

22ND ANNUAL REPORT

2014-15



Wealth Visionaries

OUR MANTRA

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

Institutional Equity : Investment Banking : Investment Advisory : Private Wealth

Service Differentiators:

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

www.kslindia.com

KHANDWALA SECURITIES LIMITED

BOARD OF DIRECTORS

Shreedhar Parande (Chairman)
Paresh J. Khandwala (Managing Director)
Pranav Khandwala
Kalpen Shukla
Rohit Chand
Homiar Wakil
Bhagyashree Khandwala
Chief Financial Officer
Pranav Khandwala

REGISTERED OFFICE

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

AUDITORS

UDYEN JAIN & ASSOCIATES
Chartered Accountants,
201,2nd Floor, Tower S4,
Phase II, Cyber City,
Magarpatta Township,
Hadapsar, Pune – 411013

BANKERS

Union Bank of India

Mumbai Samachar Marg,
Mumbai - 400 023.

Axis Bank Limited

Sir P.M. Road, Fort,
Mumbai – 400001

HDFC Bank Limited

Manekji Wadia Bldg,
Nanik Motwani marg, Fort,
Mumbai – 400001

Canara Bank

Stock and Commodity Exchange Branch
NSE, Fort Branch
Mumbai – 400 001

REGISTRAR & SHARE TRANSFER AGENT

KARVY COMPUTERSHARE PVT. LTD.

Karvy Selenium
Tower B, Plot Number 31 & 32
Financial District
Gachibowli, Hyderabad 500 032

LEGAL ADVISORS

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

CONTENTS	PAGE NO.
Notice	4
Directors Report	7
Management Discussion & Analysis	20
Corporate Governance Report	35
Auditors Report	45
Financial Statement	48

Dear Shareholders,

FY2015 was a landmark year for us. A fall in crude oil prices, together with a decline in international food prices meant that India's inflation and trade deficit fell sharply. These were the two big lingering vulnerabilities of the Indian economy over the past three years. Deriving comfort from this windfall, and in a bid to encourage growth, the Reserve Bank of India commenced the rate easing cycle. The decisive mandate seen in the elections spurred retail and institutional investor interest. After the formation of the Modi Government at the Centre last year, business, consumer and investor confidence has improved. Over time when fully implemental, these incremental changes will add up to a much improved social and economic outcome.

In FY2015, the Indian markets rallied and investor sentiment was at peak owing to the new government, the same couldn't be said of other emerging markets. India ended the fiscal year as one of the best performing markets. Bulk of the returns came in the first quarter around the election period, while the subsequent quarters saw returns taper. Nevertheless, it outperformed most major markets on both 1-Year and 10-Year basis. Cash volumes in the market were Rs. 213.35 bn, up significantly as compared to the levels clocked during the last 3 years. It was only ~6% lower than its all time high of FY2010. Within this, cash delivery volumes reached its all time high in FY2015, as compared to the last 8 years. The fraction in cash market volumes were led by a 73% YOY growth in retail and a 50% YOY growth in Institution. The return of retail investors was the talking point this year, both through direct equities and through equity funds. While institution cash volumes were ~35% higher than its previous peak of FY2008, retail cash volumes still remain ~17% lower than its previous peak of FY2010. Equity funds saw net inflows in FY2015 after a successive quarter of net outflows. FII's also continued to repose their faith in Indian equities.

Away from home, the year was a mixed bag for the global economy. In the United States, the economy continued to gain traction, with unemployed rate declining gradually, but in the rest of the western world, economic growth remained weak. In fact, a major highlight of FY2015 was the sustained rise in USD against all major currencies, and the consequent fall in global commodity prices. The latter acted as a boon for most of the world economies, as inflation declined and real incomes improved. However, in contrast the European Union remains a stark outsider to this trend, with the region constantly battling crisis. Perhaps, it is now becoming clear that a monetary union without a fiscal union is not an ideal model, and will require requisite mechanisms in place to tackle crisis. Meanwhile, the big Emerging Market economy that has slowed down is China. It appears that the slowdown is not just a cyclical one, but more of a fundamental one. There is need for rebalancing the economy, from investments to consumption, as well as from manufacturing to services. This rebalancing will be extremely critical for not just China, but also the rest of the world.

Khandwala Securities Limited (KSL) despite its strong bearings, suffered from the adverse economic conditions and market realities even though FY2015 provided hope in the form of rejuvenated economic wave. FY2015 has been a validation to re-instate our long-term strategy. Synergistic Diversification in line with our new five year strategy to grow Return on Equity (ROE) sustainably to 20% + your company will make strategic allocation of capital to long-term ROE enhancing opportunities into Capital Markets Business, Life Insurance Business, Diversified Asset Management Business, Credit Business, and Commodity Business.

This year, your Company has reported an income of Rs. 506.85 lacs up 15% from last year, and Profit After Tax of Rs. 25.10 lacs, up compared to the previous year loss. The Return on Equity has been improved to 0.21% for FY2015 to (1.01)% for FY2014. The Company's Networth is now Rs. 2977.58 lacs with a balance sheet size of Rs. 3938.25 lacs. Your Company's future endeavors will be to have a healthy financial performance and a solid balance sheet which will allow us to serve you even better, through good times as well as lean ones.

Many of you may be aware that KSL has incredible innovated ideas under every line of business under adverse market conditions. At a time when competitors and peers were scaling back operations or mothballing investment plans, your Company has actively invested. Since FY2015, we consciously focused on building out the organization across business to support and sustain growth. This strategy of selective and efficient hiring, improving efficiency and productivity, strengthening and growing the balance sheet, robust risk management and investment in technology will bring the organization to the future ready status that it should enjoy. Your Company's five pronged focus on Profitability, Scalability, Sustainability, Governance and Quality Management will help hone performance.

I would like to share the sectoral overview of each of the business clusters with you.

1. Financial Markets – An Overview

Witnessing a massive rally in tandem with the new government at the centre, India market cap moved up 37% from Rs. 74 trillion to Rs. 101 trillion while the daily turnover for equity trading in FY15 grew 56% to Rs. 216 billion. The combine FY2015 flow in debt and equity stands at Rs. 2.7 trillion which is the highest since 1998. To top it, the Bombay Stock Exchange recently claimed a steep 34% rise to Rs. 2.67 million retail investors on the Exchange.

2. Life Insurance – An Overview

While FY 2015 has been a landmark year with the passage of the Insurance bill, it has continued to be a challenging period for the Life Insurance companies in terms of business growth. Overall the Industry registered a degrowth of ~10.3% over year ago through private players witnessed some signs of traction growth at ~16%. It is expected that increasing financial savings, huge under-penetration and rising disposable income provides huge potential for growth.

3. Asset Management – An Overview

The Indian asset management industry continued to witness growth on the back of buoyant equity markets. The Mutual Fund's industry in India witnessed a return of retail investors resulting in the industry's AUM growing 35% to reach Rs. 10.8 trillion at the end of March 2015. In the Alternative space, domestic Alternative Investment Funds have shown a significant growth and have almost doubled the AUM commitments in the fiscal period.

4. Credit – An Overview

Credit growth in commercial banking sector continued to be sluggish in FY 2015. Stretched cash flows and balance sheets of corporates negatively impacted the asset quality of the banks, especially PSU banks. NBFC's, given their agility, could record reasonable growth in their credit books. Housing credit remains a low 7% as a percentage of GDP, an opportunity that is waiting to be tapped as RBI begins the ritual of reducing rates.

5. Commodities – An Overview

The size of the commodity related markets (including agri dependent industries) in India is a significant 58% of the country's GDP of 13,207 billion offering immense potential to become a separate asset class for investing community. Agri business has a significantly large and untapped potential in India with India importing almost 4.6 million tons of pulses over 3.65 million tons last fiscal.

As I write this letter, the RBI Governor has taken the much expected step to reduce interest rates. Corporate financial performance still has a couple of quarters to go before a visible turnaround can be seen. Inflation targets are holding steady though monsoons seems to be heading towards an unpredictable performance. We continue to believe that 'Make in India' will be successful as long as enough incentives are provided to 'Consume in India' and that goes back to the basic requirement of India's youth - jobs.

Consistent and high quality execution is also the theme of your Company for FY2016 to FY2020, years that we believe will be the foundation of a newer, energized, inclusive and aggressive India. As your Company reviews its future plan, we see that the stated long-term growth-aspirations remain intact and achievable after the FY2015 performance.

With your support, KSL stands steadfast and tall today. I would like to express my gratitude to our passionate, committed and hardworking employees for their immense contribution towards the Company's growth. I am also grateful to our Board of Directors for their guidance and to all our shareholders who have reposed their trust in us and given us their constant support and look forward to a long and mutually beneficial partnership together.

With best wishes,

Sincerely

**Pranav Khandwala
CFO & Director**

26th May, 2015

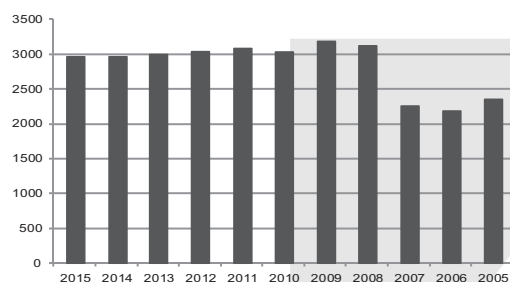
Performance Highlights

Consolidated Financial Performance of Khandwala Securities Limited.

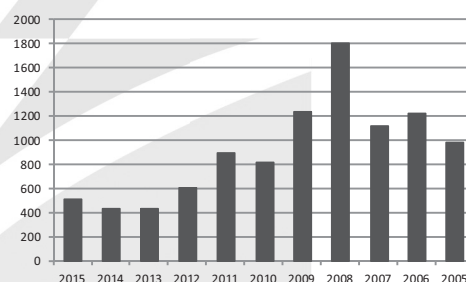
(in Rs. Lacs except per share data)

Year Ended March 31,	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Total Income	506.85	438.18	440.03	599.42	893.76	813.43	1,231.07	1,801.71	1,119.66	1,221.89	985.57
Total Expenditure	489.21	466.62	475.87	657.73	850.66	988.60	965.37	1,030.71	807.94	810.41	811.08
Profit Before Tax	17.64	(28.44)	(35.83)	(58.31)	43.11	(175.18)	260.70	771.00	311.72	411.48	174.49
Tax Expenses	(7.46)	(0.62)	(0.83)	(3.32)	(0.27)	(0.01)	39.68	97.43	39.58	(194.33)	(30.33)
Net Profit	25.10	(27.82)	(35.01)	(54.99)	43.37	(175.17)	226.02	673.57	265.53	605.81	204.82
Paid up Equity Capital	1,193.90	1,193.90	1,193.90	1,193.90	1,193.90	1,193.90	1,193.90	1,193.90	1,138.30	1,044.00	1,044.00
Networth	2,977.58	2,952.49	2,980.31	3,015.31	3,070.30	3,026.93	3,163.82	3,103.91	2,239.33	2,175.79	2,339.70
Diluted EPS (FV Rs. 10) (in Rs.)	0.21	(0.23)	(0.29)	(0.46)	0.36	(1.66)	1.67	5.58	2.11	4.57	1.23
BVPS (FV Rs. 10) (in Rs.)	23.26	23.05	23.29	23.58	24.04	23.68	24.82	23.07	16.60	13.64	14.56

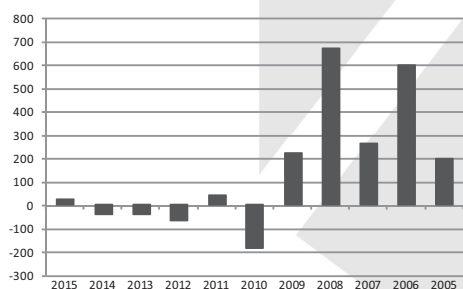
Networth



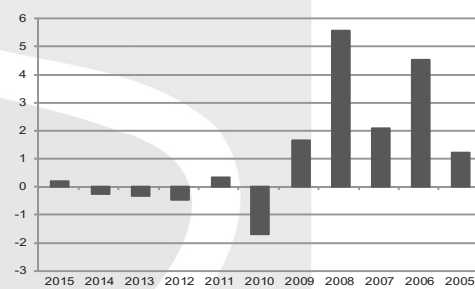
Total Income



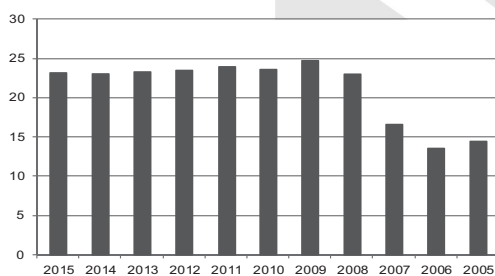
Net Profit



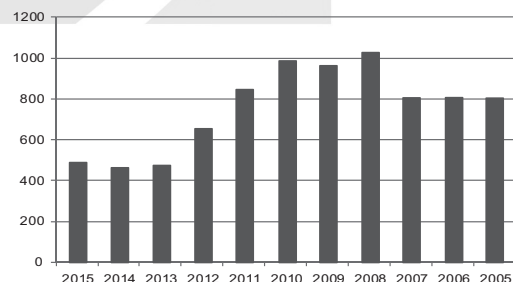
Diluted EPS (FV Rs. 10) (in Rs.)



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



Total Expenditure



NOTICE

Notice is hereby given that the Twenty Second Annual General Meeting of the Members of **Khandwala Securities Limited** will be held on 19th September 2015 at C. K. Nayadu Hall, in the Cricket Club of India (CCI), Brabourne Stadium, Churchgate, Mumbai – 400 020, falling on Saturday at 12.15 P.M. to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2015, the Profit and Loss Account of the Company for the year ended on that date, and the Reports of the Auditors and Directors 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. To appoint Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

RESOLVED THAT M/s. Udyen Jain & Associates, Chartered Accountants, (Registration No. 116336W) be and is hereby re-appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting, until the conclusion of next Annual General Meeting on such remuneration as may be fixed by Board of Directors of the Company.

SPECIAL BUSINESS:

4. To appoint Mr. Homiar Vakil (DIN: 05210178) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Homiar Vakil (DIN: 05210178) who was appointed as Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term upto 5 (Five) consecutive years commencing from September 19, 2015.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds matters, things which are proper, necessary, expedient and incidental to give effect to the above resolution.”

5. To Re-Appoint Mr. Paresh Khandwala (DIN: 00112678) as Managing Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as **Special Resolution:**

“RESOLVED THAT in accordance with the provisions of Sections 196,197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and remuneration of Managerial Personnel Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and subject to the approval from shareholders of the Company in a General Meeting and Central Government, if required, the approval of the Board be and is hereby accorded to the re-appointment of Mr. Paresh Khandwala (DIN: 00112678) as Managing Director for the period of 3 years with effect from January 01, 2015, on remuneration as specified below:

a. Salary Perquisites and allowances per annum:

Salary of Rs. 31,25,000/- p.a inclusive of perquisites, conveyance, medical allowance and leave travel allowance, contribution towards provident fund, gratuity and leave encashment at the end of tenure would be extra.

b. Commission:

In addition to the salary, perquisites and allowance as mentioned above, Commission at rate of 1% on net profits of the Company calculated as per provisions of Act shall be payable on yearly basis subject to approval of Board of Directors.

“RESOLVED FURTHER THAT in the event of inadequacy or absence of profits in any financial year of the Company during the term of Mr. Paresh Khandwala, as the Managing Director of the Company, he shall be entitled to receive and be paid the remuneration mentioned above, excluding commission, as minimum remuneration.

“RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds matters, things which are proper, necessary, expedient and incidental to give effect to the above resolution.”

By and on Behalf of Board

Paresh Khandwala
Managing Director

Date: - 26th May, 2015

Place: Mumbai

Registered Office:

Ground Floor, Vikas Building,

Green Street, Fort,

Mumbai - 400023

CIN: L67120MH1993PLC070709

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING ("THE MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY / PROXIES NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY / PROXIES SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. A person can act as proxy on behalf of Members not exceeding Fifty (50) and holding in the aggregate not more than 10% of the total share Capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
3. The Explanatory Statement as required under Section 102(1) of the Companies Act, 2013 in respect of the business referred to under Item Nos. 4 to 5 (Both Inclusive) is annexed hereto.
4. Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the AGM.
5. Members are informed that in the case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. Members are requested to bring their copy of the Annual Report, as copies of the Report will not be distributed again at the Meeting.
7. Members are requested to bring their attendance slip, duly signed, so as to avoid any inconvenience.
8. Members desiring any information on the accounts at the Annual General Meeting are requested to write to the Company at least ten days in advance, so as to enable the Company to keep the information ready.
9. The Register of Members of the Share Transfer Books of the Company will remain closed from 12th September, 2015 to 19th September 2015 (both days inclusive) for the purpose of Annual General Meeting.
10. Members are requested to note that pursuant to the provisions of Section 124 and other applicable provisions of the Companies Act, 2013, (including statutory modification (s) or re-enactment thereof for the time being in force) and rules made thereunder, the dividend remaining unclaimed/unpaid for the period of seven years from the date of transfer to "Unclaimed Dividend Account" shall be credited to Investor Education and Protection Fund set up by the Central Government.
11. Members holding shares in physical form are requested to notify, immediately, any change in their address or bank details to the Company. Shareholders are requested to quote ledger folio / beneficiary numbers in all their correspondence. Members holding shares in electronic form should update such details with their respective Depository Participants.
12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Karvy.
13. Additional Information pursuant to clause 49 of listing agreement with the Stock Exchange in respect of the Directors seeking appointment / re-appointment as Director are provided in Corporate Governance Report forming part of Annual Report.
14. To support Green Initiative, Members are requested to register their e-mail addresses with the Company and R&T Agent viz. Karvy Computershare (P) Ltd, in case of shares held in Physical and dematerialized form respectively.
15. **E-Voting** - Pursuant to Section 108 of the Companies Act, 2013 read with relevant rules of the Act and Clause 35B of Listing Agreement, the Company is pleased to provide e-voting facility to its members through e-voting services provided by Karvy Computershare (P) Ltd. (Karvy). The Members whose name appears on in Register of Members/Beneficial Owners as on September 14, 2015 are entitled to exercise their vote on business to be transacted in Annual General Meeting. The Instructions for e-voting is enclosed with Annual Report.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT 2013

Item No. 4

The Companies Act, 2013, provides for the appointment of Independent Director.

Sub-section (10) of Section 149 of the Companies Act, 2013 provides that Independent Director shall hold office for a term of up to five consecutive years on the Board of the Company and shall be eligible for re-appointment on passing of a special resolution by the shareholders of the Company. Accordingly the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, to be as an Independent Director of the Company to hold office for a term upto 5 (Five) consecutive years commencing from September 19, 2015.

The tenure of Independent Director will be for a period of five years and provisions relating to retirement of Directors shall not be applicable to Independent Directors. The Board recommends the appointment of Mr. Homiar Vakil, as Independent Director, in accordance with the Provisions of Section 149 read with Schedule IV of the Act, to hold office for a term upto five consecutive years on the Board of Directors of the Company with effect from the date of the Annual General Meeting.

The Company has also received the declaration from the above mentioned Independent Director to the effect that he meets with criteria of Independence as prescribed under sub –section (6) of section 149 of the Act and clause 49 of the Listing Agreement.

In the opinion of Board, the Director fulfill the conditions specified in the Act read with the relevant Rules and the Listing Agreement, for his respective appointment as Independent Director and is independent of Management.

Brief Profile of the Independent Director to be appointed, the nature of expertise, names of Companies in which they hold Directorship and Membership / chairmanship of Board Committee shareholding in the Company etc. as stipulated in Clause 49 of the Listing Agreement with the Stock Exchange are furnished in the Corporate Governance Report forming part of the Annual Report.

The Board commends the Ordinary Resolutions set out at Item Nos. 4 of the Notice for the approval of Members.

The above Independent Director is interested in the Resolutions mentioned at Item Nos. 4 of the Notice with regard to their respective appointments.

Except as provided above, none of the other Directors, Key Managerial Personnel of the Company or their respective Relative is in any way concerned or interested in the said Resolution. The explanatory statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

Item No. 5

The Members are informed that the present tenure of Shri Paresh J Khandwala - Managing Director of the Company expired on 31st December, 2014 and accordingly, he has been re-appointed as Managing Director for the period of three years from 1st January 2015 by the Board of Directors at its Meeting held on 14th November 2014 provisions of Sections 196,197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and remuneration of Managerial Personnel Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), subject to the approval from shareholders of the Company in a General Meeting

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

None of the Directors of the Company except Mr Paresh Khandwala are concerned or interesred in the resolution. The explanatory statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

By and on Behalf of Board

**Paresh Khandwala
Managing Director**

Date: - 26th May, 2015

Place: Mumbai

Registered Office:

Ground Floor, Vikas Building,

Green Street, Fort,

Mumbai - 400023

CIN: L67120MH1993PLC070709

DIRECTORS' REPORT

To

The Members,

The Directors of the Company take pleasure in presenting their Twenty Second Annual Report with the annual audited financial statements for the financial year ended on 31st March 2015.

FINANCIAL HIGHLIGHTS

The summary of the Company's financial performance, for the Financial Year 2014-15 as compared to the previous Financial Year 2013-14 is given below:

(Rs. in Lakhs)

Particulars	Year ended 31 st March 2015	Year ended 31 st March 2014
Total Income	506.85	438.18
Interest & other Financial Charges	52.56	50.17
Depreciation	60.92	29.03
Profit / (Loss) before Tax and prior period item	17.64	(28.44)
Less: Prior Period item	-	-
Provision for Tax (including Deferred Tax & Fringe Benefit Tax)	(7.46)	(0.62)
Profit / (Loss) after Tax	25.10	(27.82)
Appropriations		
Dividend on Preference Shares	-	-
Provision for Corporate Tax on Dividend	-	-
Surplus / (Deficit) carried forward	699.27	674.18
Reserves and Surplus	1583.68	1558.59

DIVIDEND

Your Directors do not recommend Equity dividend for the year ended 31st March, 2015 to conserve the resources.

RESULTS OF OPERATIONS

The consolidated income of Khandwala Securities Limited stood at Rs. 506.85 lacs for the financial year ended March 31, 2015 as against Rs. 438.18 lacs for the previous year. The Company made a net profit of Rs. 25.10 lacs for the financial year ended March 31, 2015 as compared to a net loss of Rs. 27.82 lacs in the previous year.

The detailed information on operational and financial performance, etc, is also given in the Management Discussion and Analysis Report which is annexed to the Directors' Report and has been prepared in compliance with the terms of Clause 49 of the Listing Agreement with the Indian Stock Exchanges.

SHARE CAPITAL

The paid up Equity Share Capital as at March 31, 2015 stood at Rs 119,390,000. During the year under review, the Company has neither issued any shares with differential voting rights nor had granted any stock options or sweat equity.

LISTING WITH STOCK EXCHANGES

The equity shares of the Company are listed on National Stock of India Limited and Bombay Stock Exchange Limited.

SUBSIDIARIES AND JOINT VENTURES

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

ASSOCIATE COMPANIES

As at March 31, 2015 Khandwala Securities Limited has Trumonee Financial Limited as an associate company as mentioned in notes to accounts.

EXTRACT OF ANNUAL RETURN

As provided under section 92(3) of Companies Act, 2013 the extract of annual return is given as "Annexure 1" in the prescribed form MGT-9, which forms part of this report.

DIRECTORS

1. Mr Brijmohan Rai Bahl, Senior Director of Khandwala Securities Limited, passed away on January 24, 2015 due to cardiac arrest. The Board placed on record the immense contribution made by Mr. Bahl to the deliberations of the Board. Thus Mr. Brijmohan Rai Bahl ceases to be a director with effect from the resolution passed in the meeting of Board of Directors held on February 06, 2015.
2. Mr. Pares Khandwala was re-appointed as Managing Director of the Company in accordance with the provisions of Sections 196,197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014 in the Board meeting held on November 14, 2014 for a period of 3 years, subject to the approval from shareholders of the Company in the Annual General Meeting.

We seek your support in confirming the appointment of Mr. Pares Khandwala as Managing Director in the ensuing Annual General Meeting of the Company.

3. Mr. Pranav Khandwala was appointed as Chief Financial Officer (CFO) of the Company pursuant to Section 203 of Companies Act, read with rule 8 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
4. Mrs. Bhagyashree Khandwala shall retire at the ensuing Annual General Meeting and being eligible offers herself for re-appointment.

5. Mr. Homiar Vakil will retire at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. The Board recommends their re-appointment.

The Companies Act, 2013, provides for the appointment of Independent Director. Sub-section (10) of Section 149 of the Companies Act, 2013 provides that Independent Director shall hold office for a term of up to five consecutive years on the Board of the Company and shall be eligible for re-appointment on passing of a special resolution by the shareholders of the Company. Accordingly the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, to be as an Independent Director of the Company to hold office for a term upto 5 (Five) consecutive years commencing from September 19, 2015.

We seek your support in confirming the appointment of Mr. Homiar Vakil in the ensuing Annual General Meeting of the Company.

BOARD INDEPENDENCE

The Company has received Declarations of Independence pursuant to clause 49 of the Listing Agreement and section 149 (6) of the Companies Act, 2013 from all the Independent Directors .

NUMBER OF MEETINGS OF THE BOARD

The Board of Directors met four times during the Financial Year 2015. The meetings were held during the year on May 30, 2014, August 01, 2014, November 14, 2014 and February 06, 2015.

The details of the Board Committee Meetings and attendance of the Directors at the Board / Committee meetings are given in the Corporate Governance Report.

BOARD EVALUATION

Pursuant to the provisions of the Companies act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an annual performance evaluation of the Board. The manner in which the evaluation was carried out has been explained in the Corporate Governance Report.

DIRECTOR'S RESPONSIBILITY STATEMENT

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

- (i) in the preparation of the Annual Accounts for the year ended 31st March, 2015, the applicable Accounting Standards have been followed along with proper explanations relating to material departures, if any;
- (ii) that such accounting policies as mentioned in the notes to accounts have been selected and applied

consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit of the Company for the year ended March 31, 2015;

- (iii) proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Annual accounts are prepared on a going concern basis.
- (v) that proper internal financial controls were in place and that the internal financial controls were adequate and were operating effectively;
- and
- (v) that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and were operating effectively.

RISK MANAGEMENT & INTERNAL CONTROL SYSTEMS

The Company has an adequate system of internal controls commensurate with the nature of business and complexity of its operations to ensure accuracy of accountancy records, compliance with all laws and regulations, processes and guidelines prescribed by the management. An extensive Internal audit is carried out by Shah & Ramaiya, independent firm of Chartered Accountants. Post audit reviews are also carried to ensure follow up on the observations made. Details of internal finance control and its adequacy are included in the Management Discussion and Analysis Report, which forms a part of this report.

RELATED PARTY TRANSACTIONS

All Related Party Transactions that were entered during the financial year were on a arm's length basis and were in the ordinary course of business. Thus disclosure in form **AOC-2** is not required. Further, there are no material related party transactions during the year under review with the Promoters, Directors or Key Managerial Personnel. The disclosure with related parties is set out in the notes to accounts forming part of annual report.

PARTICULARS OF LOAN, GUARANTEES AND INVESTMENTS BY COMPANY

During the financial year ended March 31, 2015, no loan, guarantee and investment under Section 186 of the Companies Act, 2013 was made by the Company.

KEY MANAGERIAL PERSONNEL

Pursuant to Section 203 of Companies Act, 2013 the Company has designated Mr. Pranav Khandwala as Chief Financial Officer (CFO) of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report for the year under review as required under Clause 49 of the Listing

Agreement, is given as a separate statement in the annual report.

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 FY2015 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

The information required pursuant to Section 197 read with Rule, 5 of The Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request. In terms of Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

REMUNERATION POLICY

The remuneration paid to the Directors and the Senior Management is as per the recommendation of the Nomination and Remuneration Committee.

POLICY FOR PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

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

VIGIL MECHANISM/WHISTLER BLOWER POLICY

The Company has adopted a Whistle Blower Policy for employees to report instances of unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. The details of the Whistle Blower Policy

is explained in the Corporate Governance Report and also posted on the website of the Company.

CODE OF CONDUCT

Securities Exchange Board of India (Prohibition of Insider Trading), Regulations 2015 has been gazetted on 15th January, 2015 and came into force with effect from 15th May, 2015. It replaces the Regulations of 1992 which was amended in 2002. These regulations are applicable for listed entities. The Code of Conduct of Khandwala Securities Limited is revised as stated in Chapter IV Code of Fair Disclosure and Conduct of SEBI (Prohibition of Insider Trading)Regulations, 2015. Accordingly, the company has adopted the revised code of conduct also posted on the website of the Company.

STATUTORY AUDITORS

M/s. Udyen Jain & Associates, Chartered Accountants, who are the Statutory Auditors of the Company, hold office till the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment.

The Company has received letters from them to the effect that their re-appointment, if made, would be within the prescribed limits under section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified for re-appointment. Observations made by the Auditors in their Report, have been appropriately dealt with in the notes forming part of the accounts for the year, which are self-explanatory and therefore do not call for any further comments.

SECRETARIAL AUDIT

The Company has appointed M/s Bhuvnesh Bansal & Associates, Company Secretary in Practice, as Secretarial Auditor of the Company pursuant to the provisions of Section 204 (1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration personnel) Rules, 2014.

The Secretarial Audit report is annexed herewith as Annexure 2.

INTERNAL AUDIT

Pursuant to Section 138 of Companies Act, 2013 read with Rule 13 of the Companies (Accounts) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and on recommendation of the Audit Committee, Shah & Ramaiya, Chartered Accountants, are appointed as Internal Auditors of the Company. The Company has regular checks through internal audit periodically.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a report on Corporate Governance along with Management Discussion and Analysis and Auditor's Certificate on compliance with Corporate Governance requirements have been included in this Annual Report as separate sections.

CORPORATE SOCIAL RESPONSIBILITY

As per the provisions of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility) Rules, 2014, your Company is not required to comply with CSR norms as per the threshold norms.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURT

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

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

Since the company does not own any manufacturing facility, conservation of energy and technology absorption particulars in the Companies (Accounts) Rules, 2014, are not applicable.

(i) Foreign Exchange Earnings and Outgo:

Foreign Exchange Earned - NIL

Foreign Exchange Used - Rs. 1.49 Lacs

DEPOSITS

Your Company has not accepted any deposits from the public and, as such, no amount of principal or interest was outstanding as of the balance sheet date.

ACKNOWLEDGMENTS

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

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

S M Parande
Chairman

Date: 26th May, 2015
Place: Mumbai.

**FORM NO, MGT-9,
EXTRACT OF ANNUAL RETURN AS ON 31st MARCH 2015**

[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	2/9/1993
iii.	Name of the Company	KHANDWALA SECURITIES LIMITED
iv.	Category/Sub-Category of the Company	Public Limited Company
v.	Address of the Registered office and contact details	GROUND FLOOR VIKAS BLDG, GREEN STREET FORT, MUMBAI – 400 023
vi.	Whether listed company	Yes. Listed on BSE and NSE
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Pvt. Ltd. Karvy Selenium Tower B, Plot number 31 & 32 Financial District Gachibowli, Hyderabad 500 032

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main Products/ Services	NIC Code of the Product / Service	% to total turnover of the company
1	Stock broking, providing financial services and solutions like investment, institutional equities.	66120 and 66190	87.04

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name And Address Of The Company	CIN	Holding/ Subsidiary /Associate	% of shares held	Applicable Section
1.	Trumonee Financial Ltd.	U67120MH2008PLC178823	Associate	43.40%	2(6)

(IV) (i) Category - Wise Share Holding Between 31/03/2014 AND 31/03/2015

CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 31/03/2014				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2015				% CHANGE DURING THE YEAR
	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(A) PROMOTER AND PROMOTER GROUP									
(1) INDIAN									
(a) Individual / HUF	3366683	0	3366683	28.20	3558013	0	3558013	29.80	-1.60
(b) Central Government/State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c) Bodies Corporate	3174264	0	3174264	26.59	3174264	0	3174264	26.59	0.00
(d) Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e) Others	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total A(1) :	6540947	0	6540947	54.79	6732277	0	6732277	56.39	-1.60
(2) FOREIGN									
(a) Individuals (NRIs/Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00

KHANDWALA SECURITIES LIMITED

CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 31/03/2014				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2015				% CHANGE DURING THE YEAR
	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(c) Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e) Others	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total A(2) :	0	0	0	0.00	0	0	0	0.00	0.00
Total A=A(1)+A(2)	6540947	0	6540947	54.79	6732277	0	6732277	56.39	-1.60
(B) PUBLIC SHAREHOLDING									
(1) INSTITUTIONS									
(a) Mutual Funds /UTI	0	0	0	0.00	0	0	0	0.00	0.00
(b) Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(c) Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(f) Foreign Institutional Investors	0	0	0	0.00	0	0	0	0.00	0.00
(g) Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i) Others	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total B(1) :	0	0	0	0.00	0	0	0	0.00	0.00
(2) NON-INSTITUTIONS									
(a) Bodies Corporate	2922914	0	2922914	24.48	2908989	0	2908989	24.37	0.12
(b) Individuals									
(i) Individuals holding nominal share capital upto Rs.1 lakh	890623	0	890623	7.46	864511	0	864511	7.24	0.22
(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	953944	0	953944	7.99	852292	0	852292	7.14	0.85
(c) Others									
CLEARING MEMBERS	9530	0	9530	0.08	508	0	508	0.00	0.08
NON RESIDENT INDIANS	579078	0	579078	4.85	580423	0	580423	4.86	-0.01
TRUSTS	41964	0	41964	0.35	0	0	0	0.00	0.35
(d) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total B(2) :	5398053	0	5398053	45.21	5206723	0	5206723	43.61	1.60
Total B=B(1)+B(2) :	5398053	0	5398053	45.21	5206723	0	5206723	43.61	1.60
Total (A+B) :	11939000	0	11939000	100.00	11939000	0	11939000	100.00	0.00
(C) Shares held by custodians, against which Depository Receipts have been issued									
(1) Promoter and Promoter Group									
(2) Public	0	0	0	0.00	0	0	0	0.00	0.00
GRAND TOTAL (A+B+C) :	11939000	0	11939000	100.00	11939000	0	11939000	100.00	

(ii) SHAREHOLDING PATTERN OF PROMOTERS & DIRECTORS BETWEEN 31/03/2014 AND 31/03/2015

Sr no	Category	Name of the Share Holder	Shareholding at the beginning of the Year					Cumulative Shareholding during the Year	
			No of Shares	% of total shares of the company	Date	Increase/ Decrease in share holding	Reason	No of Shares	% of total shares of the company
1	PROMOTERS	JAYANTILAL KHANDWALA & SONS PVT. LTD.	1733321	14.52	31/03/2014 31/03/2015			1733321 1733321	14.52 14.52
2	PROMOTERS	BENTLEY INVESTMENTS PVT LTD.	1440943	12.07	31/03/2014 31/03/2015			1440943 1440943	12.07 12.07
3	DIRECTORS RELATIVES	DAXA PARESH KHANDWALA	1191738	9.98	31/03/2014			1191738	9.98
					04/04/2014	1900	Purchase	1193638	10.00
					11/04/2014	3529	Purchase	1197167	10.03
					18/04/2014	1000	Purchase	1198167	10.04
					25/04/2014	11635	Purchase	1209802	10.13
					02/05/2014	10800	Purchase	1220602	10.22
					09/05/2014	8675	Purchase	1229277	10.30
					23/05/2014	1000	Purchase	1230277	10.30
					06/06/2014	2800	Purchase	1233077	10.33
					13/06/2014	4800	Purchase	1237877	10.37
					20/06/2014	3376	Purchase	1241253	10.40
					30/06/2014	7350	Purchase	1248603	10.46
					04/07/2014	3677	Purchase	1252280	10.49
					11/07/2014	550	Purchase	1252830	10.49
					18/07/2014	5201	Purchase	1258031	10.54
					25/07/2014	9599	Purchase	1267630	10.62
					01/08/2014	2950	Purchase	1270580	10.64
					13/02/2015	2789	Purchase	1273369	10.67
					13/02/2015	-2789	Transfer	1270580	10.64
					31/03/2015			1270580	10.64
4	DIRECTORS RELATIVES	PRATIK PARESH KHANDWALA	767091	6.43	31/03/2014			767091	6.43
					09/05/2014	500	Purchase	767591	6.43
					16/05/2014	6140	Purchase	773731	6.48
					13/02/2015	10690	Purchase	784421	6.57
					13/02/2015	-10690	Purchase	773731	6.48
					31/03/2015			773731	6.48

KHANDWALA SECURITIES LIMITED

Sr no	Category	Name of the Share Holder	Shareholding at the beginning of the Year					Cumulative Shareholding during the Year	
			No of Shares	% of total shares of the company	Date	Increase/ Decrease in share holding	Reason	No of Shares	% of total shares of the company
5	DIRECTOR	PRANAV PARESH KHANDWALA	607787	5.09	31/03/2014			607787	5.09
					09/05/2014	500	Purchase	608287	5.09
					16/05/2014	4700	Purchase	612987	5.13
					23/05/2014	3600	Purchase	616587	5.16
					22/08/2014	2000	Purchase	618587	5.18
					29/08/2014	4984	Purchase	623571	5.22
					05/09/2014	4889	Purchase	628460	5.26
					12/09/2014	7481	Purchase	635941	5.33
					19/09/2014	4250	Purchase	640191	5.36
					30/09/2014	2200	Purchase	642391	5.38
					17/10/2014	1100	Purchase	643491	5.39
					24/10/2014	2040	Purchase	645531	5.41
					31/10/2014	1351	Purchase	646882	5.42
					07/11/2014	1135	Purchase	648017	5.43
					14/11/2014	1500	Purchase	649517	5.44
					21/11/2014	717	Purchase	650234	5.45
					28/11/2014	5305	Purchase	655539	5.49
					05/12/2014	888	Purchase	656427	5.50
					12/12/2014	2496	Purchase	658923	5.52
					31/12/2014	3000	Purchase	661923	5.54
					02/01/2015	1000	Purchase	662923	5.55
					09/01/2015	1400	Purchase	664323	5.56
					16/01/2015	300	Purchase	664623	5.57
					23/01/2015	350	Purchase	664973	5.57
					30/01/2015	1592	Purchase	666565	5.58
					06/02/2015	1565	Purchase	668130	5.60
					13/02/2015	10690	Purchase	678820	5.69
					13/02/2015	-10690	Purchase	668130	5.60
27/02/2015	270	Purchase	668400	5.60					
06/03/2015	680	Purchase	669080	5.60					
13/03/2015	2000	Purchase	671080	5.62					
20/03/2015	2000	Purchase	673080	5.64					
27/03/2015	3340	Purchase	676420	5.67					
31/03/2015	250	Purchase	676670	5.67					
31/03/2015			676670	5.67					
6	DIRECTORS RELATIVES	TULSI PARESH KHANDWALA	267993	2.24	31/03/2014			267993	2.24
					04/04/2014	10505	Purchase	278498	2.33
					09/05/2014	500	Purchase	278998	2.34
					16/05/2014	250	Purchase	279248	2.34
					23/05/2014	5668	Purchase	284916	2.39
					30/05/2014	4755	Purchase	289671	2.43
					06/06/2014	10000	Purchase	299671	2.51
					01/08/2014	990	Purchase	300661	2.52
					08/08/2014	2747	Purchase	303408	2.54
					15/08/2014	550	Purchase	303958	2.55
					27/02/2015	12265	Purchase	316223	2.65
					27/02/2015	-12265	Purchase	303958	2.55
					31/03/2015			303958	2.55

Sr no	Category	Name of the Share Holder	Shareholding at the beginning of the Year					Cumulative Shareholding during the Year	
			No of Shares	% of total shares of the company	Date	Increase/ Decrease in share holding	Reason	No of Shares	% of total shares of the company
7	DIRECTORS RELATIVES	PARESH JAYANTILAL KHANDWALA HUF	265103	2.22	31/03/2014 31/03/2015			265103 265103	2.22 2.22
8	DIRECTORS RELATIVES	BHAGYASHREE PRANAV KHANDWALA	133980	1.12	31/03/2014 31/03/2015			133980 133980	1.12 1.12
9	DIRECTORS RELATIVES	LEENA MAYANK KHANDWALA	54740	0.46	31/03/2014 31/03/2015			54740 54740	0.46 0.46
10	DIRECTOR	PARESH JAYANTILAL KHANDWALA	44592	0.37	31/03/2014 06/06/2014 31/03/2015	1000	Purchase	44592 45592 45592	0.37 0.38 0.38
11	DIRECTORS RELATIVES	JATIN ASHOK KHANDWALA	16953	0.14	31/03/2014 31/03/2015			16953 16953	0.14 0.14
12	DIRECTORS RELATIVES	MAYANK ASHOK KHANDWALA	14453	0.12	31/03/2014 31/03/2015			14453 14453	0.12 0.12
13	DIRECTORS RELATIVES	ASHOK JAYANTILAL KHANDWALA	1967	0.02	31/03/2014 31/03/2015			1967 1967	0.02 0.02
14	DIRECTORS RELATIVES	RAMILA ASHOK KHANDWALA	160	0.00	31/03/2014 31/03/2015			160 160	0.00 0.00
15	DIRECTORS RELATIVES	SONAL JATIN KHANDWALA	126	0.00	31/03/2014 31/03/2015			126 126	0.00 0.00

(III) Shareholding pattern of top ten shareholders (other than Directors/Promoters and holders of GDRs and ADRs)

Sr no	Name of the Share Holder	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	SARTHAK CONSULTANTS PRIVATE LIMITED	943000	7.9	943000	7.9
2	VICCO PRODUCTS (BOMBAY) LIMITED	592152	4.96	592152	4.96
3	PRABHUDAS LILLADHER PVT. LTD.	570000	4.77	570000	4.77
4	SMC GLOBAL SECURITIES LTD.	315935	2.65	298324	2.5
5	BRINDA PRATIK KHANDWALA	275761	2.31	275761	2.31
6	MANU KALYANJI RAJ	222100	1.86	222100	1.86
7	RAJ KUMAR LOHIA	132160	1.11	130160	1.09
8	BHARAT KANTILAL PATEL	119880	1.0	119880	1.0
9	JIGNESH MANSUKHLAL RAJ	91200	0.76	91200	0.76
10	NIPA JIGNESH RAJ	85000	0.71	85000	0.71
		3347188		3327577	

V. INDEBTEDNESS

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

(In Rupees)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	487,982	26,161,000	-	26,648,982
ii) Interest due but not paid	-	1,399,348	-	1,399,348
iii) Interest accrued but not	-	-	-	-
Total(i+ii+iii)	487,982	27,560,348	-	28,048,330
Change in Indebtedness during the financial year				
- Addition	-	2,249,999	-	2,249,999
- Reduction	138,009	1,894,348	-	2,032,537
Net Change	138,009	355,651		493,660
Indebtedness at the end of the financial year				
i) Principal Amount	-	26,161,000	-	26,510,973
ii) Interest due but not paid	349,973	1,754,999	-	1,754,999
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	349,973	27,915,999	-	28,265,972

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director:

(In Rupees)

Sr. no.	Particulars of remuneration	Mr. Paresh Khandwala, MD	Total amount (Rs)
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961	2,790,003	2,790,003
2	(b) Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-
3	(c) Stock Option	-	-
4	(d) Sweat Equity	-	-
5	(e) Commission - as % of profit - others, specify	-	-
6	(f) Others, please specify	334,997	334,997
7	Total (A)	3,125,000	3,125,000

*others include reimbursements and special allowance.

B. Remuneration to other directors(sitting fees):

Sr no	Particulars of remuneration	Name of Directors	Total amount (Rs)
1	Independent Directors · Fee for attending board / committee meeting	1. Mr. S M Parande 2. Mr. Rohit Chand 3. Mr. Kalpen Shukla	25,000 20,000 20,000
2	Commission	-	
3	Others, please specify	-	
4	Total (1)	-	65,000
5	Other Non-Executive Directors · Fee for attending board / committee meetings	1. Mr. Homiar Vakil 2. Mr. B R Bahl	25,000 10,000
6	Others, please specify	-	
7	Total (2)	-	35,000
8	Total (B)=(1+2)	-	100,000

SECRETARIAL AUDIT REPORT

FORM NO. MR – 3

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015

[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, 2015, 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, 2015 according to the provisions of

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

- i. The Securities and Exchange Board of India (Merchant Bankers) Regulation, 1992;
 - j. The Securities and Exchange Board of India (Portfolio Managers) Regulation, 1993
- (6) Employees Provident Fund and Miscellaneous provision Act, 1952;
- (7) Employees State Insurance Act, 1948;
- (8) Payment of Gratuity Act, 1972;
- (9) Act as prescribed under Shop and Establishment Act of various local authorities.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India. **(Not notified hence not applicable to the Company during the audit period)**
- (ii) The Listing Agreement entered into by the Company with Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE).

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

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

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

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

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

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

- (i) Increase in borrowing limits under Section 180(1)(c) of The Companies Act, 2013.

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

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

For Bhwnesh Bansal & Associates

Place: Mumbai
Date: 26th May, 2015

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

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

'Annexure A'

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

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

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

For Bhunesh Bansal & Associates

Place: Mumbai
Date: 26th May, 2015

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

MANAGEMENT DISCUSSION AND ANALYSIS**INDIAN ECONOMY**

The year started on a promising note with 2014 general election results taking almost everyone by surprise. BJP under the leadership of PM Modi recorded its best performance ever and the best by any political party in the last 30 years. Such a strong electoral mandate has undoubtedly raised the bar for reform expectations. While, some may be disappointed with the pace of reform process, there has definitely been progress on this front – FDI liberalization (defense and insurance), prudent food management policies (moderate MSP hikes and grain procurement), de-regulation of diesel prices, auction of coal blocks and telecom spectrum in transparent manner, significant progress on financial inclusion through Jan Dhan accounts, better targeting of subsidies through direct cash transfers and taking steps to enhance ease of doing business – all account for significant progress on the policy front. The government has taken initial steps within the challenging environment it inherited. It is using the 'Ordinance' route with serious intent to push reforms in key sectors like insurance, minerals auctions, land acquisition, etc. Quite a few ordinances have been issued so far. Infrastructure connectivity, smart cities and industrial corridors are getting a big push, as are technology and digital initiatives. The 'Make in India' campaign is a serious effort to boost manufacturing activities, and hence job creation in the country. Online environmental clearances are being initiated. A number of stalled projects have started moving following faster project clearances. The government is now pushing for projects under the EPC route, rather than the PPP route, given the implementation challenges the PPP model faced in recent years. Allowing 100% FDI in railway infrastructure, increase in allowable FDI in defense and plans for several roads, transmission, airport projects are other key initiatives. The Hon'ble Prime Minister has taken initiatives himself to pitch India as an investment destination by visiting key countries like Japan, USA., Australia, Canada, Germany, France, China etc.

India's economic growth rate in the FY 2014-15 was 7.3%, an improvement to the previous year (6.9% in FY 2013-14), mainly on the back of recent policy initiatives, pick up in investments and lower oil prices. Going forward, growth rate is estimated at 7.5% by IMF, which would mean that India will outpace China in successive years to become the fastest growing emerging economy. This is achieved mainly because of restoring macroeconomic stability achieved on account of fiscal consolidation, control over inflation and support from fall in the global commodity prices.

Fiscal balance further improved with Government's fiscal deficit has fallen to 4.1% of GDP in FY 2014-15 from 4.5% of GDP in FY 2013-14, this fall is aimed to be achieved through the government's stake sale in state owned entities and rationalization of fuel subsidy amid higher devolution to the states as per the recommendation of the 14th Finance Commission. The government has increased the share of capital expenditure in total expenditure to kick-start investments in the economy through higher allocation to transportation infrastructure including roads, railways and ports. Fiscal deficit is projected to be at 3.9% of the GDP for the FY 2015-16. Government is also confident of achieving the FRBM fiscal target of 3% of GDP by FY 2017-18. However, it is important to note that fiscal consolidation as envisaged is subject to risks; especially with respect to lower tax revenues if the economy does not grow on expected lines.

The fall in international crude prices translated into a sizable saving on account of petroleum and oil imports, despite a pick-up in import volumes in Q3. Gold imports also moderated, coming off the seasonal cum pent-up demand spurt in September-November. On the other hand, non-oil non-gold import growth remained relatively firm leading to decline in overall imports in December. Hence, the estimate of the current account deficit (CAD) for FY 2014-15 is currently placed at 1.3 per cent of GDP, significantly lower than earlier projections. The CAD has been comfortably financed by net capital inflows, mainly in the form of buoyant portfolio flows but also supported by foreign direct investment inflows and external commercial borrowings. The exchange rate during FY 2014-15 averaged ₹ 61.15 per US\$ after touching an all-time low of ₹ 63.67 per US\$. Foreign exchange reserves were US\$ 341.64 billion at the end of March 2015.

However one of the key disappointments of FY2015 was the deterioration in growth momentum. Credit growth is at decadal lows and two wheeler sales, cement production and steel production growth has tapered in the second half. Private sector continues to remain in none-too-healthy shape, with Indian corporates now being one of the most leveraged and staring at earnings downgrades. Also, capacity utilization of manufacturing sector continues to deteriorate and is now at 70%, five year low. In view of this, the first half of FY2016 may continue to see difficult business environment before growth starts returning gradually in the second half.

While it revised inflation projection upwards to 6.0% (from 5.8% earlier) for March 2016, it cut growth projection 20bps to 7.6% for FY2016. On the inflation front, progress of monsoon, now predicted to be deficient in this season as in the previous season, oil prices and global situation remain key variables. Indian corporates are witnessing low capacity utilization and stretched balance sheets and Indian borrowers are facing high real interest rates. Hence further monetary action from RBI may be required to overcome the current challenges.

The outlook for growth has improved modestly on the back of disinflation, real income gains from decline in oil prices, easier financing conditions and some progress on stalled projects. These conditions should augur well for a reinvigoration of private

consumption demand, but the overall impact on growth could be partly offset by the weaker global growth outlook and very short-run fiscal drag due to likely compression in plan expenditure in order to meet consolidation targets set for the year. Domestically, conditions for growth are slowly improving with easing input cost pressures, supportive monetary conditions and recent measures relating to project approvals, land acquisition, mining and infrastructure.

GLOBAL ECONOMY

Global growth is forecasted to increase with uneven prospects across different countries and regions. Growth in many emerging market economies is softening, reflecting an adjustment to diminished medium-term growth expectations and lower revenues from commodity exports, as well as country-specific factors. The outlook for advanced economies led by the US is showing signs of improvement, owing to the boost to disposable incomes from lower oil prices, continued support from accommodative monetary policy stances, and more moderate fiscal adjustment. The decline in oil prices, if sustained, could boost consumption and support growth. Geopolitical tensions continue to pose threats, and risks of disruptive shifts in asset prices remain relevant. In some advanced economies, protracted low inflation or deflation also pose risks to activity.

Headline inflation has declined in advanced economies reflecting the decline in oil prices, softer prices for other commodities, and a weakening of demand in a number of countries already experiencing below-target inflation, such as the Euro area and Japan. With regard to emerging markets, lower prices of oil and other commodities have generally contributed to reduction in inflation, with the notable exception of countries suffering sizeable exchange rate depreciation, such as Russia.

Global growth is projected to increase slightly to 3.50% in 2015 from 3.40% in 2014 and then to rise further in 2016 to 3.80% according to the International Monetary Fund (IMF). The increase in 2015 will be driven by a rebound in advanced economies (which is expected to increase to about 2.4% in 2015, compared to 1.8% in 2014) supported by the decline in oil prices, with the United States playing the most important role in the recovery.

In emerging and developing markets, in contrast, growth is projected to decline to 4.3% in 2015 compared to 4.6% in 2014, reflecting downward revision for oil exporters, a slowdown in China which reflects a move toward more sustainable growth that is less reliant on investment, and a weaker outlook for Latin America resulting from softening of commodity prices.

Stock markets of advanced nations continued to perform well in FY 2014-15. The Dow Jones Industrial Average closed the year at 17,776 after touching a high of 18,288 and a low of 16,026 during FY 2014-15, up 8% YoY. Japan's Nikkei 225 rose 30% YoY to close at 19,206 after touching a high of 19,754 and a low of 13,910 during FY 2014-15. UK's FTSE 100 touched a high of 7,038 and a low of 6,183 during FY 2014-15 and closed at 6,773 - a rise of 2% YoY. Back in India, the BSE Sensex was up 25% YoY after touching an all-time high of 29,682 and a low of 22,277 during FY 2014-15. The Nifty also touched an all-time high of 8,996 and dropped to a low of 6,653 during FY 2014-15, closing at 8,491 up 26% YoY.

THE EQUITY MARKETS IN FY2015

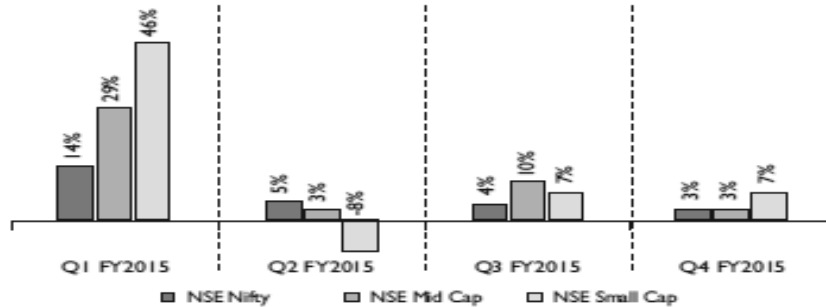
The benchmark Nifty was up 26.65% YoY in FY2015 (21.61% YoY in USD terms). Bulk of the returns came during the first quarter, as expectations built around the Elections and then immediately following the decisive results. The subsequent quarters saw the returns taper, as markets awaited a revival in business cycle and improvement in corporate earnings. Short-term returns (3-Month) were marked by heightened volatility, which picked up in Q4FY2015 vs. previous quarters. Nifty's average P/E in FY2015 was 21.08x, with an increasing trend since the Elections. This is up from the 5-Year historical average of 19.73x. CNX Midcap's average P/E in FY2015 was 18.59x, up from the 5-Year average of 17.15x. The gap between the large-cap and mid-cap indices had broadened in the immediate months after the election results, but has been closing since January 2015 onwards. As and when corporate earnings pick up, valuations should re-rate. But despite tapering returns, FII and domestic investors still clocked strong net inflows into equities during that period.

On a relative basis, the Nifty outperformed leading benchmarks (of both Emerging and Developed Markets) in US\$ terms on both the 1-Year basis and 10-Year basis. However, it under performed them on a 3-Month basis. Despite the short-term volatility, the long term scenario looks strong due to expectations from the new government and challenges confronting competing Emerging Markets like China, Brazil, Russia, etc. India also outperformed the Frontier Markets index across all the time-periods, indicating that India remains a much stronger economic story in comparison to the Frontier Markets.

NSE market capitalization stood at ₹ 99.30 tn, as of 31st March, 2015. This was up 36.45% for the year (up 31.02% in USD terms). The long-term growth in the overall market capitalization remains strong, with the 10-Year CAGR at 20.14% (up 15.91% in USD terms). In terms of the broader market, the CNX mid-cap and small-cap indices saw an uptick in the third quarter of the fiscal year. This indicates that investor activity moved to those scrips with a lag of roughly two quarters as compared to the Nifty, which had appreciated the most in the first quarter. In fact, the uptick in small-caps specifically continued into the fourth quarter as well.

The large-cap index, Nifty, saw maximum appreciation in the first quarter, while the mid-cap and small-cap indices followed with a lag of ~2 quarters, i.e. from the third quarter onwards.

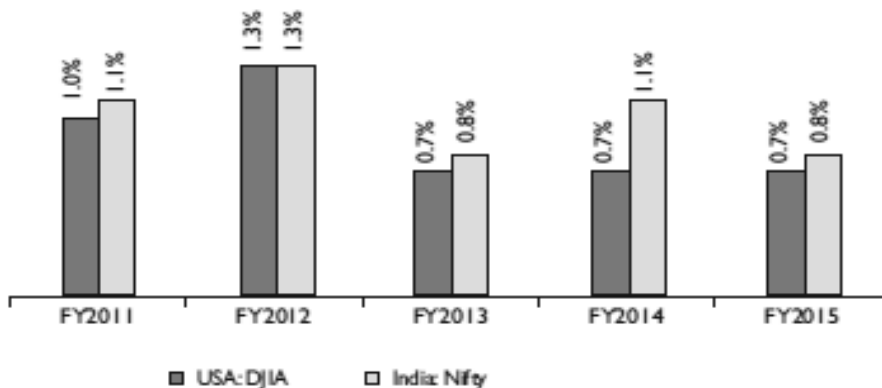
Quarter-wise Returns of NSE Indices across Market-Cap categories



Source: NSE

NSE Nifty's volatility has reduced from FY2011 onwards, as compared to years prior to that. However, it has remained within a range between FY2013 to FY2015.

Volatility (Standard Deviation) of benchmark indices



Source: NSE, Yahoo Finance

THE DEBT MARKETS IN FY2015

After enduring a very volatile phase in FY2014, the debt markets were back on track in FY2015 as coordinated efforts on the monetary and fiscal fronts bore fruit along with global factors working in India's favour. The key facilitators to rejuvenating the markets were the softening inflation trajectory, drop in global crude prices and INR currency stability, which in turn resulted in constant flow from foreign investors. RBI derived the necessary comfort on inflation situation and initiated monetary easing cycle with 2 repo rate cuts totaling 50bps in Q4FY2015. Inflation targeting continues to be the primary objective of monetary policy and hence easing trajectory will be data dependent and calibrated. Onset and progress of monsoon, unfortunately now predicted to be deficient, will be monitored by RBI for assessing impact on food prices. The market has adopted a cautious stance in response to this uncertainty even as the underlying sentiment remains positive. We expect a silent quarter or two to begin with and momentum to pick up by the second half of FY2016.

The execution of Monetary Policy Framework agreement between RBI and Gol is an important debt market reform. This move can go a long way in ensuring that the victory over inflation is institutionalized and will provide crucial coordination between the Centre and RBI in breaking the back of inflation. With clear inflation targets in view, it provides greater clarity on the rate scenario and will aid market participants in timely decision making. Among other reforms, exchange traded interest rate futures launched last year have gained significant traction as multiple investor categories are active in this product segment. The simplistic and transparent nature of this product has attracted investors like corporates and HNIs, driving up the open interest. RBI has announced a plan to launch IRFs at other segments of the curve and this can help development of a liquid underlying yield curve. Meanwhile, the market continues to expect reforms in corporate bond space, especially on the liquidity front and revival of products like corporate bond repos, CDS, etc.

The recovery in market sentiment and anticipation of monetary easing triggered sizable foreign portfolio investor (FPI) debt inflows through the year. The net inflow in FY2015 stood at Rs. 1.6 trillion compared to an outflow of Rs. 280 billion in FY2014. While the initial focus was on government debt segment, limits in this bucket were exhausted by the end of H1FY2015 and incremental allocation has since been invested in corporate debt segment. It is anticipated that the US Fed will begin hiking rates mid-year but India is better equipped to weather the impact of such a move and the resulting volatility is unlikely to create a sizable dent in the flow momentum.

BUSINESS STREAMS:

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

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

Broking Business

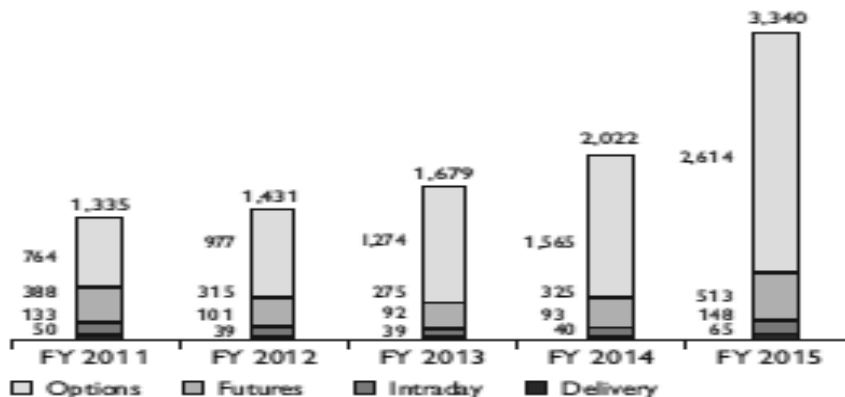
Industry Facts

Equity market average volumes (ADTO) reached Rs. 3.34 tn in FY2015, up 65.16% YoY. All participant segments registered significant growth during the year, buoyed by the retail segment. Cash market volumes grew 60.81% to Rs. 213.35 bn, which is only ~6% lower than its all-time high of FY2010. Within this, cash delivery was up 62.87% YoY to Rs. 65.09 bn, and it reached its all-time high since the last 8 years. Cash intraday was up 59.92% YoY to Rs. 148.26 bn, futures were up 58.03% YoY to Rs. 513.25 bn and options were up 67.01% YoY to Rs. 2.61 tn. This is a reversal from recent years, when it was the options segment which solely led the overall volume growth. In terms of the MoM trend in cash volumes during the year FY2015, the lowest it clocked was around Rs. 180 bn levels. This, in itself, is way higher than the overall cash volumes seen in recent years, which is an encouraging sign. The other aspect is that, despite the MoM returns in the benchmark indices being volatile, the cash volumes have held above these levels throughout the year.

Amongst cash market participants, the uptick was led by a 72.81% YoY growth in retail and a 50.04% YoY growth in institution. Retail investors, who had slipped into a cocoon in recent years, showed renewed faith in equities this year both through direct equity investments and through equity mutual funds. The proportion of retail within cash volumes increased from 46.86% to 50.36% YoY correspondingly. However, retail cash volumes still remain ~17% lower than its previous peak of FY2010. Institution cash volumes were ~35% higher this year than its past peak of FY2008, as FIIs continued their net inflows into equities.

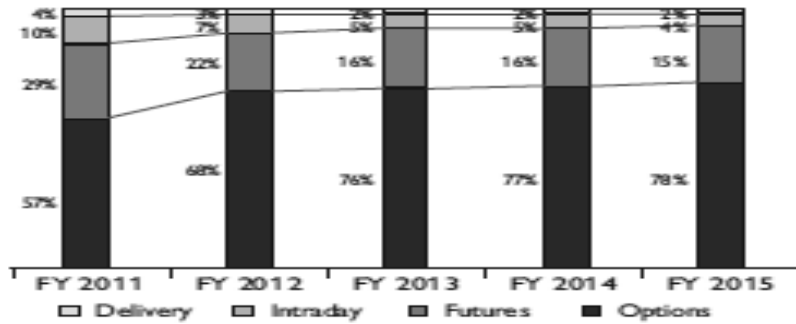
As primary market activity largely dried up in recent years, the incremental number of demat accounts on a YoY basis also reduced. FY2015 saw a slight uptick in new demat accounts created, as some retail investor interest revived this year. As and when further IPOs line up, the surge in incremental demat accounts should ideally be more significant.

Average Daily Volumes (₹ Bn)



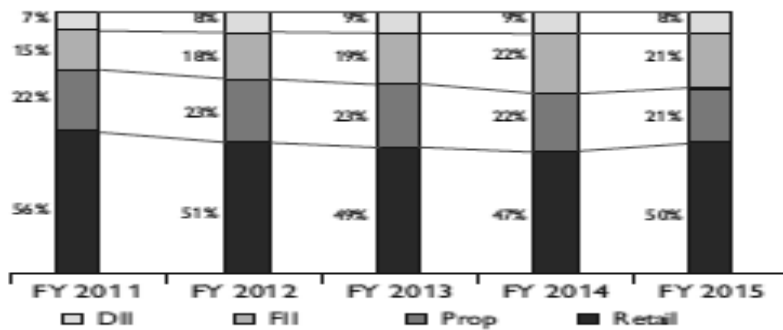
Source: BSE, NSE

Segment-wise Overall ADTO Proportions



Source: BSE, NSE

Participant-wise Cash ADTO Proportions



Source: BSE, NSE

As primary market activity largely dried up in recent years, the incremental number of demat accounts on a YoY basis also reduced. FY2015 saw a slight uptick in new demat accounts created, as some retail investor interest revived this year. As and when further IPOs line up, the surge in incremental demat accounts should ideally be more significant.

Net inflows from FIIs spiked up around the Elections as optimism built up, but tapered in subsequent months. However, there has been a revival in net flows from January 2015 onwards. While DIIs saw net outflows in FY2015, its quantum has been shrinking over the last 3 years. Q3FY2015 actually saw net inflows, the first-time since 11 successive quarters. Even February and March 2015 saw net inflows, which is encouraging.

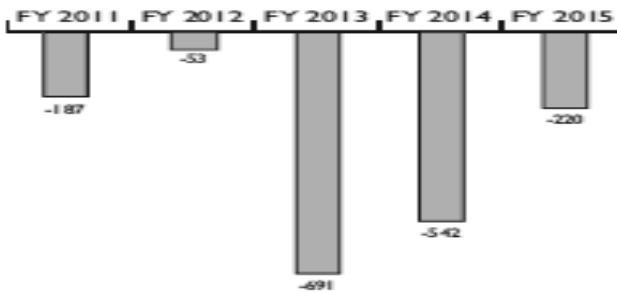
In terms of consolidation of NSE cash market volumes amongst the top brokers, consolidation of volumes within the Top-25 members reduced in FY2014. Instead, it is the proportion of volumes within the Next-75 brokers that actually increased in FY2014, indicating they also gained some of the incremental volume flows that came into the markets.

FII net inflows into equities (₹ Bn)



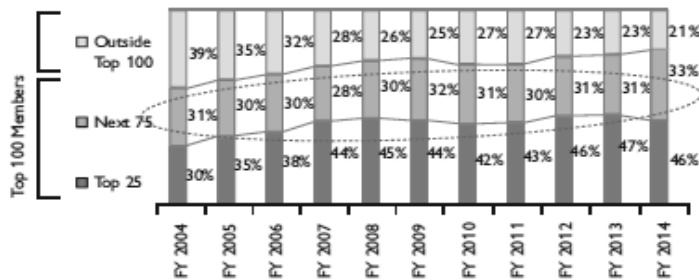
Source: SEBI

DII net inflows into equities (₹ Bn)



Source: BSE, NSE

% Cash Turnover by top 'X' Members in NSE



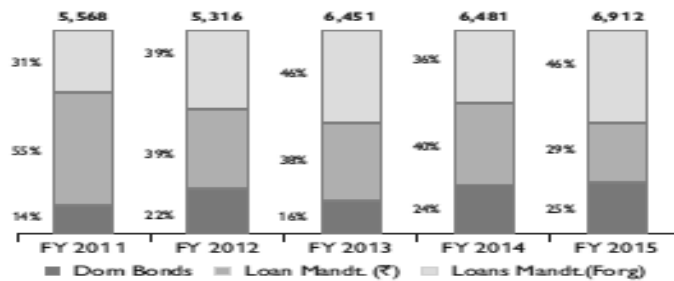
Source: NSE, SEBI

Investment Banking Business

Industry Facts

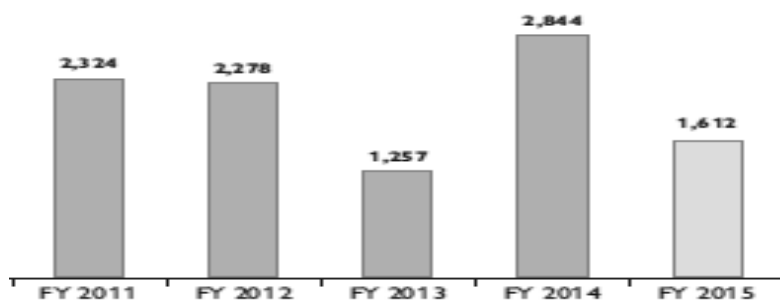
Investor sentiments improved this year following the decisive mandate for the government, who fought elections on the promise of streamlining regulatory environment to support growth. Its initial announcements to rationalize taxation, resource allocation, land acquisition, manufacturing focus, aided by falling commodity prices and resultant favorable inflation metrics, augur well for expected uptick in investment banking activity. Banks have also taken stiff stance in respect of resolution of NPAs which will encourage M&A, capital raising etc. Deal pipeline creation and execution saw some improvement, as compared to recent years. Few IPOs and QIPs hit the markets as some companies started looking to raise capital. However, the main YoY uptick in ECM volumes this year was due to the Additional segment (OFS, FPO, etc). DCM volumes were also up slightly YoY, mainly due to increased domestic bond issuances. M&A activity remained largely damp this year, as companies preferred to remain in watch-and-wait mode. The United Spirits deal was the notable deal during the year. However, while deal activity is gaining momentum and investor sentiments towards India remain favorable, the expectation is to see more concrete resolution of issues. As the policy environment improves further, it will offer more clarity to the business community and primary market activity should take off in a big way.

Fund Raising - Debt Markets (₹ Bn)



Source: Bloomberg League Tables

Mergers and Acquisitions (₹ Bn)



Source: Bloomberg

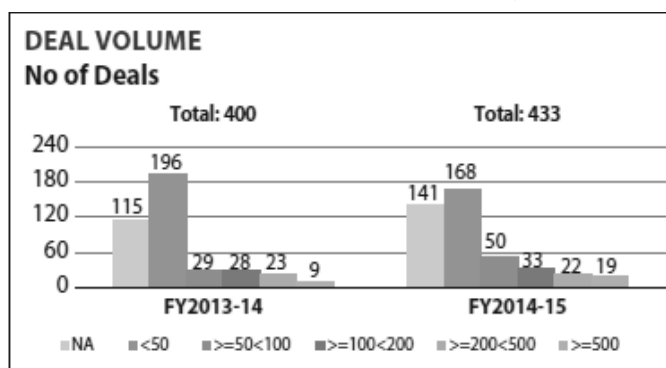
Equity capital raising activity witnessed a small uptrend this year after subdued performance in the previous two years. The Initial Public Offer (IPO) market witnessed 46 IPOs of equity for raising an aggregate of Rs. 3,039 Crore and 24 debt issuances for raising an aggregate of Rs. 9,422 Crore in FY 2014-15 as against 38 IPOs of equity aggregating Rs. 1,236 Crore and 35 debt issuances aggregating Rs. 42,383 Crore in FY 2013-14. This fiscal year there was no Follow-on Public offer (FPO) compared to 2 FPO's in FY 2013-14 which raised an amount of Rs. 7,457 Crore. During the year, the corporates preferred to raise funds through qualified institutions placement raising an aggregate of Rs. 29,102 Crore from 51 issuances as against Rs. 13,663 Crore from 17 issuances in FY 2013-14. Corporates also raised Rs. 6,750 Crore through 18 Rights Issues in FY 2014-15 as against Rs. 4,576 Crore through 15 Rights Issues in FY 2013-14.

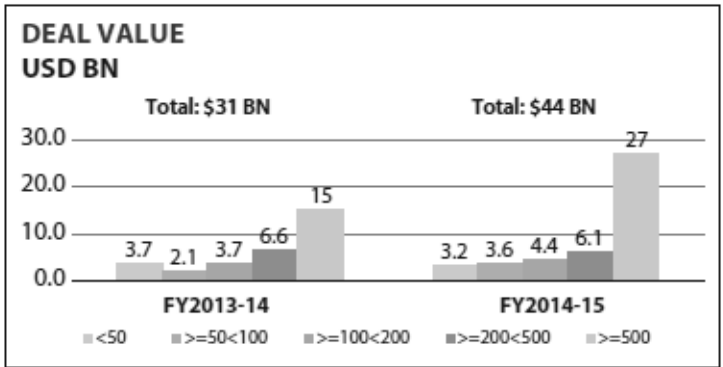
The breakup of funds raised in public markets during FY 2014-15 as compared to the FY 2013-14 is as follows:

Primary market	FY 2014-15		FY 2013 - 14	
	No.	Rs. In Crore	No.	Rs. In Crore
IPO	46	3,039	38	1,236
FPO	0	0	2	7,457
Rights issue	18	6,750	15	4,576
QIP	51	29,102	17	13,663
Total Equity Raised	115	38,891	72	26,932
Total Debt raised through Public Issue	24	9,422	35	42,383
Total Amount Raised	139	48,313	107	69,315

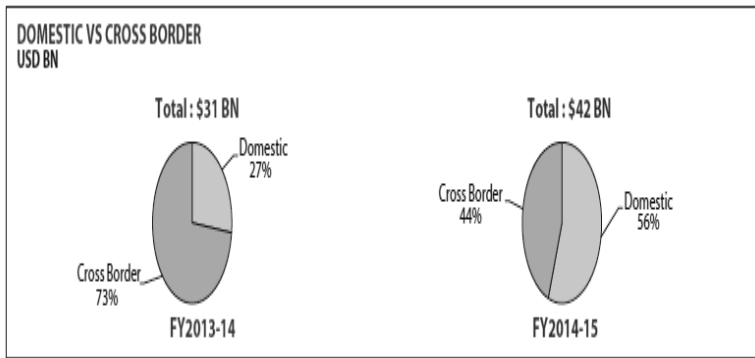
There were 28 transactions of Offer for Sale for an aggregate amount of Rs. 26,935 crore as against 79 transactions for Rs. 6,859 Crore during FY2014. In FY2015, Private Equity deals worth Rs. 78,154 crore were announced compared to Rs. 52,143 crore in FY2014, registering an increase of 49.9%. The sectors that experienced the maximum interest from private equity investors include IT / ITES, Financial Services and Healthcare.

Mergers & Acquisition during FY2015, 433 deals were announced as compared to 400 deals in FY2014. Total value of the deals announced in FY2015 was \$44 bn (this does not include 141 deals for which deal value was not available) as against \$31 bn (this does not include 115 deals for which deal value was not available) for FY2014.





Source: MergerMarket



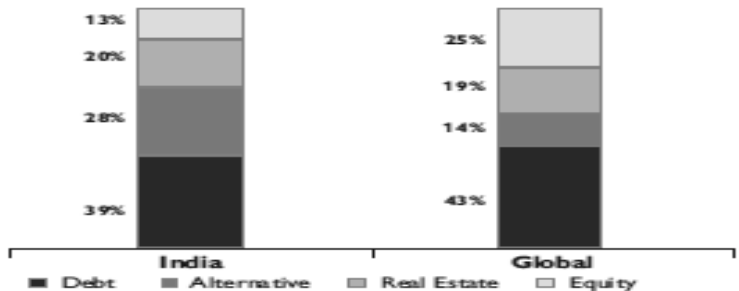
Source: MergerMarket

Investment Management Business

Industry Facts

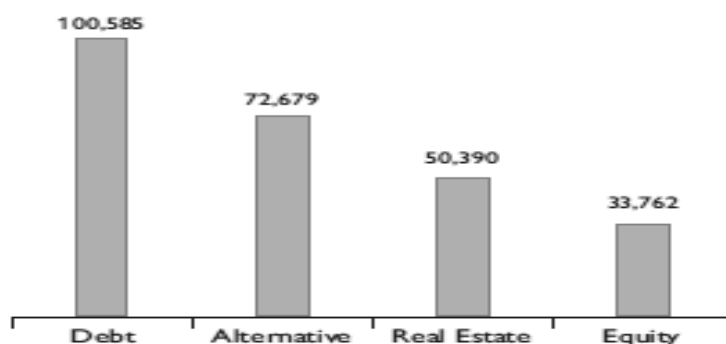
As per the Karvy Wealth Report 2014, the wealth held by Indian individuals in financial assets has grown at a CAGR of approximately ~13% in the last 5 years. This is during a period when the economy itself has performed way below expectations. With the growth in the Indian economy expected to take-off on the back of macro-economic revival and policy initiation, we may expect a bull-cycle to hit the markets. That should augur well for individual wealth, which should grow at an even higher rate as compared to last 5-year CAGR. Resultantly, the Karvy report expects individual wealth to double over the next 5 years.

Asset-wise Individual Wealth in 2014 (%)

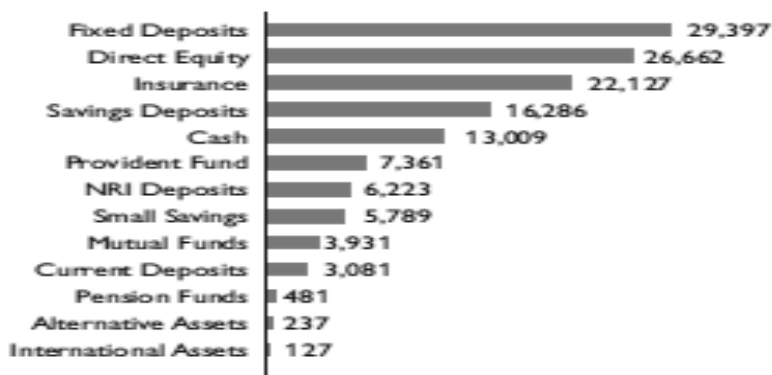


Source: KarvyWealth Report 2014

Individual Wealth in India in 2014 (₹ Bn)



Wealth in Financial Assets in 2014 (₹ Bn)



OUTLOOK AND STRATEGY

While FY 2012 to FY 2014 had witnessed challenging macroeconomic and business environment, FY 2015 saw the reversal of these conditions. Current account and fiscal deficits are now in its comfort zone and inflation has nearly halved from a year ago. Most importantly, Indian electorate chose to grant full majority to a single party in the Lok Sabha, for the first time in the last three decades. Consequently, there has been significant improvement in investors’ perception with portfolio flows touching \$45 billion of in FY 2015 itself and the business optimism is now positive. While, some critics may complain about the pace of reform process, the Government has indeed been able to push through a number of progressive decisions. However, business environment in FY 2015 was only marginally better compared to previous years and the cash flows and balance sheets of corporates continue to be stretched. Hence, we feel that the first half of FY 2016 may continue to see difficult business environment before growth starts returning gradually in the second half.

The Indian economy, expected to grow at 7.4% is firmly on the recovery path and the key indicators support the perception of recovery. The improved performance of the industrial and services sector is also reflected in the improved profitability in the corporate sector. This is achieved mainly because of restored macroeconomic stability on account of fiscal consolidation, control over inflation and support from fall in the global prices of oil and commodities. Acceleration of reforms and capital inflows will spur investment; however, the risks from high inflation, higher cost of capital arising from high fiscal deficit and exit from the expansionary monetary policy could have a dampening effect on the growth. India’s growth prospects remain bright with its growth being well balanced and largely driven by domestic consumption.

With strengthening of the economy and stable economic and political environment, the Indian capital market is expected to perform well. Given the robust growth prospects, we seek to consolidate our position further both in capital market and financial market. Our strategy will continue to be deepening our portfolio of financial services and products, client centric focus, effective risk management and build a business model that is well diversified across financial market activities. Focus on delivering client centric solutions, infrastructure and technology, investing in human capital and strong risk management will remain our basis for patient and responsible growth.

KSL, strategy focuses on long-term growth and sustained value creation. We retain our long-term vision while achieving short-term targets. At the same time, while taking decisions which are ultimately in the long-term interest of the stakeholders and the company, we are also prepared to make short-term sacrifices.

While we were sustaining our business during 2010-15, it impacted our profitability in the short-term. Given our focus on long-term growth of the company, we opted to suffer short-term pains. With this phase complete, we will be focusing on improving operating and capital efficiency in the following years which starts a new phase of growth for KSL.

Going forward, the building blocks of our organization, viz. people, technology, processes, risk management and governance are in right place and ready to garner our share of growth. We see ahead of us a macro scenario rich with latent opportunity and we are well positioned to leverage our potential. We are ready to grow and we are environment agnostic now. Along with the above, our other organizational priorities include rigorous balance sheet management, organizational structure strengthening with divergent talent acquisition and leadership development, institutionalization of culture and strengthening our risk and compliance functions and instill customer centricity.

AN OVERVIEW OF KHANDWALA SECURITIES LIMITED

Khandwala Securities Limited’s equity shares are listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The way to understand the activities of the Company is to analyse its business it carries out. It may be noted that the Company is focused on financial services as its core business area. Various businesses in the Company are divided in four segments. These are: **Investment banking business** comprising Capital Raising, M&A Advisory, Domestic IPOs, Private Equity placements, Corporate finance advisory, Restructuring, FCCBs and GDRs; **Institutional Equities business** comprising institutional equity sales, execution, research; **Broking and Distribution business** comprising non-institutional equity sales, trading, research, broking and distribution, depository 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 Rs. 506.85 Lakhs

Net Profit / (Loss) of Rs. 25.10 Lakhs

Earnings Per Share (EPS) of Rs. 0.21

Segment Highlights – FY2015 over FY2014:

(Rs. In Lacs)

Segment	Revenue Financial Year ended on 31 st March 2015	Revenue Financial Year ended on 31 st March 2014
Brokerage	440.76	264.13
Corporate Advisory Services	0.40	99.84
Income from Capital Market Operations	4.72	1.69
Other	60.97	72.52
Total Income	506.85	438.18

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

Broking Business:

The Brokerage services of your Company include equity and debt broking and are supported by a strong research platform. Income received for brokerage services, had accounted for approximately 86.96% of our total revenues at Rs. 506.85 Lacs for the year ended March 31, 2015.

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

Private Client Broking business:

Our private client broking services are targeted at High Net worth Individuals (HNIs) who actively invest and trade in equity

markets and seek priority service with Bloomberg research and advisory support. Our approach is to provide advisory-based brokerage services with a strong emphasis on research, and to offer our clients value-added services usually reserved for institutional clients.

KSL with its concentrated efforts in equity broking business, and as future strategy to build high volumes and revenues could successfully add a good number of Trading Accounts for various segments (Cash, Derivatives and Currency Futures) during the period 1st April 2014 to 31st March 2015.

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

Institutional Equities business:

Equity and derivatives brokerage business of the Company contributed 83.01% of the consolidated revenue during this financial year. The Company's revenue of Rs. 506.85 Lacs for the year showed an increase of 15.67% over the previous year corresponding to a comparable increase in volume. However it is encouraging to note that we marginally increased our market share. The number of clients who traded and the number of transactions were also good.

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

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

Category	Brokerage Revenue during FY 14-15	Brokerage Revenue during FY 13-14	Brokerage Revenue during FY 12-13
MF	-	1,13,264/-	8,27,062
INS	1,75,823/-	-	1,07,31,422
BANKS	24,30,882/-	14,22,405/-	12,70,377
CORP	24,25,723/-	18,00,229/-	25,60,610
Total	50,32,428/-	33,35,968/-	1,53,89,471

Investment banking business:

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

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

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

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

Portfolio Management Services:

The Portfolio Management Segment is bound to grow and offer immense business potential for financial advisory services. The NRI community is the key market segment. Successful NRI business owners and professionals are of great interest

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

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

Market Research:

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

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

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

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

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

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

OPPORTUNITIES AND THREATS

The following factors present specific opportunities across our businesses:

- Expected GDP growth rate of 7.4% coupled with reforms push by the government relating to project approvals, land acquisition, mining, and infrastructure will lead to huge investments by both the public and private sector companies. There will be huge capital requirement to fund these investments which will present opportunities for investment banking and advisory business;
- Fall in global commodity prices will reinvigorate private consumption demand and lead to capacity expansion by the industry;
- Corporates are looking at expanding in domestic as well as overseas markets through mergers & acquisitions which offer opportunities for the corporate advisory business.
- Growing mid-size segment of corporates where the need for customized solutions is particularly high will present opportunities for our advisory businesses;
- With increase in the income levels, change in attitude from wealth protection to wealth creation and risk taking abilities of the youth, there is also a huge market opportunity for wealth management service providers.
- Improved sentiments in the secondary markets will also enhance the participation of investors across segments thereby helping the prospects of equity brokerage business. We expect economic activity to pick up from grass root levels presenting opportunities in both lending and asset reconstruction business.

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

- Impact of abnormal monsoon, rising fiscal deficit, sustained high interest rates and high inflation;

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

We maintain adequate internal control systems commensurate with the nature of business, size and complexity of its operations. We have well-established processes, guidelines and procedures to augment the internal controls. This, coupled with adequate internal information systems ensures proper information flow for the decision-making process. Adherence to these processes is ensured through frequent internal audits. The internal control system is designed to ensure maintenance of proper accounting controls, monitoring of operations, protection and conservation of assets and compliances with applicable laws and regulations.

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

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

RISK CONCERNS AND RISK MANAGEMENT

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

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

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

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

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

Industry Risk

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

Management Perception

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

Liquidity risk

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

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

Management Perception

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

Economic risk

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

Management Perception

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

Human Resource Risk

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

Management Perception

Your Company has consciously made the transition from a family based organization into a professionally managed one, accompanied by delegation of responsibilities for intellectual growth. Over the years, your company has invested in the human resource by providing timely training, various seminars on personal development etc. The free work environment provided by the Company has also resulted in 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. During the year under review company has added 1 (One) new institutional client from where regular business is generated. It is your company's constant endeavor to search for new area of business and clients.

KSL takes its compliance commitment seriously, recognizing that the business must not only serve the interest of the customer but also function well within the established guidelines of the various regulatory authorities for responsible and profitable growth. At KSL, the compliance discipline extends across the entire transaction cycle, client identification, KYC process transaction execution, transaction settlement involving securities and funds transfer. The compliance requirements across the various service points have been communicated comprehensively to branch through compliance manuals, leading to uniformity, quality, priority and discipline

Human Resources

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

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

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

CORPORATE GOVERNANCE REPORT

(As per amended clause 49 of the listing agreement entered into with the Stock Exchanges)

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

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

1. Company's Philosophy on Corporate Governance

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:

The Board of Directors along with its committees provides leadership and vision to the management and supervises the functioning of the Company. The composition of the Board is constituted in such way that it strictly conforms to the provisions of the Companies Act, 2013 and to the conditions stipulated in Listing Agreement. The Board has an optimum combination of Executive and Non Executive Directors and presently comprises of Seven Directors as on date out of which Four are Non-Executive Directors, where the Chairman of the Board is Non – Executive and Independent Director. The Managing Director is responsible for the conduct of the business and day to day affairs of the Company.

No Directors on the Company's Board is a member of more than ten committees and Chairman of more than five committees across all the Companies in which he is a Director. All the Directors have made necessary disclosures regarding committee positions held by them in other Companies. Also none of the Directors on board hold the office of Director in more than 15 Public limited companies.

I. The Composition, category, other Directorship and committee membership held them are as under:

Name of Member	Position	Other	Membership Committee	
		Directorship	Chairman	Member
Mr.Shreedhar Parande	Chairman, Non Executive, Independent Director	4	1	1
Mr.Paresh Khandwala	Managing Director and CEO, Promoter Director	1	-	-
Mr. Rohit Chand	Non Executive, Independent Director	4	-	-
Mr. Kalpen Shukla	Non Executive, Independent Director	-	-	-
Mr.Pranav Khandwala	Director & CFO	1	-	-
Mr. Homiar N. Vakil	Non Executive, Non - Independent Director	-	-	-
Mrs. Bhagyashree Khandwala	Non Executive, Non - Independent Director	1	-	-

*Mr Brijmohan Rai Bahl, Senior Director of Khandwala Securities Limited, passed away on January 24, 2015 due to cardiac arrest. The Board placed on record the immense contribution made by Mr. Bahl to the deliberations of the Board. Thus Mr. Brijmohan Rai Bahl ceases to be a director with effect from the resolution passed in the meeting of Board of Directors held on February 06, 2015.

* Mr. Pranav Khandwala was appointed as Chief Financial Officer (CFO) of the Company pursuant to Section 203 of Companies Act, read with rule 8 of Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 with effect from the resolution passed in the meeting of Board of Directors held on 26th May, 2015.

II. Board Meetings and Attendance:

- (a) The Board meets at regular intervals of time to consider the accounts, review of operations, formulate corporate policies and set up goals. The notice of the same is given well in advance to all the Directors and agenda papers are tabled at the time of the Meeting.
- (b) During the year under review, Four Board Meetings were held on May 30, 2014, August 01, 2014, November 14, 2014 and February 06, 2015. The details of the Board meetings held during the year and attendance of the Directors in all the Board meetings and Annual General meeting are as mentioned below:

Name of Director	No. of Board Meetings attended	Attendance at last Annual General Meeting (Yes/No)
Mr. Shreedhar M Parande	4	Yes
Mr. Paresh J. Khandwala	4	Yes
Mr. Rohit Chand	3	No
Mr. Kalpen Shukla	3	Yes
Mr. Pranav P Khandwala	4	Yes
Mr. Homiar N. Vakil	4	Yes

(c) Appointment /Re-appointment of Directors.

Pursuant to the provisions of Section 152 of the Companies Act, 2013 the following directors shall be appointed / re-appointed as the ensuing Annual General Meeting

1. Mr. Paresh Khandwala shall be re-appointed as Managing Director of the Company.
2. Mrs. Bhagyashree Khandwala shall retire at the ensuing Annual General Meeting and shall be eligible for re-appointment.
3. Mr. Homiar Vakil shall be appointed as Independent Director.
4. The Board has recommended the **Appointment / Re-appointment of Mr. Paresh Khandwala,**

Mrs. Bhagyashree Khandwala, & Mr. Homiar Vakil to the members of the Company.

(d) Code of Conduct

Securities Exchange Board of India (Prohibition of Insider Trading), Regulations 2015 has been gazetted on 15th January, 2015 and came into force with effect from 15th May, 2015. It replaces the Regulations of 1992 which was amended in 2002. These regulations are applicable for listed entities .The Code of Conduct of Khandwala Securities Limited is revised as stated in Chapter IV Code of Fair Disclosure and Conduct of SEBI (Prohibition of Insider Trading)Regulations, 2015. Accordingly, the company has adopted the revised code of conduct also posted on the website of the Company.

(e) Vigil Mechanism / Whistle Blower Policy

The Company has adopted a Whistle Blower Policy for employees to report instances of unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. The details of the Whistle Blower Policy is explained in the Corporate Governance Report and also posted on the website of the Company.

(f) Evaluation of Board's performance

The objective of this evaluation is to facilitate the review of performance of the individual Directors and the Board as a whole .

The Board will undertake the following activities annually:

1. The Chairperson may meet with Non-Executive Directors to discuss individual performance and ideas for improvement.
2. The Board as a whole will discuss and analyse its own performance during the year including the suggestions for improvement.
3. The performance of the Executive Directors shall also be reviewed annually .

(g) Independent Directors' Meeting:

The Independent Directors met on 28th March, 2015, inter alia :

1. To review the performance of non-independent directors and the Board as a Whole.
2. To review the performance of the Chairman of the company, taking into account the views of executive directors and non-executive directors.
3. To assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

3. Board Committees:

To assist the Board and ensure effective compliance of all the statutory requirements and for efficient conduct of the business of the Company, the Board has constituted various committees. The Board Committees assists the Board in executing their duties, powers and authorities. The role, scope and responsibility of each Committee are as per statutory requirements. The details of the Board committee and their operations are as follows:

Audit Committee

The role, terms of reference and the authority and powers of this Committee are in the conformity with the requirements of Section 177 of the Companies Act, 2013 and revised Clause 49 of the Listing Agreement which was to be effective from 1st October, 2014. The Composition of Audit committee and meetings held during the year are as follows:

Name of Member	Designation	No. of Meetings	
		Held	Attended
Mr. Shreedhar Parande	Chairman, Independent Director	4	4
Mr. Kalpen Shukla	Independent Director	4	3
Mr. Rohit Chand	Independent Director	4	3

The Members of audit committee have vast experience and knowledge of corporate affairs and finance. As and when necessary, senior functionaries are called to the

meeting. The Company Secretary act as Secretary of the committee.

Brief Description of terms of reference:

- Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
- Reviewing with the Management, the annual, half yearly, quarterly financial statement before submission to board for approval.
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- Review of matters listed in Clause 49 of listing agreement.

Nomination and Remuneration Committee (Formerly known as Remuneration / Compensation Committee)

In accordance with Section 178 of the Companies Act, 2013 and as per requirement of SEBI Circular dated 17th April, 2014 for amendment to listing agreement, the Board of Directors of the Company at their meeting held on 30th May, 2014, have approved change in nomenclature of Remuneration / Compensation Committee to Nomination and Remuneration Committee.

The role of the Nomination and Remuneration Committee is to review market practices and to decide on remuneration packages applicable to the Managing / Executive Directors and other Non-Executive Directors of the Company.

The Composition of Nomination and Remuneration Committee and meetings held during the year are as follows:

Name of Member	Designation
Mr. Kalpen Shukla	Chairman, Independent Director
Mr. Rohit Chand	Independent Director
Mr. Shreedhar Parande	Independent Director
Mr Brijmohan Rai Bahl	Non-Independent Director

During the financial year 2014-15 one meeting was held on August 01, 2014

Name of Member	No. of Meetings	
	Held	Attended
Mr. Shreedhar Parande	1	1
Mr. Kalpen Shukla	1	1
Mr. Rohit Chand	1	1
Mr Brijmohan Rai Bahl	1	1

Brief Description of terms of reference:

- To review and to decide on remuneration packages applicable to the Managing / Executive Directors and other Non-Executive Directors of the Company.
- To decide on the other incentives payable, taking into account the individual performance as well as that of the Company. This Board Committee is vested with the responsibility to function as per SEBI guidelines and Companies Act and recommends to the Board the Compensation package for the senior level management employees.
- Reviewing from time to time the overall compensation structure and related policies with a view to attract, motivate and retain employees.

Remuneration Policy

The Remuneration Policy of the Company for managerial personnel is primarily based on the following criteria:

- Performance of the Company, its divisions and units.
- Track record, potential and performance of individual managers and
- External Competitive environment.

Remuneration to Directors

Remuneration of Executive Director is decided by the Board, based on recommendations of the Compensation Committee as per the remuneration policy of the Company, within the ceilings fixed by the shareholders. Remuneration of the Executive Directors for the year ended 31st March 2015 was as follows.

Remuneration to Executive Directors

Managerial Remuneration is only paid to Mr. Paresh J Khandwala, Managing Director and duly approved from Shareholders from time to time.

Director	Salary	Commission	Perquisites and Allowance	Total	Tenure of Appt.
Mr. Paresh J Khandwala	Rs.31,25,000/-	NIL	NIL	Rs.31,25,006/- (Thirty One Lacs, Twenty Five Thousand only)	1 st January 2015 to 31 st December 2018

Note: There is no Scheme of "Employee Stock Options" during the Year.

Remuneration to Non-Executive / Independent Directors

Non-Executive / Independent Directors do not receive any thing over and above sitting fees by way of remuneration from the Company and there are no pecuniary relationships or transactions of the Non-

KHANDWALA SECURITIES LIMITED

Executive Directors vis-à-vis the Company except by way of Fees paid for attending the Board Meeting during 2014-2015.

Name of Director	Sitting Fees
Mr. Shreedhar Parande	25,000
Mr. Kalpen Shukla	20,000
Mr. Rohit Chand	20,000
Mr. Homiar N. Vakil	25,000
Mr. Brijmohan Rai Bahl	10,000

Directors' inter se relationship, details of shareholding and brief resume of Directors seeking appointment / re-appointment as required under clause 49 (IV)(G) is annexed hereto:

Name of Director	Mr. Paresh Khandwala	Mrs. Bhagyashree Khandwala	Mr. Homiar Vakil
DIN	00112678	02335473	05210178
Date of Birth	03/05/1955	26/12/1980	21/06/1958
Qualification	Graduate	B.Com, MBA Finance	B.Com (Hon.), LL.B., Solicitor (Bombay) and (London)
Date of Appointment	09/02/1993	30/05/2014	03/02/2012
Expertise in functional areas	Mr. Paresh J Khandwala is the Promoter Director of your Company since incorporation in the year 1993. He is having more than 40 years experience in the Financial and Capital Markets.	Started her career working as a Relationship Manager in Citi Bank. After which she worked in UK as Admin assistant in in Northumbrian Water Resources.	Having work experience of more than 25 years in Civil and Criminal litigations, Arbitration, Constitutional matters, Writ Petitions, Indirect Taxes, Public Trusts matters and Public Interest Litigations. Handled various matters of companies like Tatas, Voltas Limited, Ceat Tyres and other private firms whereby clients have challenged the constitutional validity of Central and State Acts and Rules in the Bombay High Court. Specializes in the area of Conveyancing, Title Investigation, drafting Contracts, preparing and vetting international Banking documents.
Directorship in other Companies	1. Khandwala Commodity & Derivatives Private Limited 2. Trumonee Financial Limited	1. Trumonee Financial Limited 2. Pan Global Trading Private Limited	Nil
Membership in Board Committees of other Companies	Trumonee Financial Limited Chairman Audit Committee Membership	Nil	Nil
No. of shares in the Company	57,140	133,980	Nil
Inter se relationship with any other Director	Mr. Pranav Khandwala	Mr. Pranav Khandwala	Nil

Stakeholders Relationship Committee (Formerly termed as Shareholder / Investor Relations Committee)

In accordance with Section 178 of the Companies Act, 2013 and as per requirement of SEBI Circular dated April 17, 2014 for amendment to listing agreement, the Board of Directors of the Company at their meeting held on May 30, 2014, have approved change in nomenclature of Shareholder / Investor Relations Committee to Stakeholders Relationship Committee.

The Composition of Stakeholders Relationship Committee and meetings held during the year are as follows:

Name of Member	Designation
Mr. Shreedhar Parande	Chairman, Independent Director
Mr. Paresh Khandwala	Managing Director
Mr. Rohit Chand	Independent Director

During the year the Committee had no meetings.

Brief Description of terms of reference:

The Committee meets as and when required, to deal with matters relating to transfers / transmissions of shares and monitors redressal of complaints from shareholders relating to transfers, non-receipt of balance sheet, non-receipt of dividends declared, etc. With a view to expediting the process of share transfers, the Chairman of the Committee and Secretary is authorized to approve transfers / transmissions of shares

The Company Secretary to act as Secretary to the committee

The minutes of the Shareholders'/ Investors' Grievance Committee are noted by the Board of Directors at the Board Meeting.

As of date, there are no pending share transfers pertaining to the year under review. There are no pending shareholders complaints as on 31st March 2015.

Corporate Governance Committee

The Committee was constituted to increase transparency adherence towards better Corporate Governance as duty towards Community. The Committee meets as and when required, to deal with matters relating to periodically review of compliance related to all laws applicable to the company as well as steps taken by the company to prevent instances of non-compliances.

The Committee considers matters relating to the Insider Trading Code and also considers matters relating to the Company's Code of Conduct.

Composition and Attendance

The Corporate Governance Committee functions under the Chairmanship of Mr. Paresh J Khandwala, and Mr. Pranav Khandwala. During the year the Committee had no meetings.

4. General Body Meetings:

Annual General Meetings

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

Name of Meeting	Day, Date and Time	Venue
21 st Annual General Meeting	Saturday, 20 th September 2014, at 12.00 noon	C.K. Naydu Hall, Cricket Club of India (CCI), Brabourne Stadium, Churchgate, Mumbai 400 020
20 th Annual General Meeting	Friday, 28 th September 2012 at 12.00 noon	C.K. Naydu Hall, Cricket Club of India (CCI), Brabourne Stadium, Churchgate, Mumbai 400 020
19 th Annual General Meeting	Friday, 28 th September 2012 at 12.00 noon	C.K. Naydu Hall, Cricket Club of India (CCI), Brabourne Stadium, Churchgate, Mumbai 400 020

During the year, there were no resolutions passed through Postal Ballot:

Special Resolution to be passed at ensuing Annual General Meeting of the Company are not proposed to be put through Postal Ballot.

5. Disclosures:

Related Party Transaction

The Company has entered into related party transactions at arms length prices. Details of which are part of Notes to accounts.

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 authorities, on any matter related to capital market during the last three years.

Mandatory Requirements

The Company has complied with disclosure of all Mandatory Requirements as pre requirement of Listing agreement.

Non- mandatory Requirements

The Company had adopted the non- mandatory provisions relating to the Compensation / Corporate Governance Committee. The quarterly results are published in financial newspapers and sent to the

shareholders on request. The Company shall endeavor to adopt the other non-mandatory requirements, as and when necessary.

6. Means of Communication:

The quarterly, half-yearly and yearly results are published in Free Press Journal (English) and Navshakti (Marathi). These are not sent to shareholders individually. The information is also available at Company's website www.kslindia.com, besides on NSE & BSE web site as corporate announcement's time to time being listed on Both the Stock Exchange's.

7. General Shareholder information

Date and Venue of the Annual General Meeting

The Twenty Second Annual General Meeting of the Company is scheduled to be held at C. K. Naydu Hall, Cricket Club of India (CCI), Brabourne Stadium, Churchgate, Mumbai 400 020 on Saturday, 19th September, 2015 at 12.15 PM.

8. Financial Year of the Company

The financial year of the Company is from 1st April 2014 to 31st March 2015.

9. Dates of Book Closure

12th September, 2015 to 19th September, 2015 (both days inclusive).

10. Dividend

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

11. Listing of Equity Shares

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

Stock Code

The Stock Exchange, Mumbai (BSE) : 531892
National Stock Exchange of India Limited : KHANDSE
ISIN No for NSDL / CDSL : INE060B01014

12. Financial Year Calendar (Tentative)

Financial Year	Ending March 31
Results for the quarter ending	
June 30, 2015	1st August 2015
September 30, 2015	On or before November 14, 2015
December 31, 2015	On or before February 14, 2016
March 31, 2016	On or before May 30, 2016

13. Listing fees to Stock Exchanges

The Company has paid Listing Fees to all the above stock exchanges for the year 2014-2015 where the shares of the Company are listed.

14. Custodial Fees to Depositories

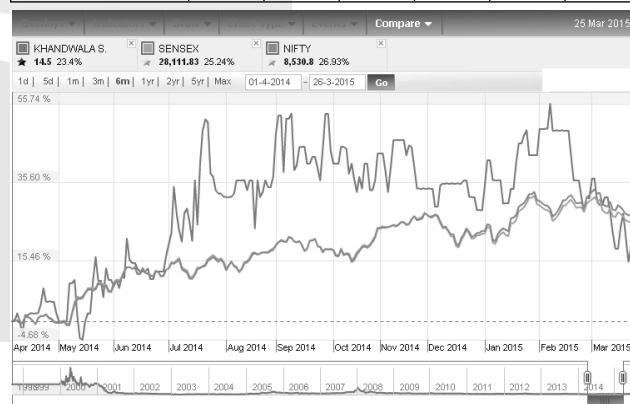
The Company has paid the custodial fees for the year 2014-15 to National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) on the basis of number of beneficial accounts maintained by them as on March 2015.

15. Stock performance

Market Price Data

High, Low and Close price during each month in the last financial year at Bombay Stock Exchange and National Stock Exchange:-

Month	BSE (Rs.)			NSE (Rs.)		
	High	Low	Close	High	Low	Close
April 2014	12.75	11.38	12.00	13.50	11.45	12.60
May 2014	14.00	10.64	13.00	14.80	11.25	13.00
June 2014	14.43	12.50	13.70	14.55	12.00	14.00
July 2014	18.72	13.55	15.50	21.00	13.30	15.80
August 2014	18.00	14.55	16.10	17.90	14.50	17.40
September 2014	19.90	15.50	16.90	19.35	16.50	19.25
October 2014	17.30	15.55	16.80	18.30	16.00	17.25
November 2014	17.55	15.40	15.75	18.80	16.00	18.25
December 2014	16.00	15.00	15.10	17.35	16.00	16.85
January 2015	17.90	15.30	16.75	18.00	16.50	17.85
February 2015	18.30	15.00	15.45	18.10	18.10	18.10
March 2015	16.15	12.90	15.00	18.10	18.10	18.10



Registered Office

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

Registrar and Transfer Agents

Kary Computershare Pvt. Ltd.
Kary Selenium
Tower B, Plot number 31 & 32
Financial District
Gachibowli, Hyderabad 500 032
Ph: 040 - 6716 1562

Categories and Distribution of Shareholding

Distribution of Shareholding as on 31st March 2015

KHANDWALA SECURITIES LIMITED						
DISTRIBUTION SCHEDULE AS ON 31 st March 2015						
Sl. No.	Category		Number of Cases	% of Cases	Amount	% of Amount
	From	To				
1	1	5000	1867	80.20	2300460.00	1.93
2	5001	10000	193	8.29	1693480.00	1.42
3	10001	20000	123	5.28	2005550.00	1.68
4	20001	30000	32	1.37	832940.00	0.70
5	30001	40000	22	0.95	763870.00	0.64
6	40001	50000	14	0.60	665530.00	0.56
7	50001	100000	25	1.07	1840070.00	1.54
8	100001	ABOVE	52	2.23	109288100.00	91.54
TOTAL			2328	100	119390000	100

Distribution of shareholding according to categories of shareholders as on 31st March 2015

Sl. No.	Category	No. of Shares held	% of Issued Share Capital
A.	Promoter's holding (including Persons Acting in Concert)	6732277	56.39
B.	Banks, FI, Insurance Cos. (Central / State Govt. Institutions / Non-Govt. Institutions)	-	-
C.	Mutual Funds	-	-
D.	Bodies Corporates	2908989	24.37
E.	NRI's and OCB's	580426	4.85
G.	Clearing Member	508	0.08
H.	Public	1716800	14.37
Total		11939000	100

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 Share Transfer and Shareholders / Investors Grievance Committee meets as and when required to consider the other transfer proposals and attend to shareholder grievances.

Dematerialization of Shares

Around 98.97% of equity share capital of the company is held in a dematerialized form with National Securities Depository Limited and Central Depository Services (India) Limited as on 31st March 2015.

Outstanding ADR/GDR - NA

Plant Location: The Company does not own any Plant at any locations.

Address for Correspondence

Shareholders may correspond with the Registrar and Transfer agents Karvy Computershare Private Limited at the address given above. Shareholder would have to correspond with the respective Depository Participants for shares held in demat mode.

For all investor related matters and investor grievances Shareholder may correspond at the address given below:

The Company Secretary / Compliance Officer

Registered Office:

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

Telephone no.: +91 22 4076 7373

Fax no.: +91 22 4076 7377

Email : investorgrievances@kslindia.com

For and on behalf of;
Khandwala Securities Limited

Paresh Khandwala
Managing Director

Date: 26th May, 2015
Place: Mumbai

DECLARATION ON COMPLIANCE OF THE COMPANY'S CODE OF CONDUCT

To,

The Members,

Khandwala Securities Limited

Ground Floor, Vikas Building,

Green Street, Fort

Mumbai- 400 023

In accordance with Sub-clause II(E) of clause 49 of the Listing Agreement with the Stock Exchanges, we, Mr. Shreedhar Parande, Chairman and Mr. Paresh Khandwala, Managing Director of the Company confirm that the Board Members and the Senior Management Personnel of the Company have affirmed compliance with the Company's Code of Conduct for the financial year 31st March, 2015.

For and on behalf of Board of Directors

Khandwala Securities Limited

Shreedhar Parande
Chairman

Paresh J Khandwala
Managing Director

Date: 26th May, 2015

Place: Mumbai



CEO/CFO Certificate

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

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

Dear Sirs

We hereby certify that, to the best of our knowledge and belief:

- (a) We have reviewed Financial Statements and the Cash Flow Statement for the year ended 31st March, 2015 and that to the best of our knowledge and belief :
 - (i) These statements do not contain any materially untrue statement or omit any material fact nor do they contain statements that might be misleading;
 - ii) These statements together present a true and fair view of the company, and are in compliance with the existing accounting standards and / or applicable laws / 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 which violate the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that 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 we have taken or proposed to take to these deficiencies.
- (d) We have indicated to the auditors, & the Audit Committee:
 - i) Significant changes, if any in internal over financial reporting during the year;
 - ii) Significant changes, if any in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) Instances of significant fraud, if any, of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For and on behalf of the Board of Directors

Khandwala Securities Limited

**Shreedhar Parande
Chairman**

**Paresh Khandwala
Managing Director**

Date: 26th May, 2015
Place: Mumbai

CERTIFICATE OF CORPORATE GOVERNANCE

**To the Members,
Khandwala Securities Limited,
Gr.Floor, Vikas Building,
Green Street, Fort,
Mumbai 400 023**

We have examined the compliance of conditions of Corporate Governance by M/s. Khandwala Securities Limited ('the Company') for the year ended 31st March 2015, as stipulated in Clause 49 of the Listing Agreement entered into, by the company, with the Stock Exchanges of India.

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

In our opinion and to the best of our information and according to the explanations given to us and representations made by the management, we certify that the company has complied with the conditions of corporate Governance as stipulated in Clause 49 of the Listing Agreements.

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

For UDYEN JAIN AND ASSOCIATES
Chartered Accountants

Date : -26 May, 2015
Place: Mumbai

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

INDEPENDENT AUDITOR'S REPORT

To,

**The Members of
Khandwala Securities Limited**

1. Report on the Financial Statements

We have audited the accompanying financial statements of **Khandwala Securities Limited** ('the Company') which comprise the Balance Sheet as at 31st March 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year ended and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its **profit** and cash flows for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ('the Order') issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraph 3 and 4 of the Order, the extent applicable.
2. Further to our comments in our opinion referred to above, we report that:
 - a. The Company had advanced application money towards purchase of shares of Rs. 216.69 lacs, which is outstanding for a period of 156 months as at the end of the year. In the absence of information regarding the status of the allotment or the net worth of the entities in which the Company made applications, we are unable to ascertain the extent to which an amount of Rs. 216.69 lacs is

recoverable and accordingly, the effect thereof on the financial statements cannot be ascertained. Please refer Note No. 21 forming part of financial statements.

- b. Long-term deposits to various companies of Rs. 530.00 lacs are subject to confirmation and subsequent adjustments, if any. Please refer Note No. 22 forming part of financial statements.
3. As required by Section 143 (3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none

of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and

- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The company does not have any pending litigations which would impact its financial position of company except as reported in Notes to the accounts.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Udyen Jain and Associates
Chartered Accountants
ICAI Reg No. : 116336W

Mr. Udyen Jain
Partner

Mem. No.: F-101201
Place: Mumbai
Date: 26th May, 2015

ANNEXURE TO THE AUDITOR'S REPORT

With reference to the Annexure referred to in the Independent Auditors' Report to the Members of Khandwala Securities Limited ('the Company') on the financial statements for the year ended 31 March 2015, we report that:

- (i) In respect of company's fixed assets;
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets were physically verified during the year by management of the respective entities in accordance with a phased periodical programme of verification which, in our opinion and the opinion of other auditors, is reasonable. According to the information and explanations given to us and based on the auditor's report of the aforesaid subsidiary companies and associate companies incorporated in India, no material discrepancies were noticed on such verification.
- (ii) The Company is a service company primarily engaged in the business of rendering merchant banking service. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of Order is not applicable.
- (iii) In our opinion and according to the information and explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act. Hence reporting under clause 3(iii) of the Order is not applicable to the company.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with size of the Company & nature of its business for the purchase of fixed assets and for sale of service. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) According to the information and explanations given to us, the Company has not accepted deposits within the meaning of section 73 to 76 or any other relevant provisions of the Act and rules framed there under. *However the company has received loan from an individual amounting to Rs. 11,61,000/- in the FY 2011-12 and same is due in year 2016-2017.*
- (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 activities of the Company.
- (vii) According to the information and explanations given to us and on the basis of the our examination of the records of the Company, in respect of statutory dues:
 - (a) The company is regular in depositing undisputed statutory dues including provident fund, employees'

state insurance, income-tax, service tax, and any other statutory dues with the appropriate authorities. *However there have been few cases of delays in payment of statutory liabilities.*

- (b) There are no materials dues of income tax or service tax or which have not been deposited with appropriate authorities as at 31st March, 2015 on account of any pending dispute except reported as below.

Details of dues of income tax which not been deposited as at March 31, 2015 on account of disputes are given below:

Name of the Statute	Nature of the Dues	Amount (Rs. In Lacs)	Period to which the amount relates	Forum where Dispute is pending	Under Section
Income Tax Act 1961	Income Tax	31.88	A.Y. 2006-07	CIT(A)	271(1)(C)
		7.80	A.Y. 2007-08	CIT(A)	271(1)(C)
		19.49	A.Y. 2009-10	CIT(A)	271(1)(C)
		4.96	A.Y. 2007-08	ITAT	143(3)
		82.65	A.Y. 2009-10	ITAT	143(3)

- (c) The Company has generally been regular in transferring amounts to the Investor Education and Protection Fund in accordance with the relevant provisions of the company act and Rules made thereunder within time.
- (viii) The Company does not have accumulated losses at the end of the financial year and has not incurred cash losses in the financial year. However company has incurred cash loss in previous Financial Year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions and bank. The company has not issued any debentures.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xi) According to the information and explanations given to us, Company has not obtained any term loan in current Financial Year.
- (xii) According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

For Udyen Jain and Associates
Chartered Accountants
 ICAI Reg. No. : 116336W

Mr. Udyen Jain
Partner
 Mem. No:F- 101201
 Place: Mumbai
 Date: 26th May, 2015

BALANCE SHEET AS AT MARCH 31, 2015
(Currency : Indian Rupees)

	Note	Rs.	As At March 31 2015 Rs.	As At March 31 2014 Rs.
I EQUITY AND LIABILITIES				
(1) Shareholders' Funds				
(a)	2			
		119,390,000		119,390,000
		20,000,000		20,000,000
			139,390,000	139,390,000
(b)	3		158,368,349	155,858,735
(c)		-	-	-
(2) Share Application Money Pending Allotment				
		-	-	-
(3) Non Current Liabilities				
(a)	4	28,265,973		28,048,330
(b)		-		358,495
(c)		10,222,762		10,059,592
(d)		196,578	38,685,313	586,548
(4) Current Liabilities				
(a)	5	-		23,401,451
(b)		48,205,885		85,215,495
(c)		8,825,796		15,023,256
(d)		350,000	57,381,681	-
	TOTAL		393,825,343	457,941,903
II ASSETS				
(1) Non Current Assets				
(a)	6			
i		69,536,305		75,119,472
ii		255,929		309,030
iii		-		-
iv		-		-
			69,792,234	75,428,502
(b)	7		33,755,000	34,505,000
(c)	8		96,111,470	96,105,560
(d)	9		48,200,543	43,772,479
(e)			737,214	-
(2) Current Assets				
(a)		-		-
(b)	10	211,063		1,137,494
(c)	11	119,869,292		143,771,495
(d)	12	19,693,170		45,338,637
(e)	13	4,680,047		13,247,435
(f)	14	775,311		4,635,300
			145,228,883	208,130,362
	TOTAL		393,825,343	457,941,903
Significant Accounting Policies and Notes to Accounts				
	1			

See accompanying notes to the Financial Statements.

2 to 37

As per our report attached of even date.

For and on behalf of the Board of Directors

For Udyen Jain & Associates
Chartered Accountants
S.M.Parande
 Chairman
 DIN: 00542525

Paresh J. Khandwala
 Managing Director
 DIN: 00112678

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

 Mumbai
 Date :- 26th May, 2015

 Mumbai
 Date :- 26th May, 2015

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2015

(Currency : Indian Rupees)

	Note	For the year ended	
		March 31 2015	March 31 2014
		Rs.	Rs.
I Revenue From Operations			
Brokerage		44,076,154	26,413,496
Corporate Advisory Services		40,120	9,983,540
Income from Capital Market Operations		471,868	169,269
		<u>44,588,142</u>	<u>36,566,305</u>
II Other Income	15	6,096,979	7,252,044
III Total Revenue (I + II)			43,818,350
IV Expenses			
Employees' Remuneration and other benefits	16	17,104,619	18,890,970
Administrative and Other expenses	17	19,518,079	17,745,415
Finance charges	18	5,255,614	5,017,302
Depreciation		6,092,374	2,902,670
Other Expenses	19	950,530	2,105,715
			<u>48,921,216</u>
V (Loss)/Profit before Tax and prior period items			46,662,072
VI Exceptional Items			(2,843,722)
VII Profit before Extraordinary items and tax (V - VI)			-
VIII Extraordinary items			-
IX (Loss)/profit before Tax (VII - VIII)			-
X Tax Expense			1,763,905
(1) Current Tax			-
(2) MAT Tax			350,000
(3) Tax Relating to Prior years			-
(4) Deferred Tax (Credited)/ Charged			(1,095,709)
XI Profit / (Loss) for the period from Continuing Operations			2,509,614
XII Profit / (Loss) from Discounting Operations			-
XIII Tax Expense of Discounting Operations			-
XIV Profit / (Loss) from Discounting Operations (after tax) (XII -XIII)			-
XV Profit (Loss) for the period (XI +XIV)			2,509,614
XVI Earnings Per Share of - Basic (Rs.)			(2,782,177)
- Basic (Rs.)		0.21	(0.23)
- Diluted (Rs.)		0.21	(0.23)
Significant Accounting Policies and Notes to Accounts	1		
See accompanying notes to the Financial Statements.	2 to 37		

As per our report attached of even date.

For and on behalf of the Board of Directors

For Udyen Jain & Associates
Chartered Accountants

S.M.Parande
Chairman
DIN: 00542525

Paresh J. Khandwala
Managing Director
DIN: 00112678

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

Mumbai
Date :- 26th May, 2015

Mumbai
Date :- 26th May, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015
(Currency : Indian Rupees)

	For the Year ended March 31, 2015	For the Year ended March 31, 2014
A. Cash flow from operational activities		
Net (Loss)/Profit before tax adjusted for prior period items and excess provisions for tax written back	1,763,905	(2,843,722)
Adjustments for:		
Depreciation	6,092,374	2,902,670
(profit) /Loss on sale of fixed assets	-	16,915
(Profit) on sale of Investments	-	25,754
Interest Income	(4,750,817)	(5,052,965)
Finance Expenses	5,255,614	5,017,302
Unrealised Gains On Mark to Market of F&O Stock	197,822	(122,765)
Lease Rental	(1,260,000)	(1,260,000)
Provision for Diminution in investments/ Stock	5,238	36,528
Provision for Reversal of Employee Benefit	(397,508)	-
Sundry balance written off	15,513	-
Sundry balance written back	-	(442,963)
Dividend Income	(34,385)	(368,745)
	5,123,852	751,730
Operating profit before working capital changes	6,887,757	(2,091,992)
Adjustments for:		
Inventories	925,491	(652,150)
Trade Receivables & Other Receivables	33,597,363	(12,419,658)
Current Liabilities & Provision	(42,715,945)	19,327,082
Cash generated from operations	(1,305,334)	6,255,275
Direct taxes Refunded / (paid)	-	-
Net cash (used in) / generated from operating activities	(1,305,334)	4,163,283
B. Cash flow from investing activities		
Sale / (Purchase) of fixed assets (Net)	(456,106)	(766,543)
Sale/ (Purchase) of Investments (Net of purchase)	750,000	4,429
Interest received	4,212,472	2,729,694
Dividend received	28,207	362,354
Net cash (used in) / generated from investing activities	4,534,573	2,329,934
C. Cash flow from financing activities		
(Repayment)/Proceeds from long term borrowings(Net)	(217,642)	1,191,825
(Repayment)/Proceeds from short term borrowings(Net)	(23,401,451)	20,108,351
Interest and other Finance charges	(5,255,614)	(5,017,302)
Net cash (used in) / generated from financing activities	(28,874,707)	16,282,874
Net increase/(decrease) in cash and cash equivalents	(25,645,467)	22,776,091
Cash and Cash equivalents (opening balance)	45,338,637	22,562,547
Cash and Cash equivalents (closing balance)	19,693,170	45,338,637
	(25,645,467)	22,776,091

See accompanying notes to the Financial Statements.

2 to 37

As per our report attached of even date.

For and on behalf of the Board of Directors

For Udyen Jain & Associates
Chartered Accountants
S.M.Parande
 Chairman
 DIN: 00542525

Paresh J. Khandwala
 Managing Director
 DIN: 00112678

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

 Mumbai
 Date :- 26th May, 2015

 Mumbai
 Date :- 26th May, 2015

NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTES FORMING PART OF FINANCIAL STATEMENTS

1. Significant Accounting Policies

Basis of preparation of consolidated financial statements

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

Use of estimates

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

Revenue recognition

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

Fixed assets (Tangible & Intangible) and depreciation/Amortisation

Till the year ended March 31, 2014, Schedule XIV to the Companies Act, 1956, prescribed requirements concerning depreciation of fixed assets. From the current year, Schedule XIV has been replaced by Schedule II to the Companies Act, 2013. The applicability of Schedule II has resulted in the following changes related to depreciation of fixed assets. Unless stated otherwise, the impact mentioned for the current year is likely to hold good for future years also.

Till the year ended March 31, 2014, depreciation rates prescribed under Schedule XIV were treated as minimum rates and the company was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. Schedule II to the Companies Act 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher/lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in the financial statements.

Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain

cases are different from lives prescribed under Schedule II. Hence, this change in accounting policy did not have any material impact on financial statements of the company.

Depreciation on tangible assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule II to the Companies Act, 2013, whichever is higher.

Intangible assets are amortized over their useful life. The management follows a rebuttable assumption that the useful lives of the assets would not exceed 6 years.

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

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

Investments

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

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

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

Inventories

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

Foreign currency transactions

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

Employee benefits

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

Provident fund

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

NOTES FORMING PART OF FINANCIAL STATEMENTS**Gratuity**

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

Taxation

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

Income tax

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

Deferred tax

The deferred tax charge or benefit and the corresponding deferred tax liabilities and assets are recognized using the tax rates that have been enacted or substantially enacted as at the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the asset can be realized in future, however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of the assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain, as the case may be, to be realized.

Derivative Instruments

Initial / additional margin paid for futures / options is included under the head current assets. Contracts are marked to market in accordance with the prevalent regulations and the amount receivable or payable is disclosed under the head current assets or current liabilities, as the case may be. The profit or loss on settlement of derivative contracts is recognized in

the Profit and Loss account. As on the balance sheet date, provision for loss on futures contracts is made to the extent of mark to market margins paid, while for open options, to the extent premium paid exceeds premium prevailing on that date.

Provisions:

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

Cash & Cash Equivalents:

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

Current / Non Current Classification

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

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

All other assets shall be classified as non-current.

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

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

All other liabilities shall be classified as non-current.

NOTES FORMING INTEGRAL PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

(Currency : Indian Rupees)

	As at March 2015		As at March 2014	
	Nos	Amount	Nos	Amount
NOTE 2 - SHARE CAPITAL				
Authorised				
14,000,000 (P.Y. 14,000,000) Equity Shares of Rs. 10/- each	14,000,000	140,000,000	14,000,000	140,000,000
500,000 (P.Y. 500,000) Cumulative Redeemable Preference Shares of Rs. 100/- each	500,000	50,000,000	500,000	50,000,000
400,000 (P.Y.400,000) Cumulative Convertible Preference Shares of Rs. 100/- each	400,000	40,000,000	400,000	40,000,000
2,00,000 (P.Y. 2,00,000) Optionally convertible Redeemable Preference Shares of Rs. 100/- each	200,000	20,000,000	200,000	20,000,000
	<u>15,100,000</u>	<u>250,000,000</u>	<u>15,100,000</u>	<u>250,000,000</u>
Issued, Subscribed and Paid-up				
Equity Share Capital				
1,19,39,000 (P. Y. 1,19,39,000) Shares of Rs. 10/- each fully paid-up	11,939,000	119,390,000	11,939,000	119,390,000
TOTAL	<u>11,939,000</u>	<u>119,390,000</u>	<u>11,939,000</u>	<u>119,390,000</u>
Preference Share Capital				
50,000 10.00% Cumulative Redeemable Preference shares of Rs. 100/- each fully paid-up.	50,000	5,000,000	50,000	5,000,000
150,000 10.00% Cumulative Redeemable Preference shares of Rs. 100/- each fully paid-up.	150,000	15,000,000	150,000	15,000,000
TOTAL	<u>200,000</u>	<u>20,000,000</u>	<u>200,000</u>	<u>20,000,000</u>
Reconciliation Of Shares				
Equity shares with voting rights				
Balance as at the beginning of the year	11,939,000	119,390,000	11,939,000	119,390,000
Add: Issue of fresh shares during the year	-	-	-	-
Balance as at the end of the year	<u>11,939,000</u>	<u>119,390,000</u>	<u>11,939,000</u>	<u>119,390,000</u>
Preference shares				
Balance as at the beginning of the year	200,000	20,000,000	200,000	20,000,000
Add: Issue of fresh shares during the year	-	-	-	-
Balance as at the end of the year	<u>200,000</u>	<u>20,000,000</u>	<u>200,000</u>	<u>20,000,000</u>
b) List of Share Holders Holding More than 5% of the total number of shares issued by the Company				
Name of Equity Share Holder	Number of Shares	Percentage Shareholding	Number of Shares	Percentage Shareholding
Jayantilal Khandwala & Sons Pvt. Ltd.	1,733,321	14.52%	1,733,321	14.52%
Bentley Investments Pvt Ltd	1,440,943	12.07%	1,440,943	12.07%
Daxa Paresh Khandwala	1,270,580	10.64%	1,191,738	9.98%
Sarthak Consultants Private Limited	943,000	7.90%	943,000	7.90%
Pratik Paresh Khandwala	773,731	6.48%	767,091	6.43%
Pranav Paresh Khandwala	676,670	5.67%	607,787	5.09%
Name of Preference Share Holder				
Mina Chand	12,500	6.25%	12,500	6.25%
Dolly Lai	12,500	6.25%	12,500	6.25%
Sanjay Thukral	12,500	6.25%	12,500	6.25%
Sindhu Seth	12,500	6.25%	12,500	6.25%
Rohit Chand	150,000	75.00%	150,000	75.00%

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

NOTES FORMING PART OF FINANCIAL STATEMENTS

	As At March 31 2015 Rs.	As At March 31 2014 Rs.
NOTE 3 - RESERVES AND SURPLUS		
Share Premium Account		
As per last Balance Sheet	48,273,000	
Add: Received during the year	-	
	<u>48,273,000</u>	48,273,000
Capital Redemption Reserve	<u>34,000,000</u>	<u>34,000,000</u>
Convertible Warrant Forfeiture		
As per last Balance Sheet	6,168,000	
Add: Amount Forfeited during the year	-	
	<u>6,168,000</u>	6,168,000
Profit & Loss Account		
As per last Balance Sheet	67,417,735	70,199,912
Add: Transferred from Profit & Loss Account	<u>2,509,614</u>	<u>(2,782,177)</u>
	<u>69,927,349</u>	<u>67,417,735</u>
TOTAL	<u>158,368,349</u>	<u>155,858,735</u>
NOTE 4 - NON CURRENT LIABILITIES		
(a) LONG -TERM BORROWINGS		
Secured		
Vehicle Loan (Secured by hypothecation of vehicle)	<u>349,974</u>	487,982
Terms of payment 60 Months EMI Rs.9,994/- P.M. Interest Rate @10.50%	<u>349,974</u>	487,982
Unsecured		
Loan from Yukti Securities Ltd.	<u>26,754,999</u>	26,399,348
Deposits From Public (Refer No. 24)	<u>1,161,000</u>	1,161,000
	<u>27,915,999</u>	27,560,348
	<u>28,265,973</u>	<u>28,048,330</u>
(b) Deferred Tax		
Deferred Tax (Net)	-	358,495
	-	<u>358,495</u>
(c) Other Long Term Laibilities		
Security Deposits	<u>10,222,762</u>	10,059,592
	<u>10,222,762</u>	<u>10,059,592</u>
(d) Long Term Provisions		
Provision for Taxation (FBT)	<u>564,501</u>	564,501
Provision for Gratuity	<u>(618,263)</u>	(297,713)
Provision for Leave Encashment	<u>250,340</u>	319,760
	<u>196,578</u>	<u>586,548</u>

NOTES FORMING PART OF FINANCIAL STATEMENTS

	As At March 31 2015 Rs.	As At March 31 2014 Rs.
NOTE 5 - CURRENT LIABILITIES		
(a) SHORT TERM BORROWINGS		
Secured Against Shares		
Canara Bank-O/D Against Shares	-	23,401,451
	-	23,401,451
(b) Trade Payable		
Sundry Creditors	48,205,885	85,215,495
The Company has not received any intimation from 'suppliers' regarding their status under the Micro, Small and Medium enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/ payable as required under the said Act and could not be furnished.		
	48,205,885	85,215,495
(c) Other Current Liabilities		
Credit Balance in Current Accounts (Book overdraft)	1,512,955	4,814,589
Other Liabilities		
Payable to Employees	4,891,947	6,664,395
Statutory Dues	1,081,437	1,793,116
Other Liabilities	1,339,457	1,751,156
	8,825,796	15,023,256
(d) Short Term Provisions		
Provision MAT Tax	350,000	-
	350,000	-

NOTE 6- FIXED ASSETS

Particulars	Gross Block						Dep. Prov. On deletions	Net Block		
	As At 01st April 14	Additions during the period	Deductions during the period	As At 31st March 15	As At 01st April 14	For the period		As At 31st March 15	As At 31st March 15	As At 31st March 14
Office Buildings *	93,820,894	-	-	93,820,894	25,488,344	1,577,179	-	27,065,523	66,755,371	68,332,550
Computers	838,951	233,823	815,464	257,310	651,476	193,309	815,464	29,321	227,989	187,475
Office Equipments	6,386,618	81,119	6,044,305	423,433	3,446,177	2,738,816	6,044,305	140,689	282,744	2,940,441
Furniture and Fixtures	3,377,994	61,950	1,973,820	1,466,124	2,254,289	651,497	1,973,820	931,966	534,158	1,123,705
Vehicles	3,516,777	-	968,445	2,548,332	1,799,554	712,519	968,445	1,543,628	1,004,704	1,717,223
Plant & Machinery (Computer)	1,109,579	-	-	1,109,579	291,501	86,739	-	378,240	731,339	818,078
	109,050,813	376,892	9,802,034	99,625,671	33,931,341	5,960,059	9,802,034	30,089,366	69,536,305	75,119,472
INTANGIBLE ASSETS										
Computer Software	1,049,278	79,214	374,658	753,834	740,248	132,315	374,658	497,905	255,929	309,030
Total	110,100,091	456,106	10,176,692	100,379,505	34,671,589	6,092,374	10,176,692	30,587,271	69,792,234	75,428,502
Previous Year	115,755,903	766,543	6,422,354	110,100,091	38,009,359	2,902,670	6,240,439	34,671,589	75,428,502	

NOTES FORMING PART OF FINANCIAL STATEMENTS

	Face Value	As at March 31 2015		As at March 31 2014	
		Number	Amount	Number	Amount
NOTE 7 - INVESTMENTS					
OTHER INVESTMENTS					
<i>(Long term, non trade, fully paid up)</i>					
<i>i. Quoted</i>					
Equity Shares					
			-		-
<i>ii. Unquoted</i>					
Equity Shares					
Elysium Pharmaceuticals Ltd	10	-	-	75,000	750,000
Kowa Spinning Limited *	10	1,008,000	21,358,200	1,008,000	21,358,200
Vadodara Stock Exchange Limited	10	500	5,000	500	5,000
Trumonee Financial Ltd	10	3,375,000	33,750,000	3,375,000	33,750,000
			<u>55,113,200</u>		<u>55,863,200</u>
		(i + ii)	<u>55,113,200</u>		<u>55,863,200</u>
Less : Provision for diminution			<u>21,358,200</u>		<u>21,358,200</u>
		TOTAL	<u><u>33,755,000</u></u>		<u><u>34,505,000</u></u>
Quoted :					
Aggregate Book Value (net of provision)			-		-
Market Value			-		-
Unquoted :					
Aggregate Book Value (net of provision)			<u>33,755,000</u>		<u>34,505,000</u>
* Shares are in the process of being registered in the name of the Company.					
			As At March 31 2015 Rs.		As At March 31 2014 Rs.
NOTE - 8 LONG TERM LOANS AND ADVANCES					
Deposits with exchange & other			<u>21,442,829</u>		21,436,919
Trade Deposit with Companies			<u>53,000,000</u>		53,000,000
Share Application			<u>21,668,641</u>		21,668,641
		TOTAL	<u><u>96,111,470</u></u>		<u><u>96,105,560</u></u>
NOTE - 9 OTHER NON - CURRENT ASSETS					
Advance Payment of Tax			<u>5,638,906</u>		5,160,843
In Fixed Deposit Accounts			<u>42,000,000</u>		38,050,000
Advance to Sundry Creditors			<u>2,720</u>		2,720
Employees			<u>558,917</u>		558,917
		TOTAL	<u><u>48,200,543</u></u>		<u><u>43,772,479</u></u>
NOTE 10 - STOCK-IN-TRADE					
<i>(Valued and certified by the management at lower of cost and market value / break up value)</i>					
Equity Shares / Preference Shares(Refer Appendix 10-A)			<u>211,063</u>		1,137,494
		TOTAL	<u><u>211,063</u></u>		<u><u>1,137,494</u></u>

NOTES FORMING PART OF FINANCIAL STATEMENTS

Appendix 10-A

NAME OF THE SCRIP	As at March 31 2015		As at March 31 2014	
	Number	Rs.	Number	Rs.
Equity/ Preference Shares :				
ABG Shipyard Ltd	-	-	190	48,488
Aptech Ltd	-	-	652	48,867
Axis IT & T Ltd	-	-	6,900	302,910
Balaji Telefilms	-	-	1,000	46,400
Creative Casting Ltd	5,900	3,894	5,900	3,894
Deccan Granite Ltd	20,300	37,555	20,300	37,555
Elder Pharmaceutical	-	-	243	48,588
HCL Technologies	-	-	35	48,675
Hotel Leela Venture	-	-	2,958	47,032
LIC MF Liquid Plus Fund	12,132	121,321	11,514	115,143
Pennar Ind. Ltd	200	6,104	-	-
PC Jeweller	-	-	200	19,380
Saraswat Co-Op Bank	2,550	25,500	2,550	25,500
Setech Electronics Ltd	270,000	1	270,000	1
Sharp Industries Ltd	2,210	10,475	2,210	15,713
SKS Microfinance Ltd	-	-	247	49,968
Ushdev International Ltd	-	-	1,003	273,167
UTI Top 100 Funds	1,000	6,213	1,000	6,213
		211,063		1,137,494

	Rs.	As At March 31 2015 Rs.	As At March 31 2014 Rs.
NOTE 11 - SUNDRY DEBTORS			
(Unsecured)			
Outstanding for more than six months			
Considered good		94,221,014	89,720,687
Considered doubtful		8,047,521	8,047,521
		102,268,535	97,768,208
Outstanding for Less than Six Months			
Considered good		25,648,279	54,050,808
Considered doubtful		-	-
		127,916,813	151,819,016
Less : Provision for Doubtful Debts		8,047,521	8,047,521
TOTAL		119,869,292	143,771,495

NOTE 12 - CASH AND BANK BALANCES

Cash on hand		108,836	20,419
Balance with Scheduled Banks:			
In Current Accounts	17,534,334		28,318,218
In Fixed Deposit Accounts (Less than One Year)	2,050,000		17,000,000
		19,584,334	45,318,218
TOTAL		19,693,170	45,338,637

Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is :

	19,693,170	45,338,637
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NOTES FORMING PART OF FINANCIAL STATEMENTS

	As At March 31 2015 Rs.	As At March 31 2014 Rs.
NOTE 13 - SHORT TERMS LOANS AND ADVANCES		
Advances recoverable in cash or kind or for value to be received		
Employees	541,022	119,319
Prepaid Expenses	2,057,212	956,932
Advance to Sundry Creditors	2,081,813	12,171,184
TOTAL	4,680,047	13,247,435
NOTE 14 - OTHER CURRENTS ASSETS		
Interest Accrued on Fixed Deposit	484,602	4,499,884
Advance for Expenses	65,615	54,755
Service Tax	225,094	80,661
TOTAL	775,311	4,635,300
	For the year ended March 31 2015 Rs.	For the year ended March 31 2014 Rs.
NOTE 15 - OTHER INCOME		
Interest on Fixed deposits with Banks [Tax deducted at source Rs. 4,75,523./-] (Previous year Rs.5,11,834/-)	4,750,817	5,052,965
Dividend :- On stock in trade	34,385	368,745
Lease Rentals	1,260,000	1,260,000
Unrealised Gains/(Loss) On Mark to Market of F&O Stock	(197,822)	122,765
Miscellaneous Income	249,600	447,569
TOTAL	6,096,979	7,252,044
NOTE 16 - EMPLOYEES' REMUNERATION AND OTHER BENEFITS		
Salaries and Bonus	12,955,377	15,199,441
Managing Director's Remuneration	3,125,019	3,125,000
Contribution to Provident and other Funds	582,878	749,128
Staff Welfare Expenses	748,533	416,802
Gratuity	(307,188)	(599,401)
TOTAL	17,104,619	18,890,970

	For the year ended March 31 2015 Rs.	For the year ended March 31 2014 Rs.
NOTE 17 - ADMINISTRATIVE AND OTHER EXPENSES		
Financial Advisory charges	2,725,918	2,852,016
Computer Expenses	257,846	247,207
Demat charges	1,219,784	650,972
Rates and Taxes	1,708,664	2,327,636
Insurance	507,926	455,350
Internet Expenses	153,000	161,120
Advertisement Expenses	140,487	126,482
Business Promotion Expenses	135,276	381,493
Legal & Professional Fees	2,617,805	1,975,379
Telephone/Postage and Courier Charges	664,604	752,705
Electricity Charges	1,493,273	1,451,747
Registration Fees	756,353	894,226
Repairs and Maintenance	1,228,347	1,472,990
Security Charges	349,423	288,157
Printing and Stationery	420,437	360,468
Subscription Expenses	464,983	469,661
Travelling and Conveyance	1,177,524	1,127,925
Auditor's Remuneration		
For Audit	320,000	-
For Tax Audit	180,000	-
Directors sitting fees	100,000	90,000
Donation	24,000	7,100
Commission Paid	2,515,770	1,231,936
Miscellaneous Expenses	356,659	420,846
TOTAL	19,518,079	17,745,415
NOTE - 18 FINANCE CHARGES		
On Other Loans	4,801,918	4,404,482
Other Financial Charges	453,696	612,820
TOTAL	5,255,614	5,017,302
NOTE - 19 OTHER EXPENSES		
Loss on Stock Valuation	5,238	36,528
Loss on Investments	-	25,754
Loss on Market Operation	945,292	2,043,433
TOTAL	950,530	2,105,715

20. The Company provides Portfolio Management Services (PMS) to its clients. Transactions on account of PMS activities are carried out exclusively on behalf of PMS clients. Therefore, assets and liabilities arising out of the above effectively belong to the PMS clients and hence are not reflected in the Company's accounts. Management fees earned/expenditure incurred by the Company from this activity is accounted for on an accrual basis.
21. Share Application Money of Rs. 216.69 Lacs (Previous year Rs. 216.69 Lacs) is outstanding for a period of 156 months as at the balance sheet date, for which financial statements are in the process of being obtained. The Company has initiated

- legal proceedings against the party to recover the application money, with interest there on, under Sec 138, matter is pending for hearing at Mumbai Court.
22. Long-term deposits to various companies of Rs.530.00 lacs are subject to confirmation and subsequent adjustments, if any. Since company is not in the receipt of any Interest on the same deposit since long period so that company has not accounted any interest on the same deposit.
23. In the matter of Mr. Hiten Parmar, whose PAN:-BGCPP4193C, Amount Receivable Rs.56,93,287/37p. which is more than 6 months, Company has initiated the Civil & Criminal Legal action to recover the due amount with Interest there on till date

of payment Received, Further company is filing Arbitration proceeding's at the Exchange's against Mr. Hiten Parmar & His associates.

24. Company has taken unsecured interest free loan in FY 2011-12 amounting to Rs. 11,61,000 from individual and same is due in year 2016-2017.
25. There is a Mark to Market Loss of Rs.1,97,822/- as on 31st March 2015 on account of Unrealized Loss on Future Contract as per AS-30.
26. The net deferred tax assets are calculated as follows:

(Rs. In Lacs)

Particulars	Accumulated As at 31 st March 2014	Charge/ Credit during the year	As at 31 st March 2015
Deferred tax asset:			
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
Deferred tax liability:			
Additional depreciation on fixed assets for tax purposes due to higher tax depreciation rates	(418.31)	10.95	(407.36)
Expenses carried forward as per books but claimed for tax purposes as incurred	(1.22)	-	(1.22)
Net Deferred tax Assets/ (Liability)	(3.58)	10.95	7.37

27. Segment Information

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

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

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

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

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

Information about Primary Business Segments

(Amount in Rs. Lacs)

Sr. No.	Particulars	Year Ended 31 st March 2015	Year Ended 31 st March 2014
1	Segment Revenue-external		
a)	Investment / Stock Operations	4.72	1.69
b)	Fee-based Operations	441.16	363.96
c)	Other Unallocated Revenue	60.97	72.52
	Total revenue	506.85	438.18
2	Segment Result		
a)	Investment / Stock Operations	(6.09)	(28.33)
b)	Fee-based Operations	173.10	112.69
	Total	167.00	84.36
	Less: Interest	52.56	50.17
	Unallocated Expenses less unallocated income	(96.81)	(62.62)
	Net (Loss) / Profit before Tax & prior Period Items	17.64	(28.44)
	Provision for tax (including deferred tax)	(7.46)	(0.62)
	Net (Loss)/Profit after tax for the year	25.10	(27.82)
	Other Items		
3	Segment Assets		
a)	Investment / Stock Operations	339.71	356.47
b)	Fee-based Operations	1882.39	2349.25
c)	Unallocated Corporate Assets	1673.27	1692.11
		3895.37	4397.83
4	Segment Liabilities		
a)	Investment / Stock Operations	0.05	0.16
b)	Fee-based Operations	471.44	754.84
c)	Unallocated Corporate Liabilities	160.13	178.39
		631.62	933.39
5	Depreciation	60.92	29.03
6	Non cash items other than depreciation		
a)	Investment / Stock operations	0.05	0.37
b)	Fee based operations	-	-

28. Earnings per share:

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

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

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

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Basic		
Numerator used for calculating basic earnings per share – Profit after taxation (Rs. lacs)	25.10	(27.82)
Less: Dividend on Cumulative Preference share dividend (including dividend tax thereon)	-	-
Profit / (Loss) attributable to equity shareholders (Rs. lacs)	25.10	(27.82)
Weighted average number of shares (in lacs) used as Denominator for calculating basic earnings per share	119.39	119.39
Nominal value per equity share (Rs.)	10.00	10.00
Basic earnings per share – (Rs.)	0.21	(0.23)
Diluted		
Numerator used for calculating Diluted earning per Share-Profit / (Loss) after taxation (Rs. In Lacs)	25.10	(27.82)
Weighted Average Number of Shares (In Lacs) used as Denominator for calculating Diluted Earning per Share	119.39	119.39
Diluted earning per Share- (Rs.)	0.21	(0.23)

29. 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.
4. Jayantilal Khandwala & Sons
- C) Key Management Personnel:
1. Mr. Paresh J. Khandwala - Managing Director
2. Mr. Rohitasava Chand - Director
3. Mr. Kalpen Shukla - Director
4. Mr. Pranav P. Khandwala - Director
5. Mr. Shreedhar Parande - Director
6. Mrs. Bhagyashree P. Khandwala - Director
7. Mr. Homiar Nariman Vakil - Director
- D) Relatives of Key Management Personnel:
1. Mrs. Daxa P. Khandwala
2. Mr. Pratik P. Khandwala
3. Ms. Tulsi P. Khandwala
4. Mrs. Brinda P. Khandwala

Transactions with related parties for the year ended 31st March 2015

[Rs. in lacs]

Transaction	2014-15	2013-14
Brokerage received	0.40	(0.79)
Remuneration Paid	31.25	31.25
Advisory fees paid	7.49	17.52
Consultancy charges paid	-	-
Lease rent received	(0.60)	(0.60)
Outstanding Balance		
Sundry Debtors	170.31	173.26
Sundry Creditors	12.97	4.86
Investment Associate Companies	337.50	337.50

30. As per information and explanation received there are no dues payable to Small Scale Industrial Undertakings as at March 31, 2015.
31. Transaction in foreign currency: (In lacs)
Foreign travel expenses – Rs. 1.49, Previous year Rs. 0.52.
32. Debtors include:
(i) Due from a firm in which a director is interested as partner - Rs.150.85 lacs (Previous year Rs.152.85 lacs)
(ii) Due from relatives and Enterprises controlled by the relatives of the Key Managerial Personnel – 19.46 Lacs.
(iii) The above dues have arisen in the normal course of business.
33. Increase in Debtors & Creditors is in line with the growth of business. 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.
34. Managerial Remuneration:
(i) Remuneration to Managing Director
Salary and Other Allowances : Rs. 31.25 Lacs
(P.Y. Rs. 31.25 lacs)
(ii) Sitting fees to other Directors : Rs. 1.00 Lacs
(P.Y. Rs. 0.90 Lacs)
35. Liability for Employee benefits has been determined by an actuary, appointed for the purpose, in conformity with the principles set out in the accounting standard 15 (Revised) the details of which are as hereunder.

I. Change in Benefit Obligation:	FY 14 -15
Liability at the beginning of the year	23,35,391
Interest Cost	2,17,425
Current Service Cost	1,35,271
Past Service Cost (Non Vested Benefit)	-
Past Service Cost (Vested Benefit)	-
Settlement	-
Liability Transfer in	-
Liability Transfer out	-
(Benefit Paid)	(4,14,001)
Actuarial (Gain) / Loss on Obligations-Due to change in Financial Assumptions	2,03,214
Actuarial (Gain) / Loss on Obligations-Due to Experience	(2,48,302)
Liability at the end of the year	22,29,098

II. Fair value of Plan Assets:	FY 14 -15
Fair Value of Plan Assets at the Beginning of the year	26,33,104
Expected Return on Plan Assets	2,29,080
Contributions	-
Transfer from other company (Transfer to other company)	-
(Benefit Paid)	(4,14,001)
Actuarial gain / (Loss) on Plan Assets- Due to Experience	(5,712)
Fair Value of Plan Assets at the end of the year	24,42,471

III. Actual Return on Plan Assets:	FY 14 -15
Expected Return on Assets	2,29,080
Actuarial gain/ (Loss) on Plan Assets- Due to Experience	(5,712)
Actual Return on Plan Assets	2,23,368

IV. Amount Recognized in the Balance Sheet:	FY 14 -15
(Present Value of Benefit Obligation at the end of the Period)	(22,29,098)
Fair Value of Plan Assets at the end of the year	24,42,471
Funded Status (Surplus/ (Deficit))	2,13,373
Unrecognized Past Service Cost at the end of the Period	-
Net (Liability) /Asset Recognized in the Balance Sheet	2,13,373

V. Expenses Recognized in the Income Statement:	FY 14 -15
Current Service Cost	1,35,271
Net Interest Cost	(11,655)
Actuarial (Gain) or Loss	(39,276)
Past Service Cost (Non Vested Benefit) Recognized	-
Past Service Cost (Vested Benefit) Recognized	-
Transition Liability during the period	-
Expense Recognized in P&L	84,340

VI. Balance Sheet Reconciliation	FY 14 -15
Opening Net Liability	(2,97,713)
Expense as above	84,340
Transfer from other company Net	-
Transfer to other company Net	-
Employer's Contribution	-
Net Liability /(Asset) Recognized in Balance Sheet	(2,13,373)

VII. Assumptions	FY 14 -15
Discount Rate Previous	9.31%
Rate of Return on Plan Assets Previous	8.70%
Salary Escalation Previous	5.00%
Attrition Rate Previous Year	2.00%
Discount Rate Current	7.96%
Rate of Return on Plan Assets Current	7.96%
Salary Escalation Current	5.00%
Attrition Rate Current Year	2.00%

VIII. Other Details	FY 14 -15
No. Of Active Members	34
Per Month Salary For Active Member	4,68,279
Projected Benefit Obligation (PBO)	22,29,098
Prescribed Contribution for next year (12 Months)	-

Note:-

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

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

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

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

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

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

36. 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:

Name of the Statute	Nature of the Dues	Amount (Rs.)	Period to which the amount relates	Forum where Dispute is pending	Under Section
Income Tax Act 1961	Income Tax	31.88	A.Y. 2006-07	CIT(A)	271(1)(C)
		7.80	A.Y. 2007-08	CIT(A)	271(1)(C)
		19.49	A.Y. 2009-10	CIT(A)	271(1)(C)
		4.96	A.Y. 2007-08	ITAT	143(3)
		82.65	A.Y. 2009-10	ITAT	143(3)

- ii) Preference dividends are in arrears from F.Y. 2008-09 to F.Y.2014-15 as aggregating to Rs. 1.40 Crores.

- iii) TDS defaults showing on TDS traces website for the various Financial Years as on 31st March 2015 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.

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

For Udyen Jain & Associates

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

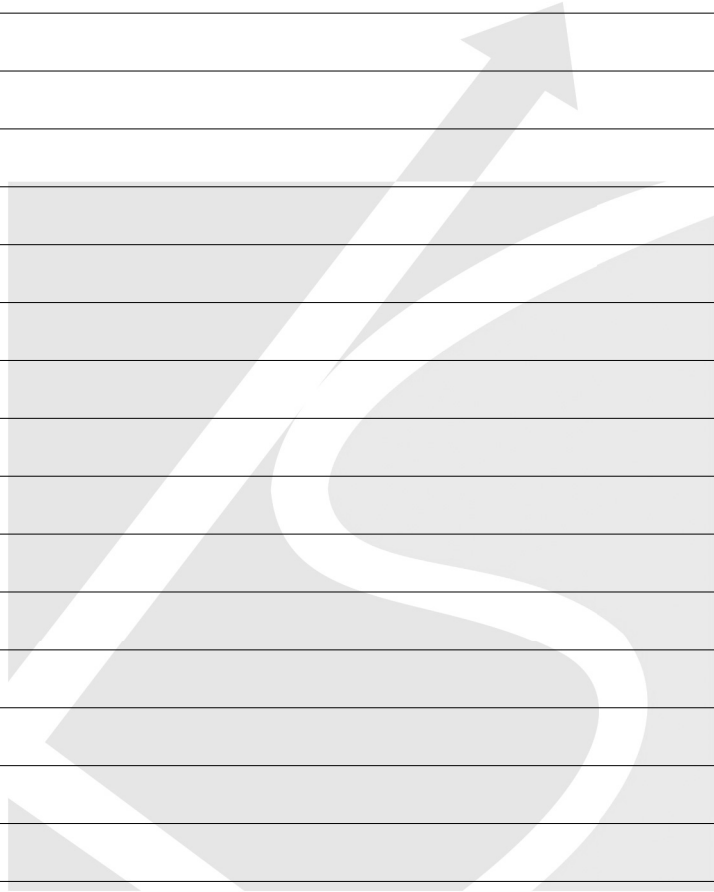
Place : Mumbai
Date : 26th May, 2015

For and on behalf of the Board of Directors

Khandwala Securities Limited
S. M. Parande Chairman
Pareesh J. Khandwala Managing Director
DIN: 00542525
DIN: 00112678

Place : Mumbai
Date : - 26th May, 2015

NOTES



NOTES



KHANDWALA SECURITIES LIMITED

Registered Office : Ground Floor, Vikas Building, Green Street, Fort, Mumbai - 400 023.
CIN: L67120MH1993PLC070709

Proxy form

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

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

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

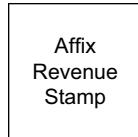
and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 22nd Annual General Meeting of the Company, to be held on Saturday, the 19th day of September, 2015 at 12.15 at C. K. Nayadu Hall, in the Cricket Club of India (CCI), Brabourne Stadium, Churchgate, Mumbai – 400 020 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No	Resolutions	For	Against
1	Consider and adopt Audited Financial Statement, Reports of Board of Directors and Auditors		
2	Re-appointment of Mr. Bhagyashree Khandwala who retires by rotation		
3	Appointment of Auditors and fixing their remuneration		
4	Appointment of Mr. Homiar Vakil as an Independent Director		
5	Re-Appointment of Mr. Paresh Khandwala as an Managing Director		

Signed this day of 2015

Signature of Shareholder:

Signature of Proxy holder:



Note:

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

KHANDWALA SECURITIES LIMITED

Registered Office : Ground Floor, Vikas Building, Green Street, Fort, Mumbai - 400 023.
CIN: L67120MH1993PLC070709

ATTENDANCE SLIP

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

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

I hereby record my presence at the 22nd Annual General Meeting of the Company at C. K. Nayadu Hall, in the Cricket Club of India (CCI), Brabourne Stadium, Churchgate, Mumbai – 400 020 on Saturday, the 19th day of September, 2015 at 12.15 PM.

Signature of Member/Proxy

REGISTERED POST / SPEED POST / COURIER

If undelivered, please return to :

KHANDWALA SECURITIES LIMITED

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