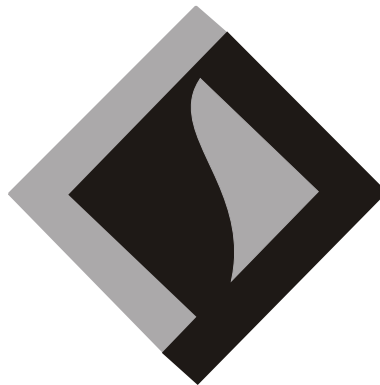


**EIGHTEENTH
ANNUAL REPORT
2010-11**



**KHANDWALA
SECURITIES
LIMITED**

OUR MANTRA

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

BOARD OF DIRECTORS

Mr. Shreedhar Parande (Chairman)
Mr. Paresh J. Khandwala (Managing Director & CEO)
Mr. Rohit Chand
Mr. Kalpen Shukla
Mr. Ajay Narasimhan
Mr. Brijmohan Rai Bahl

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Manisha Srivastava

REGISTERED OFFICE

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

CORPORATE OFFICE

Ground Floor, 'White House Annexe'
White House, 91, Walkeshwar Road,
Walkeshwar, Mumbai – 400 006.

AUDITORS

UDYEN JAIN & ASSOCIATES
Chartered Accountants,
540, 5th Floor, D Wing, Clover Centre,
7 Moledina Road, Pune 411 001

BANKERS

Union Bank of India
Mumbai Samachar Marg,
Mumbai – 400 023.

Axis Bank Limited
Sir P. M. Road, Fort, Mumbai 400 001.

HDFC Bank Ltd.,
Manekji wadia Bldg.,
Nanik Motwani Marg, Fort, Mumbai 400 001

REGISTRARS & TRANSFER AGENTS

KARVY COMPUTERSHARE PRIVATE LIMITED
46, Avenue 4, Street No. 1,
Banjara Hills, Hyderabad – 500 034.

LEGAL ADVISOR

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

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NOTICE

Notice is hereby given that the Eighteenth Annual General Meeting of the Members of **Khandwala Securities Limited** will be held at C. K. Naidu Hall, Cricket Club of India (CCI), Brabourne Stadium, Churchgate, Mumbai 400 020 on Monday, 25th day of July at 4:00 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2011 and Profit and Loss Account for the period ended as at that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Rohit Chand who retires by rotation and being eligible, offers himself for re-appointment.
3. To re-appoint Auditors M/s. Udyen Jain & Associates, Chartered Accountants, the retiring auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution;

RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any other statutory modification(s) or re-enactment thereof, Mr. Brijmohan Rai Bahl who was appointed as an Additional Director pursuant to Section 260 of the Companies Act, 1956 in the Board meeting held on 28th January, 2011, be and is hereby appointed as a Director of the Company subject to retirement by rotation under the provision of Articles of Association of the Company”.

5. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution;

“**RESOLVED THAT** pursuant to provision of Section 198, 269, 309 Schedule XIII and other applicable provisions of the Companies Act, 1956 and such other approvals as may be necessary, the consent of the members be and is hereby accorded to the payment of remuneration to Mr. Paresh J Khandwala, Managing Director of the Company, for the further period of 3 years from 1st January 2011 to 31st December 2013 on the remuneration as specified below:

a) Salary

Salary of Rs. 31,25,000/- p.a. (payable monthly) inclusive of perquisites, conveyance, medical allowance and leave travel allowance. Contribution towards Provident fund, gratuity and leave encashment at the end of the tenure would be extra.

b) Commission:

At 1% of the Net Profits of the Company calculated as per provisions of Section 349 & 350 of the Companies Act, 1956 will be payable on yearly

basis subject to approval of the same by the Board of directors.

RESOLVED FURTHER THAT in case of loss or inadequacy of profit in any financial year, if any, during the tenure of Mr. Paresh J. Khandwala, the above mentioned remuneration, be paid as minimum remuneration.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution any of the Director or Ms. Manisha Srivastava, Company Secretary be and are hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary, proper or desirable to give effect to resolution and to settle any question, difficulties or doubts that may arise in this regard.’

By Order of the Board of Directors

Manisha Srivastava
Company Secretary

Date: 27th May, 2011

Place: Mumbai

NOTES

1. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, setting out the material facts in respect of special business for Item No. 4 is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE 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.**
3. The Register of Members and the Share Transfer Books of the Company will remain close from Tuesday 19th July 2011 to Monday 25th July 2011 (both days inclusive) for the purpose of Annual General Meeting.
4. Pursuant to the provisions of Section 205A and 205C of the Companies Act, 1956, there is no dividend or interest which remains unpaid / unclaimed for a period of 7 years which should be transferred by the Company to IEPF. Members are requested to note that no claims shall lie against the Company or IEPF in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.
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. Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the AGM.
7. Members are requested to bring their copy of the Annual Report, as copies of the Report will not be distributed again at the Meeting.

8. Members are requested to bring their attendance slip, duly signed, so as to avoid any inconvenience.
9. 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.
10. 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.
11. Ministry of Corporate Affairs ("MCA"), Government of India has taken a "Green Initiative in Corporate Governance" by allowing paperless communication by Companies. MCA vide its circular nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively allowed the service of notice / documents by a company to its Members to be made through electronic mode, after giving an advance opportunity to the Member to register his e-mail address and changes therein from time to time with the Company or with the concerned depository. Keeping this in view, your Company proposes to send documents such as the Notice of the Annual General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report, Explanatory Statement etc., henceforth to such Members in electronic mode, who opt for the same. We have enclosed a Form for you to exercise your option by submitting the same to us either by e-mail at regcomm@kslindia.com and / or investorgrivances@kslindia.com and / or by sending registered post at the Registered Office of the Company addressed to the Company Secretary after your signature. In this behalf, we are confident that you would appreciate the "Green Initiative" taken by MCA. We solicit your co-operation in helping the Company to implement the e-governance initiatives of the Government.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF THE SPECIAL BUSINESS TO BE TRANSACTED

ITEM NO. 4

The Board of Directors of the Company ("the Board"), under Section 260 of the Companies Act, 1956 ("the Act") and the Articles of Association of the Company, appointed Mr. Brijmohan Rai Bahl as an Additional Directors of the Company with effect from 28th January, 2011.

In terms of Section 260 of the Act, Mr. Brijmohan Rai Bahl will hold office up to the date of ensuing Annual General Meeting.

A notice has been received from a member as required proposing Mr. Brijmohan Rai Bahl as a candidate for the office of Director under Section 257 of the Act. Mr. Brijmohan Rai Bahl have confirmed that he is not disqualified from being appointed as Directors under Section 274 (1) (g) of the Act.

Details regarding the person proposed to be appointed as the Director and his brief resume is appended below.

Name	Mr. Brijmohan Rai Bahl
Date of Birth	19-12-1946
Address	307/308 Green House, Green Street, Fort, Mumbai – 400 023
PAN Number	AABPB0614N
Educational Qualification	B.Com, LLB, FCA, FCS, Post Graduate in Business Management – UK, Associate Member of the Institute of Company Secretaries of India, London.
Profession	Presently Managing Partner in - B.R.Bahl and Associates – Legal Division - B.R. Bahl and Associates – Placement Division
Experience	Presently practicing as Company Secretary and Legal Adisors. Handling Legal assignments of around 82 companies and has an experience of more than 35 years in Corporate Section.
Other Directorship	- Associated Building Company Limited - Tata Services Limited - VJM Media Private Limited - Bhakti Capital Advisers Private Limited

The Board of Directors are of the view that the skills and knowledge of Mr. Brijmohan Rai Bahl would be of immense benefit to the company and recommends his appointment for your approval. Approval of the shareholders is sought by way of an Ordinary resolution in the Annual General Meeting for his appointments as Director.

None of the Directors except Mr. Brijmohan Rai Bahl are concerned or interested in the resolution

ITEM NO. 5

The Members are informed that the tenure of appointment of Mr. Paresh J Khandwala – Managing Director is for the period of five years from 1st January 2010 to 31st December 2014. He was appointed by the Board of Directors at its Meeting held on 14th December 2009 and his remuneration was approved by the Remuneration Committee at its Meeting held on the same day, pursuant to and subject to provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions of the Companies Act, 1956.

The approved payment of remuneration was only for the period of one year i.e. from 1st January 2010 to 31st December 2010. Hence the Board in its meeting held on 13th November 2010 and the Remuneration Committee in its meeting held on the same day approved for the payment of remuneration to him for a period of 3 years starting from 1st January 2011 to 31st December 2013 on the same terms as was approved earlier by the shareholders.

None of the Director's except Mr. Paresh J Khandwala are concerned or interested in the said resolution.

Your Board recommends the Special resolution for your approval.

By order of the Board of Directors

**Manisha Srivastava
Company Secretary**

Date: 27th May, 2011

Place: Mumbai

Come; let's join hands for a new experience

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting herewith the Eighteenth Annual Report along with Audited Statement of Accounts for the year ended on 31st March 2011.

FINANCIAL HIGHLIGHTS

The performance of the Company for the Financial Year ended 31st March, 2011 is summarized below:-

(Rs. in Lakhs)

Particulars	Year ended 31 st March 2011	Year ended 31 st March 2010
Total Income	893.76	813.43
Interest & other Financial Charges	36.53	65.92
Depreciation	44.72	45.70
Profit / (Loss) before Tax and prior period item	43.11	(167.94)
Less: Prior Period item	-	7.24
Provision for Tax (including Deferred Tax & Fringe Benefit Tax)	(0.27)	(0.00)
Profit / (Loss) after Tax	43.37	(175.17)
Appropriations		
Dividend on Preference Shares	-	20.00
Provision for Corporate Tax on Dividend	-	3.40
Surplus / (Deficit) carried forward	791.99	748.61
Reserves and Surplus	1676.40	1633.03

RESULTS OF OPERATIONS

The Revenue for the year increased from Rs. 813.43 lacs to Rs.893.76 lacs. The Profit before interest, exceptional items, prior period expenses and taxation registered an increase from Rs. (167.94) Lacs loss in the FY 2010 to a profit figure of Rs. 43.11 Lacs in the current FY 2011.

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.

DIVIDEND

Your Directors do not recommend Equity dividend for the financial year under review to conserve the resources.

DIRECTORS

Mr. Brijmohan Rai Bahl was appointed as an Additional Director effective from 28th January 2011. In terms of Section 260 of the Companies Act, 1956 he will hold the office only upto the date of ensuing Annual General Meeting. The Company has received requisite notice in writing from a

member proposing his candidature for the office of Director liable to retire by rotation.

In accordance with Section 255 and 256 of the Companies Act 1956 and with reference to Article 109 of the Articles of Association of the Company, Mr. Rohit Chand, a Non-Executive Independent Director retires by rotation and, being eligible, offers himself for re-appointment at the ensuing Annual General Meeting of the Company.

Brief resume of the Director proposed to be re-appointed, qualification, experience and the name of the Companies in which he holds directorship, membership of the board committees, as stipulated in the clause 49 of the listing agreement is provided in the Report on Corporate Governance forming a part of the annual report.

CORPORATE GOVERNANCE

Your Company has complied with all the mandatory provisions of the Clause 49 of the Listing Agreement with the Stock Exchanges. As part of the Company's efforts towards better corporate practice and transparency, a separate report on Corporate Governance compliances is included as a part of Annual Report.

A certificate from the auditors, M/s Udyen Jain & Associates, Chartered Accountants, of the Company regarding compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this Directors' Report.

RECONCILIATION OF SHARE CAPITAL

Your Company voluntarily appointed M/s. Bhuvnesh Bansal & Associates, Practicing Company Secretary, to conduct Share Capital Audit of the Company for the financial year ended March 31, 2011. The Reconciliation of share Capital Audit Report confirms that the Company has complied with all the applicable provisions of the Listing Agreement, the Companies Act, 1956, and the Depositories Act, 1996.

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. The Company endeavors to attract and retain talent. The Company ensures that its operations are adequately staffed. 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.

AUDITORS' REPORT

Observations made by the Auditor 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 under Section 217 (3) of the Companies Act, 1956.

AUDITORS

M/s. Udyen Jain & Associates, Chartered Accountants, who retires on the conclusion of this Annual General Meeting has requested to consider their re-appointment at the ensuing AGM of the Company. A Certificate from the Auditors has been received to the effect that their re-appointment, if made, would be within the prescribed limits under section 224 (1B) of the Companies Act, 1956 and they are not disqualified for such an appointment within the meaning of sub section (3) and (4) of Section 226 of the Companies Act, 1956.

PARTICULARS OF EMPLOYEES

The Company doesn't have any employee drawing remuneration as per monetary ceiling prescribed under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

COMPLIANCE CERTIFICATE

A certificate from the auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this report.

DIRECTOR'S RESPONSIBILITY STATEMENT

In pursuance of Section 217(2AA) of the Companies Act, 1956, the Directors state, as an averment of their responsibility, that:

- (i) The Company has, in the preparation of the annual accounts, followed the applicable accounting standards along with proper explanations relating to material departures, if any;

- (ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs as at March 31, 2011 and of the profit or loss of the Company for the year ended March 31, 2011.
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The Directors have prepared the annual accounts for the financial year ended March 31, 2011 on a going concern basis.

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 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: 27th May, 2011
Place: Mumbai.

ANNEXURE A TO DIRECTORS REPORT

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

a) Conservation of Energy:

Your Company consumes electricity mainly for the operation of its computers. Though the consumption of electricity is negligible as compared to the total turnover of the Company, your company has taken effective steps at every stage to reduce consumption of electricity.

b) Technology Absorption

This is not applicable to your Company as it has not purchased or acquired any Technology for development of software from any outside party.

c) Foreign Exchange Earnings / Outgo

Foreign Exchange Earnings	: Rs. 0.52 Lacs	(previous year – Rs. 1.07 Lacs)
Foreign Exchange Outgo	: Rs. 5.62 Lacs	(previous year – Rs. 11.66 Lacs)

For and on behalf of the Board of Directors

Khandwala Securities Limited

S M Parande

Chairman

Date: 27th May, 2011

Place: Mumbai.

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMY OVERVIEW

After almost two years of end of the great recession, it remains unclear what the financial crisis has done to GDP growth of advanced economies. However, emerging markets continue to show resilient growth. The year 2010-11 has been a year of steady performance for the Indian Economy. The gross domestic product for the financial year 2010-11 is expected to grow by 8.6%, up from 7.2% in the previous year.

This sustained growth performance has attributed India as one of the most promising economies today. A recent report by Citi goes on to name India as a global growth generator in the years to come. The report comments on the sustainability of this high growth performance, stating that India has generations of catch-up growth yet to be witnessed. As per recent World Bank estimates, combined GDP in developing countries will grow by 6.0% and 6.1% in CY11 and CY12 respectively, after a 7.0% rise in CY10. According to the IMF, world GDP (measured at PPP US dollars) amounted to \$73trn in 2010. According to their forecasts, world GDP will more than double to \$180 Tn by 2030, measured in comparable units, i.e. constant 2010 PPP US dollars, and then more than double again to \$378 Tn by 2050. The economic center of gravity has already started shifting eastwards where India & China are expected to be its focal point by 2050.

The announcement of Union Budget 2012 also allayed concerns over a burgeoning fiscal deficit. The policy may not have been the best for the corporate players, but sure took care of issues of common man and paved way towards long term stability.

INDUSTRY OVERVIEW

INDIAN EQUITY MARKET

The Indian capital markets have performed better than most others during this financial year. With recessionary concerns left behind and positive economic data, investors both foreign and domestic joined the Indian growth story.

However, the major negative against the markets this year have been political & corporate governance issues and inflation. The outburst of political and corporate scams only exacerbated the problem. Both in May 2010 and January 2011, indices were pulled down due to these factors. Till March 2011, there had been no conclusive action on 2G and Common Wealth Games scams. Rising crude oil prices, a major component of inflation indices, kept inflation higher and RBI on its toes. However, strong performance from India Inc. and economic data suggesting healthy growth raised investor confidence in November 2010.

The penetration of asset classes like bonds and currencies remains low. However, as Indian investors become more sophisticated, they are bound to start branching out into various asset classes and this will boost the markets.

Also, markets will further develop with greater efficiency

owing to the forward-looking policies of the regulators and the government. The projected growth of the Indian economy with the resultant growth in the capital markets, compels us to identify the enabling factors and to work towards putting them in place, at the earliest.

The Primary Market

India Inc raised Rs 46,627 crore through the public equity offerings in the financial year 2010-11, 3.7% higher than Rs 47,302 crore mopped up in the last fiscal. The public offerings dominated by the state-run firms, which raised Rs 27,537 crore or 56 per cent of the total amount.

The figure for the year could have been higher but due to the continuing volatility in the secondary market and poor post-IPO performance of some companies in the early part of the fiscal, fund-raising plans failed to breach the record level of Rs 52,219 crore raised in 2007-08. Nevertheless, the financial year's figure is the second-highest ever and is almost double of each of the preceding years of 2004-05, 2005-06 and 2006-07.

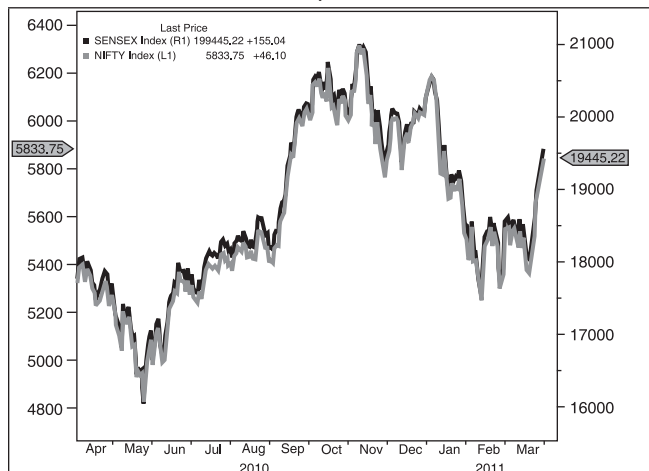
The last time when the PSUs had raised the biggest amount was in the previous year – Rs 30,942 crore. This year they raised Rs 27,537 crore, of which Rs 22,763 crore was through divestments and Rs 9,780 crore through fresh capital. A total of seven PSU companies entered the market in FY11, led by the country's largest-ever initial public offering (IPO) of Coal India at Rs 15,199 crore, which accounted for 33 per cent of the year's mobilization. The other IPOs were from MOIL, SJVN, and Punjab and Sind Bank. The rest three were follow-on public offers – Power Grid, Shipping Corporation and Engineers India.

The Secondary Market

Encouraged by the strong growth performance exhibited by the economy, the equity markets saw a surge by the end of 2H 2010-11. With the debt worries in the Euro zone and slowly recuperating US economy, investors increased their focus towards Indian equities. The investment by foreign institutions for the year was around US\$ 24.47 Bn, maintaining last year's level and even growing. Though the YoY performance may not seem attractive, markets were very volatile and gave huge returns for value-investors. The year started weak with investors getting cautious of political concerns and rising crude oil prices. They rebounded from its trough in May 2010 to an all time high in November 2010. However, they witnessed a downswing again in the new calendar year, initially driven by political concerns and later by inflationary.

The Benchmark BSE SENSEX, which had dipped to 15,960 in May 2010, rebounded to 21108 in November 2010. The index closed at 19445.22 as on March 31 2011; an increase of 9.91% in FY11 and increase of 21.84% its trough. As a result, valuations that are beginning to emerge as a key concern in India, coupled with the ongoing developments in the Euro zone, have the potential to cause a correction.

The key benchmark indices, BSE Sensex and NSE Nifty both ended with approximately 11% growth over the year. Even, the shares of small and mid-cap companies outperformed the key indices during the same period due to expectation of higher returns and revival in investor confidence. FIIs invested more than \$24.47 billion in equities.



During the financial year 2010-11 there was a fall in the aggregate secondary market turnover both on NSE and BSE. The average daily turnover on NSE and BSE decreased by 16% and 30% respectively to Rs 11,623 crore and Rs 3,293 crore.

Over the financial year, Central Government and RBI took some firm decisions to control a stubborn inflation. The government also withdrew certain stimulus measures. RBI started exiting from its accommodative stance beginning April 2010. During this financial year, RBI has increased REPO & reverse REPO rate by 175 bps and 225 bps respectively.

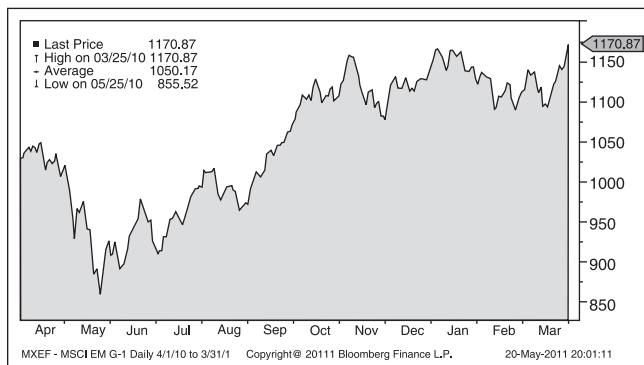
After mid-March 2011, the Indian currency appreciated to trade in the Rs. 44-45 per dollar range. Earlier, it was trading in the range of Rs. 45-46 per dollar range. Reports attribute the appreciation more to the weakening the dollar in the international markets and to the improvement in the capital inflows in to the country. The dollar is said to have depreciated against Euro following signals of rate hikes in the Euro zone. The rupee did depreciate and breached Rs. 47.5 per dollar mark in May, but over the year just showed a gain of mere 0.7%.

EMERGING MARKETS

Emerging-market equity markets attracted more money this year, putting them on course for a record year as Europe's debt worries diverted cash away from developed-market. Although 2010 produced mostly positive returns, a few markets such as Japan and a number of heavily-indebted European markets closed in loss-making territory. In the wake of these conditions, emerging markets proved better investment destinations.

Notwithstanding a period of underperformance during the fourth quarter, the MSCI Emerging Markets Index rose by 11% for the 2010-11, enough earlier in the year to outperform

the MSCI World Index by a wide margin for the year as a whole. The following chart gives a picture of the index over FY 2010-11.



DEBT MARKET:

The corporate debt markets which witnessed a lackluster FY09 following the global credit crisis and liquidity crunch, failed to improve the levels of activity. Primarily, this happened because most corporate houses preferred to follow the equity route for their investment plans. Traditionally, the debt penetration in India has been low compared to the developed countries. In addition, the debt markets in India are by simple, plain vanilla loans. Do not seem to view the debt markets as a credible alternative to equity capital markets, yet. Moreover, the Indian market: is crowded by Government bonds, which find buyers in many Commercial Banks in view of the high reserve requirements; in the country. The corporate debt markets, therefore, continue to be shallow in spite of having great potential.

However, the advent of Interest Rates Futures and the, likely introduction of corporate bonds reputability and credit default swaps coupled with other reforms is expected to turn the debt markets around. This would help in making bonds a cheaper and more efficient alternative for raising resources compared to the traditional commercial loans from banks. We are hopeful that the government and the regulators will bring out the necessary reforms in order to make the debt market a vibrant one.

Performance

Indian fixed income market witnessed subdued activity from the investors' fraternity during the financial year 2010-11. Factors such as high WPI inflation, rising interest rates, extreme tight liquidity in the banking system, high fiscal deficit, government borrowing and spending and geo political issues influenced and resulted in inching up of the yields on debt securities.

Government securities market observed yields hardened over the course of the financial year and the 10 yr benchmark security reached a high of 8.23% before closing the year at 7.98% (vs last year's year end yield of 7.85%).

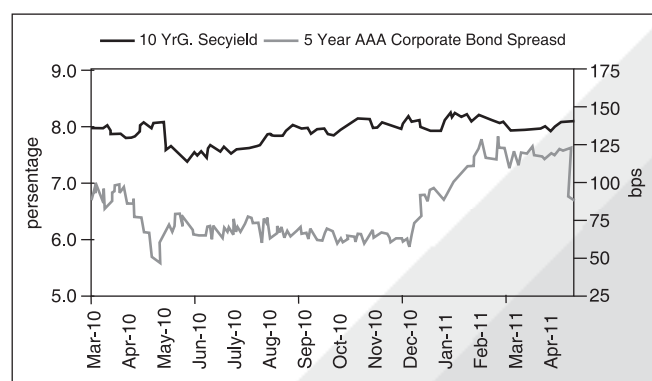
The Reserve bank of India (RBI) increased policy rates – Repo and Reverse Repo rates by 175 and 200 basis points respectively during the FY 2010-11.

The net borrowing for the Government of India announced for financial year was Rs. 3,45,000 crore. The inflation for the year was very high with an average of 9.19%.

Liquidity in the banking system was extremely tight most of the year and banks were borrowing a net average of Rs. 46,106 crore through LAF window from RBI on a daily basis.

Interest rates at short end also inched up to the level of 10 to 11%. Due to the extreme liquidity crunch, banks and corporates mopped up money from secondary market where they issued CDs and CPs with higher interest rates.

Debt Market Performance over FY2011



Outlook

We expect FY2012 to be another volatile year in fixed income markets. There are still good returns to be achieved, but investors should expect softer returns than those experienced in 2009 and 2010.

We believe investment grade corporate bonds offer the best mix of risk and reward for next year and it's likely that we see mid-single digit returns from this asset class. In the government bond market, I expect a small uplift in yields in FY12 as markets move to anticipate higher inflation. However any rise in yields should be relatively contained as growth stays low.

Domestic inflation is expected to remain at elevated levels in the 1HFY12. While base effect for primary (food) articles is positive, that for manufacturing sector, which constitute 64% of the WPI basket, is unfavorable. Recently, commodities have started showing some weakness however, the uncertainty over crude oil prices remain a concern. Further, domestic fuel price hike after the state elections in the coming month seems inevitable. Led by higher than expected inflationary pressures, RBI is likely to maintain a hawkish stance & continue with its rate tightening cycle. We expect additional 50-75bps policy rate hikes in FY12 including the hike in the meeting on 2nd May 2011. We expect liquidity deficit to remain around current levels.

We expect the 10-Year G-Sec benchmark to trade in the range 8.15%-8.35% in the near-term. 10-Year AAA Corporate bond spreads are likely to remain at the current levels of ~100

bps and 1-Year CD rates are expected to ease by ~100 bps. Market will take further cue from Annual Monetary Policy Review scheduled on May 2, 2011.

FII & MF Activity in Equity Markets:

The net FII inflows in the financial year 2010-11 has touched US \$24.47 billion or around Rs 110 lakh crore. During the financial year 2010-11 there was a net outflow of mutual funds which stood at Rs 19,180 crore.

AN OVERVIEW OF KSL:

As a corporate house, the overall operations of Khandwala Securities Limited include Investment Banking, Corporate Advisory Services, Institutional Broking, Private Client Broking and Investment Advisory services.

Financial Highlights:

The salient features of the Company's performance: –

Total Revenues of Rs. 893.76 Lakhs

Net Profit/Loss of Rs. 43.11 Lakhs

Earning Per Share (EPS) of Rs. 0.36

Segment Highlights – FY11 over FY10:

(Rs. In Lacs)

Segment	Revenue Financial Year ended on 31 st March 2011	Revenue Financial Year ended on 31 st March 2010
Brokerage	382.89	487.41
Corporate Advisory Services	151.28	139.44
Income from Capital Market Operations	4.97	60.35
Other	354.62	126.23
Total Income	893.76	813.43

Ratios	2010-11	2009-10
Debt/Equity (Loans/Shareholders Funds)	0.21	0.22
Book Value (Rs.)	25.72	25.35

Empanelment during the Year

Your Company constantly endeavors to increase its market share with large Banks, financial institutions, and insurance companies on a sustained basis in order to increase the depth and width of its market offerings. With continuous effort backed by superior Execution skills and Research support, your Company is able to add significant value to its esteemed clients on a long term basis.

Your Company shall focus more towards high end Research with further enhancement of its team of cutting-edge research specialists during the year and will make higher allocation of funds towards building such talents on a continuous basis, as has been our objective till now.

Broking Business:

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

Income received for brokerage services, had accounted for approximately 42.84% of our total revenues at Rs. 382.89 Lacs for the year ended March 31, 2011.

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

Capital Market Operations:

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 loomberg 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.

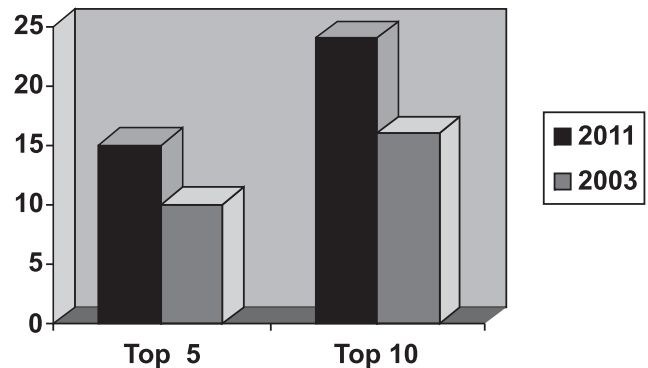
We always believe that in order for market to value and reward its participants, it is important for both the Promoter Groups and the Merchant Bankers to design appropriate and sustainable valuation models such that it remains consistent with the overall corporate performance and at the same point in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

Institutional Equities:

The brokerage industry continues to be highly fragmented in India. The market share of top five brokers on the NSE in cash segment is under 15% in 2010-11 even though it has increased from 10% in the year 2002-03. Similarly the market share of the top 10 brokers on the NSE in cash segment stands at about 24% in 2010-11 up from approximately 16% in 2002-03. These figures indicate a trend of long-term consolidation in a highly fragmented securities brokerage industry.

Top Brokers

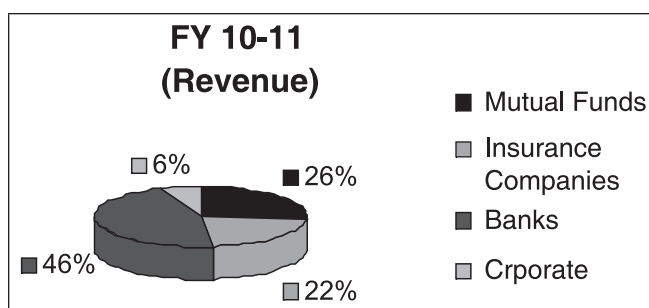


Source: NSE Website

Equity and derivatives brokerage business of the Company contributed 42.84% of the consolidated revenue during this financial year. The Company's revenue of Rs. 893.76 Lacs for the year showed an increase of 9.88% 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 35 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 a decrease of 52.22% during the Fiscal Year 2010-11 over previous financial year 2009-10.

Category	Brokerage Revenue during FY 10-11	Brokerage Revenue during FY 09-10	Brokerage Revenue during FY 08-09
MF	2405185	4948564	3276038
INS	2835556	9015844	10262726
BANKS	4441702	4438647	629893
CORP	459400	2822917	9531776
FII's	0	1000	3977
Total	10141844	21226972	23704410



Private Client Broking:

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 nearly 280 new accounts during the period from 1st April 2010 to 26th May 2011.

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.

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 advise, 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, 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.

Merger and Acquisition Advisory:

Our merger and acquisition team provides clients strategic and financial advice aiding them in achieving their objectives through mergers, acquisitions, takeovers, tender offers,

divestments, spin offs, restructuring, Joint Ventures and strategic alliances and demergers.

Our services encompass strategy formulation, identification of buyer or targets, valuation, negotiation and bidding, capital structuring, transaction structuring and execution.

Private Equity:

The Qualified Institutional Placement (QIP) market was also active during the F.Y 2010-2011 with 41 companies raising approximately Rs. 19,722 crore (\$ 4.3 billion)

Private Equity investments in India are still dominated by funds investing out of their global funds. Given the global risk aversion, the allocations from these funds may slip.

Corporate Advisory Business:

The Corporate advisory business of the Company, includes equity capital markets transaction execution, mergers and acquisitions advisory and capital raising advisory and transaction execution relating to structured finance, real estate and infrastructure. During the period the total Income from advisory services was Rs. 1.51 crores.

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, our alternative research Bloomberg proprietary tools developed in-house, 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 investors 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.

Internal Control System:

As remarked by the auditors in their report, the Company has an internal control system commensurate with its requirements and the size of the business. As a step further, your Company has already taken steps to document its systems and processes. The company has put in place adequate internal control measures in all risk areas. Your Company has initiated a process to upgrade the existing system. The Company is continuously investing in developing one of the best trading front end systems, enabling users to place orders and receive confirmations at lightning speed.

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.

Management Perception

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 Resource represents the company's principal assets 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.

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 clients from where regular business is generated. It is your company's constant endeavor to search for new area of business and clients.

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

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.

Opportunities & Threats:

The retail business in India is expected to grow significantly. India's exceptional growth story and its booming economy have made the Country a favorite destination for foreign institutional investors. It is continuing to attract foreign investments. A sustained fund inflow into the capital markets might improve the market sentiments over the medium term resulting in increased participation by retail investors.

In the very recent past, India has witnessed a silent transformation from a largely perceived unstable country to a very politically stable country. This transformation will not only help a greater foreign participation in Indian business, but will also be the main driver of increased global investment in the country. The disinvestment proposal of the finance ministry shall bear a positive impact on the market and investors sentiments with the launch of some big-ticket initial public offers, or IPOs, which could hit the markets soon.

A significant portion of the Company's income is from stock market related activities, which is intricately related with external factors. Market conditions, in particular the performance of the equity markets, contribute substantially to KSL's growth and will impact on our ability to repeat or improve on the earnings. Even though India has not been as badly affected, in macro-economic terms, as the rest of the world, corporate India too felt the heat of the melt down.

We are hopeful that your Company will be able to tap the opportunities for all our business segments in the growing Indian economy.

Outlook:

In terms of outlook, FY 2011 seem to be a bit overweight in near term due to peaking crude rates, monetary tightening as RBI could again hike policy rates in a bid to control inflation.

However with the Indian Market trading at 14.5-15 times FY12 earnings, we maintain our long term positive view on the market. India being the second fastest economy, foreign investors are likely to be favorably inclined to invest in Indian markets. The growth prospects and the related capital requirements of Indian companies will continue to drive strong growth in the Indian capital markets and the corporate sector, which is the backbone of the capital market, is likely to perform better in FY 2011 as compared to FY 2010.

Sustained improvement in the economy and capital markets augur well for all our key businesses. We are confident of capturing the resulting opportunities through our operating model that is well diversified across capital markets activities having unique strengths in each of our business segments and most importantly, the ability to withstand difficult market cycles. We continue to invest across all our key operations to create opportunities in varied market conditions.

It is our intention to expand our portfolio of services, invest in people, enhance our infrastructure, create greater competence across our businesses and continuously upgrade technology to emerge bigger and stronger every year. Our financial performance, will be influenced to some extent by market conditions which are not very positive at this given point of time, but this in no way has diminished our appetite for progress and expansion. Therefore, it is always our endeavor to deliver operational growth while our financial results may at times vary with market conditions. We believe that given the portfolio of our services and the inherent strengths of our business model we will be relatively less impacted during market downturns, while we expect to do extremely well in favourable market conditions.

Investor Relations:

We consider investor relations to be an important aspect of our business as we believe in building transparent and open relationships with our stakeholders. As a listed company, we are now laying even greater emphasis on our investor relations program to provide our investors and other stakeholders with a complete and accurate picture of the company's past and current performance and the prospects and strategies for the future. In this regard, we have put in place the required infrastructure and personnel to incorporate best-in-class IR practices which promote steady communication with investors and stakeholders so that we are acknowledged as a responsive and transparent organization.

Cautionary Statement:

Statements made in this Management Discussion and Analysis contain certain forward looking statements based on various assumptions on the Company's present and future business strategies and the environment in which it operates. Actual results may differ substantially or materially from those expressed or implied due to risk and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India and abroad, volatility in interest rates and in the securities market, new regulations and Government policies that may impact the businesses as well as the ability to implement.

For and on behalf of the Board of Directors

Khandwala Securities Limited

S M Parande
Chairman

Date: 27th May, 2011
Place: Mumbai.

To,
The Members,
Khandwala Securities Limited
Ground Floor, Vikas Building,
Green Street, Fort,
Mumbai 400 021

Dear Sirs,

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

1. We have reviewed the balance sheet and profit and loss account and all its schedules and notes to accounts, as well as cash flow statements and the Directors Report.
2. These statements do not contain any material untrue statement or omission of fact nor do they contain statements that might be misleading;
3. 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.
4. The Management is responsible for establishing and maintaining internal controls and have evaluated the effectiveness of internal control systems of the Company; deficiencies in the design or operation of internal controls, if any, and what they have done or propose to do to rectify these;
5. The Management have also disclosed to the Auditors as well as the Audit Committee, that there are no instances of significant fraud, that involves management or employees having a significant role in the Company's internal control systems; and
6. The Management has indicated to the Auditors, the Audit Committee and in the notes to accounts, whether or not there were significant changes in internal control and/ or of accounting policies during the year.

For and on behalf of the Board of Directors

Khandwala Securities Limited

S M Parande
Chairman

Date: 27th May, 2011

Place: Mumbai.

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

CORPORATE GOVERNANCE REPORT

Corporate Governance is a synonym for sound management, transparency and disclosure, encompassing good corporate practices, procedures, standards and implicit rules which propel a Company to take sound decisions, thus maximizing long-term shareholders value. Corporate governance has always been an integral part of your Company's philosophy. Corporate Governance is beyond the realm of law. It stems from the managements mindset and cannot be regulated by legislation alone.

The Corporate Governance structure in the Company assigns responsibilities and entrusts authority among different participants in the organization viz. the Board of Directors, the Senior Management, Employees etc. The Company had adopted Corporate Governance and disclosure practices even before these were mandated legislations.

In addition to these, the Company has also adopted the requirements of Corporate Governance under Clause 49 of the Listing Agreements, the disclosure requirements of which are given below:

MANDATORY REQUIREMENTS

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.

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 governed by the Listing Agreement executed with the Stock Exchanges and the provisions of the Articles of Association of the Company. The Board has an optimum combination of executive and non executive Directors and presently comprises of six Directors as on date out of which five are Non-Executive Directors. 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.

The composition of the Board, attendance at Board Meetings held during the year under review, number of Directorships and memberships is given below:

Name of Member	Position
Mr. Shreedhar M Parande	Chairman, Non Executive, Independent Director
Mr. Paresh J. Khandwala	Managing Director and CEO, Promoter Director
Mr. Rohit Chand	Non Executive, Independent Director
Mr. Kalpen Shukla	Non Executive, Independent Director
Mr. Ajay Narasimhan	Non Executive, Non Independent Director
Mr. Brijmohan Rai Bahl*	Non Executive, Independent Director

* Mr. Brijmohan Rai Bahl appointed as an Additional Director on 28th January, 2011

Khandwala Securities Limited is a Company managed by Board and the Board meets at regular intervals to consider accounts, review of operations, formulate corporate policies and set up goals. The Board has constituted following committees viz;

- Audit Committee
- Shareholder / Investor Relations Committee
- Remuneration / Compensation Committee
- Corporate Governance Committee

A The Constitution of Board as on 31st March 2011

Name of the Director	Attendance Particulars		Committee Membership / Chairmanship		No. of Other Directorships / Committee Memberships / Chairmanship		
	No. of Board Meeting	17 th AGM	Committee Memberships	Committee Chairmanships	Other Directorships	Committee Memberships	Committee Chairmanships
Paresh Khandwala	5/5	Yes	2/4	1	1	1	Nil
S. M. Parande	5/5	No	2/4	2	6	Nil	Nil
Rohit Chand	5/5	No	3/4	Nil	7	2	Nil
Kalpen Shukla	5/5	Yes	2/4	1	Nil	Nil	Nil
Ajay Narasimhan	5/5	No	2/4	Nil	1	Nil	Nil
Brijmohan Rai Bahl	1/5	N.A.	Nil	Nil	2	2	2

Note: Directorship in Private Companies not considered.

B. i) Details of Board Meetings held during the year:

Date of Board Meeting	14.05.2010	09.08.2010	29.09.2010	13.11.2010	28.01.2011
Board Strength	5	5	5	5	6
No. of Directors present	5	5	5	5	6

ii) Attendance in the Annual General Meeting:

Date of 17 th Annual General Meeting	24.09.2010
Board Strength	5
No. of Directors present	2

C. Directors seeking re-appointment

Mr. Rohit Chand, Director of the Company seeks reappointment

Educational Qualifications:

B.Tech–1969 Indian Institute of Technology, New Delhi.

MBA–1970 Katz Graduate School of Business,

University of Pittsburgh, USA.

Experience:

Mr. Rohitasava Chand has over thirty-one years of experience in the IT Services Industry. He is qualified B. Tech from IIT Delhi and an MBA from the Katz Graduate School of Business, University of Pittsburgh, USA. He started his career in software development in 1970 in the U.S. and later moved to India to head the information technology division of Computronics India. In 1985, Mr. Rohitasava Chand ventured out on his own and through a series of acquisitions and mergers created I.I.S. Infotech Ltd., one of India’s foremost software companies, of which he was the Executive Chairman. IIS was bought over by the FI Group Plc. (now Xansa Plc.), which is a UK-based multinational and Mr. Chand exited the company. Thereafter, Mr. Chand co-founded Infinity Venture Fund which has a corpus of US\$ 40 million and bought a significant stake in IT&T and contributed to its growth and diversification. Mr. Rohitasava Chand is a recipient of the I.I.T. Delhi Alumni award for outstanding contribution to national development.

He was appointed as Director of Khandwala Securities Limited in the Board Meeting held on 23rd July 2005. He has a total of 20 years of experience in the Capital Market having large investment portfolio within the family. He has acquired expertise in Investment Banking, Fund Raising, Asset Management etc. Mr. Chand is a Director / Member on the Board / Committee stated as below.

Mr. Rohit Chand is a Director / Member on the Board / Committee stated as below.

Other Directorship of Mr. Rohit Chand as on 31st March 2011

Name of the Company	Designation
Axis Cogent Global Ltd.	Chairman
Cyber Media Ltd.	Director
Axis EU Ltd.	Director
British Motor Car Co. Ltd.	Director
Axis – IT & T Ltd.	Director
Data Graphical Ltd.	Director
Saboo Coatings Ltd.	Director

Note: Directorships in Private Companies is not taken

Committee Membership of Mr. Rohit Chand as on 31st March 2011

Name of the Company	Name of Committee & Designation
Khandwala Securities Ltd	Remuneration / Compensation Committee – Member
	Shareholder/Investor Relations Committee – Member
Cyber Media Ltd.	Audit Committee – Member
	Remuneration Committee – Member
Axis – IT & T Ltd	Share Transfer Committee – Member
	Investor Grievance Committee – Member
	Remuneration Committee – Member
	Finance Review Committee – Member

Mr. Rohit Chand holds 1,50,000 10% Cumulative Redeemable Preference Shares of Rs.100/ – each.

3. Audit Committee

The role, terms of reference and the authority and powers of this Committee are in the conformity with the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreements. The essential functions of the Audit Committee include review of systems and procedures, overseeing the functioning of internal audit, the effectiveness of controls and regulatory compliance. It also reviews Company’s financial reporting process, disclosure of financial information, observations of auditors and recommends the appointment and re-appointment of internal as well as statutory auditors, their fees and reviews with management annual financial statements before submission to the Board.

This Committee comprises solely of Independent Directors. Besides having access to all the required information from within the Company, the Committee can obtain external professional advice whenever required. The Committee acts as a link between the Statutory and the Internal Auditors and the Board of Directors of the Company. It is authorized to select and establish accounting policies, review reports of the Statutory and the Internal Auditors and meet with them to discuss their findings, suggestions and other related matters. The terms of reference of the Audit Committee are broadly as under:

- 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.
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- Discussion with external auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

- Reviewing the financial statements and draft audit report, including quarterly / half yearly financial information.
- Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:
 - o any changes in accounting policies and practices;
 - o major accounting entries based on exercise of judgment by management;
 - o qualifications in draft audit report;
 - o significant adjustments arising out of audit;
 - o the going concern assumption;
 - o compliance with accounting standards;
 - o compliance with stock exchange and legal requirements concerning financial statements;
 - o any related party transactions as per Accounting Standard 18.
 - o Reviewing the Company's financial and risk management policies.
 - o Disclosure of contingent liabilities.
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the audit charter, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- Discussion with internal auditors of any significant findings and follow-up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Reviewing compliances as regards to the Company's Whistle Blower Policy.

The Committee is empowered to review the remuneration payable to the Statutory and Internal Auditors and to recommend a change. The Committee has reviewed the annual financial statements particularly with reference to section 217(2AA) of the Companies Act, 1956, quarterly financial statements before submission to the Board for approval, performance of the statutory and internal auditors.

Composition and Attendance

The Audit Committee comprises of Mr. S. M. Parande, Chairman of the Committee Mr. Kalpen Shukla and Mr. Rohit Chand all being Non-Executive and Independent Directors with vast experience and knowledge of corporate affairs and finance.

As and when necessary, senior functionaries are called to the meeting. The Company Secretary acts as the Secretary of the Committee.

During the financial year under review, four meetings of Audit Committee of the Board were held on 14th May 2010, 09th August 2010, 13th November 2010 and 28th January 2011.

Attendance record of the members of the Audit Committee is as under:

Name of the Member Director	No. of Meetings held	No. of Meetings attended
Mr. S. M. Parande	4	4
Mr. Kalpen Shukla	4	4
Mr. Rohit Chand	4	4

4. Remuneration / Compensation Committee

The role of the Remuneration / Compensation 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. During the course of review, the Committee also decides 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. It also reviews from time to time the overall compensation structure and related policies with a view to attract, motivate and retain employees.

Composition and Attendance

The Remuneration / Compensation Committee comprised of Mr. Kalpen Shukla-Chairman, Mr. Rohit Chand, and Mr. Ajay Narasimhan.

During the financial year under review, One (1) meeting of Remuneration Committee of the Board was held on 13th November 2010.

Attendance record of the members of the Remuneration Committee is as under:

Name of the Member Director	No. of Meetings held	No. of Meetings attended
Mr. Kalpen Shukla	1	1
Mr. Rohit Chand	1	1
Mr Ajay Narasimhan	1	1

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 2011 was as follows.

Remuneration to Executive Directors

The tenure of appointment of Mr. Paresh J Khandwala – Managing Director is for the period of five years from 1st January 2010 to 31st December 2014. He was appointed by the Board of Directors at its Meeting held on 14th December 2009 and his remuneration was approved by the Remuneration Committee at its Meeting held on the same day, pursuant to and subject to provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions of the Companies Act, 1956.

The approved payment of remuneration was only for the period of one year i.e. from 1st January 2010 to 31st December 2010. Hence the Board in its meeting held on 13th November 2010 and the Remuneration Committee in its meeting held on the same day approved for the payment of remuneration to him for a period of 3 years starting from 1st January 2011 to 31st December 2013 on the same terms as earlier approved by the shareholders

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.31,05,006/-	NIL	NIL	Rs.31,05,006/- (Thirty One Lacs Five Thousand and Six only)	1 st January 2010 to 31 st December 2014

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

Remuneration to Non-Executive / Independent Directors

Non-Executive / Independent Directors doesn’t 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-Executive Directors vis-à-vis the Company except by way of Fees paid for attending the Board Meeting during 2010-2011.

Name of Director	Sitting Fees
Mr. S. M. Parande	25,000
Mr. Ajay Narasimhan	25,000
Mr. Kalpen Shukla	25,000
Mr. Rohit Chand	25000
Mr. Brijmohan Rai Bahl	-

5. Shareholder / Investor Relations Committee

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.

Composition and Attendance

The Company’s Share Transfer and Shareholder / Investors Grievance Committee functions under the Chairmanship of Mr. S M Parande, Mr. Rohit Chand and Mr. Paresh J. Khandwala. The Company Secretary acted as the compliance officer.

During the financial year under review, two meetings of Shareholder Committee of the Board were held on 29th September 2010 and 13th November 2010.

Attendance record of the members of the Share Transfer and Shareholder / Investors Grievance Committee is as under:

Name of the Member Director	No. of Meetings held	No. of Meetings attended
Mr. S M Parande, Chairman	2	2
Mr. Paresh J. Khandwala	2	2
Mr. Rohit Chand	2	2

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 2011.

6. 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. Ajay Narasimhan.

Attendance record of the members of the Corporate Governance Committee is as under:

Name of the Member Director	No. of Meetings held	No. of Meetings attended
Mr. Paresh J Khandwala, Chairman	1	1
Mr. Ajay Narasimhan	1	1

7. 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
17 th Annual General Meeting	Friday, 24 th September 2010 at 12.30 p.m.	C.K.Naydu Hall, Cricket Club of India (CCI), Brabourne Stadium, Churchgate, Mumbai 400 020
16 th Annual General Meeting	Wednesday, 30 th September 2009 at 12.30 p.m.	Cooch Behar Room, Cricket Club of India (CCI), Brabourne Stadium, Churchgate, Mumbai 400 020
15 th Annual General Meeting	Thursday, 18 th September 2008 at 12.30 p.m.	Green Room, Garware Club House, D-Road, Churchgate, Mumbai 400 020

Pursuant to the provisions of Section 192A of the Companies Act, 1956 there was no matter required to be dealt by the Company in previous year in which required to be passed through postal ballot. There is no Special Resolution proposed to be conducted through postal ballot.

8. 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.

Whistle Blower Policy

The company has established Whistle Blower mechanism for employees to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy. This mechanism provides for adequate safeguards against victimization of employees who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases.

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.

9. 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.

10. General Shareholder information

i. Date and Venue of the Annual General Meeting

The Eighteenth Annual General Meeting of the Company is scheduled to be held at C. K. Naidu Hall, Cricket Club of India (CCI), Brabourne Stadium, Churchgate, Mumbai 400 020 on Monday, 25th July 2011 at 4.00 p.m.

ii. Financial Calendar of the Company

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

1 st Quarter ending 30 th June 2011	-	By 14 th August, 2011
2 nd Quarter & Half year ending 30 th September 2011	-	By 14 th November 2011
3 rd Quarter ending 31 st December 2011	-	By 14 th February 2012
4 th Quarter/Year ending 31 st March 2011	-	within 60 days from 31 st March 2012
Annual General Meeting for the year 2011-2012	-	By end of September 2012

Last quarter results may be declared unaudited or with annual audited results.

iii. Dates of Book Closure

From Tuesday 19th July 2011 to Monday 25th July 2011 (both days inclusive)

iv. The Board of Director do not recommend Equity dividend for the financial year under review to conserve the resources.

v. 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).

vi. Stock Code

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

vii. Listing fees to Stock Exchanges

The Company has paid Listing Fees to all the above stock exchanges for the year 2011-2012 where the shares of the Company are listed.

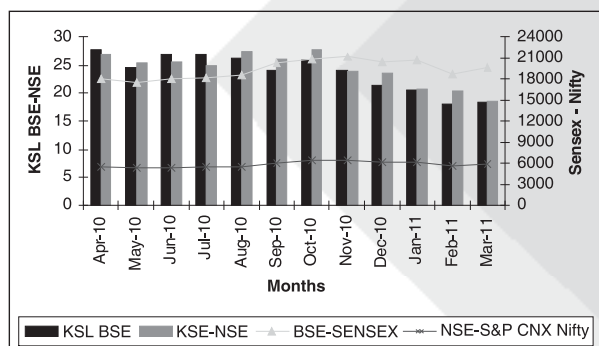
viii. Custodial Fees to Depositories

The Company has paid the custodial fees for the year 2011-12 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 2011.

ix. Stock Performance

The performance of the Company's shares relative to the BSE Sensitive Index and NSE S&P CNX Nifty is given in the Chart below:

Source: NSE and BSE



Month	BSE				NSE			
	High	Low	Close	Volume	High	Low	Close	Volume
Apr-10	27.8	23.1	23.65	203629	27	23	23.65	126734
May-10	24.5	20.6	23.4	62913	25.3	20.55	23.05	91563
Jun-10	26.95	21.75	23.5	86274	25.6	21.65	23.95	100370
Jul-10	27	22.45	22.7	43320	25	22.4	22.95	38404
Aug-10	26.3	21.55	22.4	163092	27.4	21.6	22	118728
Sep-10	23.95	21.55	22.1	116322	25.95	19.5	22.95	92481
Oct-10	25.7	22	22	90902	27.9	22	22.85	64792
Nov-10	23.95	20	20.35	60488	23.9	20	21.35	71957
Dec-10	21.5	17.45	18.2	73257	23.5	16.15	18.45	64673
Jan-11	20.5	15.1	16.2	45237	20.65	15.75	16	75592
Feb-11	18	15	15.55	73841	20.2	14.35	15.9	34206
Mar-11	18.35	14.55	18.35	176354	18.45	14.35	17.5	40562

x. Registered Office

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

xi. Corporate Office

Ground Floor, White House Annexe,
 White House, 91, Walkeshwar Road,
 Walkeshwar, Mumbai 400 006.

xii. Registrar and Transfer Agents

Karvy Computershare Private Limited
 46, Avenue 4, Street No. 1,
 Banjara Hills, Hyderabad – 500 034
 Ph.: +91-40-331 2454, Fax: +91-40-331 1968
 Email address : mailmanager@karvy.com

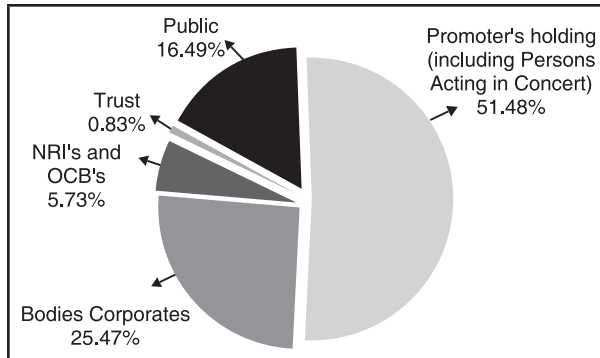
xiii. Categories and Distribution of Shareholding

1. Distribution of Shareholding as on 31st March 2011

KHANDWALA SECURITIES LIMITED						
DISTRIBUTION SCHEDULE AS ON 31 st March 2011						
Sl. No.	Category		Number of Cases	% of Cases	Amount	% of Amount
	From	To				
1	1	5000	2221	79.24	3078660.00	2.58
2	5001	10000	234	8.35	2017410.00	1.69
3	10001	20000	152	5.42	2398450.00	2.01
4	20001	30000	51	1.82	1299750.00	1.09
5	30001	40000	26	0.93	925020.00	0.77
6	40001	50000	19	0.68	894250.00	0.75
7	50001	100000	33	1.18	2494530.00	2.09
8	100001	and Above	67	2.39	106281930.00	89.02
TOTAL			2803	100	119390000	100

2. Distribution of shareholding according to categories of shareholders as on 31st March 2011

Sl. No.	Category	No. of Shares held	% of Issued Share Capital
A.	Promoter's holding (including Persons Acting in Concert)	6146638	51.48
B.	Banks, FI, Insurance Cos. (Central / State Govt. Institutions / Non-Govt. Institutions)	-	-
C.	Mutual Funds	-	-
D.	Bodies Corporates	3040751	25.47
E.	NRI's and OCB's	684442	5.73
F.	Trust	98500	0.83
G.	Clearing Member	123	0.00
H.	Public	1968546	16.49
Total		11939000	100

**xiv. 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.

xv. Dematerialization of Shares

More than 94% 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 2011.

xvi. The Company does not own any Plant at any locations.**xvii. 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

Corporate office:

White House Annexe, White House,
91, Walkeshwar Road, Walkeshwar,
Mumbai 400 006
Telephone no.: +91 22 4200 7300
Fax no.: +91 22 4200 7399
Email : investorgrievances@kslindia.com

For and on behalf of;
Khandwala Securities Limited

Manisha Srivastava
Company Secretary & Compliance Officer

Date: 27th May, 2011
Place: Mumbai

DECLARATION ON COMPLIANCE OF THE COMPANY'S CODE OF CONDUCT

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

The Company has framed a specific Code of conduct for the members of the Board of Directors and the Senior Management Personnel of the Company pursuant to Clause 49 of the Listing Agreement with Stock Exchanges to further strengthen Corporate Governance practice in the Company.

All the members of the Board and Senior Management Personnel of the Company have affirmed due observance of the said Code of Conduct in so far as it is applicable to them and there is no non compliance thereof during the year ended 31st March, 2011.

For and on behalf of Board of Directors
Khandwala Securities Limited

Paresh J Khandwala
Managing Director

Date: 27th May, 2011
Place: Mumbai



Auditor's Certificate on Compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement

**To the Members,
Khandwala Securities Limited.**

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

1. We have reviewed the records concerning the compliance of conditions of Corporate Governance by M/s. Khandwala Securities Limited as stipulated in Clause 49 of the Listing Agreement entered into, by the company, with the Stock Exchanges of India, for the financial year ended 31st March 2011.
2. 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.
3. We have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to us for the review, and the information and explanations given to us by the Company.
4. Based on such a review and to the best of our information and according to the explanations given to us, in our opinion, the company has complied with the conditions of corporate Governance, as stipulated in Clause 49 of the said Listing Agreements.
5. 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

Aniket Kulkarni

Partner

Membership No.: 127246

Place: Mumbai

Date: 27th May, 2011

AUDITORS' REPORT

To the members of
Khandwala Securities Limited

1. We have audited the attached Balance Sheet of Khandwala Securities Limited as at March 31, 2011 and also the Profit and Loss Account and the Cash Flow Statement for the period from April 1, 2010 to March 31, 2011 annexed thereto (all together referred to as 'financial statements'). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
 2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
 3. (i) The Company had advanced application money towards purchase of shares of Rs. 216.69 lacs, which is outstanding for a period more than 108 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. The company has already initiated legal proceeding against the investee for the recovery of the share application money. Please refer note 3 of Schedule Q to the financial statements.
 - (ii) Short-term deposits availed from companies, together with interest accrued thereon-aggregating Rs 197.90 lacs as of the balance sheet date, and are subject to confirmation and consequential adjustments, if any. Please refer note 4 of Schedule Q to the financial statements.
 - (iii) Loans/Deposits placed with companies, aggregating Rs. 530 lacs, and certain interest accrued aggregating Rs. 135.80 lacs as at the balance sheet dated 31st March 2011, are subject to confirmation and consequential adjustments, if any. No provision for interest receivable has been made from the deposits for the year. Please refer note 5 of Schedule Q to the financial statements.
- We are unable to assess the extent to which the amounts indicated in paragraphs (iii) are recoverable and the amount in paragraph (ii) is payable, and accordingly, the effect thereof on the financial statements cannot be ascertained.
4. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
 5. Further to our comments in the Annexure referred to above, we report that:
 - a. Except for the matters stated in paragraph 3 above, we have 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 appears from our examination of those books;
 - c. The balance sheet, profit and loss account and the cash flow statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the balance sheet, profit and loss account and the cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e. On the basis of written representations received by the Company from its directors, we report that as on March 31, 2011 none of the directors is disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f. Except for our comments in paragraph 3 above, in our opinion and to the best of our information and according to the explanations given to us, the financial statements read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 1. In the case of the balance sheet, of the state of affairs of the Company as at March 31, 2011;
 2. In the case of the profit and loss account, of the Loss of the Company for the period ended on that date; and
 3. In the case of the cash flow statement, of the cash flows of the Company for the period ended on that date.

For Udyen Jain & Associates
Chartered Accountants

Aniket Kulkarni
Partner

M.No: - A 127246

Firm Registration No. 116336W

Date: 27th May 2011

Place: Mumbai

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 4 of our report of even date to the members of Khandwala Securities Limited on the financial statements for the period from April 1, 2010 to March 31, 2011)

1. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. Discrepancies have been identified and adjusted/rectified in the records relating to fixed assets.
2. According to the information and explanations given to us and having regard to the size of the Company and the nature of its business, in our opinion the frequency of physical verification of fixed assets is reasonable
3. None of the fixed assets have been revalued during the year.
4. No substantial part of the fixed assets was disposed off during the year.
5. According to the information and explanations given to us, the management has conducted physical verification of inventory held in physical form during the period, as also at the balance sheet date. In respect of inventory held in dematerialized form, the holding as at the balance sheet date has been confirmed by the depositories. In our opinion, having regard to the nature of the inventories, the frequency of physical verification is reasonable.
6. In our opinion, and according to the information and explanations given to us, the procedures for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
7. In our opinion, and according to the information and explanations given to us, the Company has maintained proper records of inventory during the period. Discrepancies, if any noticed on physical verification of inventory as compared to book records maintained were not of a material nature and have been properly dealt with in the books of account.
8. The company has not granted any loans, secured or unsecured during the period.
9. The rate of interest and the other terms and conditions are prima facie not prejudicial to the interest of the company
10. As the company has not taken any loans, secured or unsecured, from companies covered u/s 301 of the Companies Act 1956, during the period, the clause no. 4(iii)(b) and 4(iii)(c) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
11. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
12. To the best of knowledge and belief, and according to the information and explanations given to us, we are of the opinion that transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
13. No transactions have been entered during the period in the register maintained in pursuance of section 301 of the Companies Act, 1956 and based on the audit procedures applied by us and according to the information and explanations given and the representations made to us, we have not come across any transaction that need to be entered into the register maintained in pursuance of section 301 of the Companies Act, 1956. Accordingly, sub-clause (b) is not applicable.
14. In our opinion and according to information and explanations given to us, the Company has not accepted any deposits from the public to which the provisions of Section 58A or Section 58AA of the Companies Act, 1956 apply.
15. According to the information and explanations given to us, the Company has an internal audit system. In our opinion, the internal audit system is adequate with regards to the size of the company and the nature of its business.
16. According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 for any of the activities of the Company.
17. According to the information and explanations given to us, during the period the Company was generally regular in depositing with appropriate authorities, undisputed statutory dues.
18. According to the information and explanations given to us, no personal expenses have been charged to revenue account.
19. As at the balance sheet date, the Company does not have accumulated losses. The Company has incurred cash losses in the current year.
20. According to the information and explanations given to us, the company has not defaulted in the repayment of dues to financial institutions and banks.
21. To the best of our knowledge, and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
22. In our opinion, and according to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore the provisions of paragraph 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

23. In respect of the Company's dealings or trading in shares, securities, debentures and other investments, proper records have been maintained on a timely basis in respect of the transactions and contracts during the period under report. According to the information and explanations given to us, shares and other securities held as investments are in the Company's name, except in cases where the same are in the process of being transferred in its name.
24. According to the information and explanations given to us, the company has not given guarantees for loans taken by others from banks which are prima facie prejudicial to the interest of the company.
25. According to the information and explanations given to us, the Company had applied term loans availed for the purpose for which they were obtained.
26. In our opinion and according to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, prima facie, no funds raised on short-term basis have been applied for long-term investments and vice versa.
27. According to the information and explanations given to us, during the period under report, the Company has not made preferential allotments of equity shares to persons listed in the register maintained under Section 301 of the Companies Act, 1956.
28. As the company did not have any debentures outstanding during the year, the clause no. 4(xix) of Companies (Auditor's Report) Order, 2003 is not applicable to the company.
29. The Company has not made any public issue of shares or debentures during the period; accordingly, the question of disclosure of end use of proceeds of public issues does not arise.
30. The company is not a sick industrial company within the meaning of clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 (1 of 1986).
31. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the period, nor have we been informed of such case by the management.

For Udyen Jain & Associates
Chartered Accountants

Aniket Kulkarni
Partner

M.No: – A 127246

Firm Registration No. 116336W

Date: 27th May, 2011

Place: Mumbai

KHANDWALA SECURITIES LIMITED

BALANCE SHEET AS AT MARCH 31, 2011

	SCHEDULE	As At March 31 2011		As At
		Rs.	Rs.	March 31 2010 Rs.
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital				
	A			
Equity Share Capital		119,390,000		119,390,000
Preference Share Capital		20,000,000		20,000,000
		<u>139,390,000</u>		<u>139,390,000</u>
Reserves and Surplus	B	<u>167,640,186</u>		<u>163,302,946</u>
			307,030,186	<u>302,692,946</u>
Loan Funds				
Secured Loans	C	764,530		15,074,510
Unsecured Loans	D	<u>55,345,265</u>		<u>50,791,155</u>
			56,109,795	<u>65,865,665</u>
Deferred Tax (Net) (Refer Note 8)			567,981	<u>594,639</u>
	TOTAL		<u>363,707,962</u>	<u>369,153,249</u>
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	E	125,623,766		131,678,219
Less : Depreciation		<u>37,050,981</u>		<u>39,196,809</u>
Net Block		<u>88,572,785</u>	88,572,785	<u>92,481,409</u>
Investments	F		35,028,821	<u>37,292,332</u>
Current Assets, Loans and Advances				
Stock-in-Trade	G	2,442,206		4,009,649
Sundry Debtors	H	207,026,097		283,801,244
Cash and Bank Balances	I	78,705,507		77,590,875
Loans and Advances	J	<u>160,969,233</u>		<u>159,035,153</u>
		<u>449,143,043</u>		<u>524,436,921</u>
Less: Current Liabilities and Provisions				
Current Liabilities	K	198,088,616		268,974,948
Provisions	L	<u>10,948,071</u>		<u>16,082,466</u>
		<u>209,036,687</u>		<u>285,057,414</u>
Net Current Assets			240,106,356	<u>239,379,508</u>
	TOTAL		<u>363,707,962</u>	<u>369,153,249</u>
Significant Accounting Policies and Notes to Accounts	Q			

As per our report attached of even date.

For Udyen Jain & Associates
Chartered Accountants

For and on behalf of the Board of Directors

Aniket Kulkarni
Partner
Mem. No: A - 127246
Firm Registration No. 116336W

S.M.Parande
Chairman

Pareesh J. Khandwala
Managing Director

Manisha Srivastava
Company Secretary

Mumbai
Date :- 27th May, 2011

Mumbai
Date :- 27th May, 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

	SCHEDULE	For the year ended March 31 2011		For the year ended March 31 2010
		Rs.	Rs.	Rs.
Income				
Brokerage		38,289,166		48,740,860
Corporate Advisory Services		15,127,897		13,943,880
Income from Capital Market Operations		497,109		6,035,399
Profit on sale of Long-term investments		186,009		2,345,234
		<u>54,100,181</u>		<u>71,065,373</u>
Other Income	M	<u>35,276,225</u>		<u>10,277,280</u>
			89,376,406	81,342,653
Expenditure				
Employees' Remuneration and other benefits	N	34,309,415		36,848,327
Administrative and Other expenses	O	42,118,675		49,134,567
Finance charges	P	3,653,274		6,592,578
Depreciation		4,471,801		4,570,762
Loss on stock valuation		223,556		12,450
Fixed Assets Written Off (Refer Note 7)		181,559		-
Loss from Market Operation		<u>107,544</u>		<u>977,896</u>
			85,065,823	98,136,581
(Loss)/Profit before Tax and prior period items			4,310,582	(16,793,928)
Prior period Expenses/ (Income)			-	724,320
(Loss)/profit before Tax			4,310,582	(17,518,248)
Provision for Tax				
- Current Tax			-	-
- Deferred Tax (Credited)/ Charged (Refer Note 8)			(26,658)	(872)
Net (Loss)/Profit for the period/ year			4,337,240	(17,517,376)
Balance brought forward from previous year			74,861,946	94,719,221
Balance available for Appropriation			79,199,186	77,201,846
Preference Dividend Paid			-	2,000,000
Dividend Distribution Tax Paid			-	339,900
Balance carried forward to Balance Sheet			79,199,186	74,861,946
Earnings Per Share of - Basic (Rs.) - Refer Note No. 10			0.36	(1.66)
- Diluted (Rs.)			0.36	(1.66)
Significant Accounting Policies and Notes to Accounts	Q			

As per our report attached of even date.

For Udyen Jain & Associates
Chartered Accountants

For and on behalf of the Board of Directors

Aniket Kulkarni
Partner
Mem. No: A - 127246
Firm Registration No. 116336W

S.M.Parande
Chairman

Paresh J. Khandwala
Managing Director

Manisha Srivastava
Company Secretary

Mumbai
Date :- 27th May, 2011

Mumbai
Date :- 27th May, 2011

SCHEDULE TO THE BALANCE SHEET

	As At March 31 2011 Rs.	As At March 31 2010 Rs.
SCHEDULE A - SHARE CAPITAL		
Authorised		
14,000,000 (P.Y. 14,000,000) Equity Shares of Rs. 10/- each	140,000,000	140,000,000
500,000 (P.Y. 500,000) Cumulative Redeemable Preference Shares of Rs. 100/- each	50,000,000	50,000,000
400,000 (P.Y. 400,000) Cumulative Convertible Preference Shares of Rs. 100/- each	40,000,000	40,000,000
2,00,000 (P.Y. 2,00,000) Optionally convertible Redeemable Preference Shares of Rs. 100/- each	20,000,000	20,000,000
	250,000,000	250,000,000
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	119,390,000	119,390,000
TOTAL	119,390,000	119,390,000
Preference Share Capital		
50,000 10.00% Cumulative Redeemable Preference shares of Rs. 100/- each fully paid-up.		
	5,000,000	5,000,000
150,000 10.00% Cumulative Redeemable Preference shares of Rs. 100/- each fully paid-up.		
	15,000,000	15,000,000
TOTAL	20,000,000	20,000,000

SCHEDULE TO THE BALANCE SHEET

	As At March 31 2011 Rs.	As At March 31 2010 Rs.
SCHEDULE B - 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	34,000,000	34,000,000
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	74,861,946	94,719,221
Add: Transferred from Profit & Loss Account	4,337,240	(19,857,276)
	<u>79,199,186</u>	<u>74,861,946</u>
TOTAL	<u>167,640,186</u>	<u>163,302,946</u>
SCHEDULE C - SECURED LOANS		
Vehicle Loan (Secured by hypothecation of vehicle)	764,530	1,379,682
Bank Over Draft Account		
Canara Bank A/c 60197 (Secured by Fixed Deposits)	-	13,694,828
TOTAL	<u>764,530</u>	<u>15,074,510</u>
SCHEDULE D - UNSECURED LOANS		
Short Term deposits from Companies	55,345,265	50,791,155
Includes interest accrued and due Rs. 1,03,45,265/- (Previous Year Rs. 1,57,91,155/-)		
TOTAL	<u>55,345,265</u>	<u>50,791,155</u>

SCHEDULE TO THE BALANCE SHEET

SCHEDULE E- FIXED ASSETS

Particulars	Gross Block			Depreciation				Net Block	
	As At 1-Apr-10	Additions during the Year	Deductions during the year	As At 31-Mar-11	As At 1st April 10	For the Year	Acc. Dep on Deln	As At 31st March, 11	As At 31st March, 10
Office Buildings	93,748,694	72,200	-	93,820,894	19,371,721	1,528,781		20,900,502	74,376,973
Computers	7,044,495	517,073	1,313,555	6,248,013	4,346,383	1,099,861	1,313,555	4,132,690	2,698,112
Office Equipments	8,471,931	128,510	509,774	8,090,667	3,257,066	407,125	328,215	3,335,976	5,214,865
Furniture and Fixtures	12,996,472	26,952	864,730	12,158,694	6,714,333	797,350	864,730	6,646,953	6,282,139
Vehicles	8,307,048	-	4,111,129	4,195,919	5,426,625	585,978	4,111,129	1,901,474	2,880,423
Plant & Machinery (Computer)	1,109,579	-	-	1,109,579	80,681	52,705	-	133,386	1,028,898
Total	131,678,219	744,735	6,799,188	125,623,766	39,196,809	4,471,801	6,617,629	37,050,981	92,481,409
Previous Year	127,202,174	4,779,454	303,409	131,678,219	34,929,456	4,570,762	303,409	39,196,809	92,481,409

SCHEDULE FORMING PART OF THE ACCOUNTS

	Face Value	As at Number	March 31 2011 Amount	As at Number	March 31 2010 Amount
SCHEDULE F - INVESTMENTS					
(Long term, non trade, fully paid up)					
i. Quoted					
Equity Shares					
DSQ Software Limited	10	6,400	42,240	6,400	11,915,091
Uflex Limited. (Formally Know as Flex Eng. Ltd)	10	8,100	88,371	8,100	88,371
Spicejet Ltd	10	1,000	13,210	1,000	13,210
DSQ Biotech Limited	2	100,000	380,000	100,000	73,226,354
UTI Gold Exchange Traded Fund	100	-	-	271	263,511
			<u>523,821</u>		<u>85,506,537</u>
ii. Unquoted					
Equity Shares					
Elysium Pharmaceuticals Ltd	10	75,000	750,000	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
Mutual Funds					
LIC MF Top 100 Funds (close ended)	10		-	100,000	1,000,000
UTI infrastructure advantage funds (Close ended)	10		-	100,000	1,000,000
			<u>55,863,200</u>		<u>57,863,200</u>
	(i + ii)		<u>56,387,021</u>		<u>143,369,737</u>
Less : Provision for diminution			<u>21,358,200</u>		<u>106,077,405</u>
	TOTAL		<u><u>35,028,821</u></u>		<u><u>37,292,332</u></u>
Quoted :					
Aggregate Book Value (net of provision)			523,821		787,332
Market Value			804,155		1,302,523
Unquoted :					
Aggregate Book Value (net of provision)			34,505,000		36,505,000
Note:- Last year Figures for investments are not comparable with the current year figures since some of the investments for which provisions was made in previous years. Some being delisted and based on the competent advise it is shown at a reduced level.					
* Shares are in the process of being registered in the name of the Company.					
SCHEDULE G - STOCK-IN-TRADE					
(Valued and certified by the management at lower of cost and market value / break up value)					
Equity Shares / Preference Shares(Refer Appendix G-1)			2,442,206		4,009,649
	TOTAL		<u><u>2,442,206</u></u>		<u><u>4,009,649</u></u>

KHANDWALA SECURITIES LIMITED

SCHEDULE TO THE BALANCE SHEET

Appendix G-1

NAME OF THE SCRIP	As at March 31 2011		As at March 31 2010	
	Number	Rs.	Number	Rs.
Equity/ Preference Shares :				
Anant Raj Industries	200	16,660	-	-
Ansal Properties & Infra	2,500	93,750	-	-
Austin Engineering	1,500	88,018	1,500	88,018
Bank of India	50	23,560	-	-
Boss Profiles Ltd.	50,000	400,000	50,000	400,000
Cantabil Retail India Ltd	200	7,700	-	-
Chandamama India Ltd	75,000	800,000	75,000	800,000
Creative Casting Ltd	5,900	3,894	5,900	3,894
Deccan Granite Ltd	20,300	37,555	20,300	37,555
Dishman Pharmaceuticals & Chemicals Ltd	355	36,725	-	-
DLF Ltd	358	59,894	358	59,894
DSQ Biotech Ltd (Squared Bio)	11,576	44,261	11,576	44,261
HFCL Infotel	50,000	202,000	50,000	376,500
Gujarat Mineral Dev Corp	600	81,420	-	-
IDBI	-	-	1,300	153,892
IDEA Cell	410	20,541	410	20,541
IFCI Ltd	1	19	1	19
Indian Oil Corporation Ltd	10	1,804	10	1,804
Indian Petrochemicals Corporation Ltd	300	75,585	300	75,585
Infrastructure Development Financial Co. Ltd	500	27,050	500	27,050
Inlac Granston Ltd	126,600	1	126,600	1
Kongarar Textiles Ltd.	2,500	1	2,500	1
Krishna Engineering Works Ltd	250	1	250	424
LIC MF Liquid Plus Fund	9,594	95,945	9,141	91,413
National Thermal Power Corporation Ltd	-	-	300	53,955
Natraj Ceramics Ltd	900	1	900	1
Omax Auto Ltd	10	403	-	-
Pertech Computers Ltd	1,000	1	1,000	1

NAME OF THE SCRIP	As at March 31 2011		As at March 31 2010	
	Number	Rs.	Number	Rs.
Pennar Ind. Ltd	125	5,606	52,000	1,372,517
Reliance Communications Ltd	4	431	4	680
Reliance Industries Ltd	3	2,599	38	27,324
Reliance Capital Ltd	-	-	18	6,362
Rushabh Bearings Ltd	5,200	1	5,200	1
Sakuma Export Ltd -Preference Share	-	-	18	958
Suzlon Energy Ltd	44	1,863	44	1,863
SVC Superchem Ltd	2,500	1,725	2,500	1,725
Steel Authority of Inda Ltd	-	-	700	67,515
Sand Plast Ltd.	10,000	0	10,000	0
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	185,684	2,210	185,684
Tata Consultancy Services Ltd	4	1,077	4	1,077
Tata Steels Ltd	130	26,440	130	26,440
Teamasia Semiconductors (I) Ltd	2,350	3,243	2,350	3,243
Tata Communications Ltd (VSNL)	100	23,900	100	28,070
Unitech Ltd	500	20,200	-	-
United Credit Ltd	80	364	80	364
UTI Top 100 Funds	1,000	6,213	1,000	6,213
Vjil Consulting	1,506	19,387	1,500	19,300
Zuari Industries	2	1,180	-	-
		2,442,206		4,009,649

SCHEDULES TO THE BALANCE SHEET

	As At March 31 2011 Rs.	As At March 31 2010 Rs.
SCHEDULE H - SUNDRY DEBTORS		
(Unsecured)		
(Refer Note No 15 of Schedule Q)		
Outstanding for more than six months		
Considered good	139,778,410	191,830,859
Considered doubtful	39,001,584	52,782,855
	<u>178,779,994</u>	<u>244,613,714</u>
Other Debts	67,247,687	91,970,385
	<u>246,027,681</u>	<u>336,584,099</u>
Less : Provision for Doubtful Debts	39,001,584	52,782,855
TOTAL	<u><u>207,026,097</u></u>	<u><u>283,801,244</u></u>
SCHEDULE I - CASH AND BANK BALANCES		
Cash on hand	236,856	1,189,739
Balance with Scheduled Banks:		
In Current Accounts	25,918,651	8,730,767
In Fixed Deposit Accounts *	52,550,000	67,670,370
	<u>78,468,651</u>	<u>76,401,137</u>
TOTAL	<u><u>78,705,507</u></u>	<u><u>77,590,875</u></u>
* Deposit accounts with Bank include Rs. 2,80,50,000/- fixed deposit over which the NSCCL has lien., and Rs. 2,40,00,000/- for Bank Gurantee Margin with Axis Bank & Rs. 5,00,000/- ILFS for currency Derevative Segments (Previous year Rs. 4,20,50,000/- & Rs. 1,00,00,000/- respectively)		
SCHEDULE J - LOANS AND ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or kind or for value to be received *	47,630,501	44,147,182
Deposits with exchange & other	35,151,739	35,153,239
Trade Deposit with Companies	53,000,000	53,000,000
Advance Payment of Income Tax	25,186,993	26,734,732
TOTAL	<u><u>160,969,233</u></u>	<u><u>159,035,153</u></u>
SCHEDULE K - CURRENT LIABILITIES		
Sundry Creditors (Refer Note No 15 of Schedule Q)	158,374,412	215,430,372
Security Deposits	20,046,060	20,046,060
Credit Balance in Current Accounts (Book overdraft)	7,420,478	17,811,783
Other Liabilities	12,247,666	15,686,733
TOTAL	<u><u>198,088,616</u></u>	<u><u>268,974,948</u></u>
SCHEDULE L - PROVISIONS		
Provision for Taxation	9,129,501	12,265,501
Provision for Leave Encashment & Gratuity	1,818,570	3,816,965
TOTAL	<u><u>10,948,071</u></u>	<u><u>16,082,466</u></u>

* Includes Share Application Money Rs. 2,16,68,641/- (Previous year Rs. 2,16,68,641/-) and interest accrued on deposits Rs.1,35,80,433/- (Previous year Rs. 1,35,80,433)

SCHEDULES TO THE PROFIT AND LOSS ACCOUNT

	For the year ended March 31 2011 Rs.	For the year ended March 31 2010 Rs.
SCHEDULE M - OTHER INCOME		
Interest on Fixed deposits with Banks [Tax deducted at source Rs. 3,50,677/-] (Previous year Rs.6,27,478/-)	3,543,221	5,509,953
Dividend ' - On stock in trade	97,390	259,285
Income Tax Refund	14,989,363	3,075,651
Interest on Income Tax Refund	615,980	-
Lease Rentals	1,260,000	1,260,000
Miscellaneous Income	14,770,271	172,391
TOTAL	<u>35,276,225</u>	<u>10,277,280</u>
SCHEDULE N - EMPLOYEES' REMUNERATION AND OTHER BENEFITS		
Salaries and Bonus	27,943,669	29,123,296
Managing Director's Remuneration	3,003,147	3,105,006
Contribution to Provident and other Funds	1,679,245	1,638,994
Staff Welfare Expenses	451,350	686,536
Gratuity - (Refer Note No. 19)	1,223,431	674,404
Staff Leave Encashment	8,573	1,620,092
TOTAL	<u>34,309,415</u>	<u>36,848,327</u>
SCHEDULE O - ADMINISTRATIVE AND OTHER EXPENSES		
Financial Advisory charges	792,147	1,765,376
Computer Expenses	1,390,342	2,284,385
Demat charges	788,360	990,695
Rates and Taxes	5,166,101	4,807,020
Insurance	366,896	644,815
Internet Expenses	260,222	321,507
Advertisement Expenses	78,581	201,172
Business Promotion Expenses	752,515	1,035,343
Legal & Professional Fees	4,109,234	5,101,520
Consultancy Charges	1,901,351	579,955
Telephone/Postage and Courier Charges	1,085,137	1,233,276
Electricity Charges	1,692,211	1,531,916
Registration Fees	448,979	625,023
Repairs and Maintenance	2,444,220	1,893,055
Printing and Stationery	1,015,770	1,391,404
Subscription Expenses	1,939,540	2,133,551
Travelling and Conveyance	2,690,528	2,576,677
Auditor's Remuneration		
For Audit	460,234	584,715
For Tax Audit	204,466	204,466
Directors sitting fees	100,000	90,000
Donation	1,002	115,100
Office Rent	9,977,602	9,997,959
Commission Paid	3,367,772	4,638,426
Miscellaneous Expenses	1,085,465	4,387,212
TOTAL	<u>42,118,675</u>	<u>49,134,567</u>
SCHEDULE P - FINANCE CHARGES		
On Other Loans	3,251,999	5,910,864
Other Financial Charges	401,275	681,714
TOTAL	<u>3,653,274</u>	<u>6,592,578</u>

Schedule Q:**Notes to financial statements****1. Significant Accounting Policies****Basis of Accounting**

The Company follows the accrual basis accounting.

Accounting Convention

The financial statements are prepared under historical cost convention.

Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation.

Depreciation

Assets are depreciated on the Straight Line Method at the rates and in the manner prescribed under Schedule XIV to the Companies Act, 1956.

Investments

Long-term investments are carried at cost. However, when there is a decline, other than temporary, in the value of long-term investments, the carrying amount is reduced to recognize the decline. In case of diminution in the value of investment recorded in earlier years is no longer necessary it is reversed and credited to Profit & Loss accounts.

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.

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.

Retirement benefits

Liability in respect of employees' gratuity is calculated on the basis of Revised AS-15 on Accounting for Retirement Benefits in the Financial Statements of Employers

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.

Foreign Currency Transactions

Foreign currency transactions are recorded at the rates prevailing on the date of such transactions. Current assets and current liabilities in foreign currency at the year-end are translated at the rates prevailing on that date. Differences arising on settlement of such transactions/year end restatements are charged to the Profit and Loss Account.

Taxes on Income

Tax expense comprises both current and deferred taxes. Provision for current tax has been provided after taking into the account depreciation as per Income Tax Act, 1961. Deferred tax on timing differences between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantially enacted as on the balance sheet date. Deferred tax assets are recognised only to the extent that there is a reasonable certainty of realisation.

2. 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.
3. Share Application Money of Rs. 216.69 Lacs (Previous year Rs. 216.69 Lacs) is outstanding for a period of 108 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.
4. Short-term deposits from companies of Rs. 100.00 Lacs together with interest accrued thereon Rs. 97.90 Lacs (included in unsecured loans) are subject to confirmation and subsequent adjustments, if any.
5. Short-term deposits to companies of Rs. 530.00 lacs together with interest accrued thereon Rs. 135.80 lacs (included in loans and advances) are subject to confirmation and subsequent adjustments, if any.
6. Company has made provision of Rs. 390.02 Lacs (P. Y. Rs. 527.82 Lacs) towards bad and doubtful debt which is the opinion of management is adequate to cover the loss, if any, which may arise on realisation.

7. Fixed Assets of the value Rs. 1,81,559/- have been written off in the books, since the assets which represent the value written off in the looks do not exist physically with the company.
8. The net deferred tax assets is calculated as follows: (Rs. In Lacs)

Particulars	Accumulated As at 31 st March 2010	Charge/ Credit during the year	As at 31 st March 2011
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	(420.67)	0.27	(420.40)
Expenses carried forward as per books but claimed for tax purposes as incurred	(1.22)	-	(1.22)
Net Deferred tax Assets/ (Liability)	(5.94)	0.27	(5.67)

9. Segment Information

For management purposes, the Company is organized into two segments - Fee based and Investment/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.

KHANDWALA SECURITIES LIMITED

Information about Primary Business Segments

(Amount in Rs. Lacs)

Sr. No.	Particulars	Year Ended 31 st March 2011	Year Ended 31 st March 2010
1	Segment Revenue-external		
	a) Investment / Stock Operations	6.83	83.81
	b) Feebased Operations	534.17	626.84
	Total revenue	541.00	710.65
2	Segment Result		
	a) Investment / Stock Operations	(22.45)	34.69
	b) Feebased Operations	14.19	179.02
	Total	(8.26)	213.71
	Less: Interest	36.53	65.93
	Unallocated Expenses less unallocated income	87.90	(322.97)
	Net (Loss) / Profit before Tax & prior Period Items	43.11	(175.18)
	Provision for tax (including deferred tax)	(0.27)	(0.01)
	Net (Loss)/Profit after tax for the year	43.37	(175.17)
	Other Items		
3	Segment Assets		
	a) Investment / Stock Operations	591.44	413.02
	b) Feebased Operations	2951.34	3655.48
	c) Unallocated Corporate Assets	1956.65	2200.25
		5499.42	6268.75
4	Segment Liabilities		
	a) Investment / Stock Operations	0.08	0.05
	b) Feebased Operations	1519.24	2175.97
	c) Unallocated Corporate Liabilities	343.03	401.20
		1862.34	2577.22
5	Depreciation	44.72	45.71
6	Non cash items other than depreciation		
	a) Investment / Stock operations	2.24	0.12
	c) Fee based operations	-	-

10. Earnings per share:

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Basic		
Numerator used for calculating basic earnings per share – Profit after taxation (Rs. lacs)	43.37	(175.17)
Less: Dividend on Cumulative Preference share dividend (including dividend tax thereon)	-	23.40
Profit / (Loss) attributable to equity shareholders (Rs. lacs)	43.37	(198.57)
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.)	0.36	(1.66)
Diluted		
Numerator used for calculating Diluted earning per Share-Profit /(Loss) after taxation (Rs. In Lacs)	43.37	(198.57)
Weighted Average Number of Shares (In Lacs) used as Denomintor for calculating Diluted Earning per Share	119.39	119.39
Diluted earning per Share- (Rs.)	0.36	(1.66)

11. Related Party Disclosures

Names of Related Parties:

- A) Enterprises where control exists
Associate Companies:
1. Trumonee Financial Ltd.
- B) Enterprises in which key Managerial personnel exercise significant influence:
1. Jayantilal Khandwala & Sons
2. STP Domain Technologies Pvt. Ltd.
- C) 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.
- D) Key Management Personnel:
1. Mr. Paresh J. Khandwala - Managing Director
2. Mr. P. J. Khandwala – HUF
- E) Relatives of Key Management Personnel:
1. Mrs. Daxa P. Khandwala
2. Mr. Pratik P. Khandwala
3. Mr. Pranav P. Khandwala
4. Ms. Tulsi P. Khandwala
5. Mrs. Bhagyashree P. Khandwala
6. Mrs. Brinda P. Khandwala

14. Debtors include:

- (i) Due from a firm in which a director is interested as partner - Rs.143.19 lacs (Previous year Rs.143.19 lacs)
(ii) The above dues have arisen in the normal course of business.

15. 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.

16. Managerial Remuneration:

- (i) Remuneration to Managing Director Salary and Other Allowances : Rs. 31.05 Lacs (P.Y. Rs. 31.05 lacs)
(ii) Sitting fees to other directors : Rs. 1.00 lacs (P.Y. Rs. 0.90 lacs)

17. Other Income also includes Provisions amounting to Rs. 45.49 Lacs which is not payable by the company and hence offered for tax.

18. Hithertofor company has adopted the policy of not allowing carried forward of unavailed leave by employees and the same lapses if not unlisted during the year. As the company does not allow encashment of leave no provision there of has been made during the year.

19. 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.

Transactions with related parties for the year ended 31st March 2011

[Rs. in lacs]

Transaction	2010-11	2009-10
Brokerage received	3.46	5.34
Remuneration Paid	42.85	53.28
Amount recovered	-	-
Advisory fees paid	8.74	19.02
Consultancy charges paid	0.96	6.35
Lease rent received	(0.60)	(0.60)
Investment in Associate Company	337.50	337.50
Outstanding Balance		
Sundry Debtors	280.05	284.50
Sundry Creditors	17.31	34.32

12. As per information and explanation received there are no dues payable to Small Scale Industrial Undertakings as at March 31, 2011.

13. Transaction in foreign currency: (In lacs)
Foreign travel expenses – Rs. 5.62, Previous year Rs. 11.66
Foreign Currency Income – Rs. 0.52, Previous year Rs. 1.07

I. Change in Benefit Obligation:	F.Y. 10 -11
Liability at the beginning of the year	20,07,633
Interest Cost	1,78,641
Current Service Cost	3,83,767
Past Service Cost (Non Vested Benefit)	-
Past Service Cost (Vested Benefit)	6,49,404
Settlement	-
Liability Transfer in	-
Liability Transfer out	-
(Benefit Paid)	(3,16,763)
Actuarial (Gain) / Loss on Obligations	1,51,202
Liability at the end of the year	30,53,884

II. Fair value of Plan Assets:	F.Y. 10 -11
Fair Value of Plan Assets at the Beginning of the year	17,59,574
Expected Return on Plan Assets	2,16,432
Contributions	11,04,206
Transfer from other company	-
(Transfer to other company)	-
(Benefit Paid)	(3,16,763)
Actuarial gain / (Loss) on Plan Assets	(40,523)
Fair Value of Plan Assets at the end of the year	27,22,926

KHANDWALA SECURITIES LIMITED

III. Actual Return on Plan Assets:	F.Y. 10 -11
Expected Return on Assets	2,16,432
Actuarial gain/ (Loss) on Plan Assets	(40,523)
Actual Return on Plan Assets	1,75,909

IV. Amount Recognised in the Balance Sheet:	F.Y. 10 -11
Fair Value of Plan Assets at the end of the year	27,22,926
Liability at the end of the year	30,53,884
Difference	(3,30,958)
Unrecognised Past Service Cost	-
Unrecognised Transition Liability	-
Amount Recognised in the Balance Sheet	(3,30,958)

V. Expenses Recognised in the Income Statement:	F.Y. 10 -11
Current Service Cost	3,83,767
Interest Cost	1,78,641
Expected Return on Plan Assets	(2,16,432)
Actuarial (Gain) or Loss	1,91,725
Past Service Cost (Non Vested Benefit) Recognised	-
Past Service Cost (Vested Benefit) Recognised	6,49,404
Transition Liability during the period	-
Expense Recognised in P&L	11,87,105

VI. Balance Sheet Reconciliation	F.Y. 10 -11
Opening Net Liability	2,48,059
Expense as above	11,87,105
Transfer from other company Net	-
Transfer to other company Net	-
Employer's Contribution	(11,04,206)
Amount Recognised in Balance Sheet	3,30,958

VII. Assumptions	F.Y. 10 -11
Discount Rate Previous	8.00%
Rate of Return on Plan Assets Previous	8.00%
Salary Escalation Previous	5.00%
Attrition Rate Previous Year	2.00%
Discount Rate Current	8.25%
Rate of Return on Plan Assets Current	8.00%
Salary Escalation Current	5.00%
Attrition Rate Current Year	2.00%

VIII. Other Details	F.Y. 10 -11
No. Of Members	77
Salary PM	10,95,148
Prescribed Contribution for next year (12 Months)	4,15,171
Note:-	
Gratuity is payable as per company's scheme as detailed in the report.	
Actuarial gain/ loss is accounted for in the period of occurrence.	
As the investment is with the insurance company, list of investments is not available; so expected return is assumed to be available on risk free investments like PPF.	
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 and supply of employees.	

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

As per our report attached of even date.
For Udyen Jain & Associates
Chartered Accountants

Aniket Kulkarni
Partner

Mem. No: A – 127246
Firm Registration No. 116336W

Mumbai
Date : - 27th May, 2011

For and on behalf of the Board of Directors

S.M.Parande
Chairman

Paresh J. Khandwala
Managing Director

Manisha Srivastava
Company Secretary

Mumbai
Date : - 27th May, 2011

**INFORMATION PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

I. Registration details

Registration No.	70709	State Code	11
Balance Sheet date	March 31st, 2011		

II. Capital raised during the year (Amount in Thousands of Rupees).

Equity Share	NIL	Rights' Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III. Position of Mobilisation and Development of Funds (Amount in Thousand of Rupees)

	Total Liabilities		Total Assets
Source of Funds	363708		363708
	Paid Up Capital		Reserve & Surplus
	139390		167640
	Secured Loans		Unsecured Loans
	765		55345
Application of Funds			
	Net Fixed Assets		Investments
	88573		35029
	Net Current Assets		Misc. Expenditure
	240106		-
	Accumulated Losses		
	-		

IV. Performance of Company (Amount in Thousand of Rupees)

	Turnover		Total Expenditure
	89376		85066
	Profit/(Loss) before tax		Profit/(Loss) after tax
	4311		4337
	Earning Per Share (Rs.)		Dividend Rate (%)
	0.36		-
	(Face Value of Share Rs.10)		

V. Generic names of Three Principal Products / Services of Company (as per monetary terms)

Production Description	Item Code No.
Corporate Advisory Services, Investment in Securities and Underwriting/Broking	N.A.

As per our report attached of even date.

For Udyen Jain & Associates
Chartered Accountants

For and on behalf of the Board of Directors

Aniket Kulkarni
Partner
Mem. No: A - 127246
Firm Registration No. 116336W

S.M.Parande
Chairman

Paresh J. Khandwala
Managing Director

Manisha Srivastava
Company Secretary

Mumbai
Date :- 27th May, 2011

Mumbai
Date :- 27th May, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2011

	For the Year ended March 31, 2011	For the Year ended March 31, 2010
A. Cash flow from operational activities		
Net (Loss)/Profit before tax adjusted for prior period items and excess provisions for tax written back	4,310,582	(17,518,248)
Adjustments for:		
Depreciation	4,471,801	4,570,762
Loss on sale of fixed assets	181,559	-
(Profit) on sale of Investments	(186,009)	(2,345,234)
Interest Income	(3,543,221)	(5,509,953)
Finance Expenses	3,653,274	6,592,578
Lease Rental	(1,260,000)	(1,260,000)
Provision for Diminution in investments/ Stock	223,556	12,450
Sundry balance written back /written off	715,094	6,598
Dividend Income	(97,390)	(259,285)
Refund of Tax	(9,716,040)	-
Extra ordinary item which credited in profit & loss a/c	(14,473,621)	(20,030,998)
Operating profit before working capital changes	(15,720,416)	(15,710,331)
Adjustments for:		
Inventories	1,343,887	2,715,443
Trade Receivables & Other Receivables	70,819,783	54,441,379
Current Liabilities & Provision	(61,547,106)	10,616,564
Cash generated from operations	(5,103,852)	(12,561,263)
Direct taxes Refunded / (paid)	9,716,040	(1,092,047)
Net cash (used in) / generated from operating activities	4,612,188	(13,653,310)
B. Cash flow from investing activities		
Purchase of fixed assets	(744,735)	(5,031,277)
Sale/ (Purchase) of Investments (net of purchase)	2,449,520	7,226,151
Investment in Shares of Associate Company	-	(13,750,000)
Interest received	3,649,238	5,629,591
Dividend received	92,858	208,388
Net cash (used in) / generated from investing activities	5,446,881	(5,717,147)

	For the Year ended March 31, 2011	For the Year ended March 31, 2010
C. Cash flow from financing activities		
(Repayment)/Proceeds from long term borrowings(net)	(13,609,296)	(77,688)
Interest and other Finance charges	4,664,859	(3,852,186)
Payment of preference dividend and tax thereon	-	(2,339,900)
Net cash (used in) / generated from financing activities	(8,944,437)	(6,269,775)
Net increase/(decrease) in cash and cash equivalents	1,114,632	(25,640,232)
Cash and Cash equivalents (opening balance)	77,590,875	103,231,107
Cash and Cash equivalents (closing balance)	78,705,507	77,590,875
	1,114,632	(25,640,232)

As per our report attached of even date.

For Udyen Jain & Associates
Chartered Accountants

Aniket Kulkarni
Partner
Mem. No: A - 127246
Firm Registration No. 116336W

Mumbai
Date :- 27th May, 2011

For and on behalf of the Board of Directors

S.M.Parande
Chairman

Paresh J. Khandwala
Managing Director

Manisha Srivastava
Company Secretary

Mumbai
Date :- 27th May, 2011

AUDITOR'S CERTIFICATE

We have verified the attached cash flow statement of Khandwala Securities Limited for the year ended March 31, 2011 prepared by company and certify that statement has been derived from and based on the financial statement of the company audited by us and has been prepared in accordance with Clause 32 of the Listing agreement with Stock Exchanges requirements.

For Udyen Jain & Associates
Chartered Accountants

Aniket Kulkarni
Partner
M.No:- A 127246
Firm Registration No. 116336W

Date: 27th May 2011
Place: Mumbai

KHANDWALA SECURITIES LIMITED

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

CONSENT FOR RECEIVING DOCUMENTS IN ELECTRONIC MODE

- (1) Name(s) of Shareholder(s)
(including joint holders, if any) :
- (2) Registered address of the sole /
First named shareholders :
- (3) Registered folio No. / DP ID No. /
Client ID No.* :
(* Applicable to investors holding
shares in dematerialised form)
- (4) No. of shares held :
- (5) I/We hereby exercise my/our option to receive the documents such as Notice of Annual General Meeting, Audited Financial Statements, Directors Report, Auditors Report, Explanatory Statement etc., in the electronic mode pursuant to the 'Green Initiative' by the Ministry of Corporate Affairs vide its circular nos. 17/2011 and 18/2011 dated, April 21, 2011 and April 29, 2011 respectively.
- (6) My e-mail id for the above purpose is :

Place:

Date:

(Signature of the Shareholder)

Note: Please read carefully the instructions stated below:

INSTRUCTIONS:

Ministry of Corporate Affairs ("MCA"), vide its circular nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively allowed the service of notice / documents by a company to its Members to be made through electronic mode, after giving an advance opportunity to the Member to register his e-mail address and changes therein from time to time with the Company or with the concerned depository. Keeping this in view, your Company proposes to send documents such as the Notice of the Annual General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report, Explanatory Statement etc., henceforth to such Members in electronic mode, who opt for the same. This Form is for you to exercise your option by submitting the same to us either by e-mail at regcomm@kslindia.com and / or investorgrivances@kslindia.com and / or by sending registered post at the Registered Office of the Company addressed to the Company Secretary after your signature. We solicit your co-operation in helping the Company to implement the e-governance initiatives of the Government.

However, as a member of the Company, you will be entitled to be furnished, free of cost, a printed copy of the Annual Report of the Company, upon receipt of a requisition from you, at any time.

KHANDWALA SECURITIES LIMITED

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

ATTENDANCE SLIP

(Shareholders attending the Meeting in person or by Proxy are requested to complete the attendance slip and handover the same at the entrance of the meeting hall).

I CERTIFY THAT I AM A REGISTERED SHAREHOLDER / PROXY FOR THE REGISTERED SHAREHOLDER OF THE COMPANY.

I hereby record my presence at the Eighteenth ANNUAL GENERAL MEETING of the Company at C.K. Naidu Hall, Cricket Club of India (CCI), Brabourne Stadium, Churchgate, Mumbai 400 020 on Monday, 25th July 2011 at 4:00 p.m.

Folio No./ Client ID / DPID _____ No. of Shares held: _____

Signature

Full Name of the Shareholder/
Proxy (in BLOCK letters) _____

(i) Member : _____

(ii) Proxy : _____

PLEASE BRING THIS ATTENDANCE SLIP TO THE MEETING

KHANDWALA SECURITIES LIMITED

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

PROXY FORM

Folio No./ Client ID / DPID _____ No. of Shares held: _____

I/We _____

of _____

being member/members of the KHANDWALA SECURITIES LIMITED, hereby appoint _____

_____ or failing him. _____

_____ of _____

AS MY/OUR PROXY TO VOTE FOR ME/US AND ON MY/OUR BEHALF AT THE EIGHTEENTH ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD ON C.K. NAIDU HALL, CRICKET CLUB OF INDIA (CCI), BRABOURNE STADIUM, CHURCHGATE, MUMBAI 400 020 ON MONDAY, 25TH JULY 2011 AT 4:00 P.M. AND AT ANY ADJOURNMENT THEREOF

Signed this _____ day of _____ 2011.

AFFIX RE.
1/- REVENUE
STAMP

(Signature of the Shareholder)

Note : This Proxy form duly completed should be deposited at the Registered Office of the Company before not less than 48 hours of the meeting. A Proxy need not be a Member.

Book - Post

If undelivered, please return to :

KHANDWALA SECURITIES LIMITED

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