

21ST ANNUAL REPORT

2013-14



Wealth Visionaries

OUR MANTRA

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TIME AND RESOURCE PARAMETERS

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Service Differentiators:

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

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KHANDWALA SECURITIES LIMITED

BOARD OF DIRECTORS

Shreedhar Parande (Chairman)
Paresh J. Khandwala (Managing Director)
Pranav Khandwala
Brijmohan Rai Bahl
Kalpen Shukla
Rohit Chand
Homiar Vakil
Bhagyashree Khandwala (w.e.f May 30, 2014)

REGISTERED OFFICE

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

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 – 400001

HDFC Bank Limited

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

Canara Bank

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

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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Dear Shareholders,

I would like to extend a warm welcome to all of you at the Twenty First Annual General Meeting of your Company. It will always be our pleasure to meet you and share this day with you.

These are extraordinary times. We are seeing unprecedented geopolitical conflict in some parts of the world and also turnaround in economic opportunities elsewhere. Some of the major economies are slowing down and some others are gaining momentum.

Fortunately, the mood in India is quite upbeat. We welcome the new Govt and its focus on reviving growth momentum, and ushering in a prudent policy regime that may lead to higher GDP, lower inflation, and sustained level of external sector balance.

The half decade gone past has created definite uneasiness and feeling of despondency.

Starting 2008 until end FY 2014 has been a very tough period for the broking fraternity. The precipitation of problems arose from many fronts. The primary glitches were in the form of:

1. Dwindling cash volumes as the trader lucrative F&O segment took over centre stage. As a reflection of this paradigm shift, the cash volumes in the trades sank incredibly from 28% in FY 2008 to a mere 7% in FY 2014.
2. Every formation of a top in the market saw the retail traders losing money. October 2008 was apocalyptic for the retail segment and it never really got going after that until recently. To substantiate this, the statistic reads as this - retail volumes as a proportion of total cash volumes declined from 55% in FY 2008 to 47% in FY 2014.
3. The secondary business of PIPE, PP and Investment Banking also suffered due to slowdown in the economy and apparent lack of governance. A large number of scams (2G, Commonwealth Games, and Coalgate just to mention a few) saw the markets hitting intermediate lows. High Inflation, unbridled FY deficit and CAD only added to the worries. The economy remained in a state of suspended flux.
4. The fixed operating costs eroded the bottom-line of all companies in the broking fraternity. The revenues couldn't match up with the costs and that called for imminent consolidation and revamp.

KSL despite its strong bearings, suffered from the adverse economic conditions and market realities. The small and the mighty, all were equally humbled during this phase.

However, the current FY provides hope in the form of rejuvenated economic wave. The ripples were seen from January 2014 onwards and the retail segment participation is eventually looking up. KSL's retail broking arm also has witnessed significant turnaround since January 2014 which saw the corresponding broking revenue growing well. While large broking houses chose to exit the retail segment, this move also paved the way for mid-sized broking houses to operate in this space and carve out a strong niche.

KSL ventured into hitherto less explored segment after taking care of possible vulnerabilities. A major initiative is "research advisory for retail and institutions". I am happy to inform you that KSL has a full-fledged research desk which enables us to issue cutting edge reports and advisory to the delight and benefit of our clients. With a strong RMS, Back office, Online trading platform and accurate research advisory time to time, it will allow KSL to take advantage of the cyclical recovery and structural potential of the sector. The die has been cast. The plan is in place and the execution underway.

KSL has rationalised the operating costs (including reducing the wage burden) to ensure that it is a lean corporate rendering more revenue per head and making it more employee oriented.

You will be glad to know that KSL issued 21 technical reports and 7 fundamental reports in 2014, White labelled "Twenty Picks" for an Institutional client, Pre-Budget and Post Budget Reports and an exclusive "Pre Budget Twenty Picks" Report on different frontline scrips have received much applause for highly accurate projections.

KSL started issuing daily trade signals delivered through SMS and Yahoo Messengers to their retail client's clients. The response has been extremely encouraging and bears testimony to the focused efforts. The retail broking revenue stands at INR 26.58 million for the 1st half of calendar year 2014.

KSL has appointed 11 APs/IFAs in the current calendar year who span from Mumbai, Thane, Nagpur, Ahmednagar to Chandrapur.

Your Company's Future Services to clients are to include:

1. Services that clients cannot access owing to financial and knowledge availability limitations. The appropriate services would include giving clients access to credible experts across domains (Political, Telecom, Oil & Gas, Pharma, FMCG, Realty etc). This will be a value-add service that will find interest amongst our clients. Furthermore, the evolution of technology helps us to stream the insights of these experts directly into the clients' trading terminals.
2. "Expert systems" that mechanize the basic portfolio allocation and then stock selection decisions for the investors.
3. Client friendly risk management services that advise the client against over-trading and/or loading too much risk into his portfolio. Such risk alerts, sent in at appropriate time can fundamentally change the relationship between the broker and the client. A shift from the one that is based around distrust and suspicion to one where the broker benefits alongside his client.
4. Regular publication of special reports based on specific stocks, sectors, economy and with global outlook.

I am sure that given this dynamic head on shoulders approach will yield rich dividends and we expect to turn the corner soon enough.

Let's travel this road to prosperity together and take KSL to where it belongs – at the top.

Thank you
With best wishes,

Sincerely,
Pranav Khandwala
Director

May 30, 2014

NOTICE

Notice is hereby given that the Twenty First Annual General Meeting of the Members of **Khandwala Securities Limited** will be held on Saturday, September 20, 2014 at 12.15 p.m. at C. K. Nayadu Hall, Cricket Club of India (CCI), Brabourne Stadium, Churchgate, Mumbai – 400 020, to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2014, the Profit and Loss Account of the Company for the year ended on that date, and the Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mr. Pranav Khandwala (DIN 00519113), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification (s), the following resolution as an **Ordinary Resolution**:

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

SPECIAL BUSINESS:

4. To appoint Ms. Bhagyashree Khandwala (DIN: 02335473) as Non – Executive Director of the Company and in this regard to consider and if thought fit to pass with or without modification, the following Resolution as an **Ordinary Resolution**:

RESOLVED THAT pursuant to the provisions of section 149 and rules made thereunder and Articles of Association of the Company, Ms. Bhagyashree Khandwala (DIN: 02335473), who was appointed as an Additional Director by the Board of Directors of the Company with effect from May 30, 2014 and who holds office until the date of the Annual General Meeting in terms of section 161 of Companies Act, 2013 and in respect of whom company has received a notice in writing under section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director, be and is hereby appointed as Non – Executive Director of the Company subject to retire by rotation under the provisions of the Articles of Association and Companies Act 2013.

“RESOLVED FURTHER THAT the Board of Directors and / or the Company Secretary of the Company be and are hereby authorised to do all such acts, deeds

matters, things which are proper, necessary, expedient and incidental to give effect to the above resolution.”

5. To appoint Mr. Shreedhar Parande (DIN: 00542525) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Shreedhar Parande (DIN: 00542525) who was appointed as Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term upto 5 (Five) consecutive years commencing from September 20, 2014.”

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

6. To appoint Mr. Rohit Chand (DIN: 00011150) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Rohit Chand (DIN: 00011150) who was appointed as Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term upto 5 (Five) consecutive years commencing from September 20, 2014.”

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

7. To appoint Mr. Kalpen Shukla (DIN: 00117482) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Kalpen Shukla (DIN: 00117482) Director of the Company who was appointed as Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term upto 5 (Five) consecutive years commencing from September 20, 2014”.

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

8. To Borrow Money and give powers to Board Under Section 180(1)(c) Of the Companies Act, 2013 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Special Resolution**:

“RESOLVED THAT in suppression of resolution passed at the Annual General Meeting of the Company held on September 02, 2005 and pursuant to the provisions of Section 180(1)(c) of the Companies Act, 2013 (“Act”) and other applicable provisions, if any, of the Act (including any statutory modification or re-enactment thereof) and the Articles of Association of the Company, the consent of the Members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred as ‘Board’ which term shall include a Committee thereof authorized for the purpose) for borrowing from time to time any sum or sums of monies which, together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company’s Bankers in the ordinary course of business), may exceed the aggregate of the paid up Capital of the Company and its Free Reserves, Provided that the total amount so borrowed shall not at any time exceed the sum Rs. 150 crores (Rupees One Fifty Crores only)

RESOLVED FURTHER THAT the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds and things and to execute all such documents, instruments in writing as may be

required in its absolute discretion pursuant to the above Resolution.”

By and on Behalf of Board

Paresh Khandwala
Managing Director

Date: - May 30, 2014

Place: Mumbai

Registered Office:

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

CIN: L67120MH1993PLC070709

NOTES

- 1. 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.**
- A person can act as proxy on behalf of Members not exceeding Fifty (50) and holding in the aggregate not more than 10% of the total share Capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
- The Explanatory Statement as required under Section 102(1) of the Companies Act, 2013 in respect of the business referred to under Item Nos. 4 to 8 (Both Inclusive) is annexed hereto.
- Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the AGM.
- 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.
- Members are requested to bring their copy of the Annual Report, as copies of the Report will not be distributed again at the Meeting.
- Members are requested to bring their attendance slip, duly signed, so as to avoid any inconvenience.
- Members desiring any information on the accounts at the Annual General Meeting are requested to write to the Company at least ten days in advance, so as to enable the Company to keep the information ready.

9. The Register of Members of the Share Transfer Books of the Company will remain closed from 13th September, 2014 to 20th September 2014 (both days inclusive) for the purpose of Annual General Meeting.
10. 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.
11. Members holding shares in physical form are requested to notify, immediately, any change in their address or bank details to the Company. Shareholders are requested to quote ledger folio / beneficiary numbers in all their correspondence. Members holding shares in electronic form should update such details with their respective Depository Participants.
12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Karvy.
13. Additional Information pursuant to clause 49 of listing agreement with the Stock Exchange in respect of the Directors seeking appointment /re-appointment as Director are provided in Corporate Governance Report forming part of Annual Report.
14. To support Green Initiative, Members are requested to register their e-mail addresses with the Company and R&T Agent viz. Karvy Computershare (P) Ltd, in case of shares held in Physical and dematerialized form respectively.
15. **E-Voting** - Pursuant to Section 108 of the Companies Act, 2013 read with relevant rules of the Act and Clause 35B of Listing Agreement, the Company is pleased to provide e-voting facility to its members through e-voting services provided by Karvy Computershare (P) Ltd. (Karvy). The Members whose name appears on in Register of Members/Beneficial Owners as on August 15, 2014 are entitled to exercise their vote on business to be transacted in Annual General Meeting. The Instructions for e-voting is enclosed with Annual Report.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT 2013

Item No. 4

As per the provisions of Section 149(1) of the Companies Act, 2013 and amended Clause 49 of Listing Agreement, the Company should have atleast one Woman Director.

Keeping in view the above legal requirements, Pursuant to Section 161 (1) of the Companies Act, 2013, the Board of Directors of the Company appointed Ms. Bhagyashree Khandwala as an Additional Director of the Company with effect from May 30, 2014.

In terms of Provisions of Section 161(1) of the Companies Act 2013, Ms. Bhagyashree Khandwala would hold office upto the date of ensuing Annual General Meeting.

The Company has received Notice in writing from a Member along with the requisite Deposit in accordance with Section 160 of the Act, proposing the candidature of Ms. Bhagyashree Khandwala as Non – Executive, Non Independent Director of the Company liable to retire by rotation.

Brief Profile of Ms. Bhagyashree Khandwala, nature of her expertise, names of Companies in which she hold Directorship and Membership/chairmanship of Board Committee shareholding in the Company etc. as stipulated in Clause 49 of the Listing Agreement with the Stock Exchange are furnished in the Corporate Governance Report forming part of the Annual Report.

Ms. Bhagyashree Khandwala is not disqualified from being appointed as a Director and has given her consent to act as Director. She holds 133980 Equity Shares of the Company.

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

Ms. Bhagyashree Khandwala is interested in the resolution set out at item No. 4 of the Notice with regard to her appointment.

Mr. Pranav Khandwala who is her relative and Director of the Company and their other relative, to the extent of their shareholding interest in the Company, may be deemed to be concerned or interested in the appointment of Ms. Bhagyashree Khandwala

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

Item No. 5 to 7

Pursuant to the provisions of Section 149 of the Companies Act, 2013, and amended Listing agreement the Board of Directors of the Company should have atleast one-third of the total number of Directors as Independent Director. The tenure of Independent Director will be for a period of five

years and provisions relating to retirement of Directors shall not be applicable to Independent Directors.

The Board recommends the appointment of Mr. Shreedhar Parande, Mr. Rohit Chand and Mr. Kalpen Shukla as Independent Directors, in accordance with the Provisions of Section 149 read with Schedule IV of the Act, to hold office for a term upto five consecutive years on the Board of Directors of the Company with effect from the date of the Annual General Meeting.

The Company has received Notices in writing from Members along with the requisite Deposit in accordance with Section 160 of the Act, proposing the candidature of Mr. Shreedhar Parande, Mr. Rohit Chand, and Mr. Kalpen Shukla as Independent Directors.

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

In the opinion of Board, each of these Directors fulfill the conditions specified in the Act read with the relevant Rules and the Listing Agreement, for their respective appointment as Independent Director and they are independent of Management.

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

The Board commends the Ordinary Resolutions set out at Items Nos. 4 to 7 of the Notice for the approval of Members.

The above Independent Directors are interested in the Resolutions mentioned at Item Nos. 4 to 7 of the Notice with regard to their respective appointments.

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

Item No. 8

The Members at the 12th Annual General Meeting of the Company held on September 02, 2005, passed ordinary resolution and accorded their consent to the Board of Directors of the Company to borrow upto Rs. 150 crores for the meeting the Capital Expenditure, additional working Capital and for any other corporate purpose under section 293(1)(d) of the Companies Act, 1956. On implementation of Companies Act, 2013, Section 180(1)(c) was made effective from September 12, 2013 which provide for approval of special resolution as against Ordinary Resolution under Companies Act, 1956. The Ministry of Corporate affairs has vide General Circular No. 4/2014 dated March 25, 2014 clarified that pursuant to the said Sections of the Companies Act, 2013, Companies would be required to pass a fresh Resolution. As such, it is necessary to Obtain fresh approval of the Members by means Special Resolutions to enable the Board of Directors of the Company to borrow moneys, apart from temporary loans obtained from the Company's Bakers in the Ordinary course of business, in excess of aggregate of paid up Capital of the Company and Free Reserves of the Company Provided that the total amount so borrowed shall not at any time exceed the sum of Rs. 150 crores (Rupees One Fifty Crores only)

Whilst no increase in the said limits is currently being proposed, the Member's approval is being sought pursuant to Section 180 of the Act by way of Special Resolution.

The Board commends the Special Resolution set out at Item No. 9 of the Notice for the approval of Members

By and on Behalf of Board

**Paresh Khandwala
Managing Director**

Date: May 30, 2014

Place: Mumbai

Registered Office:

Ground Floor, Vikas Building,

Green Street, Fort,

Mumbai - 400023

CIN: L67120MH1993PLC070709

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting herewith the Twenty First Annual Report along with Audited Statement of Accounts for the financial year ended on 31st March 2014.

FINANCIAL HIGHLIGHTS

The performance of the Company for the Financial Year ended 31st March, 2014 is summarized below:-

(Rs. in Lakhs)

Particulars	Year ended 31 st March 2014	Year ended 31 st March 2013
Total Income	438.18	440.03
Interest & other Financial Charges	50.17	32.83
Depreciation	29.03	32.97
Profit / (Loss) before Tax and prior period item	(28.44)	(35.83)
Less: Prior Period item	-	-
Provision for Tax (including Deferred Tax & Fringe Benefit Tax)	(0.62)	(0.83)
Profit / (Loss) after Tax	(27.82)	(35.00)
Appropriations		
Dividend on Preference Shares	-	-
Provision for Corporate Tax on Dividend	-	-
Surplus / (Deficit) carried forward	674.18	702.00
Reserves and Surplus	1558.59	1586.41

RESULTS OF OPERATIONS

The Revenue for the year decreased marginally from Rs. 440.03 to Rs. 438.18. However, the corresponding Profit/(Loss) before interest, exceptional items, prior period expenses and taxation registered a decrease from of Rs. (35.83) in the FY 2013 to Rs. (28.44) in the current FY 2014.

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

Pursuant to the provisions of Section 161 of the Companies Act, 2013, Ms. Bhagyashree Khandwala who was appointed

as an Additional Director by Board of Directors with effect from May 30, 2014 shall hold office upto the date of the ensuing Annual General Meeting. The Company has received requisite notice from Members proposing her candidature for appointment as Director. Your Directors recommend her appointment as Director of the Company and shall be liable to retire by rotation.

Pursuant to Sections 149, 150 & 152 of the Act, read with Companies (Appointment and qualification of Director) Rules, 2014 alongwith Schedule IV or re-enactment thereof for the time being in force), the Independent Directors can hold office for a term of Five consecutive years on the Board of your Company. Accordingly, it is proposed to appoint the following existing Directors as Non – Executive, Independent Directors for five consecutive years and shall not be liable to retire by rotation.

Mr. Shreedhar Parande

Mr. Rohit Chand

Mr. Kalpen Shukla

The Company has received requisite notice from Members proposing their candidature for appointment as Independent Directors and has also received Declaration from the aforesaid Independent Directors confirming that they meet the criteria of Independence as prescribed under provisions of Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement with the Stock Exchanges.

Brief resume of the Directors proposed to be re-appointed, qualification, experience and the name of the Companies in which he/she holds directorship, membership of the board committees, as stipulated in 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 this Annual Report.

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

RECONCILIATION OF SHARE CAPITAL

Your Company voluntarily appointed M/s. Bhuwadesh Bansal & Associates, Practicing Company Secretary, to conduct Share Capital Audit of the Company for the financial year ended March 31, 2014. 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, 2013, 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. Your Company recognizes that Human Capital is its most valuable asset and thus endeavors to attract and retain the best available talent. Towards the end of FY 14 Your Company undertook an exercise to shrink the payroll head count to make it lean and more competitive. The Company through constant monitoring of its milestones and goals ensures that its operations are adequately staffed and in sync with requirements. Your Company's human resource policies are designed and implemented to achieve these objectives.

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

AUDITORS & AUDITORS' REPORT

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

The Company has received letters from them to the effect that their re-appointment, if made, would be within the prescribed limits under section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified for re-appointment.

Observations made by the Auditors in their Report, have been appropriately dealt with in the notes forming part of the accounts for the year, which are self-explanatory and therefore do not call for any further comments.

PARTICULARS OF EMPLOYEES

The Company doesn't have any employee drawing remuneration and attracting the provisions of Section 217(2A) of the Companies Act, read with the Companies (Particulars of Employees) Rules, 1975, as amended. Hence, no information is required to be appended to this report in this regard.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (i) in the preparation of the accounts for the period ended 31st March, 2014, the applicable accounting standards have been followed;
- (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 of the Company at the end of the financial year and of the profit/loss of the Company for the period under review;

- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors have prepared the accounts for the year ended 31st March, 2014 on a 'going concern' basis.

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

The particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, required to be furnished pursuant to Section 217(1)(e) of the Companies Act, 2013, read with Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988, are as under:

- (i) Part A and B of the Rules, pertaining to conservation of energy and technology absorption, are not applicable to the Company.
- (ii) Foreign Exchange Earnings and Outgo:
Foreign Exchange Earned - Rs. Nil
Foreign Exchange Used - Rs. 0.52 Lakhs

DEPOSITS

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

ACKNOWLEDGMENTS

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

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

S M Parande
Chairman

Date: May 30, 2014

Place: Mumbai.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE INDIAN ECONOMY:

GDP Growth

India's economic growth remained below 5 percent mark second year in a row at 4.7 percent in 2013-14, but the industry is hopeful of a rebound with a stable government headed by Mr. Narendra Modi who is considered pro-business.

India's fourth quarter growth stood at 4.6 percent. Decline in manufacturing and mining output eclipsed the overall growth during the entire fiscal. As per government data, the economic growth remained below 5 percent for two consecutive years after a gap of almost 25 years. Earlier from 1984-85 to 1987-88, the economic growth rate remained below 5 percent.

The country's economy, or gross domestic product (GDP), had expanded at 4.5 percent in 2012-13, the slowest pace in the previous decade.

The year 2013-14 exposed India's vulnerability to external shocks. But the slowdown of the Indian economy was also due to domestic factors. The year also revealed that the country cannot take even a 5 percent rate of economic growth for granted and it is possible for the country to dip even below that level.

After a recovery from the global financial crisis with two successive years — FY 2010 and FY 2011—of robust growth of 8.6 percent and 9.3 percent, respectively, the GDP growth decelerated sharply to 6.2 percent in FY 2012. The conditions deteriorated even further in FY 2014, when the growth fell to a decadal low of 5 percent. The deceleration in the Indian economy in FY 2014 was on account of a slowdown in domestic demand, but more due to a hiatus in investments by Indian companies, in the face of high borrowing costs. Delays in mandatory government approvals also hurt company cash flows, resulting in stalled projects.

The slowdown has continued in H1 FY 2014. During Q1 FY 2014, economic growth stood at 4.4 percent (the slowest pace since Q4 FY 2009). The poor growth performance is attributable to a broad-based slowdown in domestic demand and private sector investments. Encouragingly, the trend appeared to be reversing in Q2 FY 2014, which is the most recent data on GDP growth available at present. During the period, economy showed some signs of recovery with a growth rate of 4.8 percent. Although significantly below the previous year's peaks, it was driven by a robust growth in agricultural activity and a pickup in private sector demand and investments. During Q2 FY 2014, the growth in private sector demand increased to 2.2 percent (higher than 1.6 percent growth witnessed in Q1). While the increase in private investments, which had turned negative in Q1 FY 2014, picked up to grow at 2.6 percent in Q2. The pickup in

private investments highlights the key role played by Cabinet Committee on Investment (CCI), which was instituted by the Government in early 2013 to fast-track the key investment projects by reducing the bottlenecks. On a positive note, the growth in government expenditure turned negative during Q2 (after expanding 10.5 percent in Q1) raising hopes of a return to fiscal discipline by the government. However, the continued weakness in industrial activity and possibility of higher government expenditure in the last quarter of the year ahead of the elections, suggests risks to fiscal consolidation.

The sluggish growth of the economy has been accompanied by rising inflation, especially since Q2 FY 2014. The high inflation phase that started in Q4 of FY 2010 and persisted throughout FY 2012, showed signs of moderation towards end- FY 2014, after remaining sticky in the range of 7 and 8 percent in the first 11 months of FY 2014, which is much higher than the RBI's comfort level of 5.5-6.0 percent. But, this moderation was short-lived—inflation started rising again since Q2 FY 2014. The latest figure available (for November 2013) shows inflation level of 7.5 percent. The current bout of inflation is primarily being driven by high food prices, especially vegetables. In fact food inflation more than doubled to 19.9 percent in November 2013 from 8.8 percent a year ago. The reasons behind the high food inflation in recent months are (a) high input costs (b) rising wages, among others. The persistence of high inflation, even as growth is slowing, has emerged as a major challenge for monetary policy.

Inflation

Subdued prices of vegetables, cereals and dairy products pushed down retail inflation to a three-month low of 8.28 percent in May 2014. Retail inflation, measured on consumer price index (CPI), was 8.59 percent in April 2014.

In February 2014, retail inflation was at 8.03 percent, followed by consecutive rise in March 2014 (8.31 percent) and April 2014.

As per the data released by government, food inflation also fell slightly to 9.56 percent in May 2014 against 9.66 percent in April 2014.

Fiscal Health

Fiscal Deficit

The fiscal deficit for 2013-14 fiscal may finally turn out to be 4.5 percent of GDP. The fiscal deficit, which is the gap between expenditure and revenue, was 4.9 percent of GDP in 2012-13.

The interim Budget for 2014 has projected the fiscal deficit for 2014-15 fiscal at 4.1 percent of GDP or Rs 5.29 lakh crore.

Current Account Deficit

As per the latest data, India's CAD sharply narrowed to 1.7 percent of the GDP or USD 32.4 billion in 2013-14 from a record high of 4.7 percent in FY'13.

For the January—March 2014 quarter, CAD - a measure of the inflow and outflow of foreign currency — stood at USD 1.2 billion or 0.2 percent of GDP, as against USD 18.1 billion, or 3.6 percent of GDP in the same period of the previous fiscal, according to the RBI.

The highest ever CAD reported in 2013-14 had led to a slew of problems, including a heavy drop in the value of the rupee, which touched an all-time low of 68.85 against the US dollar last August. However the rupee has strengthened since then and recovered up to about 58 vs. dollar since then. It is, however, under pressure again due to the Iraq crisis.

Foreign Direct Investment

Foreign Direct Investment into India grew 8 percent year-on-year to USD 24.3 billion in 2013-14. Foreign investment inflows more than doubled to USD 3.53 billion in March this year from USD 1.52 in the same month last year.

The highest FDI came in services (USD 2.22 billion), followed by automobiles (USD 1.51 billion), telecommunications (USD 1.3 billion), pharmaceuticals (USD 1.27 billion) and construction development (USD 1.22 billion) in 2013-14.

Singapore led the FDI inflows into India with USD 5.98 billion, followed by Mauritius (USD 4.85 billion), the UK (USD 3.21 billion) and the Netherlands (USD 2.27 billion).

Foreign Institutional Investment

The net investments by FIIs into Indian equity markets since the beginning of 2014 have crossed USD 5 billion over Rs 30,000 crore), while the same for debt markets also stands near USD 5 billion (about Rs 29,000 crore)- taking the total to close to Rs 60,000 crore.

This includes net investments of about Rs 1,500 crore so far in April 2014. They invested Rs 20,077 crore in Indian stocks in March 2014, compared with Rs 1,404 crore in February 2014 and Rs 714 crore in January 2014.

The strong inflows in the recent months have taken the cumulative net investments of FIIs into India to close to USD 197 billion, while their investments in rupee terms is a bit away from Rs 10 lakh crore level.

Trade

India's exports grew by 3.98 percent to USD 312.35 billion in FY 2013-14 while imports dipped by 8.11 percent during the period.

Imports declined to USD 450.94 billion, narrowing the trade deficit to USD 138.59 billion in the last fiscal.

In FY 2012-13, trade deficit stood at USD 190.33 billion.

The overall shipments in 2013-14 fell short of the target of USD 325 billion fixed by the government for the period.

INDUSTRY OVERVIEW

Money, Banking and Capital Markets

The RBI, in its Annual Monetary Policy Statement on May 3,

2013, announced a reduction in the policy repo rate by 25 bps from 7.50 per cent to 7.25 per cent to support growth in the face of gradual moderation of headline inflation. Apprehensions of likely tapering of Quantitative Easing (QE) by the US Federal Reserve in late May 2013 triggered outflows of portfolio investment. Recognizing the risks to the economy from external developments and taking into account the evolving growth inflation dynamics, the RBI in its First Quarter Review of July 30, 2013 kept the key policy rates unchanged.

The RBI began the process of calibrated withdrawal of the exceptional liquidity measures in the Mid-Quarter Review on September 20, 2013, noting the improvement in the external environment and also considering the number of measures put in place to narrow the CAD and to ease its financing. The MSF rate was reduced from 10.25 per cent to 9.5 per cent and the minimum daily maintenance of the CRR was reduced from 99 per cent of the requirement to 95 per cent effective from the fortnight beginning September 21, 2013. However, keeping in view the rise in inflation and the need to provide a nominal anchor to help preserve the internal value of the rupee, the repo rate was increased by 25 basis points to 7.5 per cent.

Considering the evolving liquidity conditions, the RBI reduced the MSF rate from 9.5 per cent to 9.0 per cent on October 7, 2013. Provision of additional liquidity through term repos of 7-day and 14-day tenor for a notified amount equivalent to 0.25 per cent Net Demand & Time Liabilities (NDTL) of the banking system through variable rate auctions on every Friday beginning October 11, 2013 was also announced.

In the Second Quarter Review of October 29, 2013, the RBI carried forward the calibrated unwinding of exceptional measures with the reduction of the MSF rate from 9.00 per cent to 8.75 per cent. The special repo window for mutual funds, instituted in July 2013 to enable banks to meet the liquidity requirements of mutual funds, was also wound up. With indications that inflation is likely to remain elevated in the months ahead, the key policy repo rate was increased from 7.50 per cent to 7.75 per cent.

In the Third Quarter Review of Monetary Policy on January 28, 2014, the repo rate was hiked further to 8 per cent on account of upside risks to inflation, to anchor inflation expectation and set the economy securely on a disinflationary path.

During 2013-14, Indian capital market, in line with global trends, was affected by the market expectation regarding the tapering of quantitative easing of the US Federal Reserve, the US Federal government shutdown in October 2013 and developments in Ukraine. However, foreign Institutional Investors (FIIs) have reposed confidence in the Indian market, which manifested in positive net FII investment during the last four months of 2013, reversing the earlier trend of net outflows during June-August 2013. In 2013-14, total net FII investment in the Indian markets was US\$ 8.9 billion. Net FII investment during January-May 2014 is US\$

15.3 billion as compared to US\$ 12.1 billion in 2013. In May 2014 alone, Indian markets have seen a net FII inflow of US\$ 5.7 billion.

Performance of Indian Bond Market

Commercial paper issued by companies amounted to Rs.704,721 crore during the period April 2013–March 2014 as against Rs.598,680 crore during the corresponding period in FY13, registering a significant increase of 17.7% over the previous year (FY13). In the secondary market, CP rates witnessed a decline, with yields on the 180-days tenor settling at 10.07% and 360-days tenor at 9.98% as on 15th March'14. The corresponding rates a year ago stood at 9.52% and 9.46% respectively. As on 28th March 2014, yields on 180-days and 364-days tenor declined further by 52bps (9.55%) and 35bps (9.63%) respectively.

An aggregate of Rs.56,000 crore of T-bills were raised in the month of March'14 as per the auction calendar. Yields on the 91-day T-bills moved 42bps downwards between the second and fourth auction of the month and settled at 8.86%. Yields on 182-day T-bills settled at 8.86% from 9.12%, 26bps lower than the first auction of the month while those of 364-day T-bills settled at 8.89%, 14bps lower from the first auction. As per the T-bills auction calendar for H2FY14, Rs.75,000 crore of T-bills are scheduled to be auctioned in April'14 (Rs.45,000 crore of 91-days, Rs.12,000 crore of 180-days and Rs.18,000 crore of 364-days T-bills).

Performance of Mutual Fund Industry

Mutual Funds play an important role in financial services by offering diversification, liquidity and professional management at an affordable price. The Indian Mutual Fund industry consists of 44 players. In addition to advance tax commitments adverse interest rate scenario, slowing growth in India and concerns of global recession were other important reasons that led to the downfall.

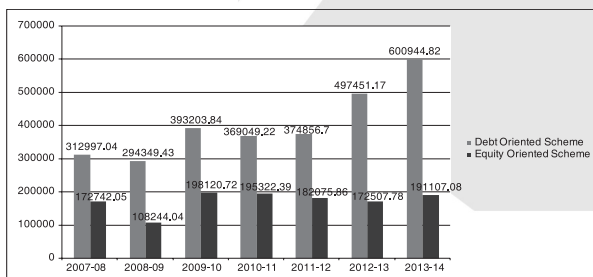


Fig: Trend of Mutual Fund Investment in Equity and Debt Oriented scheme for the Period 2007-08 to 2013-14 (source: SEBI)

Throughout the period from 2007-08 to 2013-14, investors have shown greater confidence in the debt oriented scheme as these are the regular source of income and investors in India are risk averse. Also, the difference in the amount invested in the debt oriented scheme has increased considerably from the year 2012-13 onwards.

Performance of FIIs

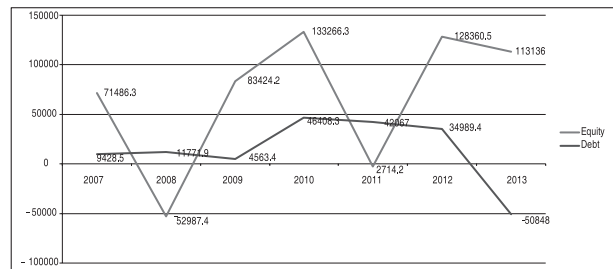


Fig: Trend of FIIs investment in Debt and Equity market from 2007-13 (source: SEBI)

The foreign institutional investors have always favored investment in equity market over the debt market but whenever there is crisis in the economy then they tend to prefer debt market over the equity market. As we can see in the above figure that in 2008, investment in the equity market was negative where as in case of bond it was low but positive but as the economy started recovering, the investment in equity market tend to higher than the investment in the debt market.

Performance of Primary Market

Indian firms raised a staggering Rs 71,300 crore in 2013-14 with debt market emerging as the most preferred route for garnering capital to meet business needs. According to a report by Prime Database, they mopped-up Rs 71,370 crore through public markets during the financial year ending, showing a surge of 13 per cent from Rs 63,056 crore garnered 2012-13.

Out of the Rs 71,370 crore garnered, Rs 41,989 crore was raked in through bonds and the remaining Rs 29,381 crore via equity segment. The bond market was initially monopolized by NBFCs but towards the later part of the fiscal, investors also saw tax free bonds being issued from state-owned firms.

The funds were raised through various routes such as initial public offer (IPO), follow-on public offer (FPO), offer-for-sale (OFS), Institutional Placement Programme (IPP) Qualified Institutional Placement (QIP) and bonds. The funds were raised primarily for business expansion and meeting capital requirements. While there was a lull in the primary market where firms raised funds through the sale of shares via IPOs and FPOs, it was the bond instrument that was used the most in 2013-14.

There was a lull in the equity market in the current fiscal as there was only one big ticket IPO and two FPOs during 2013-14. Just Dial, search engine service provider, was the only big IPO that raised Rs 919 crore. Power Grid FPO raised Rs 6,959 crore, while Engineers India garnered Rs 497 crore. In addition, there were 37 SME (Small and Medium Enterprise) IPOs which raised Rs 286 crore. Haldea said there was some negative sentiment because IPOs of Scotts Garments and Loha Ispaat had to be refunded, while 21 companies holding approvals of market regulator SEBI to raise Rs 6,673 crore were allowed it to lapse.

A total of Rs 6,859 crore was raised via OFS mechanism and another Rs 4,459 crore through IPP route. These two routes were allowed by SEBI primarily to help promoters of already-listed companies comply with the regulator's 25 per cent minimum public shareholding norm.

Performance Secondary Market

Sensex and Nifty are the barometer of India's feel-good factor was at 21,000 marks prior to Global Financial Crisis followed Great recession worldwide. However, in recent years both the index witnessed volatile trends due to global and domestic factors.

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Market Capitalization	5138015	3086076	6165620	6839083	6214911	6387886	7415296
P/E Ratio					18.50	17.09	17.38
P/B Ratio					3.42	2.97	2.78

Table: Trend of Market Capitalization, P/E Ratio, P/B Ratio in NSE for 2007-2013

Market capitalization is the total dollar value of a company's outstanding shares. The BSE shows increasing trend of market capitalization except the year 2008-09 in which economy was in recession. P/B ratio is used to compare a stock's market value to its book value. It is calculated by dividing the current closing price of the stock by the latest quarter's book value per share P/E ratio is the valuation ratio of a company's current share price compared to its per share earnings.

Both P/E ratio and P/B ratio shows declining trend throughout the period of 2011-12 to 2013-14. The NSE shows fluctuating trend of market capitalization. The P/E ratio is range bound throughout the period of 2011-13. The P/B ratio is increasing in 2012 where as it shows declining trend in 2013.

OUTLOOK

There has been a return to volumes and trading by retail participants. From dwindling volumes in the cash segment of a mere 7% in FY 14, the numbers are looking North and it can only augur well for the for the broking fraternity. Also, the increase in the quoted prices of the list scrips translates into higher revenue.

The FIIs and DIIs are also actively participating in this post-election rally. Markets seem to be in a multi-year bull run. At the industry level, Equity Average Daily Volumes (ADV) rose by ~22% to Rs. 511 trillion in FY14 buoyed by the continued rise in volumes of option trading, which accounted for ~78% of the overall market volumes in FY14 (~76% in FY13).

Despite the modest rise of 2% in FY14 after the last few years of steady decline, the proportion of cash volumes to overall traded equity volumes continued to decline to 6.5% as compared to 7.8% in FY13. On the other hand, futures volumes rose by ~19% in FY14 while options volumes displayed a strong growth of 25% over the same period. Anecdotal evidence suggests that more and more non-

institutional investors have been taking a liking to trading in options. A broad based investor segment could ensure that the dominant share of options volumes to total equity volumes continues over the medium term.

It is expected that the broking revenues will grow by ~3% YoY and the retail participation will be evident this time around. Large broking houses which had opted out of retail are slowly getting back into it or actively considering doing so. It's a "winner takes all" market.

AN OVERVIEW OF KSL:

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

Financial Highlights:

The salient features of the Company's performance:-

Total Revenues of Rs. 438.18 Lakhs

Net Profit / Loss of Rs. (27 Lakhs)

Earning Per Share (EPS) of Rs. (0.23)

Segment Highlights – FY13 over FY12:

(Rs. In Lakhs)

Segment	Revenue Financial Year ended on 31 st March 2014	Revenue Financial Year ended on 31 st March 2013
Brokerage	264.13	153.90
Corporate Advisory Services	99.84	126.46
Income from Capital Market Operations	1.69	26.96
Income From Investments	-	5.30
Other	72.52	127.41
Total Income	438.18	440.03

Ratios	2013-14	2012-13
Debt/Equity (Loans/Shareholders Funds)	0.10	0.13
Book Value (Rs.)	23.05	23.29

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 are supported by a strong research platform.

Income received for brokerage services, had accounted for approximately 60% of our total revenues at Rs. 438.18 Lakhs for the year ended March 31, 2014.

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 Bloomberg on its benefits. This has led to situations wherein KSL has had to either withdraw from certain mandates or had to face resistance from Indian Corporates in awarding their fund raising mandates to us from the secondary markets. This is despite the management of these corporate houses acknowledging the deep knowledge and understanding of the micro and macro economy factors including the future growth prospects in specific industry, and the sustainable long term valuation parameters.

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

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

Institutional Equities:

Institutional Equity and Derivatives brokerage business of the Company contributed 7.60% of the consolidated revenue during this financial year. The Company's revenue of Rs. 438.18 Lakhs for the year showed a marginal decrease of approximately 0.45% 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 24 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 78% during the Fiscal Year 2013-14 over previous financial year 2012-13.

Category	Brokerage Revenue during FY 13-14	Brokerage Revenue during FY 12-13	Brokerage Revenue during FY 11-12	Brokerage Revenue during FY 10-11
MF	1,13,264	8,27,062	9,43,803	24,05,185
INS	-	1,07,31,422	10,32,983	28,35,556
BANKS	14,22,405	12,70,377	23,28,332	44,41,702
CORP	18,00,229	25,60,610	12,33,600	4,59,400
FII's	-	-	-	-
Total	33,35,968	1,53,89,471	55,38,718	1,01,41,844

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 a good number of Trading Accounts for various segments (Cash, Derivatives and Currency Futures) during the period 1st April 2013 to 31st March 2014.

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 advice, asset allocation and the distribution of a wide range of products. Our primary focus is on understanding each client's financial profile, including tolerance for risk, capital growth expectations, 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:

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, 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, capitoliq.com.

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

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.

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 business, where any attrition or skill obsolescence could lead to a weaker industry position.

Management Perception

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

Client Risk

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

Regulatory risk

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

Management Perception

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

KSL takes its compliance commitment seriously, recognizing

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

Human Resources

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

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

Opportunities & Threats:

We firmly believe that Indian economic growth and hence growth of financial services sector presents us exciting opportunities as under:

India's long-term growth story remains intact notwithstanding declining growth in the past year or two. This presents exciting and large opportunities for us to grow our various businesses in the medium to long term, though short-term pain remains a possibility. Broadly, financial services markets are expected to grow four to five folds by 2020 as per our path-breaking India 2020 Research Report.

Our retail businesses are scaling up well and we are strategically placed to garner our share of growth in this client segment.

Increasing use of internet or mobile-based technologies for financial transactions presents vast opportunities for tech savvy companies to offer convenient solutions to customers. Our online options in Life Insurance and online & mobile options in retail broking aim to capture this opportunity.

Macroeconomic environment including inflation above the threshold of RBI, limited scope to further reduce interest rates, liquidity issues, high fiscal and Current Account Deficit, political uncertainty that refuses to go away and Euro zone developments can derail the return of growth. While monsoon is predicted to be normal this year, it remains an indeterminate factor.

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.

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: May 30th, 2014

Place: Mumbai.

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

CORPORATE GOVERNANCE REPORT

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

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

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

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

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

Name of Member	Position	Other	Membership Committee	
		Directorship	Chairman	Member
Mr. Shreedhar M Parande	Chairman, Non Executive, Independent Director	4	1	1
Mr. Paresh J. Khandwala	Managing Director and CEO, Promoter Director	1	-	-

Mr. Rohit Chand	Non Executive, Independent Director	4	-	-
Mr. Kalpen Shukla	Non Executive, Independent Director	-	-	-
Mr. Brijmohan Rai Bahl	Non Executive, Non - Independent Director	1	-	-
Mr. Pranav P Khandwala	Non- Executive, Non – Independent Director	1	-	-
Mr. Homiar N. Vakil	Non Executive, Non - Independent Director	-	-	-
Ms. Bhagyashree Khandwala	Non Executive, Non - Independent Director	1	-	-

Board Meetings and Attendance:

The Board meets at regular intervals of time to consider the accounts, review of operations, formulate corporate policies and set up goals. The notice of the same is given well in advance to all the Directors and agenda papers are tabled at the time of the Meeting.

During the year under review, Four Board Meetings were held on May 27, 2013, August 13, 2013, November 06, 2013 and February 13, 2014 The details of the Board meetings held during the year and attendance of the Directors in all the Board meetings and Annual General meeting are as mentioned below:

Name of Director	No. of Board Meetings attended	Attendance at last Annual General Meeting (Yes/No)
Mr. Shreedhar M Parande	4	Yes
Mr. Paresh J. Khandwala	4	Yes
Mr. Rohit Chand	2	No
Mr. Kalpen Shukla	4	Yes
Mr. Brijmohan Rai Bahl	4	Yes
Mr. Pranav P Khandwala	4	Yes
Mr. Homiar N. Vakil	3	Yes

Board Committees:

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

Audit Committee

The role, terms of reference and the authority and powers of this Committee are in the conformity with the requirements of Section 177 of the Companies Act, 2013 and revised Clause 49 of the Listing Agreement which will be effective from October 01, 2014 The Composition of Audit committee and meetings held during the year are as follows:

Name of Member	Designation	No. of Meetings	
		Held	Attended
Mr. Shreedhar Parande	Chairman, Independent Director	4	4
Mr. Kalpen Shukla	Independent Director	4	4
Mr. Rohit Chand	Independent Director	4	2
Mr. Brijmohan Rai Bahl	Non Independent Director	4	4

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

Brief Description of terms of reference:

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

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

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

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

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

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

During the year the Committee had no meetings.

Brief Description of terms of reference:

- To review and to decide on remuneration packages applicable to the Managing / Executive Directors and other Non-Executive Directors of the Company.

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

Remuneration Policy

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

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

Remuneration to Directors

Remuneration of Executive Director is decided by the Board, based on recommendations of the Compensation Committee as per the remuneration policy of the Company, within the ceilings fixed by the shareholders. Remuneration of the Executive Directors for the year ended 31st March 2014 was as follows.

Remuneration to Executive Directors

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

Director	Salary	Commission	Perquisites and Allowance	Total	Tenure of Appt.
Mr. Paresh J Khandwala	Rs.31,25,006/-	NIL	NIL	Rs.31,25,006/- (Thirty One Lacs, Twenty 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 do not receive any thing over and above sitting fees by way of remuneration from the Company and there are no pecuniary relationships or transactions of the Non-Executive Directors vis-à-vis the Company except by way of Fees paid for attending the Board Meeting during 2013-2014.

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

KHANDWALA SECURITIES LIMITED

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

Name of Director	Shreedhar Parande	Pranav Khandwala	Bhagyashree Khandwala	Rohit Chand	Kalpen Shukla
DIN	00542525	00519113	02335473	00011150	00117482
Date of Birth	22/04/1937	30/12/1980	26/12/1980	21/10/1946	10/04/1962
Qualification	LLM, LLB, B.sc, M. Sc, CAIIB, Diploma in German & French Language	Bcom, MBA Finance, MSC (InvestmeNT Management)	B.Com, MBA Finance	B. Tech- IIT, MBA	B. Tech –IIT PGDBM -IIM
Date of Appointment	30/06/1995	14/11/2011	30/05/2014	23/07/2005	28/10/2005
Expertise in functional areas	Started his career with SBI, Set up Mutual Fund, successfully launched an offshore fund and was associated with major companies of the Country	Has more than 10years of experience in the areas of Business Development, Profolio Magmt, Strategy and administration.	Started her career in UK as Admin assistant in in Norhtumbrian Water. Presently working as Relationship Mager in Citi Bank NA	Has over 33 years of experience in the IT industry. He started his career in developing software. Later on he co-founded Infinity Venture Fund	Has more than two decades of experience in the areas of sales/Marketing, Business Development, Brand Management, Strategic Planning and Management Consultancy
Directorship in other Companies	Accentia Technologies Ltd Shakti Press Ltd Todays Writing Instruments Ltd	Trumonee Financial Limited	Trumonee Financial Limited	Saboo Coatings Limited Cyber Media Ltd Axis IT & T Ltd	Nil
Membership in Board Committees of other Companies	Chairman Audit Committee Member Remuneration and Nomination Committee – Todays Writing Instruments Ltd	Nil	Nil	Member Remuneration and Nomination Committee – Axis IT & T Ltd	Nil
No. of shares in the Company	Nil	607787	133980	1,50,000 Preference shares	Nil
Inter se relationship with any other Director	Nil	Mr. Paresh Khandwala and Ms. Bhagyashree Khandwala	Mr. Pranav Khandwala	Nil	Nil

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

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

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

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

During the year the Committee had no meetings.

Brief Description of terms of reference:

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

The Company Secretary act as Secretary to the committee

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

As of date, there are no pending share transfers pertaining to the year under review. There are no pending shareholders complaints as on 31st March 2014.

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. Brijmohan Rai Bahl. During the year the Committee had no meetings.

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
20 th Annual General Meeting	Friday, 20 th September 2013 at 12.30 p.m.	C.K. Naydu Hall, Cricket Club of India (CCI), Brabourne Stadium, Churchgate, Mumbai 400 020

19 th Annual General Meeting	Friday, 28 th September 2012 at 12.00 noon	C.K. Naydu Hall, Cricket Club of India (CCI), Brabourne Stadium, Churchgate, Mumbai 400 020
18 th Annual General Meeting	Monday, 25 th July 2011 at 4.00 p.m.	C.K. Naydu Hall, Cricket Club of India (CCI), Brabourne Stadium, Churchgate, Mumbai 400 020

No Special Resolutions were passed during last three years.

During the year, the following result was passed through Postal Ballot:

Date of Board Meeting	Date of Declaration of result	Description	%votes in favour of resolution	Scrutinizer for conducting postal Ballot
February 13, 2014	April 07, 2014	Alteration in Object Clause of Memorandum of Association.	99.99%	Mr. Bhunesh Bansal, Practicing Company Secretary.

Postal Ballot was conducted in accordance with provisions of Companies Act, 1956 and rules made thereunder.

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

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

KHANDWALA SECURITIES LIMITED

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

Means of Communication:

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

General Shareholder information

Date and Venue of the Annual General Meeting

The Twenty First Annual General Meeting of the Company is scheduled to be held at C. K. Naydu Hall, Cricket Club of India (CCI), Brabourne Stadium, Churchgate, Mumbai 400 020 on Saturday, 20th September, 2014 at 12.15 PM

Financial Year of the Company

The financial year of the Company is from 1st April 2013 to 31st March 2014.

Dates of Book Closure

13th September, 2014 to 20th September, 2014 (both days inclusive)

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

Listing of Equity Shares

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

Stock Code

The Stock Exchange, Mumbai (BSE) : 531892

National Stock Exchange of India Limited : KHANDSE

ISIN No for NSDL/CDSL : INE060B01014

Listing fees to Stock Exchanges

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

Custodial Fees to Depositories

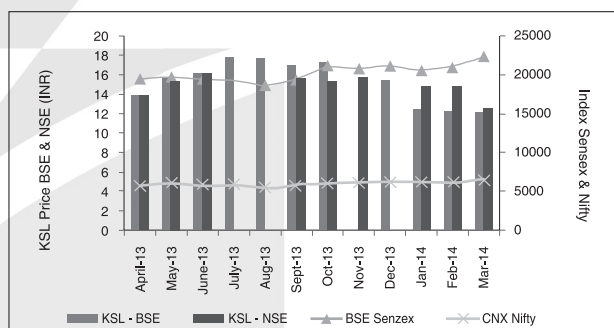
The Company has paid the custodial fees for the year 2014-15 to National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) on the basis of number of beneficial accounts maintained by them as on March 2014.

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

	KSL - BSE	KSL- NSE	BSE Sensex	CNX Nifty
Apr-13	13.9	15.29	19504	5700
May-13	15.87	15.4	19760	6065
Jun-13	16.2	16.2	19396	5782
Jul-13	17.85	0.0	19346	5909
Aug-13	17.75	0.0	18620	5510
Sep-13	17	15.66	19380	5797
Oct-13	17.3	15.38	21165	6084
Nov-13	0	15.78	20792	6129
Dec-13	15.45	0.0	21171	6247
Jan-14	12.5	14.88	20514	6223
Feb-14	12.32	13.20	21120	6099
Mar-14	11.98	12.60	22386	6508



Date	KSL - BSE				KSL - NSE			
	High	Low	Close	Volume (Nos.)	High	Low	Close	Volume (Nos.)
Apr-13	14.96	13.9	13.9	1485	15.31	15.15	15.29	4391
May-13	16.7	14.1	15.87	550	15.40	15.40	15.40	10
Jun-13	17.2	16.2	16.2	3484	16.25	16.20	16.20	163
Jul-13	17.85	17	17.85	203	0.00	0.00	22.00	0.00
Aug-13	17.75	17.75	17.75	2	0.00	0.00	19.25	0.00
Sep-13	17.7	16.9	17	6006	15.66	15.66	15.66	3700
Oct-13	17.3	16.5	17.3	865	15.38	15.38	15.38	7000
Nov-13	0.0	0.0	0.0	0	15.78	15.78	15.78	100
Dec-13	16.45	14.9	15.45	87159	0.00	0.00	16.05	0.00
Jan-14	15	12	12.5	5100	14.88	14.70	14.88	1223
Feb-14	13.4	11.29	12.32	13828	13.43	12.95	13.20	23440
Mar-14	15.43	11.3	11.98	20685	12.95	12.15	12.60	60041

Registered Office

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

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

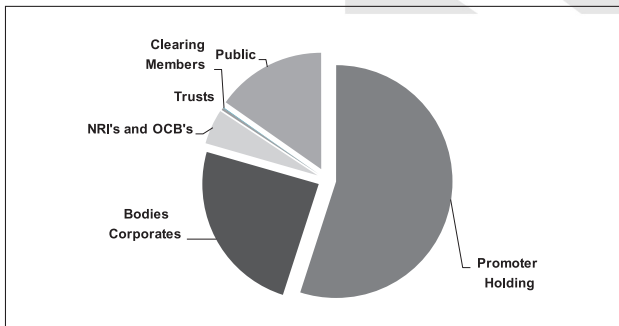
Categories and Distribution of Shareholding

Distribution of Shareholding as on 31st March 2014

KHANDWALA SECURITIES LIMITED						
DISTRIBUTION SCHEDULE AS ON 31 st March 2014						
Sl. No.	Category		Number of Cases	% of Cases	Amount	% of Amount
	From	To				
1	1	5000	1960	80.29	2507280.00	2.10
2	5001	10000	206	8.44	1800290.00	1.51
3	10001	20000	123	5.04	1978220.00	1.66
4	20001	30000	35	1.43	910020.00	0.76
5	30001	40000	21	0.86	743530.00	0.62
6	40001	50000	14	0.57	665530.00	0.56
7	50001	100000	25	1.02	1855090.00	1.55
8	100001	and Above	57	2.34	108930040.00	91.24
TOTAL			2441	100	119390000	100

Distribution of shareholding according to categories of shareholders as on 31st March 2014

Sl. No.	Category	No. of Shares held	% of Issued Share Capital
A.	Promoter's holding (including Persons Acting in Concert)	6540947	54.97
B.	Banks, FI, Insurance Cos. (Central / State Govt. Institutions / Non-Govt. Institutions)	-	-
C.	Mutual Funds	-	-
D.	Bodies Corporates	2922914	24.48
E.	NRI's and OCB's	579078	4.85
F.	Trust	41964	0.35
G.	Clearing Member	9530	0.08
H.	Public	1844567	15.27
Total		11939000	100



Share Transfer System

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

Dematerialization of Shares

Around 98.97% of equity share capital of the company is held in a dematerialized form with National Securities Depository Limited and Central Depository Services (India) Limited as on 31st March 2014.

Outstanding ADR/GDR - NA

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

Address for Correspondence

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

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

The Company Secretary / Compliance Officer

Registered Office:

Ground Floor, Vikas Building,
Green Street, Fort,
Mumbai 400 023
Telephone no.: +91 22 4076 7373
Fax no.: +91 22 4076 7377
Email : investorcompliances@kslindia.com

For and on behalf of;

Khandwala Securities Limited

Paresh Khandwala
Managing Director

Date: 30th May, 2014

Place: Mumbai

DECLARATION ON COMPLIANCE OF THE COMPANY'S CODE OF CONDUCT

To,

The Members,

Khandwala Securities Limited

Ground Floor, Vikas Building,

Green Street, Fort

Mumbai- 400 023

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, 2014.

For and on behalf of Board of Directors

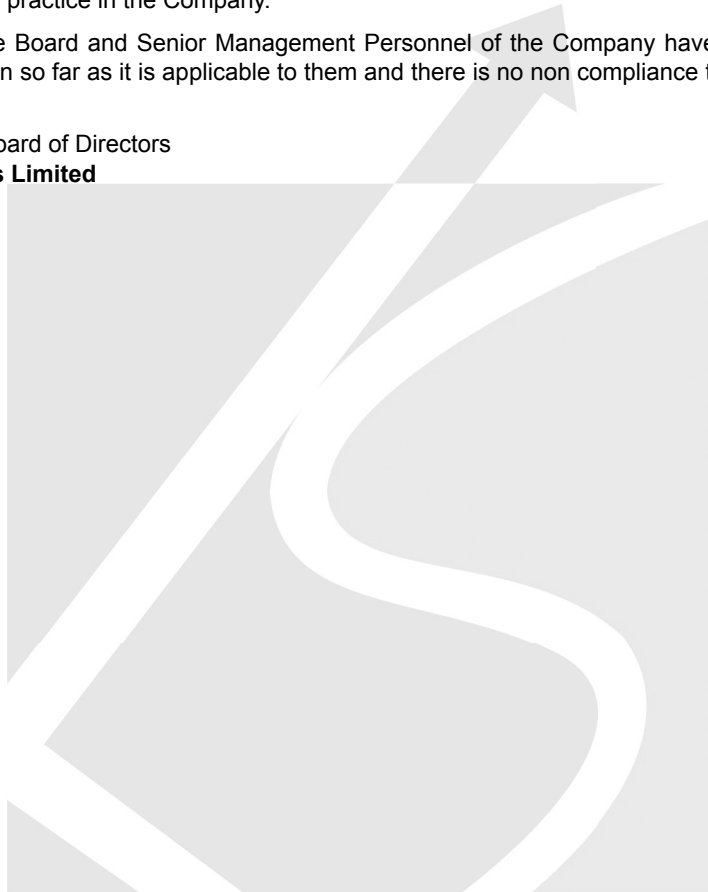
Khandwala Securities Limited

Paresh J Khandwala

Managing Director

Date: May 30, 2014

Place: Mumbai



CEO/CFO Certificate

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 on accounts, as well as cash flow statements and the Directors report;
2. These statements do not contain any materially untrue statement or omit any material 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. They are 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. They have also disclosed to the auditors as well as the Audit Committee, instances of significant fraud, if any, that involves management or employees having a significant role in the company's internal control systems; and
6. They have indicated to the auditors, the Audit Committee and in the notes on 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

**Shreedhar Parande
Chairman**

Date: May 30, 2014

Place: Mumbai

**Paresh Khandwala
Managing Director**

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 2014.
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 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

Mr. Udyen Jain

Partner

Mem. No: F- 101201

Firm Registration No. 116336W

Date : -30th May, 2014

Place: Mumbai

INDEPENDENT AUDITOR'S REPORT

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

1. Report on the Financial Statements

We have audited the accompanying financial statements of **Khandwala Securities Limited** ('the Company') which comprise the Balance Sheet as at 31st March 2014, the Statement of Profit and Loss for the year ended and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us subject to matters referred in the notes to accounts, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (ii) In the case of the Statement of Profit and Loss, of the Loss for the year ended on that date.
- (iii) In the case of the Cash Flow Statement, of the Cash flow for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. Further to our comments in our opinion referred to above, we report that:
 - a. The Company had advanced application money towards purchase of shares of Rs. 216.69 lacs, which is outstanding for a period of 144 months as at the end of the year. In the absence of information regarding the status of the allotment or the net worth of the entities in which the Company made applications, we are unable to ascertain the extent to which an amount of Rs. 216.69 lacs is recoverable and accordingly, the effect thereof on the financial statements cannot be ascertained. Please refer Note No. 21 forming part of financial statements.
 - b. Long-term deposits to companies of Rs. 530.00 lacs are subject to confirmation and subsequent adjustments, if any. Please refer Note No 23 forming part of financial statements.
3. As required by section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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 and Statement of Profit and Loss dealt with by this Report are in agreement with the books of account;
 - d. Except for our comments 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

**For Udyen Jain and Associates
 Chartered Accountants**

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

Place: Mumbai
 Date: 30th May, 2014

ANNEXURE TO THE AUDITOR’S REPORT

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, 2013 to March 31, 2014)

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 & explanations given to us and having regards to the size of the company and the nature of its business, in our opinion the frequency of physical verification of fixed assets need to be strengthened.
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. The Company is a service company primarily engaged in the business of rendering merchant banking services. Accordingly, it does not hold any physical inventories. Thus, paragraph 4(ii) of the Order is not applicable.
6. The company has not granted any loans, secured or unsecured during the period.
7. The rate of interest and the other terms and conditions are prima facie not prejudicial to the interest of the company
8. 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.
9. 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 fixed assets and with regards to sale of service. The activities of the Company do not involve any purchase of inventory and sale of goods. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control system.
10. 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.
11. 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.

12. 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.
13. 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.
14. 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.
15. According to the information and explanations given to us, during the period the company was generally regular in depositing with appropriate authority undisputed statutory dues, *though there have been few cases of delays in payments of statutory liabilities.*
16. *According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Income-tax, Sales-tax, Service tax and other material statutory dues have not been deposited in time during the year.*
17. According to the records of the company, the dues outstanding of Income Tax and cess on account of any dispute are as follows:

Name of the Statute	Nature of the Dues	Amount (Rs.)	Period to which the amount relates	Forum where Dispute is pending	Under Section
Income Tax Act 1961	Income Tax	31.88	A.Y. 2006-07	CIT(A)	271(1)(C)
		7.80	A.Y. 2007-08	CIT(A)	271(1)(C)
		2.5	A.Y. 2008-09	CIT(A)	271(1)(C)
		19.49	A.Y. 2009-10	CIT(A)	271(1)(C)
		4.96	A.Y. 2007-08	ITAT	143(3)
		58.89	A.Y. 2008-09	ITAT	143(3)
		82.65	A.Y. 2009-10	ITAT	143(3)

18. TDS defaults showing on TDS traces website for the various Financial Years as on 31st March 2014 and Company is under process of rectifying the defaults by revising the TDS returns.
19. The Company has granted loans and advances on the basis of security by way of pledge of shares from Bank during the year.

20. According to the information and explanations given to us, no personal expenses have been charged to revenue account.
21. As at the balance sheet date, the Company does not have accumulated losses. The Company has incurred cash losses in the current year.
22. According to the information and explanations given to us, though the company has not defaulted in the repayment of dues to financial institutions and banks however amount of Rs. 1.20 Cr is pending towards preferential shareholder for preference dividend.
23. 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.
24. 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.
25. 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.
26. According to the information and explanations given to us, the Company had applied term loans availed for the purpose for which they were obtained.
27. 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.
28. 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.
29. 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.
30. 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.
31. 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).
32. 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 and Associates
Chartered Accountants**

Mr. Udyen Jain

Partner

Mem. No: F- 101201

Firm Reg. No. : 116336W

Place: Mumbai

Date: 30th May, 2014

KHANDWALA SECURITIES LIMITED

BALANCE SHEET AS AT MARCH 31, 2014

	Note	Rs.	As At March 31 2014 Rs.	As At March 31 2013 Rs.
I EQUITY AND LIABILITIES				
(1) Shareholders' Funds				
(a) Share Capital				
	2			
Equity Share Capital		119,390,000		119,390,000
Preference Share Capital		20,000,000		20,000,000
			139,390,000	139,390,000
(b) Reserves and Surplus	3		155,858,735	158,640,912
(c) Money Received against Share Warrants		-	-	-
(2) Share Application Money Pending Allotment				
			-	-
(3) Non Current Liabilities				
(a) Long -Term Borrowings	4	28,048,330		36,856,505
(b) Deferred Tax (Net)		358,495		420,040
(c) Other Long Term Liabilities		10,059,592		9,984,310
(d) Long Term Provisions		586,548	39,052,965	866,189
(4) Current Liabilities				
(a) Short Term Borrowings	5	23,401,451		3,293,100
(b) Trade Payable		85,215,495		72,634,494
(c) Other Current Liabilities		15,023,256		11,765,751
(d) Short Term Provisions		-	123,640,202	329,414
			457,941,903	434,180,716
II ASSETS				
(1) Non Current Assets				
(a) Fixed Assets				
	6			
i Tangible Assets		75,119,472		77,253,630
ii Intangible Assets		309,030		492,914
iii Capital Work In Progress		-		-
iv Intangible Assets Under Development		-		-
			75,428,502	77,746,544
(b) Non Current Investments	7		34,505,000	34,535,188
(c) Long Term Loans and Advances	8		96,105,560	119,088,136
(d) Other Non - Current Assets	9		43,772,479	42,198,331
(2) Current Assets				
(a) Current Investments		-		-
(b) Inventories	10	1,137,494		515,481
(c) Trade Receivable	11	143,771,495		132,445,192
(d) Cash and Cash Equivalents	12	45,338,637		22,562,547
(e) Short Term Loans and Advances	13	13,247,435		2,545,028
(f) Other Current Assets	14	4,635,300		2,544,271
			208,130,362	160,612,518
			457,941,903	434,180,716
Significant Accounting Policies and Notes to Accounts	1			

As per our report attached of even date.

For and on behalf of the Board of Directors

For Udyen Jain & Associates
Chartered Accountants

S.M.Parande
Chairman

Paresh J. Khandwala
Managing Director

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

Mumbai
Date :- 30th May, 2014

Mumbai
Date :- 30th May, 2014

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2014

	Note	Rs.	For the year ended March 31 2014 Rs.	For the year ended March 31 2013 Rs.
I Revenue From Operations				
Brokerage		26,413,496		15,389,471
Corporate Advisory Services		9,983,540		12,645,681
Income from Capital Market Operations		169,269		2,696,217
Income from Investments		-		529,947
		<u>36,566,305</u>		<u>31,261,316</u>
II Other Income	15	<u>7,252,044</u>		<u>12,741,969</u>
III Total Revenue (I + II)			43,818,350	44,003,285
IV Expenses				
Employees' Remuneration and other benefits	16	18,890,970		19,327,671
Administrative and Other expenses	17	17,745,415		18,850,130
Finance charges	18	5,017,302		3,282,655
Depreciation		2,902,670		3,296,854
Other Expenses	19	<u>2,105,715</u>		<u>2,829,299</u>
			46,662,072	47,586,610
V (Loss)/Profit before Tax and prior period items			(2,843,722)	(3,583,325)
VI Exceptional Items			-	-
VII Profit before Extraordinary items and tax (V - VI)			(2,843,722)	(3,583,325)
VIII Extraordinary items			-	-
IX (Loss)/profit before Tax (VII - VIII)			(2,843,722)	(3,583,325)
X Tax Expense				
(1) Current Tax			-	-
(2) Tax Relating to Prior years			-	-
(3) Deferred Tax (Credited)/ Charged			(61,545)	(82,771)
XI Profit / (Loss) for the period from Continuing Operations			(2,782,177)	(3,500,554)
XII Profit / (Loss) from Discounting Operations			-	-
XIII Tax Expense of Discounting Operations			-	-
XIV Profit / (Loss) from Discounting Operations (after tax) (XII -XIII)			-	-
XV Profit (Loss) for the period (XI +XIV)			(2,782,177)	(3,500,554)
XVI Earnings Per Share of - Basic (Rs.)				
- Basic (Rs.)			(0.23)	(0.29)
- Diluted (Rs.)			(0.23)	(0.29)
Significant Accounting Policies and Notes to Accounts	1			

As per our report attached of even date.

For and on behalf of the Board of Directors

For Udyen Jain & Associates
Chartered Accountants

S.M.Parande
Chairman

Paresh J. Khandwala
Managing Director

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

Mumbai
Date :- 30th May, 2014

Mumbai
Date :- 30th May, 2014

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

	For the Year ended March 31, 2014	For the Year ended March 31, 2013
A. Cash flow from operational activities		
Net (Loss)/Profit before tax adjusted for prior period items and excess provisions for tax written back	(2,843,722)	(3,583,325)
Adjustments for:		
Depreciation	2,902,670	3,296,854
(profit) /Loss on sale of fixed assets	16,915	(51,215)
(Profit) on sale of Investments	25,754	(529,947)
Interest Income	(5,052,965)	(4,669,252)
Finance Expenses	5,017,302	3,282,655
Unrealised Gains On Mark to Market of F&O Stock	(122,765)	(73,700)
Lease Rental	(1,260,000)	(1,260,000)
Provision for Diminution in investments/ Stock	36,528	288,401
Sundry balance written off	-	83,542
Sundry balance written back	(442,963)	(872,435)
Dividend Income	(368,745)	(297,240)
Refund of Tax	-	(3,023,500)
	<u>751,730</u>	<u>(3,825,837)</u>
Operating profit before working capital changes	(2,091,992)	(7,409,161)
Adjustments for:		
Inventories	(652,150)	626,072
Trade Receivables & Other Receivables	(12,419,658)	(26,467,957)
Current Liabilities & Provision	19,327,082	6,255,275
Cash generated from operations	<u>4,163,283</u>	<u>(1,594,447)</u>
Direct taxes Refunded / (paid)	-	(27,436,331)
Net cash (used in) / generated from operating activities	<u>4,163,283</u>	<u>3,023,500</u>
		<u>(31,821,993)</u>
B. Cash flow from investing activities		
Sale / (Purchase) of fixed assets (Net)	(766,543)	42,050
Sale/ (Purchase) of Investments (Net of purchase)	4,429	601,340
Interest received	2,729,694	2,533,239
Dividend received	362,354	290,763
Net cash (used in) / generated from investing activities	<u>2,329,934</u>	<u>3,467,391</u>
C. Cash flow from financing activities		
(Repayment)/Proceeds from long term borrowings(Net)	1,191,825	(321,868)
(Repayment)/Proceeds from short term borrowings(Net)	20,108,351	1,093,100
Interest and other Finance charges	(5,017,302)	(3,282,655)
Net cash (used in) / generated from financing activities	<u>16,282,874</u>	<u>(2,511,424)</u>
Net increase/(decrease) in cash and cash equivalents	<u>22,776,091</u>	<u>(30,866,025)</u>
Cash and Cash equivalents (opening balance)	22,562,547	53,428,571
Cash and Cash equivalents (closing balance)	<u>45,338,637</u>	<u>22,562,547</u>
	<u>22,776,091</u>	<u>(30,866,025)</u>

As per our report attached of even date.

For and on behalf of the Board of Directors

For Udyen Jain & Associates
Chartered Accountants
S.M.Parande

Chairman

Paresh J. Khandwala

Managing Director

Mr. Udyen Jain

Partner

Mem. No: F - 101201

Firm Registration No. 116336W

Mumbai

Date :- 30th May, 2014

Mumbai

Date :- 30th May, 2014

NOTES FORMING PART OF FINANCIAL STATEMENTS

1. Significant Accounting Policies

Basis of preparation of consolidated financial statements

The accompanying financial statements are prepared and presented under the historical cost convention, on the accrual basis of accounting and comply with the Accounting Standards prescribed by Companies (Accounting Standards) Rules, 2006, the relevant provisions of the Companies Act, 1956 ('the Act') and the Revised Schedule VI to the Act. Figures of the previous year have been redrawn to conform to the Revised Schedule VI classification. The financial statements are presented in Indian rupees.

Use of estimates

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

Revenue recognition

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

Fixed assets and depreciation

Tangible fixed assets

Fixed assets are stated at cost less accumulated depreciation. The cost of fixed assets comprises of purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Depreciation is provided on the straight line method from the date the asset is ready for its intended use or put to use, whichever is earlier. In respect of assets sold, depreciation is provided up-to the date of disposal.

Depreciation is charged at the rates prescribed in the Schedule XIV to the Act, as given below:

Class of asset	Rate of depreciation
Building	1.63%
Office equipment's	4.75%
Computers	16.21%
Furniture and fixtures	6.33%
Vehicles	9.50%

All fixed assets individually costing less than ₹ 5,000 are fully depreciated in the year of purchase.

Investments

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

Non-current investments are carried at cost.

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

Inventories

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

Foreign currency transactions

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

Employee benefits

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

Provident fund

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

Gratuity

The Company's gratuity scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit is calculated by estimating the amount of future benefit that the employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value, and the fair value of any plan assets, if any, is deducted. The present value of the obligation under such benefit plan is determined based on actuarial valuation.

Actuarial gains and losses arising from experience adjustments and change in actuarial assumptions are recognized in the statement of profit and loss in the period in which they arise.

Taxation

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

Income tax

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

Deferred tax

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

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.

NOTES FORMING PART OF FINANCIAL STATEMENTS

	As at March 2014		As at March 2013	
	Nos	Amount	Nos	Amount
NOTE 2 - SHARE CAPITAL				
Authorised				
14,000,000 (P.Y. 14,000,000) Equity Shares of Rs. 10/- each	14,000,000	140,000,000	14,000,000	140,000,000
500,000 (P.Y. 500,000) Cumulative Redeemable Preference Shares of Rs. 100/- each	500,000	50,000,000	500,000	50,000,000
400,000 (P.Y.400,000) Cumulative Convertible Preference Shares of Rs. 100/- each	400,000	40,000,000	400,000	40,000,000
2,00,000 (P.Y. 2,00,000) Optionally convertible Redeemable Preference Shares of Rs. 100/- each	200,000	20,000,000	200,000	20,000,000
	<u>15,100,000</u>	<u>250,000,000</u>	<u>15,100,000</u>	<u>250,000,000</u>
Issued, Subscribed and Paid-up				
Equity Share Capital				
1,19,39,000 (P. Y. 1,19,39,000) Shares of Rs. 10/- each fully paid-up	11,939,000	119,390,000	11,939,000	119,390,000
	<u>11,939,000</u>	<u>119,390,000</u>	<u>11,939,000</u>	<u>119,390,000</u>
Preference Share Capital				
50,000 10.00% Cumulative Redeemable Preference shares of Rs. 100/- each fully paid-up.	50,000	5,000,000	50,000	5,000,000
150,000 10.00% Cumulative Redeemable Preference shares of Rs. 100/- each fully paid-up.	150,000	15,000,000	150,000	15,000,000
	<u>200,000</u>	<u>20,000,000</u>	<u>200,000</u>	<u>20,000,000</u>
a) Reconciliation Of Shares				
Equity shares with voting rights				
Balance as at the beginning of the year	11,939,000	119,390,000	11,939,000	119,390,000
Add: Issue of fresh shares during the year	-	-	-	-
Balance as at the end of the year	11,939,000	119,390,000	11,939,000	119,390,000
Preference shares				
Balance as at the beginning of the year	200,000	20,000,000	200,000	20,000,000
Add: Issue of fresh shares during the year	-	-	-	-
Balance as at the end of the year	200,000	20,000,000	200,000	20,000,000
b) List of Share Holders Holding More than 5% of the total number of shares issued by the Company				
Name of Equity Share Holder	Number of Shares	Percentage Shareholding	Number of Shares	Percentage Shareholding
Jayantilal Khandwala & Sons Pvt. Ltd.	1,733,321	14.52%	1,733,321	14.52%
Bentley Investments Pvt Ltd	1,440,943	12.07%	1,440,943	12.07%
Daxa Paresh Khandwala	1,191,738	9.98%	1,140,830	9.56%
Sarthak Consultants Private Limited	943,000	7.90%	943,000	7.90%
Pratik Paresh Khandwala	767,091	6.43%	766,091	6.42%
Pranav Paresh Khandwala	607,787	5.09%	606,787	5.08%
Name of Preference Share Holder				
Mina Chand	12,500	6.25%	12,500	6.25%
Dolly Lai	12,500	6.25%	12,500	6.25%
Sanjay Thukral	12,500	6.25%	12,500	6.25%
Sindhu Seth	12,500	6.25%	12,500	6.25%
Rohit Chand	150,000	75.00%	150,000	75.00%

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

NOTES FORMING PART OF FINANCIAL STATEMENTS

	As At March 31 2014 Rs.	As At March 31 2013 Rs.
NOTE 3 - RESERVES AND SURPLUS		
Share Premium Account		
As per last Balance Sheet	48,273,000	
Add: Received during the year	-	
	<u>48,273,000</u>	48,273,000
Capital Redemption Reserve	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	70,199,912	73,700,466
Add: Transferred from Profit & Loss Account	(2,782,177)	(3,500,554)
	<u>67,417,735</u>	<u>70,199,912</u>
TOTAL	<u>155,858,735</u>	<u>158,640,912</u>
NOTE 4 - NON CURRENT LIABILITIES		
(a) LONG -TERM BORROWINGS		
Secured		
Vehicle Loan (Secured by hypothecation of vehicle)	487,982	140,710
	<u>487,982</u>	<u>140,710</u>
Unsecured		
Loan from Yukti Securities Ltd.	26,399,348	25,554,795
Loan from Shree Developers Pvt. Ltd.	-	10,000,000
Interest Free Loan from Anila Pravinchandra Jhaveri	1,161,000	1,161,000
	<u>27,560,348</u>	<u>36,715,795</u>
	<u>28,048,330</u>	<u>36,856,505</u>
(b) Deferred Tax		
Deferred Tax (Net)	358,495	420,040
	<u>358,495</u>	<u>420,040</u>
(c) Other Long Term Laibilities		
Security Deposits	10,059,592	9,984,310
	<u>10,059,592</u>	<u>9,984,310</u>
(d) Long Term Provisions		
Provision for Taxation (FBT)	564,501	564,501
Provision for Gratuity	(297,713)	301,688
Provision for Leave Encashment	319,760	-
	<u>586,548</u>	<u>866,189</u>

NOTES FORMING PART OF FINANCIAL STATEMENTS

	As At March 31 2014 Rs.	As At March 31 2013 Rs.
NOTE 5 - CURRENT LIABILITIES		
(a) SHORT TERM BORROWINGS		
Secured Against Shares		
Canara Bank-O/D Against Shares	23,401,451	2,193,100
Unsecured		
Short Term Loans	-	1,100,000
	23,401,451	3,293,100
(b) Trade Payable		
Sundry Creditors	85,215,495	72,634,494
The Company has not received any intimation from 'suppliers' regarding their status under the Micro, Small and Medium enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/ payable as required under the said Act and could not be furnished.	85,215,495	72,634,494
(c) Other Current Liabilities		
Credit Balance in Current Accounts (Book overdraft)	4,814,589	109,268
Other Liabilities		
Payable to Employees	6,664,395	4,547,972
Statutory Dues	1,793,116	1,345,095
Other Liabilities	1,751,156	5,763,416
	15,023,256	11,765,751
(d) Short Term Provisions		
Provision for Leave Encashment	-	329,414
	-	329,414

NOTE 6- FIXED ASSETS

Particulars	Gross Block				Depreciation				Net Block		
	As At 1-Apr-13	Additions during the Year	Deductions during the year	As At 31-Mar-14	As At 1st April 13	For the Year	Acc. Dep on Deln	As At 31st March, 14	As At 31st March, 14	As At 31st March, 13	
Tangibile Assets											
Office Buildings	93,820,894	-	-	93,820,894	23,959,063	1,529,281	-	25,488,344	68,332,550	69,861,831	
Computers	1,351,268	23,487	535,804	838,951	1,006,560	180,720	535,804	651,476	187,475	344,708	
Office Equipments	6,274,813	111,805	-	6,386,618	3,147,060	299,117	-	3,446,177	2,940,441	3,127,753	
Furniture and Fixtures	8,247,898	-	4,869,905	3,377,994	6,800,211	323,983	4,869,905	2,254,289	1,123,705	1,447,687	
Vehicles	3,495,919	631,251	610,393	3,516,777	1,895,051	332,981	428,478	1,799,554	1,717,223	1,600,868	
Plant & Machinery (Computer)	1,109,579	-	-	1,109,579	238,796	52,705	-	291,501	818,078	870,783	
A	114,300,371	766,543	6,016,101	109,050,813	37,046,741	2,718,786	5,834,186	33,931,341	75,119,472	77,253,630	
Intangibile Assets											
Computers	1,455,531	-	406,253	1,049,278	962,618	183,884	406,253	740,248	309,030	492,914	
B	1,455,531	-	406,253	1,049,278	962,618	183,884	406,253	740,248	309,030	492,914	
Total (A + B)	115,755,903	766,543	6,422,354	110,100,091	38,009,359	2,902,670	6,240,439	34,671,589	75,428,502	77,746,544	
Previous Year	117,921,772	145,950	2,311,820	115,755,903	36,887,536	3,296,854	2,175,033	38,009,359	77,746,544	-	

NOTES FORMING PART OF FINANCIAL STATEMENTS

	Face Value	As at March 31 2014		As at March 31 2013	
		Number	Amount	Number	Amount
NOTE 7 - INVESTMENTS					
OTHER INVESTMENTS					
<i>(Long term, non trade, fully paid up)</i>					
<i>i. Quoted</i>					
Equity Shares					
Uflex Limited	10	-	-	2,767	30,188
			-		30,188
<i>ii. Unquoted</i>					
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
			55,863,200		55,863,200
			55,863,200		55,893,388
Less : Provision for diminution			21,358,200		21,358,200
TOTAL			<u>34,505,000</u>		<u>34,535,188</u>
Quoted :					
Aggregate Book Value (net of provision)			-		30,188
Market Value			-		200,054
Unquoted :					
Aggregate Book Value (net of provision)			34,505,000		34,505,000
* Shares are in the process of being registered in the name of the Company.					
NOTE - 8 LONG TERM LOANS AND ADVANCES					
Deposits with exchange & other			21,436,919		30,839,062
Trade Deposit with Companies			53,000,000		53,000,000
Interest Accrued on Loan			-		13,580,433
Share Application			21,668,641		21,668,641
TOTAL			<u>96,105,560</u>		<u>119,088,136</u>
NOTE - 9 OTHER NON - CURRENT ASSETS					
Advance Payment of Tax			5,160,843		3,561,694
In Fixed Deposit Accounts			38,050,000		38,050,000
Advance to Sundry Creditors			2,720		27,720
Employees			558,917		558,917
TOTAL			<u>43,772,479</u>		42,198,331
NOTE 10 - 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 10-A)			1,137,494		515,481
TOTAL			<u>1,137,494</u>		<u>515,481</u>

KHANDWALA SECURITIES LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS

Appendix 10-A

NAME OF THE SCRIP	As at March 31 2014		As at March 31 2013	
	Number	Rs.	Number	Rs.
Equity/ Preference Shares :				
ABG Shipyard Ltd	190	48,488	-	-
Aptech Ltd	652	48,867	-	-
Axis IT & T Ltd	6,900	302,910	6,900	312,915
Balaji Telefilms	1,000	46,400	-	-
Creative Casting Ltd	5,900	3,894	5,900	3,894
Deccan Granite Ltd	20,300	37,555	20,300	37,555
Elder Pharmaceutical	243	48,588	-	-
HCL Technologies	35	48,675	-	-
Hotel Leela Venture	2,958	47,032	-	-
LIC MF Liquid Plus Fund	11,514	115,143	10,875	108,751
PC Jeweller	200	19,380	-	-
Saraswat Co-Op Bank	2,550	25,500	2,550	25,500
Setech Electronics Ltd	270,000	1	270,000	1
Sharp Industries Ltd	2,210	15,713	2,210	20,288
SKS Microfinance Ltd	247	49,968	-	-
United Credit Ltd	-	-	80	364
Ushdev International Ltd	1,003	273,167	-	-
UTI Top 100 Funds	1,000	6,213	1,000	6,213
		<u>1,137,494</u>		<u>515,481</u>

	As At March 31 2014 Rs.	As At March 31 2013 Rs.
NOTE 11 - SUNDRY DEBTORS		
(Unsecured)		
Outstanding for more than six months		
Considered good	89,720,687	104,311,969
Considered doubtful	8,047,521	8,047,521
	<u>97,768,208</u>	<u>112,359,490</u>
Outstanding for Less than Six Months		
Considered good	54,050,808	28,133,223
Considered doubtful	-	-
	<u>151,819,016</u>	<u>140,492,713</u>
Less : Provision for Doubtful Debts	8,047,521	8,047,521
TOTAL	<u>143,771,495</u>	<u>132,445,192</u>

NOTE 12 - CASH AND BANK BALANCES		
Cash on hand		20,419
Balance with Scheduled Banks:		
In Current Accounts	28,318,218	10,546,502
In Fixed Deposit Accounts (Less than One Year) *	17,000,000	10,000,000
		<u>45,318,218</u>
TOTAL		<u>45,338,637</u>

Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is : 45,338,637 22,562,547

NOTES FORMING PART OF FINANCIAL STATEMENTS

	As At March 31 2014 Rs.	As At March 31 2013 Rs.
NOTE 13 - SHORT TERMS LOANS AND ADVANCES		
Advances recoverable in cash or kind or for value to be received		
Employees	119,319	144,689
Prepaid Expenses	956,932	1,205,715
Advance to Sundry Creditors	12,171,184	1,194,623
TOTAL	13,247,435	2,545,028
NOTE 14 - OTHER CURRENTS ASSETS		
Interest Accrued on Fixed Deposit	4,499,884	2,176,613
Advance for Expenses	54,755	98,382
Service Tax	80,661	269,275
TOTAL	4,635,300	2,544,271
	For the year ended March 31 2014 Rs.	For the year ended March 31 2013 Rs.
NOTE 15 - OTHER INCOME		
Interest on Fixed deposits with Banks [Tax deducted at source Rs. 5,11,834/-] (Previous year Rs.4,65,162/-)	5,052,965	4,669,252
Dividend ' - On stock in trade	368,745	297,240
Interest on Income Tax Refund	-	494,673
Lease Rentals	1,260,000	1,260,000
Unrealised Gains On Mark to Market of F&O Stock	122,765	73,700
Miscellaneous Income	447,569	5,947,104
TOTAL	7,252,044	12,741,969
NOTE 16 - EMPLOYEES' REMUNERATION AND OTHER BENEFITS		
Salaries and Bonus	15,199,441	14,777,559
Managing Director's Remuneration	3,125,000	3,125,006
Contribution to Provident and other Funds	749,128	887,508
Staff Welfare Expenses	416,802	322,423
Gratuity	(599,401)	215,175
TOTAL	18,890,970	19,327,671

NOTES FORMING PART OF FINANCIAL STATEMENTS

	For the year ended March 31 2014 Rs.	For the year ended March 31 2013 Rs.
NOTE 17 - ADMINISTRATIVE AND OTHER EXPENSES		
Financial Advisory charges	2,852,016	1,322,132
Computer Expenses	247,207	448,691
Demat charges	650,972	704,236
Rates and Taxes	2,327,636	2,397,409
Insurance	455,350	440,076
Internet Expenses	161,120	473,319
Advertisement Expenses	126,482	124,487
Business Promotion Expenses	381,493	178,398
Legal & Professional Fees	1,475,379	2,935,254
Consultancy Charges	500,000	5,340
Telephone/Postage and Courier Charges	752,705	769,757
Electricity Charges	1,451,747	1,445,374
Registration Fees	894,226	311,988
Repairs and Maintenance	1,761,147	1,737,282
Printing and Stationery	360,468	522,754
Subscription Expenses	469,661	348,773
Travelling and Conveyance	1,127,925	2,590,344
Auditor's Remuneration		
For Audit	-	410,815
For Tax Audit	-	308,990
Directors sitting fees	90,000	90,000
Donation	7,100	14,200
Office Rent	-	65,464
Commission Paid	1,231,936	678,689
Miscellaneous Expenses	420,846	526,358
TOTAL	17,745,415	18,850,130
NOTE - 18 FINANCE CHARGES		
On Other Loans	4,404,482	2,798,551
Other Financial Charges	612,820	484,105
TOTAL	5,017,302	3,282,655
NOTE - 19 OTHER EXPENSES		
Loss on Stock Valuation	36,528	288,401
Loss on Investments	25,754	-
Loss on Market Operation	2,043,433	2,540,899
TOTAL	2,105,715	2,829,299

20. The Company provides Portfolio Management Services (PMS) to its clients. Transactions on account of PMS activities are carried out exclusively on behalf of PMS clients. Therefore, assets and liabilities arising out of the above effectively belong to the PMS clients and hence are not reflected in the Company's accounts. Management fees earned/expenditure incurred by the Company from this activity is accounted for on an accrual basis.
21. Share Application Money of Rs. 216.69 Lacs (Previous year Rs. 216.69 Lacs) is outstanding for a period of 144 months as at the balance sheet date, for which financial statements are in the process of being obtained. The Company has initiated legal proceedings against the party to recover the application money, with interest there on, under Sec 138, matter is pending for hearing at Mumbai Court.
22. Long term deposits from company and Creditors amounting to Rs. 100 lacs and Rs. 40.23 lacs respectively is now no longer payable as well interest accrued on long term deposit within same group company amounting to Rs. 135.80 lacs considered as non receivable and effect of the same has been given in the books of account during the year. Summary of transaction within group companies are as follows:

(Rs. In Lacs)

Sr. No	Particulars	Amount
1	Long Term Deposit from Company	100.00
2	Creditors	40.23
3	Total Liabilities (A) *	140.23
4	Interest Accrued on Long Term Deposit from FY 1997-98 to 2001-02. Interest was already taxed in those respective years.	135.80
5	Total Receivable (B)	135.80
6	Net Income considered in Profit & Loss Account (C.)	4.43

*Note: As per section 41(1) of Income Tax Act liabilities amounting to Rs.135.80 has been considered as a time barred liabilities and considered as remission or cessation of trading liabilities.

23. Long-term deposits to various companies of Rs.530.00 lacs are subject to confirmation and subsequent adjustments, if any. Since company is not in the receipt of any Interest on the same deposit since long period so that company has not accounted any interest on the same deposit.
24. There is a Mark to Market gain of Rs.1,22,765/- as on 31st March 2014 on account of Unrealized Gains on Future Contract. As per AS30, it has been accounted as Other Income and credited to the Income Statement.
25. The net deferred tax assets are calculated as follows:

(Rs. In Lacs)

Particulars	Accumulated As at 31 st March 2013	Charge/ Credit during the year	As at 31 st March 2014
Deferred tax asset:			
Provision for doubtful debtors/advances that are deducted for tax purposes when written off	199.45	-	199.45

Deferred Tax Asset on account of Unabsorbed Depreciation	216.50	-	216.50
Deferred tax liability:			
Additional depreciation on fixed assets for tax purposes due to higher tax depreciation rates	(418.93)	0.62	(418.31)
Expenses carried forward as per books but claimed for tax purposes as incurred	(1.22)	-	(1.22)
Net Deferred tax Assets/ (Liability)	(4.20)	0.62	(3.58)

26. Segment Information

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

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

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

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

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

Information about Primary Business Segments

(Amount in Rs. Lacs)

Sr. No.	Particulars	Year Ended 31 st March 2014	Year Ended 31 st March 2013
1	Segment Revenue-external		
a)	Investment / Stock Operations	1.69	32.26
b)	Fee-based Operations	363.96	280.35
	Total revenue	365.65	312.61
2	Segment Result		
a)	Investment / Stock Operations	(28.33)	(6.36)
b)	Fee-based Operations	112.69	67.85
	Total	84.36	61.49
	Less: Interest	50.17	32.83
	Unallocated Expenses less unallocated income	(62.62)	(64.50)
	Net (Loss) / Profit before Tax & prior Period Items	(28.44)	(35.83)
	Provision for tax (including deferred tax)	(0.62)	(0.83)
	Net (Loss)/Profit after tax for the year	(27.82)	(35.01)
	Other Items		

3	Segment Assets		
a)	Investment / Stock Operations	356.47	350.55
b)	Fee-based Operations	2349.25	2180.41
c)	Unallocated Corporate Assets	1692.11	1797.61
		4397.83	4328.57
4	Segment Liabilities		
a)	Investment / Stock Operations	0.16	0.08
b)	Fee-based Operations	754.84	782.41
c)	Unallocated Corporate Liabilities	178.39	160.08
		933.39	942.56
5	Depreciation	29.03	32.97
6	Non cash items other than depreciation		
a)	Investment / Stock operations	0.37	2.88
b)	Fee based operations	-	-

27. Earnings per share:

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

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

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

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Basic		
Numerator used for calculating basic earnings per share – Profit after taxation (Rs. lacs)	(27.82)	(35.01)
Less: Dividend on Cumulative Preference share dividend (including dividend tax thereon)	-	-
Profit / (Loss) attributable to equity shareholders (Rs. lacs)	(27.82)	(35.01)
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.)	(0.23)	(0.29)
Diluted		
Numerator used for calculating Diluted earning per Share-Profit/(Loss) after taxation (Rs. In Lacs)	(27.82)	(35.01)
Weighted Average Number of Shares (In Lacs) used as Denominator for calculating Diluted Earning per Share	119.39	119.39
Diluted earning per Share- (Rs.)	(0.23)	(0.29)

28. Related Party Disclosures

Names of Related Parties:

- A) Enterprises where control exists
- Associate Companies:
1. Trumonee Financial Ltd.
- B) Enterprises controlled by the relatives of the Key Managerial Personnel:
1. Piggero Investments Pvt. Ltd.
 2. Bentley Investments Pvt. Ltd.
 3. Khandwala Commodity & Derivatives Pvt. Ltd.
 4. Jayantilal Khandwala & Sons
- C) Key Management Personnel:
1. Mr. Paresh J. Khandwala - Managing Director
 2. Mr. P. J. Khandwala – HUF
- D) 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

Transactions with related parties for the year ended 31st March 2014

[Rs. in lacs]

Transaction	2013-14	2012-13
Brokerage received	(0.79)	(0.38)
Remuneration Paid	31.25	31.25
Advisory fees paid	17.52	13.37
Consultancy charges paid	-	1.60
Lease rent received	(0.60)	(0.60)
Investment in Associate Company	337.50	337.50
Outstanding Balance		
Sundry Debtors	173.26	166.55
Sundry Creditors	4.86	3.69

29. As per information and explanation received there are no dues payable to Small Scale Industrial Undertakings as at March 31, 2014.
30. Transaction in foreign currency: (In lacs)
- Foreign travel expenses – Rs. 0.52, Previous year Rs. 15.85.
- Foreign Currency Income – Rs. Nil, Previous year Rs. 0.14.
31. Debtors include:
- (i) Due from a firm in which a director is interested as partner - Rs.152.85lacs (Previous year Rs.152.85lacs)
 - (ii) The above dues have arisen in the normal course of business.
32. 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.

33. Managerial Remuneration:

(i) Remuneration to Managing Director

Salary and Other Allowances : Rs. 31.25Lacs
(P.Y. Rs. 31.25 lacs)

(ii) Sitting fees to other Directors : Rs. 0.90lacs
(P.Y. Rs. 0.90lacs)

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

I. Change in Benefit Obligation:	F.Y. 13 -14
Liability at the beginning of the year	28,83,698
Interest Cost	2,37,905
Current Service Cost	1,86,675
Past Service Cost (Non Vested Benefit)	-
Past Service Cost (Vested Benefit)	-
Settlement	-
Liability Transfer in	-
Liability Transfer out	-
(Benefit Paid)	(1,20,047)
Actuarial (Gain) / Loss on Obligations	(8,52,840)
Liability at the end of the year	23,35,391

II. Fair value of Plan Assets:	F.Y. 13 -14
Fair Value of Plan Assets at the Beginning of the year	25,82,010
Expected Return on Plan Assets	2,24,635
Contributions	-
Transfer from other company	-
(Transfer to other company)	-
(Benefit Paid)	(1,20,047)
Actuarial gain / (Loss) on Plan Assets	(53,494)
Fair Value of Plan Assets at the end of the year	26,33,104

III. Actual Return on Plan Assets:	F.Y. 13 -14
Expected Return on Assets	2,24,635
Actuarial gain/ (Loss) on Plan Assets	(53,494)
Actual Return on Plan Assets	1,71,141

IV. Amount Recognized in the Balance Sheet:	F.Y. 13 -14
Fair Value of Plan Assets at the end of the year	26,33,104
Liability at the end of the year	(23,35,391)
Difference	2,97,713
Unrecognized Past Service Cost	-
Unrecognized Transition Liability	-
Amount Recognized in the Balance Sheet	2,97,713

V. Expenses Recognized in the Income Statement:	F.Y. 13 -14
Current Service Cost	1,86,675
Interest Cost	2,37,905
Expected Return on Plan Assets	(2,24,635)
Actuarial (Gain) or Loss	(7,99,346)
Past Service Cost (Non Vested Benefit) Recognized	-
Past Service Cost (Vested Benefit) Recognized	-
Transition Liability during the period	-
Expense Recognized in P&L	(5,99,401)

VI. Balance Sheet Reconciliation	F.Y. 13 -14
Opening Net Liability	3,01,688
Expense as above	(5,99,401)
Transfer from other company Net	-
Transfer to other company Net	-
Employer's Contribution	-
Amount Recognized in Balance Sheet	(2,97,713)

VII. Assumptions	F.Y. 13 -14
Discount Rate Previous	8.25%
Rate of Return on Plan Assets Previous	8.70%
Salary Escalation Previous	5.00%
Attrition Rate Previous Year	2.00%
Discount Rate Current	9.31%
Rate of Return on Plan Assets Current	8.70%
Salary Escalation Current	5.00%
Attrition Rate Current Year	2.00%

VIII. Other Details	F.Y. 13 -14
No. Of Members	44
Salary PM	5,40,607

Prescribed Contribution for next year (12 Months)

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.

35. Contingent Liabilities: -

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

Name of the Statute	Nature of the Dues	Amount (Rs.)	Period to which the amount relates	Forum where Dispute is pending	Under Section
Income Tax Act 1961	Income Tax	31.88	A.Y. 2006-07	CIT(A)	271(1)(C)
		7.80	A.Y. 2007-08	CIT(A)	271(1)(C)
		2.5	A.Y. 2008-09	CIT(A)	271(1)(C)
		19.49	A.Y. 2009-10	CIT(A)	271(1)(C)
		4.96	A.Y. 2007-08	ITAT	143(3)
		58.89	A.Y. 2008-09	ITAT	143(3)
		82.65	A.Y. 2009-10	ITAT	143(3)

- ii) Preference dividends are in arrears from F.Y. 2008-09 to F.Y.2013-14 as aggregating to Rs. 1.20 Crores.

- iii) TDS defaults showing on TDS traces website for the various Financial Years as on 31st March 2014 has been reviewed and there is no possible demand arising due to that. The Company is under process of rectifying the defaults by revising the TDS returns.

36. 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 and on behalf of the Board of Directors

For Udyen Jain & Associates
Chartered Accountants

S.M.Parande Chairman
Paresh J. Khandwala Managing Director

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

Mumbai
Date :- 30th May, 2014

Mumbai
Date :- 30th May, 2014

KHANDWALA SECURITIES LIMITED

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

Proxy form

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

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

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

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 21st Annual General Meeting of the Company, to be held on Saturday, the 20th day of September, 2014 at 12.15 PM. at C. K. Nayadu Hall, in the Cricket Club of India (CCI), Brabourne Stadium, Churchgate, Mumbai – 400 020 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No.	Resolutions	For	Against
1	Consider and adopt Audited Financial Statement, Reports of Board of Directors and Auditors		
2	Re-appointment of Mr. Pranav Khandwala who retires by rotation		
3	Appointment of Auditors and fixing their remuneration		
4	Appointment of Ms. Bhagyashree Khandwala as Non Executive Director		
5	Appointment of Mr. Sreedhar Parande as an Independent Director		
6	Appointment of Mr. Rohit Chand as an Independent Director		
7	Appointment of Mr. Kalpen Shukla as an Independent Director		
8	To Borrow Money and give powers to Board Under Section 180(1)(c) of the Companies Act, 2013		

Signed this day of 2014

Signature of Shareholder:

Signature of Proxy holder:

Affix
Revenue
Stamp

Note:

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

KHANDWALA SECURITIES LIMITED

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

ATTENDANCE SLIP

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

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

I hereby record my presence at the 21st Annual General Meeting of the Company at C. K. Nayadu Hall, in the Cricket Club of India (CCI), Brabourne Stadium, Churchgate, Mumbai – 400 020 on Saturday, the 20th day of September, 2014 at 12.15 PM.

Signature of Member/Proxy

REGISTERED POST / SPEED POST / COURIER

If undelivered, please return to :

KHANDWALA SECURITIES LIMITED

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