-	-
5	Mr. Pranav Paresh Khandwala	708617	5.94	-	708617	5.94	-	-
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	160890	1.35	-	168812	1.41	-	0.06
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	Piggero Investments Private Limited	283496	2.37	-	283496	2.37	-	-
	<b>Total</b>	<b>7202018</b>	<b>60.32</b>	<b>14.52</b>	<b>7216016</b>	<b>60.44</b>	-	<b>0.12</b>

**(III) Change in Promoters' / Promoters' Group Shareholding**

Sr. No	Name & Type of Transaction	Shareholding at the beginning of the year (As on 01.04.2019)		Transactions during the year		Cumulative Shareholding during the Year (01.04.2019 to 31.03.2020)	
		No. of Shares held	% of total shares of the company	Date of Transaction	No. of Shares	No. of Shares held	% of total shares of the company
1	<b>Mrs. Daxa Paresh Khandwala</b>						
	<b>At the beginning of the year</b>	1286731	10.77				
	Market Purchase			16.08.2019	1000	1287731	10.79
	Market Purchase			23.08.2019	2600	1290331	10.81
	Market Purchase			30.08.2019	100	1290431	10.81
	Market Purchase			20.09.2019	1000	1291431	10.82
	Market Purchase			22.11.2019	100	1291531	10.82
	Market Purchase			06.03.2020	1276	1292807	10.83
	<b>At the end of the year</b>					1292807	10.83
2	<b>Mr. Paresh J. Khandwala</b>						
	<b>At the beginning of the year</b>	160890	1.35				
	Market Purchase			06.03.2020	4022	164912	1.38
	Market Purchase			13.03.2020	750	165662	1.39
	Market Purchase			20.03.2020	2150	167812	1.41
	Market Purchase			27.03.2020	1000	168812	1.41
	<b>At the end of the year</b>					168812	1.41



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

Sr. No	Name & Type of Transaction	Shareholding at the beginning of the year (01.04.2019)		Transactions during the year		Cumulative Shareholding during the Year (01.04.2019 to 31.03.2020)	
		No. of Shares held	% of total shares of the company	Date of Transaction*	No. of Shares	No. of Shares held	% of total shares of the company
1	<b>Sarthak Consultants LLP</b>						
	<b>At the beginning of the year</b>	943000	7.90				
	<b>At the end of the year</b>					943000	7.90
2	<b>Steel City Securities Limited</b>						
	<b>At the beginning of the year</b>	487523	4.08				
	Purchase			05.04.2019	3050	490573	4.11
	Purchase			12.04.2019	100	490673	4.11
	Purchase			19.04.2019	45	490718	4.11
	Sale			26.04.2019	-5	490713	4.11
	Purchase			03.05.2019	39	490752	4.11
	Sale			03.05.2019	-870	489882	4.10
	Purchase			10.05.2019	14508	504390	4.22
	Sale			17.05.2019	-57	504333	4.22
	Purchase			24.05.2019	2969	507302	4.25
	Purchase			31.05.2019	1820	509122	4.26
	Purchase			07.06.2019	74	509196	4.26
	Sale			28.06.2019	-5	509191	4.26
	Purchase			05.07.2019	2050	511241	4.28
	Purchase			12.07.2019	800	512041	4.29
	Sale			02.08.2019	-79099	432942	3.63
	Sale			09.08.2019	-1000	431942	3.62
	Sale			30.08.2019	-354164	77778	0.65
	Sale			06.09.2019	-38402	39376	0.33
	Sale			30.09.2019	-35880	3496	0.03
	Sale			04.10.2019	-964	2532	0.02
	Purchase			11.10.2019	2531	5063	0.04
	Sale			11.10.2019	-2531	2532	0.02
	Sale			18.10.2019	-1	2531	0.02
	Sale			07.02.2020	-1	2530	0.02
	Purchase			06.03.2020	39858	42388	0.36
	<b>At the end of the year</b>					42388	0.36
3	<b>Mrs. Brinda P. Khandwala</b>						
	<b>At the beginning of the year</b>	275761	2.31				
	<b>At the end of the year</b>					275761	2.31
4	<b>Mr. Manu Kalyanji Raj</b>						
	<b>At the beginning of the year</b>	218900	1.83				
	<b>At the end of the year</b>					218900	1.83
5	<b>Mr. Satish Kumar Arya</b>						
	<b>At the beginning of the year</b>	166164	1.39				
	Purchase			30.08.2019	391796	557960	4.67
	Purchase			30.09.2019	34380	592340	4.96
	Purchase			08.11.2019	160	592500	4.96
	<b>At the end of the year</b>					592500	4.96

Sr. No	Name & Type of Transaction	Shareholding at the beginning of the year (01.04.2019)		Transactions during the year		Cumulative Shareholding during the Year (01.04.2019 to 31.03.2020)	
		No. of Shares held	% of total shares of the company	Date of Transaction*	No. of Shares	No. of Shares held	% of total shares of the company
6	<b>Mr. Sachin Arya</b>						
	<b>At the beginning of the year</b>	62393	0.52				
	Purchase			02.08.2019	23288	85681	0.72
	Purchase			06.09.2019	33250	118931	1.00
	Purchase			06.03.2020	4000	122931	1.03
	<b>At the end of the year</b>					122931	1.03
7	<b>SMC Global Securities Limited</b>						
	<b>At the beginning of the year</b>	121214	1.02				
	Sale			05.04.2019	-5000	116214	0.97
	Sale			12.04.2019	-2995	113219	0.95
	Purchase			26.04.2019	174	113393	0.95
	Sale			26.04.2019	-7	113386	0.95
	Sale			10.05.2019	-174	113212	0.95
	Sale			20.09.2019	-7815	105397	0.88
	Sale			30.09.2019	-150	105247	0.88
	Purchase			04.10.2019	150	105397	0.88
	Sale			15.11.2019	-5000	100397	0.84
	Purchase			13.12.2019	100247	200644	1.68
	Sale			13.12.2019	-100247	100397	0.84
	<b>At the end of the year</b>					100397	0.84
8	<b>Mr. Bharat Kantilal Patel</b>						
	<b>At the beginning of the year</b>	119880	1.00				
	<b>At the end of the year</b>					119880	1.00
9	<b>Prabhudas Lilladher Pvt. Ltd.</b>						
	<b>At the beginning of the year</b>	117000	0.98				
	<b>At the end of the year</b>					117000	0.98
10	<b>Ms. Nirmala Devi</b>						
	<b>At the beginning of the year</b>	41485	0.35				
	Purchase			02.08.2019	53350	94835	0.79
	Purchase			06.09.2019	3002	97837	0.82
	Purchase			18.10.2019	1800	99637	0.83
	Purchase			15.11.2019	9555	109192	0.91
	Purchase			22.11.2019	1300	110492	0.93
	Purchase			29.11.2019	1209	111701	0.94
	Purchase			06.12.2019	66	111767	0.94
	Purchase			13.12.2019	754	112521	0.94
	Purchase			20.12.2019	27	112548	0.94
	Purchase			27.12.2019	50	112598	0.94
	Purchase			31.12.2019	20	112618	0.94
	Purchase			14.02.2020	2307	114925	0.96
	<b>At the end of the year</b>					114925	0.96

\* Date of Transaction (Purchase/Sale) has been considered as the date on which the beneficiary position was provided by the Depositories to the Company.

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

Sr. No	Name of the Directors / Key Managerial Personnel	Shareholding at the beginning of the year (As on 01.04.2019)		Transactions during the year*		Cumulative Shareholding during the Year (01.04.2019 to 31.03.2020)	
		No. of shares held	% of total shares of the Company	Date of Transaction	No. of Shares	No. of Shares held	% of total shares of the Company
1	<b>Mr. Paresh J. Khandwala (Managing Director)</b>						
	<b>At the beginning of the year</b>	160890	1.35				
	Market Purchase			06.03.2020	4022	164912	1.38
	Market Purchase			13.03.2020	750	165662	1.39
	Market Purchase			20.03.2020	2150	167812	1.41
	Market Purchase			27.03.2020	1000	168812	1.41
	<b>At the end of the year</b>					168812	1.41
2	<b>Mr. Pranav P. Khandwala (Whole-time Director/CFO)</b>						
	<b>At the beginning of the year</b>	708617	5.94				
	<b>At the end of the year</b>					708617	5.94
3	<b>Mrs. Bhagyashree Khandwala (Non-Executive Director)</b>						
	<b>At the beginning of the year</b>	133980	1.12				
	<b>At the end of the year</b>					133980	1.12
4	<b>Mr. Rohitasava Chand (Independent Director)</b>						
	<b>At the beginning of the year</b>	-	-				
	<b>At the end of the year</b>					-	-
5	<b>Mr. Homiar N. Vakil (Independent Director)</b>						
	<b>At the beginning of the year</b>	-	-				
	<b>At the end of the year</b>					-	-
6	<b>Mr. Abhishek Joshi (Company Secretary &amp; Compliance Officer)</b>						
	<b>At the beginning of the year</b>	-	-				
	<b>At the end of the year</b>					-	-

\* Date of Transaction (Purchase/Sale) has been considered as the date on which the beneficiary position was provided by the Depositories to the Company.

**(VI) INDEBTEDNESS**

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

(In Rs.)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	47,646,233	-	-	47,646,233
ii) Interest due but not paid	-	1,259,035	-	1,259,035
iii) Interest accrued but not	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>47,646,233</b>	<b>1,259,035</b>	<b>-</b>	<b>48,905,268</b>
<b>Change in Indebtedness during the financial year</b>				
- Addition	13,976,843	-	-	13,976,843
- Reduction	489,062	-	-	489,062
<b>Net Change</b>	<b>13,487,781</b>	<b>-</b>	<b>-</b>	<b>13,487,781</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	61,134,014	-	-	61,134,014
ii) Interest due but not paid	-	1,259,035	-	1,259,035
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>61,134,014</b>	<b>1,259,035</b>	<b>-</b>	<b>62,393,049</b>

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

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

(In Rs.)

Sr. No	Particulars of Remuneration	Mr. Paresh Khandwala (Managing Director)	Mr. Pranav Khandwala (Whole-time Director)*	Mrs. Bhagyashree Khandwala** (Executive Director)	Total Amount
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	2,790,000	222,695	264,211	3,276,906
	(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***	335,000	25,519	38,598	399,117
	<b>Total</b>	<b>3,125,000</b>	<b>248,214</b>	<b>302,809</b>	<b>3,676,023</b>
	Ceiling as per the Act				#

\* Appointed as Whole-time Director w.e.f. February 11, 2020.

\*\* Ceased to be Executive Director w.e.f. February 11, 2020.

\*\*\* Others include reimbursements and special allowance.

# 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. Rohitasava Chand 2. Mr. Homiar N. Vakil	20,000 25,000
2	Commission	-	-
3	Others, please specify	-	-
4	Total (1)	-	<b>45,000</b>
5	Other Non-Executive Directors · Fee for attending Board Meeting	1. Mr. Pranav Khandwala*	10,000
6	Others, please specify	-	-
7	Total (2)	-	<b>10,000</b>
8	Total (B)=(1+2)	-	<b>55,000</b>

\* Sitting Fees received as Non-Executive Director till February 10, 2020.

**C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD**

Sr. No	Particulars of Remuneration	Key Managerial Personnel			Total Amount (In Rs.)
		Mr. Abhishek Joshi (Company Secretary)	Mr. Pranav Khandwala (CFO)**	Mrs. Bhagyashree Khandwala (CFO)***	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961	5,84,090	-	-	5,84,090
	(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 *	43,752	-	-	43,752
	<b>Total</b>	<b>6,27,842</b>	<b>-</b>	<b>-</b>	<b>6,27,842</b>

\* Others include reimbursements and special allowance

\*\* Appointed as CFO w.e.f February 11, 2020

\*\*\* Resigned as CFO w.e.f. February 11, 2020.

**(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					



## **Annexure – 3 to Director's Report**

### **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 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 to Director's Report**

**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		
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>Name of Director / KMP &amp; Designation</b>	<b>Ratio of the remuneration to the median remuneration of all employees</b>	<b>% increase In remuneration</b>
		<b>Executive Directors / KMP</b>		
		Mr. Paresk Khandwala (Managing Director)	7.86	Nil
		Mr. Pranav Khandwala (Whole-time Director/ CFO w.e.f February 11, 2020)	0.62	N.A
		Mrs. Bhagyashree Khandwala (Executive Director till February 10, 2020)	0.76	N.A
		Mr. Abhishek Joshi (Company Secretary)	1.66	Nil
		<b>Non-Executive Directors</b>		
		Mr. Rohitasava Chand	-	N.A
		Mr. Homiar N. Vakil	-	N.A
		Mrs. Bhagyashree Khandwala (w.e.f. February 11, 2020)	-	N.A
2	The percentage increase in the median remuneration of employees in the financial year	There is no percentage increase in the median remuneration of employees in the financial year		
3	The number of employees as on 31 <sup>st</sup> March, 2020 on the rolls of Company	29 employees as on 31 <sup>st</sup> March 2020		
4	The explanation on the relationship between average increase in remuneration and company performance	The average increase in remuneration of all employees was 0.58%. 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 4.17% and increase in managerial remuneration was 5.78% 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.		

<b>Sr. No</b>	<b>Requirements</b>	<b>Disclosure</b>
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**

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

Date : September 21, 2020  
Place: Mumbai





**Annexure - 5 to Director's Report  
SECRETARIAL AUDIT REPORT**

**FORM NO. MR – 3**

**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2020**

[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, 2020, 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, 2020 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 SEBI (Depositories and Participants) Regulations, 2018 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, 2018;  
**(Not applicable to the Company during the Audit period)**
  - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(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 (Registrars 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, 2018; **(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 pursuant to listing agreement entered into by the Company with BSE Ltd (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 had extended due date of redemption of 1,50,000 – 10% cumulative redeemable preference shares at the face value of Rs. 100/- each, for a further one year period after receiving written consent from the preference shareholder.

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

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

**For Bhunesh Bansal & Associates**

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

**UDIN: F006526B000506707**

**Place:** Mumbai  
**Date:** 27.07.2020

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:** 27.07.2020

**Bhunesh Bansal**  
**Proprietor**  
**FCS No. – 6526**  
**CP No. – 9089**  
**UDIN: F006526B000506707**

## MANAGEMENT DISCUSSION AND ANALYSIS

### Macro Economy: Review and Outlook

FY2020 was a challenging year for Indian market. NDA secured second term in the general elections and announced several economic measures to revive domestic economic growth that has slumped to lowest in decade led by weak auto sales, muted growth in personal and consumer loans and sluggish rural demand. The year saw various domestic events like default of a major housing finance company, removal of Article 370 of the Constitution of India, revival of a major private bank, merger of public sector banks etc. On global front the major events that made headlines include escalation in US China trade tensions and subsequently agreement on phase I of trade deal, sharp rate cuts by US Fed and European Central Bank (ECB) bringing it back to all-time lows, completion of BREXIT, fall in oil prices etc. However, the single biggest event of the year, which happened in last quarter, was origination and spread of corona virus pandemic. The virus that originated in China rapidly covered all major countries, especially in the month of March, 2020. Many economies implemented shutdown – partial or full and consequently economic activity was severely disrupted globally. This also resulted in a fall in most asset classes including equities, commodities and currencies.

In India, to check the spread of the virus, government announced lockdown for 21 days till April 14 and later on extended it to May 31. Government first announced an economic stimulus package worth INR 1.7 Tn to help millions of low income cope with lockdown and a second package of INR 20 lakh crore later on to revive the country's economy. A host of measures were taken by RBI to help liquidity conditions in the economy which included Repo rate cut by 115 bps to 4%, moratorium of three months of EMIs on all outstanding loans which was later on extended by another three months till August end, auction of targeted long term repo operations worth INR 1 crore etc. Although, International Monetary Fund slashed its FY2021 growth projection for India to 1.9% from 5.8% projected in January, India stands to benefit in this uncertain environment. Disruption in global supply chain has highlighted risk of overdependence on a single country. Many global MNCs are likely to consider diversifying their manufacturing operations from China and India could be a likely beneficiary given the low corporate tax rate, skilled population, relatively low wages and a large domestic market. Thus, once the situation stabilizes, India could see relatively stronger recovery.

The global economy had been enjoying a modest recovery on the back of the US Fed's balance sheet expansion since late 2019, until it encountered a speed breaker in the form of the Covid-19 pandemic. The Indian economy was stabilising post the economic slowdown, owing to large liquidity injections from the Reserve Bank of India (RBI). Systemic

liquidity has been running in surplus in the last twelve months. On the reforms front, India made considerable progress with a reduction in corporate tax rates. On the monetary policy front, the RBI has been accommodative by cutting policy rates by 250 bps since April 2019. It indicated in its announcement on May 22, 2020 that post the pandemic, real GDP is likely to contract in FY21 and hinted that if inflation progresses as per expectation, it will open up more room for rate cuts. On the fiscal front, the Government maintained fiscal prudence in FY20, though the recent stimulus package would cause a dent. This has resulted in India's macro stability being significantly anchored. From being a current account deficit country, India is on its path to having a current account surplus. With the ongoing Covid-19 crisis, operating conditions are challenging in the near term with the FY20 GDP growth at 4.2% and real GDP likely to slip into negative territory in FY21. Bringing back the economy on a growth path would be arduous. However, we see two big opportunities for India. First, the sharp fall in oil prices. Second, the global narrative to diversify facilities from China. In this context, it is important that we capitalise on these opportunities.

### Capital Markets

Market had a roller coaster ride in FY2020. Both Sensex and Nifty closed at an all-time high of 42,273 and 12,430 respectively in the month of January. Then came corona virus and as the pandemic rampaged across the world, Sensex and Nifty ended the year with large negative returns. With India in midst of a complete lockdown, Sensex and Nifty closed at 29,469 and 8,598 levels respectively in March, 2020. FIIs sold massively during the month of March, 2020 with net equity outflows of INR 620 billion but still ended FY2020 with net inflows of INR 65 billion. The size of outflow in March, 2020 was highest ever in one month and was around 0.4% of Indian market capitalization. DIIs also witnessed net inflows of INR 1,293 billion which was 79% higher than the previous year. Corporate tax cuts also supported Indian equity markets. However, all the gains were wiped off as the world grappled with the Covid-19 pandemic. Nifty declined by 26% in FY20, as compared to +15% in FY19. For the debt capital markets, overall risk aversion persisted with sub-AAA spreads remaining elevated. As a result of the above, the issuance volume in the debt capital markets came down in FY20. Public issuance of bonds, which stood at INR 368 billion in FY19, fell to INR 150 billion in FY20 (Source: Prime Database).

### Overall Outlook

While the near-term outlook post lockdown is clouded with challenges, we believe that the medium-term looks brighter. As developed markets continue with fiscal and monetary expansion, emerging markets will benefit significantly on the exports front. In this context, India could potentially be a

big winner. On the flip side, however, a prolonged Covid-19 crisis across the world has the potential to play spoilsport. Therefore, it is expected that while economic activity will remain muted in FY21, it should gradually start to gain traction.

### **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 participantship; **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 INR 362.00 Lakhs

Net Loss of INR 358.70 Lakhs

Earnings Per Share (EPS) of INR (3.00)

### **Segment Highlights –FY 20 over FY18 & FY19:**

(INR In Lakhs)

Segment	FY20	FY19	FY18
Brokerage	208.15	232.61	325.76
Corporate Advisory Services	1.88	21.11	22.53
Income from Capital Market Operations	63.51	82.09	5.71
Others	88.46	274.02	29.67
<b>Total Income</b>	<b>362.00</b>	<b>609.83</b>	<b>383.68</b>

Ratios	FY20	FY19	FY18
Debt/Equity	0.26	0.10	0.10
Book Value(INR)	18.64	21.65	21.55

### **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 57.50% of our total revenues at INR 362.00 Lakhs for the year ended March 31, 2020.

### **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, Whole-sale Debt Market, Future & Option) during 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020.

### **Institutional Equities business:**

Equity and derivatives brokerage business of the Company contributed 57.50% of the consolidated revenue during this financial year. The Company's revenue of Rs. 362.00 lakhs for the year showed a Decrease of 40.64% 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 3 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 49.91% during the FY 2020 over previous FY 2018.

Category	Brokerage Revenue during FY 19-20	Brokerage Revenue during FY 18-19	Brokerage Revenue during FY 17-18
MF	-	-	-
INS	43,488	1,51,835	1,96,010
BANKS	5707	81,264	2,86,831
CORP	5,45,787	1,63,788	2,19,173
<b>Total</b>	<b>5,94,982</b>	<b>3,96,887</b>	<b>7,02,014</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 Banking 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, In Sight, 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 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 to 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. 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

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 has complied with all the regulations in relation to corporate governance stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

### 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 in conformity with Section 149 of the Companies Act, 2013 and Regulation 17 of the Listing Regulations. The Company has an optimum combination of Executive and Non-Executive Directors. As on 31<sup>st</sup> March, 2020, the Board comprises of five Directors out of which three are non-executive Directors and two are executive directors. Out of the three non-executive Directors, two are Independent Directors. The Chairman of the Board is a Non-Executive & Independent Director. The Management of the Company is headed by Mr. Paresh Khandwala, Managing Director, who operates under the supervision and control of the Board.

All the Independent Directors have confirmed to the Board that they meet the criteria for Independence in terms of the definition of 'Independent Director' stipulated under Regulation 16(1)(b) of the Listing Regulations and Section 149(6) of the Companies Act, 2013. These confirmations have been placed before the Board. In the opinion of the Board, the Independent Director fulfills the conditions specified in the Listing Regulations and Companies Act, 2013 and are independent of the Management.

The following table gives details for the financial year 2019-20 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. Homiar N. Vakil (DIN: 05210178)	Chairman, Non-Executive, Independent Director	-	-	-
Mr. Paresh J. Khandwala (DIN: 00112678)	Managing Director, Promoter	1	-	-
Mr. Pranav Khandwala <sup>(§1)</sup> (DIN: 00519113)	Whole-time Director & Chief Financial Officer (CFO)	1	-	-
Mrs. Bhagyashree Khandwala <sup>(§2)</sup> (DIN: 02335473)	Non-Executive Director	1	-	-
Mr. Rohitasava Chand (DIN: 00011150)	Non-Executive, Independent Director	-	-	-

<sup>§1</sup> Appointed as Whole-time Director and CFO w.e.f February 11, 2020.

<sup>§2</sup> Ceased to be CFO w.e.f February 11, 2020 and change in designation from Executive Director to Non-Executive w.e.f February 11, 2020.

\* 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.

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 2019-20, information as mentioned in Part A of Schedule II of the SEBI Listing Regulations, has been placed before the Board for its consideration.
- (c) Except for Mrs. Bhagyashree Khandwala, Mr. Pranav Khandwala and Mr. Paresh Khandwala, none of the other directors are related to each other.
- (d) During the financial year 2019-2020, 5 (Five) Board Meetings were held on May 25, 2019, August 5, 2019, November 8, 2019, December 13, 2019 and February 11, 2020. 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 2019-20 and at the last Annual General meeting are given below:

Name of the Directors	No. of Board Meetings during the financial year 2019-2020		Attendance at the last Annual General Meeting held on August 30, 2019
	held	attended	
Mr. Paresh J. Khandwala	5	5	Present
Mr. Rohitasava Chand	5	4	Absent
Mr. Pranav Khandwala	5	3	Present
Mr. Homiar N. Vakil	5	5	Present
Mrs. Bhagyashree Khandwala	5	5	Present

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

Sr. No	Name of the Directors	No. of equity shares held as on March 31, 2020
1	Mrs. Bhagyashree Khandwala	1,33,980
2	Mr. Rohitasava Chand	Nil
3	Mr. Homiar N. Vakil	Nil

**(iv) Board Skills/expertise/competence matrix**

The Directors of the Company possesses the following skills / expertise / competences:-

- Legal, Accounting, Finance, Compliance, Market Research, Consultancy, Marketing, Human Resources, Expertise in various businesses like Broking & Distribution, Wealth Management, Private Equity, Institutional Equities, Investment Banking, Asset Management.

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

The Company has conducted the familiarisation programmes for Independent Directors during the Financial Year 2019-20. The Programmes aims to provide insights into the Company to enable the Independent Directors to understand its business in depth, to familiarise them with the functioning, operations and business of the Company and to assist them in performing their role as Independent Directors of the Company. The Company's Policy of conducting the familiarisation programmes along with the details of the programmes imparted to the Independent Directors has been disclosed on the website of the Company at <http://www.kslindia.com/Static/KSLPolicies.aspx>.

**(vi) Independent Directors Meeting**

Pursuant to the provision of Section 149(8) of the Companies Act, 2013 read with Schedule IV and Regulation 25(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a meeting of the Independent Directors of the Company was scheduled on March 23, 2020. However due to the covid-19 pandemic and lockdowns announced by the state government/central government, the said meeting was postponed.

**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 the Audit Committee is in conformity with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of Listing Regulations. During the year under review, the Audit Committee was reconstituted and as on 31<sup>st</sup> March, 2020, the Audit Committee comprises of following 3 (three) Directors as Members:

Sr. No	Name of Members	Designation	Category
1	Mr. Homiar N. Vakil	Chairman	Non-Executive, Independent Director
2	Mr. Rohitasava Chand	Member	Non-Executive, Independent Director
3	Mrs. Bhagyashree Khandwala	Member	Non-Executive Director

The Members of the Audit Committee are financially literate and have requisite experience in financial management. The terms of reference of Audit

Committee is in line with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of Listing Regulations.

**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 2019-20, 4 (four) meetings of the Committee were held on May 25, 2019, August 5, 2019, November 8, 2019 and February 11, 2020. 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 2019-2020 are given below:

Name of Members	No. of Meetings	
	Held	Attended
Mr. Homiar N. Vakil	4	4
Mr. Rohitasava Chand	4	4
Mr. Pranav Khandwala (upto February 11, 2020)	4	3
Mrs. Bhagyashree Khandwala	-	-

The Managing Director, Auditors, Internal Auditors and Chief Financial Officer are invited to attend the meeting of the Committee. The internal auditor reports directly to the Audit Committee. The Company Secretary acts as the Secretary to the Committee.

Mr. Homiar N. Vakil, the chairman of the Audit Committee was present at the last Annual General Meeting of the Company held on August 30, 2019.

**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 Listing Regulations. During the year under review, the Nomination and Remuneration was re-constituted and as on 31<sup>st</sup> March, 2020, 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. Homiar N. Vakil	Member	Non-Executive, Independent Director
3	Mrs. Bhagyashree Khandwala	Member	Non-Executive 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.
- (6) To carry out performance evaluation of all directors.

**c) Meeting and Attendance:**

During the financial year 2019-20, 2 (two) meetings of the Committee were held on May 25, 2019 and February 11, 2020. The details of attendance of members in the Nomination and Remuneration Committee Meeting held during the financial year 2019-2020 are given below:

Name of Members	No. of Meetings	
	Held	Attended
Mr. Rohitasava Chand	2	2
Mr. Homiar N. Vakil	2	2
Mr. Pranav Khandwala (upto February 11, 2020)	2	2
Mrs. Bhagyashree Khandwala	-	-

**Nomination and Remuneration Policy**

Pursuant to the provisions of Section 178 of the Companies Act, 2013 and Listing Regulations, the Company has framed a Nomination and Remuneration Policy of the Company and it has been uploaded on the website of the Company at [www.kslindia.com](http://www.kslindia.com).

**5. BOARD EVALUATION**

In terms of the provisions of the Companies Act, 2013 read with rules issued there under and the Listing Regulations, the Board of Directors on recommendation of the Nomination and Remuneration Committee have evaluated the effectiveness of the Board. The Board had also 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, 2020. 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 and Executive Director during the financial year ended March 31, 2020 are as under:

Name & Designation of Directors	Salary (In Rs.)	Commission (In Rs.)	Perquisites and Allowance (In Rs.)	Total (In Rs.)	Tenure of Appointment
Mr. Paresh J. Khandwala (Managing Director)	27,90,000	Nil	3,35,000	31,25,000	January 1, 2018 to December 31, 2022
Mrs. Bhagyashree Khandwala* (Executive Director & CFO)	2,64,211	Nil	38,598	3,02,809	-
Mr. Pranav Khandwala (Whole-time Director & CFO w.e.f February 11, 2020)	2,22,695	Nil	25,519	2,48,214	February 11, 2020 to February 10, 2025

\* Ceased to be Executive Director & CFO w.e.f February 11, 2020

**Note:** There is no Scheme of "Employee Stock Options" during the financial year 2019-20.

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

The Non-Executive / Independent Directors are paid remuneration by way of sitting fees only 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, 2020 are as under:

Names of Directors	Sitting Fees (in Rs.)
Mr. Rohitasava Chand	20,000
Mr. Homiar N. Vakil	25,000
Mr. Pranav Khandwala (upto February 10, 2020)	10,000
Mrs. Bhagyashree Khandwala*	-
<b>Total</b>	<b>55,000</b>

\* Change in designation to Non-Executive Director w.e.f. February 11, 2020

## 7. STAKEHOLDERS RELATIONSHIP COMMITTEE

### a) Composition

The composition of Stakeholders Relationship Committee is in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of Listing Regulations. As on March 31, 2019, the Stakeholders Relationship Committee comprised of the following 3 (three) Directors as members:

Sr. No	Name of Members	Designation	Category
1	Mr. Homiar N. Vakil	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 2019-20, 2 (two) meeting of the Committee was held on May 25, 2019, and November 8, 2019. The details of attendance of members in the Stakeholders Relationship Committee Meeting held during the financial year 2019-2020 are given below:

Name of Members	No. of Meetings	
	Held	Attended
Mr. Rohitasava Chand	2	2
Mr. Paresh Khandwala	2	2
Mr. Homiar N. Vakil	2	2

The Company Secretary of the Company is the Compliance Officer.

The details of the complaints received and resolved during the financial year 2019-2020 are as follows:-

Opening as on April 1, 2019	Nil
Received during the year	Nil
Resolved during the year	Nil
Closing as on March 31, 2020	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
2018-19 26 <sup>th</sup> Annual General Meeting	Friday, August 30, 2019 at 12.30 p.m.	C.K. Nayudu Hall, Cricket Club of India (CCI), Brabourne Stadium, Churchgate, Mumbai - 400 020	➤ Re-appointment of Mr. Rohitasava Chand as an Independent Director
2017 - 2018 25 <sup>th</sup> Annual General Meeting	Friday, September 21, 2018 at 12.30 p.m.	C.K. Nayudu Hall, Cricket Club of India (CCI), Brabourne Stadium, Churchgate, Mumbai - 400 020	➤ Increase in Borrowings Limits of the Company upto an amount not exceeding Rs. 175 crores at any point of time under Section 180(1)(c) of the Companies Act, 2013. ➤ Creation of Charges, Mortgages, Hypothecation on all the Movable and Immovable Properties of the Company against the Borrowings of the Company, for an amount not exceeding Rs. 175 crores at any point of time under Section 180(1)(a) of the Companies Act, 2013.
2016 - 2017 24 <sup>th</sup> Annual General Meeting	Thursday, September 21, 2017 at 12.30 p.m.	Garware Club House, Wankhede Stadium, 'D' Road, Churchgate, Mumbai - 400020	None

No resolution was passed by the Company during the financial year 2019-20 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 adjudication order passed by SEBI dated May 13, 2015, in the matter of dealing in script of M/s. Shree Rama Multi Tech Limited during the period June 2000 to September 2000, which imposing 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 challenged the aforesaid SAT order before the Hon'ble Supreme Court of India ("the Court"). The Court had admitted the appeal and 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 Listing Regulations.

**(e) Discretionary Requirements**

The Company has fulfilled following discretionary requirements as prescribed in Regulation 27(1) read with Part E of Schedule II of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015:

- The Company has separate persons to the post of Chairman and Managing Director.
- For the Financial Year 2019-20, the Statutory Auditor has issued qualified opinion in his Independent Auditors' Report. In regard to the qualified opinion, the Board has furnished required details/explanation in its Note Nos. 27 and 28 of Notes to the Standalone Financial Statements and Note Nos. 29 and 30 of Notes to the Consolidated Financial Statements respectively.

- 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 Listing Regulations, 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, 2020.

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

The financial statements have been prepared in accordance with the Indian Accounting Standards (IND AS) 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, 2020 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**

The Company has complied with the Corporate Governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.

As per Regulation 34 of the Listing Regulations, the certificate issued by M/s. Aniket Kulkarni & Associates, Chartered Accountants, regarding compliance of conditions of Corporate Governance is annexed to this Report.

**(m) Certificate from Practicing Company Secretary**

A certificate has been received from Bhuvnesh Bansal & Associates, Practicing Company Secretaries, that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority.

**(n) Payment to Statutory Auditor**

The total fees paid to M/s. Aniket Kulkarni & Associates, Chartered Accountants, Statutory Auditors by the Company on consolidated basis is Rs. 2,50,000/- for the F.Y. 2019-20.

**(o) 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, half yearly and 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, half yearly and 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 27<sup>th</sup> Annual General Meeting**

The 27<sup>th</sup> Annual General Meeting of the Company is scheduled to be held through Video-Conference/Other Audio-Visuals Means at the Registered Office of the Company on Monday, November 23, 2020 at 12.00 noon IST.

**b) Financial Year of the Company**

The financial year covers the period from April 1, 2019 to March 31, 2020.

**c) Dates of Book Closure**

November 16, 2020 to November 23, 2020 (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)  
ISIN No for NSDL/CDSL : INE060B01014

The Annual Listing Fees for financial year 2020-2021 will be paid by the Company to BSE and NSE.

**f) Custodial Fees to Depositories**

The Annual Custody/Issuer fee for the financial year 2020-2021 will be paid by the Company to National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL).

**g) Stock performance**

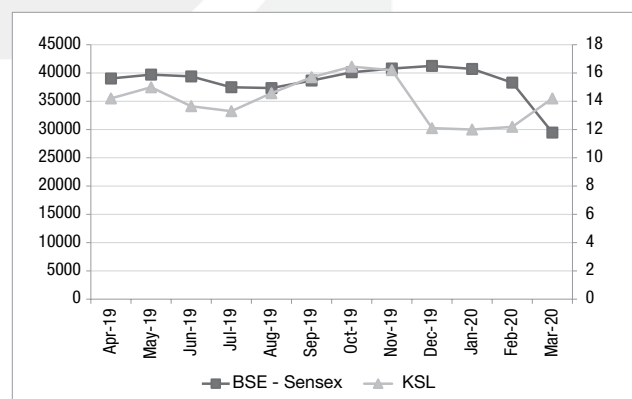
**Market Price Data**

Monthly High, Low and Close Price of Equity Shares of the Company during the financial year 2019-20 at BSE Limited and National Stock Exchange of India Limited:-

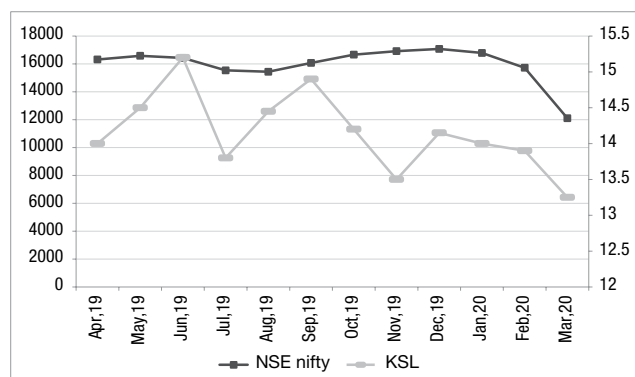
Month	BSE			NSE		
	High (In Rs.)	Low (In Rs.)	Close (In Rs.)	High (In Rs.)	Low (In Rs.)	Close (In Rs.)
April 2019	15.90	14.20	14.20	16.30	14.00	14.00
May 2019	15.10	12.82	14.99	14.60	13.00	14.50
June 2019	15.25	12.51	13.65	15.20	13.80	15.20
July 2019	15.00	12.52	13.30	15.90	12.50	13.80
August 2019	15.16	12.65	14.57	14.45	11.35	14.45
September 2019	15.70	15.00	15.70	15.90	13.50	14.90
October 2019	16.45	15.20	16.45	14.20	14.20	14.20
November 2019	16.20	15.65	16.20	14.20	12.90	13.50
December 2019	17.00	12.10	12.10	14.15	13.50	14.15
January 2020	12.00	11.00	12.00	14.05	13.45	14.00
February 2020	14.10	11.50	12.19	14.00	13.90	13.90
March 2020	15.90	14.20	14.20	13.90	13.25	13.25

Source:- BSE and NSE website

**Performance of the KSL Share Price in comparison with BSE Sensex and NSE Nifty**







## h) Registrar and Share Transfer Agents

KFin Technologies Private Limited  
(Formerly known as Karvy Fintech Private Limited)  
Selenium, Tower B, Plot No. 31 & 32, Financial District,  
Nanakramguda, Gachibowli,  
Hyderabad - 500 032, Telangana  
Tel :- 91-40-67161562  
e-mail: support@karvy.com

## i) 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.

## j) Distribution of Shareholding as on March 31, 2020

Number of Shares		Number of Shareholders	% of Shareholders	Number of Shares held	% of Shares held
From	To				
1	5000	2239	96.26	838821	7.03
5001	10000	34	1.46	246854	2.07
10001	20000	14	0.60	208139	1.74
20001	30000	8	0.34	203428	1.70
30001	40000	1	0.04	31500	0.26
40001	50000	4	0.17	170070	1.42
50001	100000	7	0.30	510631	4.28
100001	ABOVE	19	0.83	9729557	81.50
<b>Total</b>		<b>2326</b>	<b>100.00</b>	<b>11939000</b>	<b>100.00</b>

## Shareholding Pattern as on March 31, 2020

Sr. No.	Category	No. of Shares held	% of Issued Share Capital
a	Promoter & Promoters Group	7216016	60.44
b	Mutual Funds / Banks / FIs / FII's / Insurance Companies / FPIs	-	-
c	Bodies Corporate	1508549	12.64
d	NRI's and OCB's	567890	4.76
e	Clearing Member	-	-
f	Public and Others	2646545	22.17
	<b>Total</b>	<b>11939000</b>	<b>100.00</b>

## k) Dematerialization of Shares

As on March 31, 2020, 99.01% 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. At the end of each quarter, reconciliation of share capital audit is conducted by a Practicing Company Secretary to reconcile the total issued capital, listed capital and capital held by the Depositories in dematerialised form. The Shareholders who continue to hold shares in physical form are requested to dematerialize their shares at the earliest and avail benefits of dealing in securities in electronic / dematerialized form. For any clarification, assistance or information, please contact the Registrar and Share Transfer Agent of the Company.

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

Not Applicable

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

Nil

## n) Plant Location

The Company does not have any plant at any locations.

## o) Address for Correspondence

Shareholders may correspond with the Registrar and Transfer agents viz KFin Technologies 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

## **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, 2020.

**For Khandwala Securities Limited**

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

Date: July 27, 2020  
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, 2020 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 to 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 significant changes in accounting policies during the year; and that the same has been disclosed in the notes to the financial statements.
  - (iii) there are no instances of significant fraud of which we have become aware and there has been no involvement of the management or an employee having a significant role in the Company's internal control system over financial reporting.

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

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

**Pranav Khandwala**  
**Whole-time Director/CFO**

Date: July 27, 2020  
Place: Mumbai

**CERTIFICATE OF 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 2020, as stipulated in the Regulation 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We state that the compliance of conditions of Corporate Governance is the responsibility of the Management, and our examination was limited to the 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 Aniket Kulkarni & Associates**  
Chartered Accountants  
Firm Registration No. 130521W

**Aniket Kulkarni**  
Proprietor  
Mem. No: 127246  
UDIN: 20127246AAAAHM2887

Date:- September 21, 2020  
Place:- Mumbai

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
**The Members of**  
**Khandwala Securities Limited**  
 Vikas Building, Ground Floor,  
 Green Street, Fort,  
 Mumbai – 400 023

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Khandwala Securities Limited having CIN - L67120MH1993PLC070709 and having registered office at Vikas Building, Ground Floor, Green Street, Fort, Mumbai – 400 023 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, Maharashtra, Mumbai or any such other Statutory Authority.

Sr. No.	Name of Director	DIN
1.	Mr. Paresh Jayantilal Khandwala	00112678
2.	Mr. Pranav Paresh Khandwala	00519113
3.	Mrs. Bhagyashree Pranav Khandwala	02335473
4.	Mr. Rohitasava Chand	00011150
5.	Mr. Homiar Nariman Vakil	05210178

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**Place:** Mumbai  
**Date:** 29<sup>th</sup> July, 2020

**For Bhunesh Bansal & Associates**

**Bhunesh Bansal**  
**Proprietor**  
**FCS No. – 6526**  
**CP No. – 9089**  
**UDIN: F006526B000521471**

## INDEPENDENT AUDITOR'S REPORT

**TO THE MEMBERS OF KHANDWALA SECURITIES LIMITED**
**Report on the Standalone Indian Accounting Standards (Ind AS) Financial Statements**
**Qualified Opinion**

We have audited the accompanying standalone financial statements of "Khandwala Securities Limited", which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements"). In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view **except for the effects of the matters described in the Basis for qualified opinion section of our report** in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the profit/loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for Qualified Opinion**

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements. However we draw your kind attention to the following **qualifications** to the audit opinion of the financial statements produced as under:-

1. The Company had advanced application money towards purchase of shares of Rs 216.69 lakhs which is outstanding for a period of 216 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 lakhs is recoverable and accordingly, the effect thereof on the financial statements cannot be ascertained. However, it has been noted that at present the said matter is under litigation and pending for hearing before the Hon'ble High Court at Mumbai.

2. Long-Term deposits to various companies of Rs 530.00 lakhs are subject to subsequent adjustments. We are unable to ascertain the recoverability of these amounts, as the Company has not made any provisions for the same in the standalone financial statements.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	The company has incurred loss on market operations totaling to Rs 2.14 Crores on F&O trading & loss on sale of investments and speculation loss.	We have verified the loss working on F&O trading & loss on sale of Investments and speculation loss provided by the management and portfolio trades summary generated from the company's software.

**Information other than the Standalone Financial Statements and Auditor's Report Thereon.**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon. Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the

course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

### **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 Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

1. As required by Section 143(3) of the Act, based on our audit 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 including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS 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 March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended: In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) 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, as amended 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 standalone financial statements.
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

2 As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

#### **For Aniket Kulkarni & Associates**

Chartered Accountants  
Registration No. 130521W

**Aniket Kulkarni**  
Proprietor  
Membership No. 127246

**Place: Mumbai**  
**Date:- July 27, 2020**  
**UDIN: 20127246AAAET2516**

## **“Annexure-A” to the Independent Auditors’ Report – 31<sup>st</sup> March 2020**

### **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 31<sup>st</sup> March, 2020 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 includes 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) pertains 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 31<sup>st</sup> March, 2020, 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 Aniket Kulkarni & Associates**

Chartered Accountants

ICAI Registration No. 130521W

**Aniket Kulkarni**

Proprietor

Membership No: - 127246

**Place: Mumbai**

**Date: 27<sup>th</sup> July 2020**

**ANNEXURE “B” TO THE INDEPENDENT AUDITORS’ REPORT**

**Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of Khandwala Securities Limited of even date**

- (i) In respect of Company’s Fixed Assets:
- The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - 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.
  - According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 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 2019-20 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.*

According to the information and explanations given to us, no undisputed amounts payable in respect of Income tax, service tax, goods and service tax, cess and other material statutory dues were in arrears as at **31 March 2020** 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. 33,196/- as on 31<sup>st</sup> March 2020.*

- (b) According to the information and explanation given to us, there are no material dues of income tax or service tax or GST which have not been deposited with appropriate authorities on account of any dispute except reported as below.

Details of dues of statutory taxes which not been deposited as at March 31, 2020 on account of disputes are given below:

Name of the Statute	Nature of the Dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where Dispute is pending	Under Section
Income Tax Act 1961	Income Tax	4.96	A.Y. 2007-08	Mumbai High Court	143(3)

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

remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Companies Act.

- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made preferential allotment of Equity Share/ private placement of shares or fully or partly convertible debenture. Therefore paragraph 3(xiv) not applicable to the company.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with director or person connected with them.

(xvi) In our opinion and according to information and explanation provide to us, Company is not required to be registered under section 45-IA of Reserve Bank of India Act, 1934. Therefore paragraph 3(xvi) of the Order is not applicable to the company

**For Aniket Kulkarni & Associates**

Chartered Accountants

Firm Registration No: 130521W

**Aniket Kulkarni**

Proprietor

Membership No: - 127246

**Place: Mumbai**

**Date: 27<sup>th</sup> July 2020**

**BALANCE SHEET AS AT MARCH 31, 2020**
*(Currency : Indian Rupees)*

Particulars	Note No.	As At March 31, 2020 ₹	As At March 31, 2019 ₹
<b>A ASSETS</b>			
<b>(1) Non Current Assets</b>			
(a) Property, Plant and Equipment	2	5,53,78,294	5,74,82,329
(b) Intangible assets		6,18,096	6,46,093
(c) Financial Assets			
(i) Investments	3	4,49,83,192	3,99,64,000
(ii) Loans	4	8,82,66,872	13,24,74,627
(iii) Others	5	2,16,68,641	2,16,68,641
(d) Deferred tax assets (net)		16,47,532	12,65,551
(e) Other non-current assets	6	1,60,75,394	1,43,90,773
		<b>22,86,38,021</b>	<b>26,78,92,014</b>
<b>(2) Current Assets</b>			
<b>(a) Financial Assets</b>			
(i) Investments	7	5,26,102	15,12,598
(ii) Trade receivables	8	9,39,08,932	8,91,26,627
(iii) Cash and cash equivalents	9	5,80,701	6,09,372
(iv) Bank balances other than (iii) above	10	7,86,72,302	11,28,35,490
(v) Loans	11	23,34,545	21,05,524
(vi) Other current assets	12	4,54,417	6,49,084
		<b>17,64,76,999</b>	<b>20,68,38,695</b>
<b>Total Assets</b>		<b>40,51,15,020</b>	<b>47,47,30,709</b>
<b>B EQUITY AND LIABILITIES</b>			
<b>(1) Equity</b>			
(a) Equity Share Capital	13	13,43,90,000	13,43,90,000
(b) Other Equity	14	10,31,05,774	13,90,35,496
<b>Total Equity</b>		<b>23,74,95,774</b>	<b>27,34,25,496</b>
<b>(2) Non Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	15	6,23,93,049	4,89,05,268
(b) Provisions	16	15,99,679	18,58,286
(c) Other non-current liabilities	17	1,65,282	1,65,282
<b>Total Non Current Liabilities</b>		<b>6,41,58,010</b>	<b>5,09,28,836</b>
<b>(3) Current Liabilities</b>			
(a) Financial Liabilities			
(i) Trade payables	18	9,98,37,641	14,81,10,666
(b) Other current liabilities	19	36,23,595	22,65,711
<b>Total Current Liabilities</b>		<b>10,34,61,236</b>	<b>15,03,76,377</b>
<b>Total Equity And Liabilities</b>		<b>40,51,15,020</b>	<b>47,47,30,709</b>

See accompanying notes (1 to 44) to the Financial Statements.  
As per our report attached of even date.

**For Aniket Kulkarni & Associates**  
*Chartered Accountants*  
FRN No. 130521W

**Aniket Kulkarni**  
**Proprietor**  
Mem. No: 127246

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

**Homiar N. Vakil**  
**Chairman**  
DIN: 05219178

**Pranav Khandwala**  
**Whole-Time Director/ CFO**  
DIN: 00519113

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

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

Place :- Mumbai  
Date : -27<sup>th</sup> July 2020

Place :- Mumbai  
Date : -27<sup>th</sup> July 2020



**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020**

*(Currency : Indian Rupees)*

Particulars	Note	For the year ended March 31, 2020 ₹	For the year ended March 31, 2019 ₹
I Revenue from Operations	20	2,73,54,285	3,35,82,335
II Other Income	21	88,46,055	2,74,01,082
III <b>Total Income</b>		<b>3,62,00,340</b>	<b>6,09,83,417</b>
IV <b>Expenses</b>			
Cost of materials consumed		-	-
Purchases of Stock-in-Trade		-	-
Changes in inventories of finished goods	22	9,46,765	1,33,140
Stock-in -Trade and work-in-progress		-	-
Employee benefits expense	23	2,42,15,256	2,52,64,052
Finance costs	24	81,70,109	23,23,173
Depreciation and amortization expense		27,97,488	27,77,658
Other expenses	25	3,63,22,797	2,89,31,947
<b>Total Expenses</b>		<b>7,24,52,415</b>	<b>5,94,29,970</b>
V <b>Profit/(Loss) before Tax and prior period items</b>		<b>(3,62,52,074)</b>	<b>15,53,447</b>
VI Exceptional Items		-	-
VII <b>Profit/(Loss) before Extraordinary items and tax ( V - VI )</b>		<b>(3,62,52,074)</b>	<b>15,53,447</b>
VIII Extraordinary items		-	-
IX <b>Profit/(Loss) before Tax ( VII - VIII )</b>		<b>(3,62,52,074)</b>	<b>15,53,447</b>
X <b>Tax Expense</b>			
(1) Current Tax		-	-
(2) MAT Tax		-	-
(3) Deferred Tax (Credited)/ Charged		(3,81,981)	(3,57,817)
XI <b>Profit / (Loss) for the period from Continuing Operations</b>		<b>(3,58,70,093)</b>	<b>19,11,264</b>
XII <b>Profit / (Loss) from Discontinuing Operations</b>		-	-
XIII <b>Tax Expense of Discontinuing Operations</b>		-	-
XIV <b>Profit / (Loss) from Discontinuing Operations (after tax ) ( XII -XIII )</b>		-	-
XV <b>Profit (Loss) for the period (XI +XIV )</b>		<b>(3,58,70,093)</b>	<b>19,11,264</b>
XVI <b>Other Comprehensive Income</b>			
A (i) Items that will not be reclassified to profit or loss		(59,628)	(7,18,077)
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
XVII <b>Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit (Loss) and Other Comprehensive Income for the period)</b>		<b>(3,59,29,721)</b>	<b>11,93,187</b>
XVIII <b>Earnings Per Share of - Basic (₹)</b>			
- Basic (₹)		<b>(3.00)</b>	0.16
- Diluted (₹)		<b>(3.00)</b>	0.16

See accompanying notes (1 to 44) to the Financial Statements.  
As per our report attached of even date.

**For Aniket Kulkarni & Associates**  
*Chartered Accountants*  
FRN No. 130521W

**Aniket Kulkarni**  
**Proprietor**  
Mem. No: 127246

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

**Homiar N. Vakil**  
**Chairman**  
DIN: 05210178

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

**Pranav Khandwala**  
**Whole-Time Director/ CFO**  
DIN: 00519113

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

Place :- Mumbai  
Date :- 27<sup>th</sup> July 2020

Place :- Mumbai  
Date :- 27<sup>th</sup> July 2020

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020**
*(Currency : Indian Rupees)*

Particulars	For the Year ended March 31, 2020		For the Year ended March 31, 2019	
<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		(3,62,52,074)		15,53,447
Adjustments for:				
Depreciation	27,97,488		27,77,658	
Interest Income	(18,46,124)		(17,93,573)	
Finance Cost	81,70,109		23,23,173	
Unrealised Gains On Mark to Market of F&O Stock	6,38,539		(7,80,500)	
Provision for Dimunition in Investments/ Stock	9,46,765		1,33,140	
Lease Rentals	(30,00,000)		-	
Profit of Sale of Fixed Assest	-		(1,83,35,383)	
Other Comprehensive Expenses	(59,628)		(7,18,077)	
Interest on Income Tax Refund	-		(21,072)	
Sundry Debit Balance written off	3,00,957		24,19,893	
Sundry Credit Balance Written Back	(41,70,975)		(56,68,485)	
Dividend Income	(1,09,721)		(1,94,821)	
		36,67,410		(1,98,58,047)
		(3,25,84,665)		(1,83,04,600)
Operating profit before working capital changes				
Adjustments for:				
Inventories	(5,89,329)		(5,86,080)	
Trade Receivables & Other Receivables	4,06,83,496		(4,39,397)	
Current Liabilities & Provision	(4,30,02,773)	(29,08,606)	5,51,91,672	5,41,66,194
Cash generated from operations		(3,54,93,271)		3,58,61,594
Direct taxes Refunded / (paid)		-		-
Net cash (used in) / generated from operating activities		(3,54,93,271)		3,58,61,594
<b>B. Cash flow from investing activities</b>				
Sale / (Purchase) of fixed assets (Net)	(6,65,457)		2,44,85,495	
Sale/ (Purchase) of Investments (Net of purchase)	(50,19,192)		(62,09,000)	
Interest received	15,68,146		14,96,507	
Dividend received	1,00,243		1,86,367	
Net cash (used in) / generated from investing activities		(40,16,259)		1,99,59,369
<b>C. Cash flow from financing activities</b>				
(Repayment)/Proceeds from long term borrowings(Net)	1,34,87,781		2,04,75,443	
(Repayment)/Proceeds from Preference shares	-		(50,00,000)	
(Repayment)/Proceeds from short term borrowings(Net)	-		-	
Interest and other Finance charges	(81,70,109)		(23,23,173)	
Net cash (used in) / generated from financing activities		53,17,671		1,31,52,270
<b>Net increase/(decrease) in cash and cash equivalents</b>		(3,41,91,859)		6,89,73,233
Cash and Cash equivalents (opening balance)	11,34,44,862		4,44,71,629	
Cash and Cash equivalents (closing balance)	7,92,53,003		11,34,44,862	
		(3,41,91,859)		6,89,73,233

See accompanying notes (1 to 44) to the Financial Statements.  
As per our report attached of even date.

**For Aniket Kulkarni & Associates**  
Chartered Accountants  
FRN No. 130521W

**Aniket Kulkarni**  
Proprietor  
Mem. No: 127246

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

**Homiar N. Vakil**  
Chairman  
DIN: 05210178

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

**Pranav Khandwala**  
Whole-Time Director/ CFO  
DIN: 00519113

**Abhishek Joshi**  
Company Secretary

Place :- Mumbai  
Date : -27<sup>th</sup> July 2020

Place :- Mumbai  
Date : -27<sup>th</sup> July 2020

# NOTES FORMING PART OF FINANCIAL STATEMENTS

## NOTE NO.1

### A. CORPORATE INFORMATION

Khandwala Securities Limited ("the Company") is a Public Limited Company incorporated under the provisions of the Companies Act, applicable in India. The Company is domiciled in India and addresses of its registered office and principal place of business are disclosed in the introduction to the annual report. Its shares are listed on BSE Limited (BSE) and National Stock Exchange of India Ltd (NSE).

The Company is engaged in the business of stock broking, investment banking, investment advisory, portfolio management services and depository participant.

The Company is registered with Securities and Exchange Board of India ("SEBI") under the Stock brokers and sub-brokers Regulations, 1992 and is as a Member of BSE and NSE. It is also registered as a Depository Participant with Central Depository Services (India) Limited.

### B. Significant Accounting Policies

#### Basis of Preparation

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) specified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.

#### Historical Cost

The financial statements have been prepared on the historical cost basis except for following assets and liabilities which have been measured at fair value amount:

- Certain financial assets and liabilities (including derivative instruments),
- Defined benefit plans - plan assets and
- Equity settled share based payments

#### 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

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenues can be reliably measured. 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 unconditional right to receive dividend is established.

#### Property, Plant and Equipment and Depreciation

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

##### Short Term Employee Benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognized as an expense during the period when the employees render the services.

##### Post-Employment Benefits

##### Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which the Company pays specified contributions to a separate entity. The Company makes specified monthly

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

contributions towards Provident Fund, Superannuation Fund and Pension Scheme. The Company's contribution is recognized as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

**Defined Benefit Plans**

The Company pays gratuity to the employees whoever has completed five years of service with the Company at the time of resignation/superannuation. The gratuity is paid @15 days salary for every completed year of service as per the Payment of Gratuity Act 1972.

The gratuity liability amount is contributed to the approved gratuity fund formed exclusively for gratuity payment to employees. The gratuity fund has been approved by respective IT authorities.

The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services.

Re-measurement of defined benefit plans in respect of post-employment are charged to the Other Comprehensive Income.

**Employee Separation Costs**

Compensation to employees who have opted for retirement under the voluntary retirement scheme of the Company payable in the year of exercise of option by the employee. The Company recognizes the employee separation cost when the scheme is announced and the Company is demonstrably committed to it.

**Tax Expenses**

The tax expense for the period comprises current and deferred tax. Tax is recognized in Statement of Profit and Loss, except to the extent that it relates to items recognized in the comprehensive income or in equity. In which case, the tax is also recognized in other comprehensive income or equity.

**Current Tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the Balance sheet date.

**Deferred Tax**

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of Deferred tax liabilities and assets are reviewed at the end each reporting period.

**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 realized 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 realized within twelve months after the reporting date; or
- (d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets shall be classified as non-current.

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

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

All other liabilities shall be classified as non-current.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### NOTE 2- Property, Plant and Equipment

(In ₹)

Particulars	Gross Block				Depreciation				Net Block		
	As At 01-Apr-19	Additions during the period	Deductions during the period	As At 31-Mar-20	As At 01-Apr-19	For the period	On deletion for the year	Dep. Prov. On deletions	As At 31st March 20	As At 31st March 20	As At 31st March 19
<b>Property, Plant and Equipment</b>											
Office Buildings *	8,19,05,674	-	-	8,19,05,674	2,84,73,184	13,76,519	-	-	2,98,49,703	5,20,55,971	5,34,32,490
Computers	13,21,007	4,22,348	-	17,43,355	10,58,559	2,84,166	-	-	13,42,725	4,00,629	2,62,448
Office Equipments	15,57,859	1,48,109	-	17,05,968	8,93,949	2,94,948	-	-	11,88,897	5,17,071	6,63,910
Furniture and Fixtures	5,13,226	-	-	5,13,226	4,71,536	9,053	-	-	4,80,590	32,636	41,689
Vehicles	49,78,784	-	-	49,78,784	22,81,279	6,23,033	-	-	29,04,313	20,74,471	26,97,505
Plant & Machinery (Computer)	11,09,579	-	-	11,09,579	7,25,292	86,771	-	-	8,12,064	2,97,515	3,84,286
	9,13,86,129	5,70,457	-	9,19,56,585	3,39,03,800	26,74,492	-	-	3,65,78,292	5,53,78,294	5,74,82,329
<b>INTANGIBLE ASSETS</b>											
Computer Software	10,35,968	95,000	-	11,30,968	3,89,875	1,22,996	-	-	5,12,871	6,18,096	6,46,093
<b>Total</b>	<b>9,24,22,096</b>	<b>6,65,457</b>	<b>-</b>	<b>9,30,87,553</b>	<b>3,42,93,675</b>	<b>27,97,488</b>	<b>-</b>	<b>-</b>	<b>3,70,91,163</b>	<b>5,59,96,390</b>	<b>5,81,28,421</b>
Previous Year	10,32,72,811	10,64,505	1,19,15,220	9,24,22,096	3,62,16,620	27,77,658	88,199	46,12,404	3,42,93,675	5,81,28,421	

Particulars	Face Value	As at March 31, 2020		As at March 31, 2019	
		Number	Amount	Number	Amount
<b>NOTE 3 - INVESTMENTS</b>					
<b>NON CURRENT INVESTMENTS</b>					
<b>Investments measured at Cost</b>					
<b>Quoted, fully paid up</b>					
Creative Casting Ltd	10	15,850	60,09,250	8,000	31,44,000
Vodafone Idea Ltd	10	3,00,000	52,18,942	1,00,000	30,65,000
			1,12,28,192		62,09,000
<b>In Equity Shares of Associate Companies</b>					
<b>Unquoted, fully paid up</b>					
Trumonee Financial Limited	10	33,75,000	3,37,50,000	33,75,000	3,37,50,000
<b>In Equity Shares</b>					
<b>Unquoted, fully paid up</b>					
Kowa Spinning Limited	10	10,08,000	2,13,58,200	10,08,000	2,13,58,200
Vadodara Stock Exchange Limited	10	500	5,000	500	5,000
			2,13,63,200		2,13,63,200
			6,63,41,392		6,13,22,200
			2,13,58,200		2,13,58,200
Less : Provision for diminution			4,49,83,192		3,99,64,000
<b>TOTAL</b>					

Particulars	As At March 31, 2020 ₹	As At March 31, 2019 ₹
<b>NOTE - 4 LOANS</b>		
Deposits with exchange & other	3,52,66,872	7,94,74,627
Deposit with Companies	5,30,00,000	5,30,00,000
<b>TOTAL</b>	<b>8,82,66,872</b>	<b>13,24,74,627</b>
<b>NOTE - 5 OTHERS</b>		
Share Application	2,16,68,641	2,16,68,641
<b>TOTAL</b>	<b>2,16,68,641</b>	<b>2,16,68,641</b>



**NOTES FORMING PART OF FINANCIAL STATEMENTS**

Particulars	As At March 31, 2020 ₹	As At March 31, 2019 ₹
<b>NOTE - 6 OTHER NON - CURRENT ASSETS</b>		
Advance Payment of Tax	55,25,394	53,40,773
In Fixed Deposit Accounts	1,05,50,000	90,50,000
<b>TOTAL</b>	<b>1,60,75,394</b>	<b>1,43,90,773</b>
<b>NOTE 7 - CURRENT INVESTMENT</b>		
<b>Investment In Equity</b>		
Equity Shares -(Refer Appendix 7-A)	5,26,102	15,12,598
<b>TOTAL</b>	<b>5,26,102</b>	<b>15,12,598</b>

**Appendix 7-A**

NAME OF THE SCRIP	As at March 31, 2020		As at March 31, 2019	
	Number	₹	Number	₹
<b>Equity Shares :</b>				
Avenue Supermart Ltd.	9	19,688	-	-
Anuh Pharma Ltd	-	-	5,000	6,76,002
Aruna Hotels Ltd	700	-	-	-
Creative Casting Ltd	203	28	203	28
Deccan Granite Ltd	20,300	37,555	20,300	37,555
Future Consumer Enterprise Ltd	2,000	14,020	2,000	32,900
G R Magnets Ltd	7,100	-	-	-
ICSA (India) Ltd	3,000	1,710	3,000	4,140
LIC MF Liquid Plus Fund	15,016	1,55,887	14,496	1,46,408
Pennar Ind. Ltd	-	-	125	4,575
Reliance Power Ltd	50,000	61,000	50,000	5,67,500
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	1,300	5,000	1,300
Tata Chemical Ltd	250	-	-	-
Tata Consumer Products Ltd	285	-	-	-
UTI Top 100 Funds	1,000	6,213	1,000	6,213
Yes Bank	500	11,225	-	-
Zee Media Corporation	50,000	1,81,500	-	-
		<b>5,26,102</b>		<b>15,12,598</b>

Particulars	As At March 31, 2020 ₹	As At March 31, 2019 ₹
<b>NOTE 8 - Trade Receivables</b>		
<b>(Unsecured &amp; Considered Good)</b>		
Outstanding for more than six months		
Considered good	4,85,11,433	7,53,19,406
Considered doubtful	-	70,17,688
	<b>4,85,11,433</b>	<b>8,23,37,094</b>
Outstanding for Less than Six Months		
Considered good	4,53,97,498	1,38,07,221
Considered doubtful	-	-
	<b>9,39,08,932</b>	<b>9,61,44,315</b>
Less : Provision for Doubtful Debts	-	70,17,688
<b>TOTAL</b>	<b>9,39,08,932</b>	<b>8,91,26,627</b>

## NOTES FORMING PART OF FINANCIAL STATEMENTS

Particulars	As At March 31, 2020 ₹	As At March 31, 2019 ₹
<b>NOTE 9 - Cash and cash equivalents</b>		
Cash on hand	5,80,701	6,09,372
<b>TOTAL</b>	<b>5,80,701</b>	<b>6,09,372</b>
<b>NOTE 10 - BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS</b>		
Balance with Scheduled Banks:		
In Current Accounts	6,31,72,302	9,58,35,490
In Fixed Deposit Accounts (Less than One Year )	1,55,00,000	1,70,00,000
<b>TOTAL</b>	<b>7,86,72,302</b>	<b>11,28,35,490</b>
<b>NOTE 11 - LOANS (Unsecured and Considered Good)</b>		
Employees	4,19,500	1,08,400
Prepaid Expenses	12,87,745	16,29,221
Advance to Sundry Creditors	6,27,300	1,70,000
Exchange Obligation -Receivable	-	1,97,903
<b>TOTAL</b>	<b>23,34,545</b>	<b>21,05,524</b>
<b>NOTE 12 - OTHER CURRENTS ASSETS</b>		
Interest Accrued on Fixed Deposit	2,72,988	2,86,325
Advance for Expenses	1,81,430	72,773
Balance with GST Authorities	-	2,09,592
RCM Credit Receivable	-	80,394
<b>TOTAL</b>	<b>4,54,418</b>	<b>6,49,084</b>

Particulars	As at March 31, 2020		As at March 31, 2019	
	Nos	Amount	Nos	Amount
<b>NOTE 13 - 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
<b>TOTAL</b>	<b>1,51,00,000</b>	<b>25,00,00,000</b>	<b>1,51,00,000</b>	<b>25,00,00,000</b>
<b>Issued, Subscribed and Paid-up</b>				
Equity Share Capital				
1,19,39,000 (P. Y. 1,19,39,000) Shares of ₹ 10/- each fully paid-up	1,19,39,000	11,93,90,000	1,19,39,000	11,93,90,000
<b>TOTAL</b>	<b>1,19,39,000</b>	<b>11,93,90,000</b>	<b>1,19,39,000</b>	<b>11,93,90,000</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

Particulars	As at March 31, 2020		As at March 31, 2019	
	Nos	Amount	Nos	Amount
<b>Preference Share Capital</b>				
150,000 10.00% Cumulative Redeemable	1,50,000	1,50,00,000	1,50,000	1,50,00,000
Preference shares of ₹ 100/- each fully paid-up.				
<b>TOTAL</b>	<b>1,50,000</b>	<b>1,50,00,000</b>	<b>1,50,000</b>	<b>1,50,00,000</b>
<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	1,50,000	1,50,00,000	2,00,000	2,00,00,000
Add: Issue of fresh shares during the year	-	-	-	-
Less : Repayment of shares during the year	-	-	50,000	50,00,000
Balance as at the end of the year	1,50,000	1,50,00,000	1,50,000	1,50,00,000
<b>b) List of Share Holders Holding More than 5% of the total number of shares issued by the Company</b>				
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	14,40,968	12.07%	14,40,968	12.07%
Daxa Paresh Khandwala	12,92,807	10.83%	12,86,731	10.78%
Sarthak Consultants LLP	9,43,000	7.90%	9,43,000	7.90%
Pratik Paresh Khandwala	7,96,555	6.67%	7,96,555	6.67%
Pranav Paresh Khandwala	7,08,617	5.94%	7,08,617	5.94%
<b>Name of Preference Share Holder</b>				
Rohit Chand	1,50,000	100.00%	1,50,000	100.00%

**Terms / Rights attached to equity shares**

The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. In the event of the liquidation of the Company, the holder of the equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all the preferential amounts. The distribution will be in proportion to the number of the equity shares held by the shareholders. The Company declares and pay dividend in Indian Rupees.

**Terms / Rights attached to preference shares**

The Company has only one class of preference shares in the form of 10.00% Cumulative Redeemable Preference Shares having a par value of ₹ 100/- per share. These are redeemable on or before December 31, 2020. The preference shares rank ahead of the equity shares in the event of a liquidation

## NOTES FORMING PART OF FINANCIAL STATEMENTS

Particulars	As At March 31, 2020 ₹	As At March 31, 2019 ₹
<b>NOTE 14 - Other Equity</b>		
Securities Premium Account	4,82,73,000	4,82,73,000
Capital Redemption Reserve	3,40,00,000	3,40,00,000
<b>Profit &amp; Loss Account</b>		
As per last Balance Sheet	5,67,62,496	5,55,69,309
Add: Transferred from Profit & Loss Account	(3,59,29,721)	11,93,187
	2,08,32,774	5,67,62,496
<b>TOTAL</b>	<b>10,31,05,774</b>	<b>13,90,35,496</b>

### Statement of Changes in Equity for the period ended 31.03.2020

#### A. Equity Share Capital

(₹ in lakhs)

Balance at the beginning of the reporting period	Changes in equity share capital during the year	Balance at the end of the reporting period
1,393.90	-	1,393.90

#### B. Other Equity

(₹ in lakhs)

	Share application money pending allotment	Equity compo- nent of compound financial instru- ments	Reserves and Surplus					Debt in- struments through Other Compre- hensive Income	Equity In- struments through Other Compre- hensive Income	Effective portion of Cash Flow Hedges	Reval- uation Surplus	Exchange differ- ences on translat- ing the fi- nan- cial state- ments of a foreign operation	Other items of Other Compre- hensive Income (specify nature)	Money received against share warrants	Total
			Capital Reserve	Capital Redem- tion Reserve	Securities Premium Reserve	Other Reserves (specify nature)	Retained Earnings								
Balance at the beginning of the re- porting period	-	-	-	340.00	482.73	-	567.62	-	-	-	-	-	-	-	1,390.35
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	-	-	-	(359.30)	-	-	-	-	-	-	-	(359.30)
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Any other change (to be specified)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the end of the reporting period	-	-	-	340.00	482.73	-	208.33	-	-	-	-	-	-	-	1,031.06

Particulars	As At March 31, 2020 ₹	As At March 31, 2019 ₹
<b>NOTE 15 - BORROWINGS</b>		
<b>Secured</b>		
Canara Bank Overdraft Account	5,96,13,032	4,56,36,188
Vehicle Loan (Secured by hypothecation of vehicle)	15,20,982	20,10,045
(Terms of payment 84 Months EMI ₹56,045/- P.M. Interest Rate @10.25%)	6,11,34,014	4,76,46,233
<b>Unsecured</b>		
Loan from Yukti Securities Ltd.	12,59,035	12,59,035
	12,59,035	12,59,035
<b>TOTAL</b>	<b>6,23,93,049</b>	<b>4,89,05,268</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

Particulars	As At March 31, 2020 ₹	As At March 31, 2019 ₹
<b>NOTE 16 - PROVISIONS</b>		
Provision for Taxation (FBT)	5,64,501	5,64,501
Provision for Gratuity	6,73,198	9,31,805
Provision for Leave Encashment	11,980	11,980
Provision MAT Tax	3,50,000	3,50,000
<b>TOTAL</b>	<b>15,99,679</b>	<b>18,58,286</b>
<b>NOTE 17 - OTHER NON CURRENTS LIABILITIES</b>		
Security Deposits	1,65,282	1,65,282
<b>TOTAL</b>	<b>1,65,282</b>	<b>1,65,282</b>

Particulars	As At March 31, 2020 ₹	As At March 31, 2019 ₹
<b>NOTE 18 - TRADE PAYABLE</b>		
Sundry Creditors	9,98,37,641	14,81,10,666
<b>TOTAL</b>	<b>9,98,37,641</b>	<b>14,81,10,666</b>
<b>NOTE 19 - OTHER CURRENTS LIABILITIES</b>		
Payable to Employees	15,33,746	6,39,205
Statutory Dues	15,02,958	10,19,160
Other Expenses Liabilities	5,86,891	6,07,346
<b>TOTAL</b>	<b>36,23,595</b>	<b>22,65,711</b>

Particulars	For the year ended March 31, 2020 ₹	For the year ended March 31, 2019 ₹
<b>NOTE 20 - REVENUE FROM OPERATIONS</b>		
<b>Sale of Services</b>		
Brokerage	2,08,15,404	2,32,61,198
Corporate Advisory Services	1,87,818	21,11,870
Income from Capital Market Operations	63,51,063	82,09,267
<b>TOTAL</b>	<b>2,73,54,285</b>	<b>3,35,82,335</b>
<b>NOTE 21 - OTHER INCOME</b>		
Interest on Fixed deposits with Banks	18,46,124	17,93,573
<i>[Tax deducted at source ₹1,84,621/-]</i>		
<i>(Previous year ₹ 1,87,378/-)</i>		
Dividend :- On stock in trade	1,09,721	1,94,821
Lease Rentals	30,00,000	-
Interest on Income Tax Refund	-	21,072
Unrealised Gains/(Loss) On Mark to Market of F&O Stock	(6,38,539)	7,80,500
Profit on Sale of Fixed Assets	-	1,83,35,383
Other Income	45,28,749	62,75,733
<b>TOTAL</b>	<b>88,46,055</b>	<b>2,74,01,082</b>



## NOTES FORMING PART OF FINANCIAL STATEMENTS

Particulars	For the year ended March 31, 2020 ₹	For the year ended March 31, 2019 ₹
<b>NOTE 22 - CHANGES IN INVENTORIES OF FINISHED GOODS</b>		
Loss on Stock Valuation	9,46,765	1,33,140
<b>TOTAL</b>	<b>9,46,765</b>	<b>1,33,140</b>
<b>NOTE 23 - EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and Bonus	1,90,76,263	1,97,71,429
Managing Director's Remuneration	36,76,023	34,75,000
Contribution to Provident and other Funds	6,51,604	6,38,465
Staff Welfare Expenses	5,59,652	8,39,383
Gratuity	2,51,714	5,39,775
<b>TOTAL</b>	<b>2,42,15,256</b>	<b>2,52,64,052</b>

Particulars	For the year ended March 31, 2020 ₹	For the year ended March 31, 2019 ₹
<b>NOTE - 24 FINANCE COST</b>		
Interest Expense	38,54,162	10,13,067
Bank Guarantee Commission and Other Charges	43,15,947	13,10,105
<b>TOTAL</b>	<b>81,70,109</b>	<b>23,23,173</b>
<b>NOTE 25 - OTHER EXPENSES</b>		
Financial Advisory charges	1,63,404	13,12,218
Computer Expenses	4,52,678	1,46,063
Demat charges	3,24,388	7,03,014
Rates and Taxes	16,40,322	87,30,852
Consultancy Charges	12,658	40,000
Commission Brokerage	18,71,210	1,07,621
Insurance	6,40,751	6,61,793
Internet Expenses	1,35,000	1,82,786
Advertisement Expenses	1,01,178	1,41,751
Sub Brokerage Paid	-	11,74,365
Business Promotion Expenses	2,33,031	1,97,937
Legal & Professional Fees	18,55,429	22,72,038
Telephone/Postage and Courier Charges	4,66,813	4,78,299
Electricity Charges	6,73,088	9,20,368
Registration Fees	10,94,748	11,74,589
Repairs and Maintenance	15,79,962	18,61,132
Security Charges	1,62,720	1,66,859
Printing and Stationery	2,92,596	3,14,862
Subscription Expenses	10,06,022	15,48,666
Travelling and Conveyance	11,03,171	11,11,038
Auditor's Remuneration		
For Audit	1,50,000	1,50,000
For Tax Audit	1,00,000	1,00,000
Directors sitting fees	55,000	65,000
Donation	24,000	27,000
Commission Paid	-	5,12,136
Miscellaneous Expenses	4,14,177	3,87,286
Sundry Balance Written off	3,00,957	24,19,893
Loss on Market Operation	2,14,69,494	20,24,382
<b>TOTAL</b>	<b>3,63,22,797</b>	<b>2,89,31,947</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

26. 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.
27. The Share Application Money for an amount of ₹ 216.69 Lakhs (Previous Year ₹ 216.69 Lakhs) is outstanding for a period of 216 months as at date of Balance Sheet date, for which the financial statements are in the process of being obtained. The Company has already initiated legal proceedings against the other party for recovery of the said application money along with interest thereon, under Section 138 of the Negotiable Instruments Act, 1881. At present, the matter is pending for hearing before the Hon'ble High Court at Mumbai.
28. Long-term Deposits which were given to M/s. Shree Rama Polysynth Private Ltd and M/s. Vimpsan Investments Private Ltd, up to total aggregate amount of ₹ 530.00 lakhs are still outstanding as at March 31, 2020. Since the Company is not in the receipt of any interest on the said deposits since long period, the Company has not accounted any interest income on such deposits in the financial statement. The Company is in the process to initiate legal proceedings against them for recovery of the said deposits.
29. In the matter of M/s. Shree Rama Multitech Limited (SRML) in relation to recovery of rental income from SRML, the Hon'ble High Court has passed the order in favor of the company. Although the company is yet to receive the rental Income from SRML, the company has made the provision for rental Income in the books of accounts for the year ended 31.03.2020. We provided in the books Rs 30,00,000 as accrued in this financial year.
30. In the matter of Mr. Hiten Parmar regarding receivable of the outstanding amount, the Company had filed the case in the month of October 2015 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 to pay to the Company ₹ 55,85,544.87 within 30 days from the date of receipt of award. However, the Company has not received any such amount till date from Mr.Hiten Parmar. The Company has initiated legal action and filed the suit against Mr.Hiten Parmar in the Hon'ble District Court, Surat ('the Court') for recovery of the arbitral award amount. At present, the matter is pending for hearing before the Court.
31. SEBI vide its Order No. WTM/RKA/EFD/DRA-11/45/2015 dated 13th 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 Order so as enable the Company to challenge the SAT order before the Hon'ble Supreme Court of India. The Company has 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.

32. There is a Mark to Market Loss of ₹ 6,38,539/- as on 31<sup>st</sup> March 2020 on account of Unrealized Loss on Future Contract as per Ind AS-39.
33. The net deferred tax assets are calculated as follows:

(₹ In Lakhs)

Particulars	Accumulated As at 31 <sup>st</sup> March 2019	Charge/ Credit during the year	As at 31 <sup>st</sup> March 2020
<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	(402.08)	3.82	(398.25)
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>12.65</b>	<b>3.82</b>	<b>16.48</b>

34. 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

## NOTES FORMING PART OF FINANCIAL STATEMENTS

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 ₹ Lakhs)

Sr. No.	Particulars	Year Ended 31 <sup>st</sup> March 2020	Year Ended 31 <sup>st</sup> March 2019
<b>1</b>	<b>Segment Revenue-external</b>		
a)	Investment / Stock Operations	63.51	82.09
b)	Fee-based Operations	210.03	253.73
c)	Other Unallocated Revenue	88.46	274.01
	<b>Total revenue</b>	<b>362.00</b>	<b>609.83</b>
<b>2</b>	<b>Segment Result</b>		
a)	Investment / Stock Operations	(167.09)	47.45
b)	Fee-based Operations	(63.74)	(57.18)
	<b>Total</b>	<b>(230.84)</b>	<b>(9.73)</b>
	Less: Interest	81.70	23.23
	Unallocated Expenses less unallocated income	(49.98)	48.50
	Net (Loss) / Profit before Tax & prior Period Items	(362.52)	15.53
	Provision for tax (including deferred tax)	(3.82)	(3.58)
	<b>Net (Loss)/Profit after tax for the year</b>	<b>(358.70)</b>	<b>19.11</b>
	Other Comprehensive Income	(0.60)	(7.18)
	<b>Total Comprehensive Income</b>	<b>(359.30)</b>	<b>11.93</b>
	<b>Other Items</b>		
<b>3</b>	<b>Segment Assets</b>		
a)	Investment / Stock Operations	455.13	414.81
b)	Fee-based Operations	2074.07	2577.48
c)	Unallocated Corporate Assets	1512.56	1746.08
		<b>4041.76</b>	<b>4738.36</b>
<b>4</b>	<b>Segment Liabilities</b>		
a)	Investment / Stock Operations	0.02	0.02
b)	Fee-based Operations	943.72	1421.69
c)	Unallocated Corporate Liabilities	108.52	93.35
		<b>1052.26</b>	<b>1515.06</b>
<b>5</b>	<b>Depreciation</b>	<b>27.97</b>	<b>27.78</b>
<b>6</b>	<b>Non cash items other than depreciation</b>		

a)	Investment / Stock operations	9.47	1.33
b)	Fee based operations	-	-

### 35. Earnings per share:

The Company reports basic and diluted earnings per share in accordance with Ind AS -33 - Earnings Per Share.

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, 2020	Year ended March 31, 2019
<b>Basic</b>		
Numerator used for calculating basic earnings per share – Profit after taxation (₹ Lakhs)	(358.70)	19.11
Less: Dividend on Cumulative Preference share dividend (including dividend tax thereon)	-	-
Profit / (Loss) attributable to equity shareholders (₹ Lakhs)	(358.70)	19.11
Weighted average number of shares (in Lakhs) used as Denominator for calculating basic earnings per share	119.39	119.39
Nominal value per equity share (₹)	10.00	10.00
Basic earnings per share – (Rs).	(3.00)	0.16
<b>Diluted</b>		
Numerator used for calculating Diluted earning per Share-Profit /(Loss) after taxation (₹ In Lakhs)	(358.70)	19.11
Weighted Average Number of Shares (In Lakhs) used as Denominator for calculating Diluted Earning per Share	119.39	119.39
Diluted earnings per Share- (₹)	(3.00)	0.16

### 36. Related Party Disclosures

#### Names of Related Parties:

#### A) Enterprises where control exists

Associate Companies:

- Trumonee Financial Ltd.

#### B) Enterprises controlled by the relatives of the Key Managerial Personnel:

- Piggero Investments Pvt. Ltd.
- Bentley Investments Pvt. Ltd.
- Khandwala Commodity & Derivatives Pvt. Ltd.

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

1. Mr. Paresh J. Khandwala - Managing Director
2. Mr. Pranav P. Khandwala - Whole-Time Director/CFO
3. Mrs. Bhagyashree P. Khandwala - Non-Executive Director
4. Mr. Rohitasava Chand - Independent Director
5. Mr. Homiar Vakil - Independent Director

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

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

**Transactions with related parties for the year ended 31<sup>st</sup> March 2020**

**[₹ in Lakhs]**

Transaction	2019-20	2018-19
Brokerage received	0.63	0.92
Remuneration Paid	36.76	34.75
<b>Outstanding Balance</b>		
Sundry Debtors	152.46	155.52
Sundry Creditors	2.54	9.79
Investment Associate Companies	337.50	337.50

37. As per information and explanation received there are no dues payable to Small Scale Industrial Undertakings as at March 31, 2020.

38. Transaction in foreign currency: (In Lakhs)

Foreign travel expenses – ₹ Nil, Previous year ₹ 1.83.

39. Debtors include:

- (i) Due from a firm in which a director is interested as partner - ₹ 110.73 Lakhs (Previous year ₹ 116.77 Lakhs)
- (ii) Due from relatives and Enterprises controlled by the relatives of the Key Management Personnel – ₹ 41.71 Lakhs.
- (iii) The above dues have arisen in the normal course of business.

40. 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.

41. Managerial Remuneration:

(i) Remuneration to Managing Director

Salary and Other Allowances : ₹ 36.76 Lakhs  
(P.Y. ₹ 34.75 Lakhs)

(ii) Sitting fees to other Directors : ₹ 0.55 LakhsL  
(P.Y. ₹ 0.65 Lakhs)

42. 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 19 ( Ind AS 19) the details of which are as hereunder.

Change in Benefit Obligation:	Current Period	Previous Period
Present Value of Benefit Obligation at the beginning of the Period	33,96,182	27,32,369
Interest Cost	2,64,563	2,13,944
Current Service Cost	1,79,126	1,58,854
Past Service Cost (Non Vested Benefit)	-	-
Past Service Cost (Vested Benefit)	-	-
Settlement	-	-
Liability Transfer in	-	-
Liability Transfer out	-	-
(Benefit Paid from the Fund)	(26,718)	(5,10,505)
Actuarial (Gain) / Loss on Obligations-Due to change in Financial Assumptions	2,19,763	8,970
Actuarial (Gain) / Loss on Obligations-Due to Experience	(1,65,126)	7,92,550
Present Value of Benefit Obligation at the End of the Period	38,67,790	33,96,182

Fair value of Plan Assets:	Current Period	Previous Period
Fair Value of Plan Assets at the Beginning of the Period	24,64,377	26,56,746
Interest Income	1,91,975	2,08,023
Contributions by the Employer	5,69,949	26,670
Expected Contribution by the employees	-	-
Expected Contributions by the Employees	-	-
(Benefit Paid from the Fund)	(26,718)	(5,10,505)
Return on Plan Assets, Excluding Interest Income	(4,991)	83,443
Fair Value of Plan Assets at the End of the Period	31,94,592	24,64,377

Amount Recognized in the Balance Sheet:	Current Period	Previous Period
(Present Value of Benefit Obligation at the end of the Period)	(38,67,790)	(33,96,182)
Fair Value of Plan Assets at the End of the Period	31,94,592	24,64,377
Funded Status (Surplus/ (Deficit))	(6,73,198)	(9,31,805)
Net (Liability) /Asset Recognized in the Balance Sheet	(6,73,198)	(9,31,805)

## NOTES FORMING PART OF FINANCIAL STATEMENTS

Net Interest Cost for Current Period	Current Period	Previous Period
Present Value of Benefit Obligation at the Beginning of the Period	33,96,182	27,32,369
(Fair Value of Plan Assets at the Beginning of the Period)	(24,64,377)	(26,56,746)
Net (Liability) /Asset at the Beginning	9,31,805	75,623
Interest Cost	2,64,563	2,13,944
(Interest Income)	(1,91,975)	(2,08,023)
Net Interest Cost for Current Period	72,588	5,921

Expenses Recognized in the Income Statement:	Current Period	Previous Period
Current Service Cost	1,79,126	1,58,854
Net Interest Cost	72,588	5,921
Past Service Cost	-	-
(Expected Contributions by the Employees)	-	-
(Gains)/ Losses on Curtailments And Settlements	-	-
Net Effect of Changes in Foreign Exchange Rates	-	-
Expense Recognized	2,51,714	1,64,775

Balance Sheet Reconciliation	Current Period	Previous Period
Opening Net Liability	9,31,805	75,623
Expense Recognized in Statement of Profit or Loss	2,51,714	1,64,775
Expense Recognized in OCI	59,628	7,18,077
Net Liability/ (Asset) Transfer in	-	-
Net Liability/ (Asset) Transfer out	-	-
(Benefit Paid Directly by the Employer)	-	-
(Employer's Contribution)	(5,69,949)	(26,670)
Net Liability /(Asset) Recognized in Balance Sheet	6,73,198	9,31,805

Category of Assets	Current Period	Previous Period
Government of India Assets	-	-
State Government Securities	-	-
Special Deposits Scheme	-	-
Debts Instruments	-	-
Corporate Bonds	-	-
Cash And Cash Equivalents	-	-
Insurance Fund	31,94,592	24,64,377
Other	-	-
Total	31,94,592	24,64,377

Expenses Recognized in the Other Comprehensive Income OCI for Current Period	Current Period	Previous Period
Actuarial (Gains)/ Losses on Obligation for the Period	54,637	8,01,520
Return on Plan Assets, Excluding Interest Income	4,991	(83,443)
Change in Asset Ceiling	-	-
Net (Income)/ Expense for the Period Recognized in OCI	59,628	7,18,077

Assumptions	Current Period	Previous Period
Expected Return on Plan Assets	6.87%	7.79%
Rate of Discounting	6.87%	7.79%
Rate of Salary Increase	5.00%	5.00%
Rate of Employee Turnover	2.00%	2.00%

Other Details	Current Period	Previous Period
No. Of Active Members	29	30
Per Month Salary For Active Member	5,93,065	5,48,349
Weighted Average Duration of the Projected Benefit Obligation	8	8
Average Expected Future Service	13	15
Projected Benefit Obligation	38,67,790	33,96,182
Prescribed Contribution for next year (12 Months)	5,93,065	5,48,349

**Note:-**

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

Actuarial Gain/ Loss are recognized in the period of occurrence under other Comprehensive Income (OCI)

All above reported figures of OCI are gross of taxation.

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.

Maturity Analysis of Benefit payments is undiscounted cash flows considering future salary, attrition & death in respective year for members as mentioned above.

Average Expected Future Service represents Estimated Term of Post- Employment Benefit Obligation.

Value of asset provided by the client is considered as fair value of plan asset for the period of reporting as same is not evaluated by us.



**NOTES FORMING PART OF FINANCIAL STATEMENTS****43. 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 Lakhs]**

Name of the Statute	Nature of the Dues	Amount	Period to which the amount relates	Forum where Dispute is pending	Under Section
Income Tax Act 1961	Income Tax	4.96	A.Y. 2007-08	Mumbai High Court	143(3)

As per our report attached of even date.

**For Aniket Kulkarni & Associates**

*Chartered Accountants*  
FRN No. 130521W

**Aniket Kulkarni**

**Proprietor**  
Mem. No: 127246

Place :- Mumbai  
Date : -27<sup>th</sup> July 2020

- ii) Preference dividends are in arrears from F.Y. 2008-09 to F.Y.2019-20 as aggregating to ₹ 2.34 Crores.

- iii) TDS defaults showing on TDS traces website for the various Financial Years as on 31<sup>st</sup> March 2020 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.

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

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

**Homiar N. Vakil**

**Chairman**  
DIN: 05210178

**Pranav Khandwala**

**Whole-Time Director/ CFO**  
DIN: 00519113

Place :- Mumbai  
Date : -27<sup>th</sup> July 2020

**Paresh J. Khandwala**

**Managing Director**  
DIN: 00112678

**Abhishek Joshi**

**Company Secretary**

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF KHANDWALA SECURITIES LIMITED

#### Report on the Consolidated Indian Accounting Standards (Ind AS) Financial Statements

#### Qualified Opinion

We have audited the accompanying consolidated financial statements of "Khandwala Securities Limited", (the Company) and its associates (the Company and its associates together referred to as the group) which comprise the consolidated Balance Sheet as at March 31, 2020, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view **except for the effects of the matters described in the Basis for qualified opinion section of our report**, in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the consolidated profit and consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

#### Basis for Qualified Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. 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. However we draw your kind attention to the following *qualifications* to the audit opinion of the consolidated financial statements produced as under:-

1. The Company had advanced application money towards purchase of shares of Rs 216.69 lakhs which is outstanding for a period of 216 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 lakhs is recoverable and accordingly, the effect thereof on the financial statements cannot be ascertained. However, it has been noted that at present the said matter is under litigation and pending for hearing before the Hon'ble High Court at Mumbai.
2. Long-Term deposits to various companies of Rs 530.00 lakhs are subject to subsequent adjustments. We are unable to ascertain the recoverability of these amounts, as the Company has not made any provisions for the same in the consolidated financial statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	The company has incurred loss on market operations totaling to Rs 2.14 Crores on F&O trading & loss on sale of investments and speculation loss.	We have verified the loss working on F&O trading & loss on sale of Investments and speculation loss provided by the management and portfolio trades summary generated from the company's software.

#### Information other than the Consolidated Financial Statements and Auditor's Report Thereon.

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other

information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

1. As required by Section 143(3) of the Act, based on our audit 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 including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS 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 March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended: In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) 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, as amended 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 consolidated financial statements.
    - i. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
    - ii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company
- 2 As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Aniket Kulkarni & Associates  
**Chartered Accountants**  
Registration No. 130521W

**Aniket Kulkarni**  
(Proprietor)  
Membership No. 127246

**Place: Mumbai**  
**Date: July 27, 2020**  
**UDIN: 20127246AAAAEU3336**

**ANNEXURE-A” TO THE INDEPENDENT AUDITORS’ REPORT – 31<sup>ST</sup> MARCH 2020****Report on the Internal Financial Control s 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 31<sup>st</sup> March, 2020 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 includes 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) pertains 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 31<sup>st</sup> March, 2020, 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 Aniket Kulkarni & Associates**

Chartered Accountants

ICAI Registration No. 130521W

**Aniket Kulkarni**

**Proprietor**

**Membership No: - 127246**

**Place: Mumbai**

**Date: 27<sup>th</sup> July 2020**



**ANNEXURE “B” TO THE INDEPENDENT AUDITORS’ REPORT**

**Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of Khandwala Securities Limited of even date**

- (i) In respect of Company’s Fixed Assets:
- The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - 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.
  - According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 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 2019-20 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.*

According to the information and explanations given to us, no undisputed amounts payable in respect of Income tax, service tax, goods and service tax, cess and other material statutory dues were in arrears as at **31 March 2020** 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. 33,196/- as on 31<sup>st</sup> March 2020.*

- (b) According to the information and explanation given to us, there are no material dues of income tax or service tax or GST which have not been deposited with appropriate authorities on account of any dispute except reported as below.

Details of dues of statutory taxes which not been deposited as at March 31, 2020 on account of disputes are given below:

Name of the Statute	Nature of the Dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where Dispute is pending	Under Section
Income Tax Act 1961	Income Tax	4.96	A.Y. 2007-08	Mumbai High Court	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 borrowing’s to financial institution & bank.
- (ix) According to the information and explanations provided to us and as per the records of the company examined by us, company has not raised funds by way of public issue/ follow-on offer (including debt instruments) and term loans. Therefore paragraph 3(ix) of the Order is not applicable to the company.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations give to us and based on our examination of the records of the

Company, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Companies Act.

- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made preferential allotment of Equity Share/ private placement of shares or fully or partly convertible debenture. Therefore paragraph 3(xiv) not applicable to the company.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with director or person connected with them.

(xvi) In our opinion and according to information and explanation provide to us, Company is not required to be registered under section 45-IA of Reserve Bank of India Act, 1934. Therefore paragraph 3(xvi) of the Order is not applicable to the company

**For Aniket Kulkarni & Associates**

Chartered Accountants

Firm Registration No: 130521W

**Aniket Kulkarni**

Proprietor

Membership No: - 127246

**Place: Mumbai**

**Date: 27<sup>th</sup> July 2020**

**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2020**
*(Currency : Indian Rupees)*

Particulars	Note No.	As At March 31, 2020 ₹	As At March 31, 2019 ₹
<b>A ASSETS</b>			
<b>Non Current Assets</b>			
(a) Property, Plant and Equipment	2	5,53,78,294	5,74,82,329
(b) Intangible assets		6,18,096	6,46,093
(c) Goodwill on Consolidation		2,59,76,616	2,59,76,616
(d) Financial Assets			
(i) Investments	3	1,12,33,192	62,14,000
(ii) Loans	4	8,84,01,463	13,26,20,619
(iii) Others	5	2,16,68,641	2,16,68,641
(e) Deferred tax assets (net)		16,47,532	12,65,551
(f) Other non-current assets	6	1,60,75,395	1,43,90,773
		<b>22,09,99,229</b>	<b>26,02,64,622</b>
<b>Current Assets</b>			
(a) <b>Financial Assets</b>			
(i) Investments	7	5,32,540	15,18,293
(ii) Trade receivables	8	9,39,51,473	8,91,69,169
(iii) Cash and cash equivalents	9	6,67,892	6,96,564
(iv) Bank balances other than (iii) above	10	7,86,79,319	11,28,39,995
(v) Loans	11	23,34,545	21,05,524
(vi) Other current assets	12	17,26,817	19,21,483
		<b>17,78,92,586</b>	<b>20,82,51,027</b>
<b>Total Assets</b>		<b>39,88,91,815</b>	<b>46,85,15,649</b>
<b>B EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share Capital	13	13,43,90,000	13,43,90,000
(b) Other Equity	14	9,68,77,838	13,28,18,266
<b>Total Equity</b>		<b>23,12,67,838</b>	<b>26,72,08,266</b>
<b>Non Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	15	6,23,93,049	4,89,05,268
(b) Provisions	16	15,99,679	18,58,286
(c) Other non-current liabilities	17	1,65,282	1,65,282
<b>Total Non Current Liabilities</b>		<b>6,41,58,010</b>	<b>5,09,28,836</b>
<b>Current Liabilities</b>			
(a) Financial Liabilities			
(i) Trade payables	18	9,98,42,372	14,81,12,836
(b) Other current liabilities	19	36,23,595	22,65,711
<b>Total Current Liabilities</b>		<b>10,34,65,967</b>	<b>15,03,78,547</b>
<b>Total Equity And Liabilities</b>		<b>39,88,91,815</b>	<b>46,85,15,649</b>

See accompanying notes (1 to 46 ) to the Financial Statements.  
As per our report attached of even date.

**For Aniket Kulkarni & Associates**  
Chartered Accountants  
FRN No. 130521W

**Aniket Kulkarni**  
Proprietor  
Mem. No: 127246

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

**Homiar N. Vakil**  
Chairman  
DIN: 05210178

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

**Pranav Khandwala**  
Whole-Time Director/ CFO  
DIN: 00519113

**Abhishek Joshi**  
Company Secretary

Place :- Mumbai  
Date :- 27<sup>th</sup> July 2020

Place :- Mumbai  
Date :- 27<sup>th</sup> July 2020

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020**

(Currency : Indian Rupees)

Particulars		Note	For the year ended March 31, 2020 ₹	For the year ended March 31, 2019 ₹
I	Revenue from Operations	20	2,73,54,285	3,35,82,335
II	Other Income	21	88,46,799	2,74,01,082
III	<b>Total Income</b>		<b>3,62,01,084</b>	<b>6,09,83,417</b>
IV	<b>Expenses</b>			
	Cost of materials consumed		-	-
	Purchases of Stock-in-Trade		-	-
	Changes in inventories of finished goods	22	9,46,765	1,33,140
	Stock-in -Trade and work-in-progress		-	-
	Employee benefits expense	23	2,42,15,256	2,52,64,052
	Finance costs	24	81,73,242	23,23,173
	Depreciation and amortization expense		27,97,488	27,77,658
	Other expenses	25	3,63,31,114	2,89,45,039
	<b>Total Expenses</b>		<b>7,24,63,865</b>	<b>5,94,43,063</b>
V	<b>Profit/(Loss) before Tax and prior period items</b>		<b>(3,62,62,781)</b>	<b>15,40,354</b>
VI	Exceptional Items		-	-
VII	<b>Profit/(Loss) before Extraordinary items and tax ( V - VI )</b>		<b>(3,62,62,781)</b>	<b>15,40,354</b>
VIII	Extraordinary items		-	-
IX	<b>Profit/(Loss) before Tax ( VII - VIII )</b>		<b>(3,62,62,781)</b>	<b>15,40,354</b>
X	<b>Tax Expense</b>			
	(1) Current Tax		-	-
	(2) MAT Tax		-	-
	(3) Deferred Tax (Credited)/ Charged		(3,81,981)	(3,57,817)
XI	<b>Profit / (Loss) for the period from Continuing Operations</b>		<b>(3,58,80,800)</b>	<b>18,98,171</b>
XII	<b>Profit / (Loss) from Discontinuing Operations</b>		-	-
XIII	<b>Tax Expense of Discontinuing Operations</b>		-	-
XIV	<b>Profit / (Loss) from Discontinuing Operations (after tax ) ( XII -XIII )</b>		-	-
XV	<b>Profit (Loss) for the period (XI +XIV )</b>		<b>(3,58,80,800)</b>	<b>18,98,171</b>
XVI	<b>Other Comprehensive Income</b>			
	A (i) Items that will not be reclassified to profit or loss		(59,628)	(7,18,077)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
	B (i) Items that will be reclassified to profit or loss		-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
XVII	<b>Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit (Loss) and Other Comprehensive Income for the period)</b>		<b>(3,59,40,428)</b>	<b>11,80,094</b>
XVIII	Earnings Per Share of - Basic (Rs.)		(3.01)	0.16
	- Basic (Rs.)		(3.01)	0.16
	- Diluted (Rs.)		(3.01)	0.16

See accompanying notes (1 to 46 ) to the Financial Statements.  
As per our report attached of even date.

**For Aniket Kulkarni & Associates**

Chartered Accountants

FRN No. 130521W

**Aniket Kulkarni**

Proprietor

Mem. No: 127246

**For and on behalf of the Board of Directors**

**Khandwala Securities Limited**

**Homiar N. Vakil**

Chairman

DIN: 05210178

**Paresh J. Khandwala**

Managing Director

DIN: 00112678

**Pranav Khandwala**

Whole-Time Director/ CFO

DIN: 00519113

**Abhishek Joshi**

Company Secretary

Place :- Mumbai

Date :- 27<sup>th</sup> July 2020

Place :- Mumbai

Date :- 27<sup>th</sup> July 2020



**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020**
*(Currency : Indian Rupees)*

Particulars	For the Year ended March 31, 2020		For the Year ended March 31, 2019	
<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		(3,62,62,781)		15,40,354
Adjustments for:				
Depreciation	27,97,488		27,77,658	
Interest Income	(18,46,124)		(17,93,573)	
Finance Cost	81,73,242		23,23,173	
Unrealised Gains On Mark to Market of F&O Stock	6,38,539		(7,80,500)	
Provision for Diminution in Investments/ Stock	9,46,765		1,33,140	
Lease Rentals	(30,00,000)		-	
Profit of Sale of Fixed Assest	-		(1,83,35,383)	
Other Comprehensive Expenses	(59,628)		(7,18,077)	
Interest on Income Tax Refund	-		(21,072)	
Sundry Debit Balance written off	3,00,957		24,19,893	
Sundry Credit Balance Written Back	(41,70,975)		(56,68,485)	
Dividend Income	(1,10,465)		(1,94,821)	
		36,69,799		(1,98,58,047)
		(3,25,92,982)		(1,83,17,693)
Operating profit before working capital changes				
Adjustments for:				
Inventories	(5,89,328)		(5,86,080)	
Trade Receivables & Other Receivables	4,06,94,895		(4,30,837)	
Current Liabilities & Provision	(4,30,00,211)	(28,94,645)	5,51,91,672	5,41,74,755
Cash generated from operations		(3,54,87,627)		3,58,57,062
Direct taxes Refunded / (paid)		-		-
Net cash (used in) / generated from operating activities		(3,54,87,627)		3,58,57,062
<b>B. Cash flow from investing activities</b>				
Sale / (Purchase) of fixed assets (Net)	(6,65,457)		2,44,85,495	
Sale/ (Purchase) of Investments (Net of purchase)	(50,19,192)		(62,09,000)	
Interest received	15,68,146		14,96,507	
Dividend received	1,00,243		1,86,367	
Net cash (used in) / generated from investing activities		(40,16,260)		1,99,59,369
<b>C. Cash flow from financing activities</b>				
(Repayment)/Proceeds from long term borrowings(Net)	1,34,87,781		2,04,75,443	
(Repayment)/Proceeds from Preference shares	-		(50,00,000)	
(Repayment)/Proceeds from short term borrowings(Net)	-		-	
Interest and other Finance charges	(81,73,242)		(23,23,173)	
Net cash (used in) / generated from financing activities		53,14,539		1,31,52,270
<b>Net increase/(decrease) in cash and cash equivalents</b>		(3,41,89,348)		6,89,68,701
Cash and Cash equivalents (opening balance)	11,35,36,559		4,45,67,858	
Cash and Cash equivalents (closing balance)	7,93,47,211		11,35,36,559	
		(3,41,89,348)		6,89,68,701

See accompanying notes (1 to 46 ) to the Financial Statements.  
As per our report attached of even date.

**For Aniket Kulkarni & Associates**

Chartered Accountants  
FRN No. 130521W

**Aniket Kulkarni**  
Proprietor  
Mem. No: 127246

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

**Homiar N. Vakil**  
Chairman  
DIN: 05210178

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

**Pranav Khandwala**  
Whole-Time Director/ CFO  
DIN: 00519113

**Abhishek Joshi**  
Company Secretary

Place :- Mumbai  
Date :- 27<sup>th</sup> July 2020

Place :- Mumbai  
Date :- 27<sup>th</sup> July 2020

# NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

## NOTE NO.1

### A. CORPORATE INFORMATION

Khandwala Securities Limited ("the Company") is a Public Limited Company incorporated under the provisions of the Companies Act, applicable in India. The Company is domiciled in India and addresses of its registered office and principal place of business are disclosed in the introduction to the annual report. Its shares are listed on BSE Limited (BSE) and National Stock Exchange of India Ltd (NSE).

The Company is engaged in the business of stock broking, investment banking, investment advisory, portfolio management services and depository participant.

The Company is registered with Securities and Exchange Board of India ("SEBI") under the Stock brokers and sub-brokers Regulations, 1992 and is as a Member of BSE and NSE. It is also registered as a Depository Participant with Central Depository Services (India) Limited.

### B. Significant Accounting Policies

#### Basis of Preparation

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) specified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.

#### Historical Cost

The financial statements have been prepared on the historical cost basis except for following assets and liabilities which have been measured at fair value amount:

- Certain financial assets and liabilities (including derivative instruments),
- Defined benefit plans - plan assets and
- Equity settled share based payments

#### 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

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenues can be reliably measured. 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 unconditional right to receive dividend is established.

### Property, Plant and Equipment and Depreciation

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

##### Short Term Employee Benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognized as an expense during the period when the employees render the services.

##### Post-Employment Benefits

##### Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which the Company pays specified contributions to a separate entity. The Company makes specified monthly contributions towards Provident Fund, Superannuation Fund and Pension Scheme. The Company's contribution is recognized as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS****Defined Benefit Plans**

The Company pays gratuity to the employees whoever has completed five years of service with the Company at the time of resignation/superannuation. The gratuity is paid @15 days salary for every completed year of service as per the Payment of Gratuity Act 1972.

The gratuity liability amount is contributed to the approved gratuity fund formed exclusively for gratuity payment to employees. The gratuity fund has been approved by respective IT authorities.

The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services.

Re-measurement of defined benefit plans in respect of post-employment are charged to the Other Comprehensive Income.

**Employee Separation Costs**

Compensation to employees who have opted for retirement under the voluntary retirement scheme of the Company payable in the year of exercise of option by the employee. The Company recognizes the employee separation cost when the scheme is announced and the Company is demonstrably committed to it.

**Tax Expenses**

The tax expense for the period comprises current and deferred tax. Tax is recognized in Statement of Profit and Loss, except to the extent that it relates to items recognized in the comprehensive income or in equity. In which case, the tax is also recognized in other comprehensive income or equity.

**Current Tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the Balance sheet date.

**Deferred Tax**

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

**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 realized 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 realized 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

### NOTE 2- Property, Plant and Equipment

(In ₹)

Particulars	Gross Block				Depreciation				Net Block		
	As At 1-Apr-19	Additions during the period	Deductions during the period	As At 31-Mar-20	As At 1-Apr-19	For the period	On deletion for the year	Dep. Prov. On deletions	As At 31st March 20	As At 31st March 20	As At 31st March 19
<b>Property, Plant and Equipment</b>											
Office Buildings *	8,19,05,674	-	-	<b>8,19,05,674</b>	2,84,73,184	13,76,519	-	-	<b>2,98,49,703</b>	<b>5,20,55,971</b>	<b>5,34,32,490</b>
Computers	13,21,007	4,22,348	-	<b>17,43,355</b>	10,58,559	2,84,166	-	-	<b>13,42,725</b>	<b>4,00,629</b>	<b>2,62,448</b>
Office Equipments	15,57,859	1,48,109	-	<b>17,05,968</b>	8,93,949	2,94,948	-	-	<b>11,88,897</b>	<b>5,17,071</b>	<b>6,63,910</b>
Furniture and Fixtures	5,13,226	-	-	<b>5,13,226</b>	4,71,536	9,053	-	-	<b>4,80,590</b>	<b>32,636</b>	<b>41,689</b>
Vehicles	49,78,784	-	-	<b>49,78,784</b>	22,81,279	6,23,033	-	-	<b>29,04,313</b>	<b>20,74,471</b>	<b>26,97,505</b>
Plant & Machinery (Computer)	11,09,579	-	-	<b>11,09,579</b>	7,25,292	86,771	-	-	<b>8,12,064</b>	<b>2,97,515</b>	<b>3,84,286</b>
	9,13,86,129	5,70,457	-	<b>9,19,56,585</b>	3,39,03,800	26,74,492	-	-	<b>3,65,78,292</b>	<b>5,53,78,294</b>	<b>5,74,82,329</b>
<b>INTANGIBLE ASSETS</b>											
Computer Software	10,35,968	95,000	-	<b>11,30,968</b>	3,89,875	1,22,996	-	-	<b>5,12,871</b>	<b>6,18,096</b>	<b>6,46,093</b>
<b>Total</b>	<b>9,24,22,096</b>	<b>6,65,457</b>	<b>-</b>	<b>9,30,87,553</b>	<b>3,42,93,675</b>	<b>27,97,488</b>	<b>-</b>	<b>-</b>	<b>3,70,91,163</b>	<b>5,59,96,390</b>	<b>5,81,28,421</b>
Previous Year	10,32,72,811	10,64,505	1,19,15,220	<b>9,24,22,096</b>	3,62,16,620	27,77,658	88,199	46,12,404	<b>3,42,93,675</b>	<b>5,81,28,421</b>	

Particulars	Face Value	As at March 31, 2020		As at March 31, 2019	
		Number	Amount	Number	Amount
<b>NOTE 3 - INVESTMENTS</b>					
<b>NON CURRENT INVESTMENTS</b>					
<b>Investments measured at Cost</b>					
<b>Quoted, fully paid up</b>					
Creative Casting Ltd	<b>10</b>	15,850	60,09,250	8,000	31,44,000
Vodafone Idea Ltd	<b>10</b>	3,00,000	52,18,942	1,00,000	30,65,000
			<b>1,12,28,192</b>		<b>62,09,000</b>
<b>Unquoted, fully paid up</b>					
Kowa Spinning Limited	<b>10</b>	10,08,000	2,13,58,200	10,08,000	2,13,58,200
Vadodara Stock Exchange Limited	<b>10</b>	500	<b>5,000</b>	500	5,000
			<b>2,13,63,200</b>		2,13,63,200
			<b>3,25,91,392</b>		<b>2,75,72,200</b>
Less : Provision for diminution			<b>2,13,58,200</b>		2,13,58,200
<b>TOTAL</b>			<b>1,12,33,192</b>		62,14,000

Particulars	As At March 31, 2020 ₹	As At March 31, 2019 ₹
<b>NOTE - 4 LOANS</b>		
Deposits with exchange & other	<b>3,54,01,463</b>	7,96,20,619
Deposit with Companies	<b>5,30,00,000</b>	5,30,00,000
<b>TOTAL</b>	<b>8,84,01,463</b>	13,26,20,619
<b>NOTE - 5 OTHERS</b>		
Share Application	<b>2,16,68,641</b>	2,16,68,641
<b>TOTAL</b>	<b>2,16,68,641</b>	2,16,68,641

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

Particulars	As At March 31, 2020 ₹	As At March 31, 2019 ₹
<b>NOTE - 6 OTHER NON - CURRENT ASSETS</b>		
Advance Payment of Tax	55,25,394	53,40,773
In Fixed Deposit Accounts	1,05,50,000	90,50,000
<b>TOTAL</b>	<b>1,60,75,394</b>	<b>1,43,90,773</b>
<b>NOTE 7 - CURRENT INVESTMENT</b>		
<b>Investment In Equity</b>		
Equity Shares -(Refer Appendix 7-A)	5,32,540	15,18,293
<b>TOTAL</b>	<b>5,32,540</b>	<b>15,18,293</b>

**Appendix 7-A**

NAME OF THE SCRIP	As at March 31, 2020		As at March 31, 2019	
	Number	₹	Number	₹
<b>Equity Shares :</b>				
Avenue Supermart Ltd.	9	19,688	-	-
Anuh Pharma Ltd	-	-	5,000	6,76,002
Aruna Hotels Ltd	700	-	-	-
Creative Casting Ltd	203	28	203	28
Deccan Granite Ltd	20,300	37,555	20,300	37,555
Future Consumer Enterprise Ltd	2,000	14,020	2,000	32,900
G R Magnets Ltd	7,100	-	-	-
ICSA (India) Ltd	3,000	1,710	3,000	4,140
LIC MF Liquid Plus Fund	15,016	1,62,325	14,496	1,52,103
Pennar Ind. Ltd	-	-	125	4,575
Reliance Power Ltd	50,000	61,000	50,000	5,67,500
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	1,300	5,000	1,300
Tata Chemical Ltd	250	-	-	-
Tata Consumer Products Ltd	285	-	-	-
UTI Top 100 Funds	1,000	6,213	1,000	6,213
Yes Bank	500	11,225	-	-
Zee Media Corporation	50,000	1,81,500	-	-
		<b>5,32,540</b>		<b>15,18,293</b>

Particulars	As At March 31, 2020 ₹	As At March 31, 2019 ₹
<b>NOTE 8 - Trade Receivables</b>		
<b>(Unsecured &amp; Considered Good)</b>		
Outstanding for more than six months		
Considered good	4,85,53,975	7,53,19,406
Considered doubtful	-	70,17,688
	<b>4,85,53,975</b>	<b>8,23,37,094</b>
Outstanding for Less than Six Months		
Considered good	4,53,97,498	1,38,49,763
Considered doubtful	-	-
	<b>9,39,51,473</b>	<b>9,61,86,857</b>
Less : Provision for Doubtful Debts	-	70,17,688
<b>TOTAL</b>	<b>9,39,51,473</b>	<b>8,91,69,169</b>



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Particulars	As At March 31, 2020 ₹	As At March 31, 2019 ₹
<b>NOTE 9 - Cash and cash equivalents</b>		
Cash on hand	6,67,892	6,96,564
<b>TOTAL</b>	<b>6,67,892</b>	<b>6,96,564</b>
<b>NOTE 10 - BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS</b>		
Balance with Scheduled Banks:		
In Current Accounts	6,31,79,319	9,58,39,995
In Fixed Deposit Accounts (Less than One Year )	1,55,00,000	1,70,00,000
<b>TOTAL</b>	<b>7,86,79,319</b>	<b>11,28,39,995</b>
<b>NOTE 11 - LOANS (Unsecured and Considered Good)</b>		
Employees	4,19,500	1,08,400
Prepaid Expenses	12,87,745	16,29,221
Advance to Sundry Creditors	6,27,300	1,70,000
Exchange Obligation -Receivable	-	1,97,903
<b>TOTAL</b>	<b>23,34,545</b>	<b>21,05,524</b>
<b>NOTE 12 - OTHER CURRENTS ASSETS</b>		
Interest Accrued on Fixed Deposit	2,72,988	2,86,325
Advance for Expenses	1,81,430	72,773
Balance with GST Authorities	12,72,399	14,81,991
RCM Credit Receivable	-	80,394
<b>TOTAL</b>	<b>17,26,817</b>	<b>19,21,483</b>

Particulars	As at March 31, 2020		As at March 31, 2019	
	Nos	Amount	Nos	Amount
<b>NOTE 13 - 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
<b>TOTAL</b>	<b>1,51,00,000</b>	<b>25,00,00,000</b>	<b>1,51,00,000</b>	<b>25,00,00,000</b>
<b>Issued, Subscribed and Paid-up</b>				
Equity Share Capital				
1,19,39,000 (P. Y. 1,19,39,000) Shares of 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>	<b>1,19,39,000</b>	<b>11,93,90,000</b>	<b>1,19,39,000</b>	<b>11,93,90,000</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

Particulars	As at March 31, 2020		As at March 31, 2019	
	Nos	Amount	Nos	Amount
<b>Preference Share Capital</b>				
150,000 10.00% Cumulative Redeemable	1,50,000	1,50,00,000	1,50,000	1,50,00,000
<b>TOTAL</b>	1,50,000	1,50,00,000	1,50,000	1,50,00,000
<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	1,50,000	1,50,00,000	2,00,000	2,00,00,000
Add: Issue of fresh shares during the year	-	-	-	-
Less : Repayment of shares during the year	-	-	50,000	50,00,000
Balance as at the end of the year	1,50,000	1,50,00,000	1,50,000	1,50,00,000
<b>b) List of Share Holders Holding More than 5% of the total number of shares issued by the Company</b>				
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	14,40,968	12.07%	14,40,968	12.07%
Daxa Paresh Khandwala	12,92,807	10.83%	12,86,731	10.78%
Sarthak Consultants LLP	9,43,000	7.90%	9,43,000	7.90%
Pratik Paresh Khandwala	7,96,555	6.67%	7,96,555	6.67%
Pranav Paresh Khandwala	7,08,617	5.94%	7,08,617	5.94%
<b>Name of Preference Share Holder</b>				
Rohit Chand	1,50,000	100.00%	1,50,000	100.00%

**Terms / Rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. In the event of the liquidation of the Company, the holder of the equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all the preferential amounts. The distribution will be in proportion to the number of the equity shares held by the shareholders. The Company declares and pay dividend in Indian Rupees.

**Terms / Rights attached to preference shares**

The Company has only one class of preference shares in the form of 10.00% Cumulative Redeemable Preference Shares having a par value of Rs.100/- per share. These are redeemable on or before December 31, 2020. The preference shares rank ahead of the equity shares in the event of a liquidation.

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

Particulars	As At March 31, 2020 ₹	As At March 31, 2019 ₹
<b>NOTE 14 - Other Equity</b>		
Securities Premium Account	4,82,73,000	4,82,73,000
Capital Redemption Reserve	3,40,00,000	3,40,00,000
Profit & Loss Account		
As per last Balance Sheet	5,05,45,266	4,93,65,171
Add: Transferred from Profit & Loss Account	(3,59,40,428)	11,80,094
	1,46,04,838	5,05,45,266
<b>TOTAL</b>	<b>9,68,77,838</b>	<b>13,28,18,266</b>

**Statement of Changes in Equity for the period ended 31.03.2020**

**A. Equity Share Capital**

(₹ in lakhs)

Balance at the beginning of the reporting period	Changes in equity share capital during the year	Balance at the end of the reporting period
1,393.90	-	1,393.90

**B. Other Equity**

(₹ in lakhs)

	Share application money pending allotment	Equity component of compound financial instruments	Reserves and Surplus					Debt instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statements of a foreign operation	Other items of Other Comprehensive Income (specify nature)	Money received against share warrants	Total
			Capital Reserve	Capital Redemption Reserve	Securities Premium Reserve	Other Reserves (specify nature)	Retained Earnings								
Balance at the beginning of the reporting period	-	-	-	340.00	482.73	-	505.45	-	-	-	-	-	-	-	1,328.18
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	-	-	-	(359.40)	-	-	-	-	-	-	-	(359.40)
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Any other change (to be specified)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the end of the reporting period	-	-	-	340.00	482.73	-	146.05	-	-	-	-	-	-	-	968.78

Particulars	As At March 31, 2020 ₹	As At March 31, 2019 ₹
<b>NOTE 15 - BORROWINGS</b>		
<b>Secured</b>		
Canara Bank Overdraft Account	5,96,13,032	4,56,36,188
Vehicle Loan (Secured by hypothecation of vehicle) (Terms of payment 84 Months EMI Rs.56,045/- P.M. Interest Rate @10.25%)	15,20,982	20,10,045
	6,11,34,014	4,76,46,233
<b>Unsecured</b>		
Loan from Yukti Securities Ltd.	12,59,035	12,59,035
	12,59,035	12,59,035
<b>TOTAL</b>	<b>6,23,93,049</b>	<b>4,89,05,268</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

Particulars	As At March 31, 2020 ₹	As At March 31, 2019 ₹
<b>NOTE 16 - PROVISIONS</b>		
Provision for Taxation (FBT)	5,64,501	5,64,501
Provision for Gratuity	6,73,198	11,980
Provision for Leave Encashment	11,980	9,31,805
Provision MAT Tax	3,50,000	3,50,000
<b>TOTAL</b>	<b>15,99,679</b>	<b>18,58,286</b>
<b>NOTE 17 - OTHER NON CURRENTS LIABILITIES</b>		
Security Deposits	1,65,282	1,65,282
<b>TOTAL</b>	<b>1,65,282</b>	<b>1,65,282</b>

Particulars	As At March 31, 2020 ₹	As At March 31, 2019 ₹
<b>NOTE 18 - TRADE PAYABLE</b>		
Sundry Creditors	9,98,42,372	14,81,12,836
<b>TOTAL</b>	<b>9,98,42,372</b>	<b>14,81,12,836</b>
<b>NOTE 19 - OTHER CURRENTS LIABILITIES</b>		
Payable to Employees	15,33,746	6,39,205
Statutory Dues	15,02,958	10,19,160
Other Expenses Liabilities	5,86,891	6,07,346
<b>TOTAL</b>	<b>36,23,595</b>	<b>22,65,711</b>

Particulars	For the year ended March 31, 2020 ₹	For the year ended March 31, 2019 ₹
<b>NOTE 20 - REVENUE FROM OPERATIONS</b>		
<b>Sale of Services</b>		
Brokerage	2,08,15,404	2,32,61,198
Corporate Advisory Services	1,87,818	21,11,870
Income from Capital Market Operations	63,51,063	82,09,267
<b>TOTAL</b>	<b>2,73,54,285</b>	<b>3,35,82,335</b>
<b>NOTE 21 - OTHER INCOME</b>		
Interest on Fixed deposits with Banks <i>[Tax deducted at source Rs.1,84,621/-]</i> <i>(Previous year Rs. 1,87,378/-)</i>	18,46,124	17,93,573
Dividend :- On stock in trade	1,10,465	1,94,821
Lease Rentals	30,00,000	-
Interest on Income Tax Refund	-	21,072
Unrealised Gains/(Loss) On Mark to Market of F&O Stock	(6,38,539)	7,80,500
Profit on Sale of Fixed Assets	-	1,83,35,383
Other Income	45,28,749	62,75,733
<b>TOTAL</b>	<b>88,46,799</b>	<b>2,74,01,082</b>
<b>NOTE 22 - CHANGES IN INVENTORIES OF FINISHED GOODS</b>		
Loss on Stock Valuation	9,46,765	1,33,140
<b>TOTAL</b>	<b>9,46,765</b>	<b>1,33,140</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Particulars	For the year ended March 31, 2020 ₹	For the year ended March 31, 2019 ₹
<b>NOTE 23 - EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and Bonus	1,90,76,263	1,97,71,429
Managing Director's Remuneration	36,76,023	34,75,000
Contribution to Provident and other Funds	6,51,604	6,38,465
Staff Welfare Expenses	5,59,652	8,39,383
Gratuity	2,51,714	5,39,775
<b>TOTAL</b>	<b>2,42,15,256</b>	<b>2,52,64,052</b>

Particulars	For the year ended March 31, 2020 ₹	For the year ended March 31, 2019 ₹
<b>NOTE - 24 FINANCE COST</b>		
Interest Expense	38,57,295	10,13,067
Bank Guarantee Commission and Other Charges	43,15,947	13,10,105
<b>TOTAL</b>	<b>81,73,242</b>	<b>23,23,173</b>
<b>NOTE 25 - OTHER EXPENSES</b>		
Financial Advisory charges	1,63,404	13,12,218
Computer Expenses	4,52,678	1,46,063
Demat charges	3,24,388	7,03,014
Rates and Taxes	16,41,260	87,35,697
Consultancy Charges	12,658	40,000
Commission Brokerage	18,71,210	1,07,621
Insurance	6,40,751	6,61,793
Internet Expenses	1,35,000	1,82,786
Advertisement Expenses	1,01,178	1,41,751
Sub Brokerage Paid	-	11,74,365
Business Promotion Expenses	2,33,031	1,97,937
Legal & Professional Fees	18,60,639	22,78,115
Telephone/Postage and Courier Charges	4,66,813	4,78,299
Electricity Charges	6,73,088	9,20,368
Registration Fees	10,94,748	11,74,589
Repairs and Maintenance	15,79,962	18,61,132
Security Charges	1,62,720	1,66,859
Printing and Stationery	2,92,596	3,14,862
Subscription Expenses	10,06,022	15,48,666
Travelling and Conveyance	11,03,171	11,11,038
Auditor's Remuneration		
For Audit	1,52,171	1,52,171
For Tax Audit	1,00,000	1,00,000
Directors sitting fees	55,000	65,000
Donation	24,000	27,000
Commission Paid	-	5,12,136
Miscellaneous Expenses	4,14,177	3,87,286
Sundry Balance Written off	3,00,957	24,19,893
Loss on Market Operation	2,14,69,494	20,24,382
<b>TOTAL</b>	<b>3,63,31,114</b>	<b>2,89,45,039</b>



**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS****26. Principles and assumptions used for consolidated financial statements and Performa adjustments :**

The consolidated financial statements have been prepared as per Ind AS 28- Investments in Associates and Joint Ventures. Investments in joint operations are accounted using the Proportionate Consolidation Method as per Ind AS 111 –Joint Arrangements

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, 2020 is as under:

Sr. No	Name of Associate Enterprises	As at March 31, 2020	
		No of shares	% of Holding
1	Trumonee Financial Limited	33,75,000	43.41

**27. 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.
- 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.
- 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.
- In case of Associate Enterprises, the financial statements as on 31<sup>st</sup> March, 2020 have been consolidated as per Ind AS 111 "Accounting for Investments in Associates in Consolidated Financial Statements".
- Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

28. 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.

29. The Share Application Money for an amount of Rs. 216.69 Lakhs (Previous Year Rs. 216.69 Lakhs) is outstanding for a period of 216 months as at date of Balance Sheet date, for which the financial statements are in the process of being obtained. The Company has already initiated legal proceedings against the other party for recovery of the said application money along with interest thereon, under Section 138 of the

Negotiable Instruments Act, 1881. At present, the matter is pending for hearing before the Hon'ble High Court at Mumbai.

30. Long-term Deposits which were given to M/s. Shree Rama Polysynth Private Ltd and M/s. Vimpsan Investments Private Ltd, up to total aggregate amount of Rs. 530.00 lakhs are still outstanding as at March 31, 2020. Since the Company is not in the receipt of any interest on the said deposits since long period, the Company has not accounted any interest income on such deposits in the financial statement. The Company is in the process to initiate legal proceedings against them for recovery of the said deposits.

31. In the matter of M/s. Shree Rama Multitech Limited (SRML) in relation to recovery of rental income from SRML, the Hon'ble High Court has passed the order in favor of the company. Although the company is yet to receive the rental Income from SRML, the company has made the provision for rental Income in the books of accounts for the year ended 31.03.2020. We provided in the books Rs 30,00,000 as accrued in this financial year.

32. In the matter of Mr. Hiten Parmar regarding receivable of the outstanding amount, the Company had filed the case in the month of October 2015 before the panel of arbitrators of National Stock Exchange of India Limited (NSE). The panel of arbitrators of NSE has considered the matter and after conducting necessary hearings, passed the arbitral award on April 12, 2016 in favour of the Company. The panel of arbitrators directed Mr. Hiten Parmar (Constituent) to pay to the Company Rs. 55,85,544.87 within 30 days from the date of receipt of said award. However, the Company has not received any such amount till date from Mr.Hiten Parmar. The Company has initiated legal action and filed the suit against Mr.Hiten Parmar in the Hon'ble District Court, Surat ("the Court") for recovery of the arbitral award amount. At present, the matter is pending for hearing before the Court.

33. SEBI vide its Order No. WTM/RKA/EFD/DRA-11/45/2015 dated 13th 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 Order so as enable the Company to challenge the SAT order before the Hon'ble Supreme Court of India. The Company has filed an appeal before the Hon'ble Supreme Court of India and it has been accepted. 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.

34. There is a Mark to Market Profit of Rs. 6,38,539/- as on 31<sup>st</sup> March 2020 on account of Unrealized Loss on Future Contract as per Ind AS-39.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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

(Rs. In Lakhs)

Particulars	Accumulated As at 31 <sup>st</sup> March 2019	Charge/ Credit during the year	As at 31 <sup>st</sup> March 2020
<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	(402.08)	3.82	(398.25)
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>12.65</b>	<b>3.82</b>	<b>16.48</b>

### 36. 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. Lakhs)

Sr. No.	Particulars	Year Ended 31 <sup>st</sup> March 2020	Year Ended 31 <sup>st</sup> March 2019
<b>1</b>	<b>Segment Revenue-external</b>		
a)	Investment / Stock Operations	<b>63.51</b>	82.09
b)	Fee-based Operations	<b>210.03</b>	253.73
c)	Other Unallocated Revenue	<b>88.47</b>	274.01
	<b>Total revenue</b>	<b>362.01</b>	609.83

Sr. No.	Particulars	Year Ended 31 <sup>st</sup> March 2020	Year Ended 31 <sup>st</sup> March 2019
<b>2</b>	<b>Segment Result</b>		
a)	Investment / Stock Operations	<b>(167.09)</b>	47.45
b)	Fee-based Operations	<b>(63.74)</b>	(57.18)
	<b>Total</b>	<b>(230.84)</b>	(9.73)
	Less: Interest	<b>81.73</b>	23.23
	Unallocated Expenses less unallocated income	<b>(50.06)</b>	48.37
	<b>Net (Loss) / Profit before Tax &amp; prior Period Items</b>	<b>(362.63)</b>	15.40
	Provision for tax (including deferred tax)	<b>(3.82)</b>	(3.58)
	<b>Net (Loss)/Profit after tax for the year</b>	<b>(358.81)</b>	18.98
	Other Comprehensive Income	<b>(0.60)</b>	(7.18)
	<b>Total Comprehensive Income</b>	<b>(359.40)</b>	11.80
	<b>Other Items</b>		
<b>3</b>	<b>Segment Assets</b>		
a)	Investment / Stock Operations	<b>117.70</b>	77.36
b)	Fee-based Operations	<b>2087.00</b>	2590.21
c)	Unallocated Corporate Assets	<b>1784.23</b>	2008.65
		<b>3988.92</b>	4676.21
<b>4</b>	<b>Segment Liabilities</b>		
a)	Investment / Stock Operations	<b>0.02</b>	0.02
b)	Fee-based Operations	<b>943.72</b>	1421.69
c)	Unallocated Corporate Liabilities	<b>108.57</b>	93.37
		<b>1052.31</b>	1515.08
<b>5</b>	<b>Depreciation</b>	<b>27.97</b>	27.78
<b>6</b>	<b>Non cash items other than depreciation</b>		
a)	Investment / Stock operations	<b>9.47</b>	1.33
b)	Fee based operations	-	-

### 37. Earnings per share:

The Company reports basic and diluted earnings per share in accordance with Ind AS -33 - Earnings Per Share.

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.

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>Basic</b>		
Numerator used for calculating basic earnings per share – Profit after taxation (Rs. Lakhs)	(358.81)	18.98
Less: Dividend on Cumulative Preference share dividend (including dividend tax thereon)	-	-
Profit / (Loss) attributable to equity shareholders (Rs. Lakhs)	(358.81)	18.98
Weighted average number of shares (in Lakhs) 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.)	(3.01)	0.16
<b>Diluted</b>		
Numerator used for calculating Diluted Earnings per Share-Profit/(Loss) after taxation (Rs. In Lakhs)	(358.81)	18.98
Weighted Average Number of Shares (In Lakhs) used as Denominator for calculating Diluted earning per Share	119.39	119.39
Diluted earning per Share- (Rs.)	(3.01)	0.16

**38. Related Party Disclosures**
**Names of Related Parties:**
**A) Enterprises where control exists**
**Associate Companies:**

1. Trumonee Financial Ltd.

**B) Enterprises controlled by the relatives of the Key Managerial Personnel:**

1. Piggero Investments Pvt. Ltd.
2. Bentley Investments Pvt. Ltd.
3. Khandwala Commodity & Derivatives Pvt. Ltd.

**C) Key Management Personnel:**

1. Mr. Paresh J. Khandwala - Managing Director
2. Mr. Pranav P. Khandwala - Whole-Time Director/CFO
3. Mrs. Bhagyashree P. Khandwala - Non-Executive Director
4. Mr. Rohitasava Chand - Independent Director
5. Mr. Homiar Vakil - Independent Director

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

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

**Transactions with related parties for the year ended 31<sup>st</sup> March 2020**
*[Rs. in Lakhs]*

Transaction	2019-20	2018-19
Brokerage received	0.63	0.92
Remuneration Paid	36.76	34.75
<b>Outstanding Balance</b>	<b>152.46</b>	155.52
Sundry Debtors	2.54	9.79
Sundry Creditors	337.50	337.50
Investment Associate Companies		

39. As per information and explanation received there are no dues payable to Small Scale Industrial Undertakings as at March 31, 2020.

40. Transaction in foreign currency: (In Lakhs)

Foreign travel expenses – Rs. Nil, Previous year Rs.1.83.

41. Debtors include:

- (i) Due from a firm in which a director is interested as partner - Rs.110.73 Lakhs (Previous year Rs.116.77 Lakhs)
- (ii) Due from relatives and Enterprises controlled by the relatives of the Key Management Personnel – Rs.41.73 Lakhs.
- (iii) The above dues have arisen in the normal course of business.

42. 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.

43. Managerial Remuneration:

(i) Remuneration to Managing Director

Salary and Other ₹ 36.76 Lakhs  
Allowances : (P.Y. ₹ 34.75 Lakhs)

(ii) Sitting fees to other Directors : ₹ 0.55 Lakhs (P.Y. ₹ 0.65 Lakhs)

44. 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 19 (Ind AS 19) the details of which are as hereunder.

Change in Benefit Obligation:	Current Period	Previous Period
Present Value of Benefit Obligation at the beginning of the Period	33,96,182	27,32,369
Interest Cost	2,64,563	2,13,944
Current Service Cost	1,79,126	1,58,854
Past Service Cost (Non Vested Benefit)	-	-
Past Service Cost (Vested Benefit)	-	-
Settlement	-	-
Liability Transfer in	-	-
Liability Transfer out	-	-
(Benefit Paid from the Fund)	(26,718)	(5,10,505)
Actuarial (Gain) / Loss on Obligations-Due to change in Financial Assumptions	2,19,763	8970
Actuarial (Gain) / Loss on Obligations-Due to Experience	(1,65,126)	7,92,550
Present Value of Benefit Obligation at the End of the Period	38,67,790	33,96,182

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

<b>Fair value of Plan Assets:</b>	<b>Current Period</b>	Previous Period
Fair Value of Plan Assets at the Beginning of the Period	<b>24,64,377</b>	26,56,746
Interest Income	<b>1,91,975</b>	2,08,023
Contributions by the Employer	<b>5,69,949</b>	26,670
Expected Contribution by the employees	-	-
Expected Contributions by the Employees	-	-
(Benefit Paid from the Fund)	<b>(26,718)</b>	(5,10,505)
Return on Plan Assets, Excluding Interest Income	<b>(4,991)</b>	83,443
Fair Value of Plan Assets at the End of the Period	<b>31,94,592</b>	24,64,377

<b>Amount Recognized in the Balance Sheet:</b>	<b>Current Period</b>	Previous Period
(Present Value of Benefit Obligation at the end of the Period)	<b>(38,67,790)</b>	(33,96,182)
Fair Value of Plan Assets at the End of the Period	<b>31,94,592</b>	24,64,377
Funded Status (Surplus/ (Deficit))	<b>(6,73,198)</b>	(9,31,805)
Net (Liability) /Asset Recognized in the Balance Sheet	<b>(6,73,198)</b>	(9,31,805)

<b>Net Interest Cost for Current Period</b>	<b>Current Period</b>	Previous Period
Present Value of Benefit Obligation at the Beginning of the Period	33,96,182	27,32,369
(Fair Value of Plan Assets at the Beginning of the Period)	(24,64,377)	(26,56,746)
Net (Liability) /Asset at the Beginning	9,31,805	75,623
Interest Cost	2,64,563	2,13,944
(Interest Income)	(1,91,975)	(2,08,023)
Net Interest Cost for Current Period	<b>72,588</b>	5,921

<b>Expenses Recognized in the Income Statement:</b>	<b>Current Period</b>	Previous Period
Current Service Cost	<b>1,79,126</b>	1,58,854
Net Interest Cost	<b>72,588</b>	5,921
Past Service Cost	-	-
(Expected Contributions by the Employees)	-	-
(Gains)/ Losses on Curtailments And Settlements	-	-
Net Effect of Changes in Foreign Exchange Rates	-	-
Expense Recognized	<b>2,51,714</b>	1,64,775

<b>Balance Sheet Reconciliation</b>	<b>Current Period</b>	Previous Period
Opening Net Liability	<b>9,31,805</b>	75,623
Expense Recognized in Statement of Profit or Loss	<b>2,51,714</b>	1,64,775
Expense Recognized in OCI	<b>59,628</b>	7,18,077
Net Liability/ (Asset) Transfer in	-	-
Net Liability/ (Asset) Transfer out	-	-
(Benefit Paid Directly by the Employer)	-	-
(Employer's Contribution)	<b>(5,69,949)</b>	(26,670)
Net Liability/(Asset) Recognized in Balance Sheet	<b>6,73,198</b>	9,31,805

<b>Category of Assets</b>	<b>Current Period</b>	Previous Period
Government of India Assets	-	-
State Government Securities	-	-
Special Deposits Scheme	-	-
Debts Instruments	-	-
Corporate Bonds	-	-
Cash And Cash Equivalents	-	-
Insurance Fund	<b>31,94,592</b>	24,64,377
Other	-	-
Total	<b>31,94,592</b>	24,64,377

<b>Expenses Recognized in the Other Comprehensive Income OCI for Current Period</b>	<b>Current Period</b>	Previous Period
Actuarial (Gains)/ Losses on Obligation for the Period	<b>54,637</b>	8,01,520
Return on Plan Assets, Excluding Interest Income	<b>4,991</b>	(83,443)
Change in Asset Ceiling	-	-
Net (Income)/ Expense for the Period Recognized in OCI	<b>59,628</b>	7,18,077

<b>Assumptions</b>	<b>Current Period</b>	Previous Period
Expected Return on Plan Assets	<b>6.87%</b>	7.79%
Rate of Discounting	<b>6.87%</b>	7.79%
Rate of Salary Increase	<b>5.00%</b>	5.00%
Rate of Employee Turnover	<b>2.00%</b>	2.00%

<b>Other Details</b>	<b>Current Period</b>	Previous Period
No. Of Active Members	<b>29</b>	30
Per Month Salary For Active Member	<b>5,93,065</b>	5,48,349
Weighted Average Duration of the Projected Benefit Obligation	<b>8</b>	8
Average Expected Future Service	<b>13</b>	15
Projected Benefit Obligation	<b>38,67,790</b>	33,96,182
Prescribed Contribution for next year (12 Months)	<b>5,93,065</b>	5,48,349

<b>Note:-</b>		
Gratuity is payable as per company's scheme as detailed in the report.		
Actuarial Gain/ Loss are recognized in the period of occurrence under other Comprehensive Income (OCI)		
All above reported figures of OCI are gross of taxation.		
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.		
Maturity Analysis of Benefit payments is undiscounted cash flows considering future salary, attrition & death in respective year for members as mentioned above.		
Average Expected Future Service represents Estimated Term of Post- Employment Benefit Obligation.		
Value of asset provided by the client is considered as fair value of plan asset for the period of reporting as same is not evaluated by us.		

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS****45. 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 Lakhs]**

Name of the Statute	Nature of the Dues	Amount	Period to which the amount relates	Forum where Dispute is pending	Under Section
Income Tax Act 1961	Income Tax	4.96	A.Y. 2007-08	Mumbai High Court	143(3)

- ii) Preference dividends are in arrears from F.Y. 2008-09 to F.Y.2019-20 as aggregating to Rs. 2.34 Crores.
- iii) TDS defaults showing on TDS traces website for the various Financial Years as on 31<sup>st</sup> March 2020 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.

46. 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 Aniket Kulkarni & Associates**

*Chartered Accountants*  
FRN No. 130521W

**Aniket Kulkarni**

**Proprietor**

Mem. No: 127246

Place :- Mumbai

Date :- 27<sup>th</sup> July 2020

**For and on behalf of the Board of Directors  
Khandwala Securities Limited****Homiar N. Vakil**

**Chairman**

DIN: 05210178

**Pranav Khandwala**

**Whole-Time Director/ CFO**

DIN: 00519113

Place :- Mumbai

Date :- 27<sup>th</sup> July 2020

**Paresh J. Khandwala**

**Managing Director**

DIN: 00112678

**Abhishek Joshi**

**Company Secretary**





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**KHANDWALA SECURITIES LIMITED**

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