



*Wealth Visionaries*



## Annual Report 2017-18

### OUR MANTRA

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

Institutional Equity : Investment Banking : Investment Advisory : Private Wealth

#### **Service Differentiators:**

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

# **KHANDWALA SECURITIES LIMITED**

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## **BOARD OF DIRECTORS**

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

- Managing Director
- Executive Director / Chief Financial Officer (CFO)
- Non Executive Director
- Independent Director
- Independent Director

## **COMPANY SECRETARY**

Mr. Abhishek Joshi

## **REGISTERED OFFICE**

Ground Floor, Vikas Building,  
Green Street, Fort,  
Mumbai - 400 023.  
Tel. No :- 91-22-40767373  
Fax. No:- 91-22-40767377/78

## **STATUTORY AUDITORS**

M/s. Aniket Kulkarni & Associates  
Chartered Accountants  
Unit 12, Highway Commercial Centre,  
I.B. Patel Marg, Off. Western Express Highway,  
Goregaon (East), Mumbai - 400063

## **BANKERS**

Union Bank of India  
Axis Bank Limited  
HDFC Bank Limited  
Canara Bank  
IndusInd Bank

## **REGISTRAR & SHARE TRANSFER AGENT**

Karvy Computershare Private Limited  
Karvy Selenium, Tower B,  
Plot No. 31 & 32, Financial District,  
Nanakramguda, Gachibowli,  
Hyderabad - 500 032, Telangana  
Tel :- 91-40-67162222 / 33211000  
e-mail:- support@karvy.com

## **LEGAL ADVISORS**

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

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**Dear Shareholders**

It is always a pleasure and privilege to share with you our thoughts and views on the performance and prospects of the Company.

The world economy embarked on asynchronous recovery in 2018 but subsequently faced headwinds of trade protectionism and strong idealisation towards domestic-centric growth approach. In India too, the implementation of demonetisation and GST caused temporary set backs, particularly in the informal segment. As the effect of these aberrations faded, the Indian capital markets rebounded with smart recovery.

As the Indian economy surges ahead with significant GDP growth, what is interesting is the structural changes in the form of reforms like GST which are aimed at formalising the economy. Another interesting development has been the increasing interest of investors in India that has resulted in better liquidity. The overall financial services space has witnessed significant growth, particularly with more household savings getting invested in financial assets through Mutual Funds, Insurance, Banks, Direct Investments in Equities and Bonds, among others. This trend is only expected to increase in the days to come, and definitely augurs well for financial intermediaries and service providers.

Our well diversified and research-backed service offerings, strong brand equity, coupled with the latest technological infrastructure and strong risk management systems have resulted in consistent and steady stability in the business and in turn affecting the company on the positive side.

This year, your Company has reported an income of INR 383.68 Lacs down 22.55% from last year and Loss after tax of INR 75.10 Lacs, up 23.21% compared to the previous year loss. The Return on Equity has been (0.63) for FY 2017-18 to (0.51) for FY 2016-17. The Company's Networth is now INR 2772.32 Lacs with a balance sheet size of INR 4085.39 Lacs. Your Company's future endeavors will be to have a healthy financial performance and a strong balance sheet which will allow us to serve you even better, through good times or eventual lean ones.

As growth gathers momentum, and with favourable demographics, we expect higher savings tilted towards equity markets, especially via mutual funds and portfolio management services. Dwindling interest of households in real estate is also expected to shift a significant portion of the incremental savings in to the financial markets. As per data from CDSL & NSDL, there is already ~16 per cent increase in the number of active demat accounts. The financial sector in India is looking robust. Going forward, with improving income growth and favourable demographics, we can anticipate a surge in household savings moving towards the equity markets. This would continue to augur well for our industry and for your Company. We believe growth in FY19 shall largely be driven by government spending and progress of the fiscal multiplier effect. Overall, we see real GDP growth rising to 7 per cent in FY19.

To sum up, the strategic realignment of our businesses, the reallocation of our capital and the resulting changes in the value drivers has enhanced the earnings power of our Company. The key pillars of future growth that we have been methodically building, make us optimistic of continued strong performance in the years ahead. I would like to express my gratitude to our Board of Directors for their support and guidance. I am also grateful to all our stakeholders and employees who have reposed their trust in us and continued to give us support.

**With best wishes,**

**Sincerely**

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

May 26, 2018

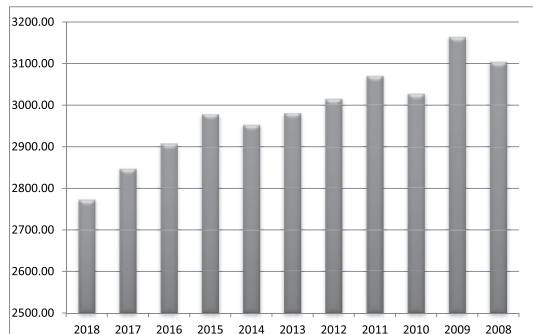
## Performance Highlights

Standalone Financial Performance of Khandwala Securities Limited.

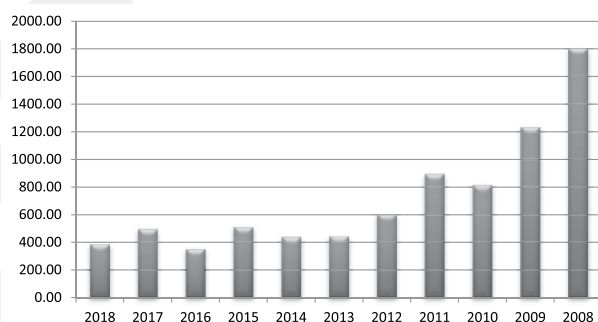
(₹ in Lakhs except per share data)

Year Ended March 31,	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Income	383.68	495.36	348.72	506.85	438.18	440.03	599.42	893.76	813.43	1231.07	1801.71
Total Expenditure	460.08	555.3	420.25	489.21	466.62	475.87	657.73	850.66	988.60	965.37	1030.71
Profit Before Tax	-76.40	-59.94	-71.53	17.64	-28.44	-35.83	-58.31	43.11	-175.18	260.70	771.00
Tax Expenses	1.30	1.02	-1.42	-7.46	-0.62	-0.83	-3.32	-0.27	-0.01	39.68	97.43
Net Profit	-75.10	-60.95	-70.11	25.10	-27.82	-35.01	-54.99	43.37	-175.17	226.02	673.57
Paid up Equity Capital	1193.90	1193.90	1193.90	1193.90	1193.90	1193.90	1193.90	1193.90	1193.90	1193.90	1193.90
Networth	2772.32	2846.52	2907.48	2977.58	2952.49	2980.31	3015.31	3070.30	3026.93	3163.82	3103.91
Diluted EPS (FV ₹ 10) (in ₹)	-0.63	-0.51	-0.59	0.21	-0.23	-0.29	-0.46	0.36	-1.66	1.67	5.58
BVPS (FV ₹ 10) (in ₹)	21.55	22.17	22.68	23.26	23.05	23.29	23.58	24.04	23.68	24.82	23.07

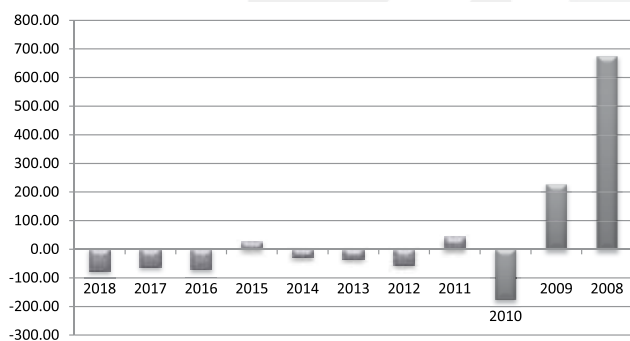
Networth



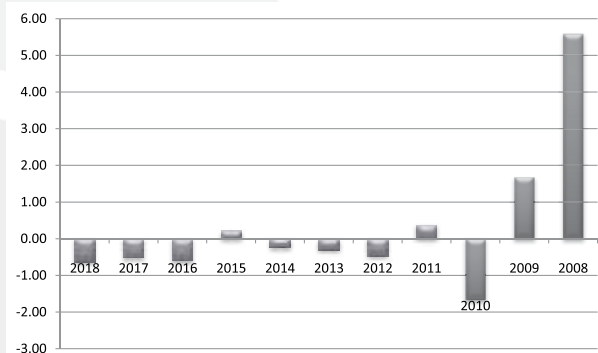
Total Income



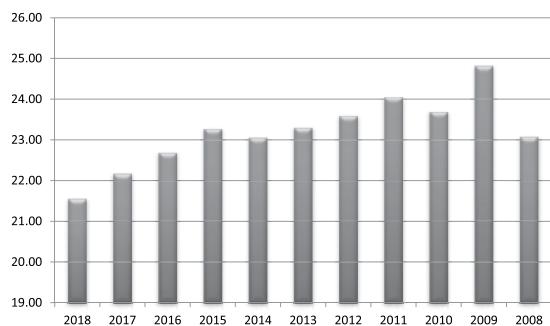
Net Profit



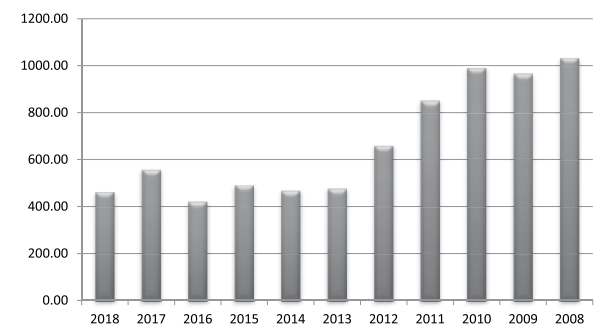
Diluted EPS (FV Rs. 10) (in Rs.)



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



Total Expenditure



## NOTICE

Notice is hereby given that the Twenty Fifth Annual General Meeting of the Members of **Khandwala Securities Limited** will be held on Friday, September 21, 2018 at 12.30 p.m. at C. K. Nayudu Hall, in the Cricket Club of India (CCI), Brabourne Stadium, Churchgate, Mumbai – 400 020, to transact the following businesses:

### ORDINARY BUSINESS:

1. To receive, consider and adopt :-
  - a. the audited Financial Statements of the Company for the financial year ended March 31, 2018 together with the Report of the Directors and the Auditors thereon; and
  - b. the audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2018 together with the Report of the Auditors 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.

### SPECIAL BUSINESS:

#### 3. Increase in Borrowings Limits under Section 180(1)(c) of the Companies Act, 2013

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

**"RESOLVED THAT** in supersession of the earlier resolution passed by the Members at the Twenty First Annual General Meeting of the Company held on September 20, 2014 and pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 read with rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as 'the Board' which term shall include any Committee thereof) to borrow, from time to time, such sum or sums of money as they may deem necessary, for the purpose of the business of the Company, from any banks, financial institutions, firms, bodies corporate and/or any other entity, with or without security, and on such terms and conditions, as the Board at its sole discretion may deem fit, notwithstanding that the monies to be borrowed together with monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up share capital of the Company and its free reserves, provided that the total amount up to which monies may be borrowed by the Board shall not exceed the sum of Rs. 175 crores (Rupees One Seventy Five Crores only) at any point of time.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper, or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution."

#### 4. Creation of Charges, Mortgages, Hypothecation on the Movable and Immovable Properties of the Company under Section 180(1)(a) of the Companies Act, 2013

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

**"RESOLVED THAT** in supersession of the earlier resolution passed in this regard and pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 read with rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as 'the Board' which term shall include any Committee thereof) to mortgage, hypothecate, pledge, encumber and/or charge, including to sell, lease or otherwise dispose of on such terms and conditions as the Board may deem fit, all or any part of movable and/or immovable, tangible and/or intangible properties/assets of the Company, wherever situate, both present and future and/or the whole or part of any of the undertaking(s) of the Company, in favour of any persons(s) including but not limited to banks, financial institutions, corporate bodies and/or any other lending agencies, to secure the loans, financial assistance and/or other credit facilities (hereinafter referred to as "loans"), availed/to be availed by the Company, in Indian rupees or in foreign currency, from time to time, provided that the total amount of loans together with interest thereon, additional interest, compound interest, liquidated damages, commitment charges, premium on pre-payment or on redemption, costs, charges, expenses and all other monies payable by the Company in respect of the such loans for which the charge is to be created, shall not at any time exceed Rs. 175 Crores (Rupees One Seventy Five Crores).

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorised to finalize, settle and execute such documents / deeds / writings / papers / agreements / undertakings as may be required and to do all such acts, deeds and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any

question, difficulty or doubt that may arise in regard to creating mortgage/charge/pledge/hypothecation as mentioned aforesaid.”

**5. Delivery of Documents under Section 20 of the Companies Act, 2013**

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

“**RESOLVED THAT** pursuant to the provisions of Section 20 and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder, whereby a document may be served on any member by the Company by sending it to him/her by post or by registered post or by speed post or by courier or by electronic mode or any other mode as may be prescribed, the consent of the Members of the Company be and is hereby accorded to charge from the member, fees in advance equivalent to the estimated actual expenses of delivery of the document(s), pursuant to any request made by the member for delivery of such document(s) to him/her, through a particular mode of services mentioned above provided such request along with requisite fees has been duly received by the Company at least 10 days in advance of the dispatch of documents by the Company.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of Directors or Key Managerial Personnel of the Company be and are hereby severally authorised to do all acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable to give effect to this resolution.”

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

**Paresh Khandwala  
Managing Director**

**Date :** August 11, 2018

**Place :** Mumbai

**Registered Office:**

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

CIN: L67120MH1993PLC070709

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

E-mail:- [investorgrievances@kslindia.com](mailto:investorgrievances@kslindia.com)

**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (“THE MEETING”) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY IN ORDER TO BE EFFECTIVE, SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY, DULY COMPLETED AND SIGNED, NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY FORM IS ANNEXED TO THIS REPORT.**
2. A person can act as proxy on behalf of Members not exceeding Fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. However, a member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
3. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the above Special Businesses is annexed hereto.
4. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send to the Company a certified true copy of their board resolution authorising their representative(s) to attend and vote on their behalf at the Meeting.
5. Members are informed that in the case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. Members / Proxies / Authorised Representatives are requested to bring the duly filled attendance slip enclosed herewith for attending the meeting, along with their copy of the Annual Report.
7. Members who holds shares in dematerialized form are requested to write their DP ID and Client ID number(s) and those who holds shares in physical form are requested to write their folio number(s) in the attendance slip for attending the meeting to facilitate identification of membership at the meeting.
8. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions in writing to the Secretary of the Company at least 10 days before the date of the AGM so that information required may be complied and made available at the Meeting.
9. The Register of Members and Share Transfer Books of the Company will remain closed from **September 14, 2018 to September 21, 2018** (both days inclusive).



10. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 and the Register of contracts or arrangements in which directors are interested maintained, under Section 189 of the Companies Act, 2013 will be available for inspection by the members at the Annual General Meeting.
11. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, between 11.00 a.m. and 1.00 p.m. up to the date of the Annual General Meeting.
12. Pursuant to the provisions of Section 124 of the Companies Act, 2013, there are no dividends or interest which remains unpaid /unclaimed for a period of 7 years which should be transferred by the Company to the Investor Education Protection Fund (IEPF). Members are requested to note that no claims shall lie against the Company or IEPF in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.
13. Members holding shares in physical form are requested to advise any change in their address or bank mandates to the Company/Karvy Computershare Private Limited, Registrar & Share Transfer Agent of the Company. Members holding shares in electronic form are requested to intimate any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts.
14. Members holding the equity shares under multiple folios in the identical order of names are requested to write to the Karvy Computershare Private Limited, to consolidate their holdings in one folio.
15. According to SEBI directive, securities of Listed Companies can be transferred only in dematerialised form, from a cut-off date to be notified. Accordingly, Members holdings shares in physical form are requested to dematerialize the shares.
16. Members can avail the facility of nomination in respect of the equity shares held by them in physical form pursuant to the provisions of Section 72 of the Companies Act, 2013. Members desiring to avail this facility may send their nomination in the prescribed format duly filled in to the Registrar & Share Transfer Agent, M/s. Karvy Computershare Private Limited.
17. Brief resume of Directors proposed to be appointed/re-appointed, nature of their expertise in specific functional areas, names of the companies in which they hold directorships and memberships/chairmanships of Board Committees, shareholding and relationships between Director inter-se as stipulated under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings (SS-2), are provided in the Annexure to the Notice.
18. The Notice of the 25<sup>th</sup> Annual General Meeting, Annual Report and Attendance Slip are being sent in electronic mode to those Members whose e-mail addresses are registered with the Company or the Depository Participants, unless any Member has requested for a physical copy. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted or requested modes.
19. Members are requested to bring their copies of the Annual Report at the Meeting.
20. Pursuant to the provisions of Section 101 of the Companies Act, 2013 read with the rules made thereunder, Companies can serve Annual Reports and other communications through electronic mode to those members who have registered their email addresses either with the Company or with the Depository. Members who have not registered their e-mail addresses so far are requested to register their e-mail address so that they can receive Annual Report and other communication from the Company electronically. Members holding shares in demat form are requested to register their e-mail address with their Depository Participants only. Members of the Company, who have registered their e-mail address, are entitled to receive such communication in physical form upon request.
21. The Route Map showing directions to reach the venue of the 25<sup>th</sup> Annual General Meeting is annexed in this Annual Report.
22. **Voting through electronic means**

In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the Company is pleased to provide members facility to exercise their rights to vote at the 25<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services. The facility of casting votes by the members using an electronic voting system from a place other than the venue of the Annual General Meeting (remote e-voting) will be provided by M/s. Karvy Computershare Private Ltd.

The Instructions for e-voting is enclosed with this Annual Report.

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

Pursuant to the provisions of Section 180(1)(c) of the Companies Act, 2013, borrowings (apart from temporary loans obtained from the Company's bankers in ordinary course of business) by the Company beyond the aggregate of the paid up share capital of the Company and its free reserves requires the approval from the Members of the Company.

The Members of the Company had vide special resolution passed at the Annual General Meeting of the Company held on September 20, 2014, authorized the Board of Directors to borrow monies (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), on behalf of the Company not exceeding Rs. 150 Crores (Rupees One Fifty crores), for the business of the Company. However, keeping in view Company's requirements to fund its growing activities and operations, the Board of Directors of the Company at its meeting held on August 11, 2018, proposed to raise the existing borrowing limit from Rs. 150 Crores (Rupees One Fifty crores) to Rs. 175 Crores (Rupees One Seventy Five crores), which is subject to the approval of the Members of the Company.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the resolution set out at item no. 3 of the Notice.

Accordingly, the Board recommends the Special Resolution set out at item no. 3 of the Notice for the approval of members.

**Item No. 4**

Pursuant to the provisions of Section 180(1)(a) of the Companies Act, 2013, the Board of Directors can exercise its powers to mortgage, hypothecate, pledge and/or charge, on all or any part of movable or immovable properties of the Company, to secure its borrowings, only with the consent of the Members obtained by way of special resolution.

Therefore, the Board of Directors of the Company seeks the consent of the Members by way of Special Resolution under Section 180(1)(a) of Companies Act, 2013, to empower the Board to mortgage, hypothecate, pledge, encumber and/or charge including to sell, lease or otherwise dispose of both the movable or immovable properties and/or tangible or intangible assets of the Company, wherever situate, both present and future, and/or the whole or any part of the undertaking(s) of the Company in favour of banks, financial institutions, corporate bodies, other lending agencies or any other persons, for securing the loans, financial assistance and/or other credit facilities, availed/to be availed by the Company, together with interest and other charges thereon, up to a maximum limit of Rs. 175 Crores (Rupees One

Seventy Five crores only).

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the resolution set out at item no. 4 of the Notice.

Accordingly, the Board recommends the Special Resolution set out at item no. 4 of the Notice for the approval of members.

**Item No. 5**

As per the provisions of Section 20 of the Companies Act, 2013, a document may be served on any Member by sending it to him by post or by registered post or by speed post or by courier or by delivery at his office or residence address or by such electronic or other mode as may be prescribed.

Further, proviso to sub-section (2) of Section 20 of the Companies Act, 2013 states that a Member may request for delivery of any document(s) through a particular mode, for which he shall pay such fees in advance as may be determined by the company in its Annual General Meeting. Accordingly, it is proposed to charge from Members a sum equivalent to the estimated actual expenses of delivery of the document(s) through a particular mode, if any request has been made by any Member for delivery of such document(s) to him/her through such mode of service, be taken to cover the cost of such delivery.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financial or otherwise in the resolution set out at item no. 5 of the notice.

Accordingly, the Board recommends the Ordinary Resolution set out at item no. 5 of the Notice for the approval of members.

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

**Paresh Khandwala  
Managing Director**

**Date :** August 11, 2018

**Place :** Mumbai

**Registered Office:**

Ground Floor, Vikas Building,  
Green Street, Fort,  
Mumbai - 400023  
CIN: L67120MH1993PLC070709



**ANNEXURE TO THE NOTICE**

**Information of Director seeking appointment/re-appointment as required to be furnished under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meeting (SS-2):**

Name of the Director	Mr. Pranav Khandwala
DIN	00519113
Age	38 years
Qualification	B.Com & MBA
Date of Appointment	14/11/2011
Expertise in Functional area	Mr. Pranav Khandwala have an industry experience of more than over 10 years in identifying, creating and managing strategic business initiatives, resulting in enhanced business opportunities and value creation. He has a strong financial background with high levels of achievements in the Company which was not only the result of analysis and hard work but also strong communication abilities, team work and fire in the belly attitude for huge growth. He has completed 2 global Masters Programme from renowned universities in UK.
Terms and conditions of appointment / reappointment	Appointed as Non-Executive Director of the Company w.e.f December 4, 2016, liable to retire by rotation.
Remuneration last drawn (including sitting fee), if any	As mentioned in Corporate Governance Report
Number of board meetings attended during the year (2017-18)	2
Directorship held in other Companies in India	Khandwala Commodity & Derivatives Private Limited Trumonee Financial Limited Piggero Investments Private Limited
Memberships / Chairmanship of Committees in other Companies	Nil
No. of equity shares held in the Company	6,86,737
Relationship with Directors / Key Managerial Personnel, if any	Mr. Pranav Khandwala is the husband of Mrs. Bhagyashree Khandwala, Director & CFO and Mr. Pranav Khandwala is also the son of Mr. Paresh Khandwala, Managing Director of the Company.

**DIRECTORS' REPORT**

To

The Members,

Your Directors hereby presenting their Twenty Fifth Annual Report together with the audited financial statements of your Company for the financial year ended 31<sup>st</sup> March 2018.

**FINANCIAL HIGHLIGHTS**

The summary of the Company's financial performance, for the financial year 2017-18 as compared to the previous financial year 2016-17 is given below:

(Rs. in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Total Income	383.68	495.36
Financial Cost	27.73	34.57
Depreciation and Amortization Expenses	29.01	29.67
Profit / (Loss) before Exceptional Items & Tax	(76.40)	(59.94)
Exceptional Items	-	-
Profit / (Loss) before Tax	(76.40)	(59.94)
Provision for Tax	(1.30)	1.01
Profit / (Loss) after Tax	(75.10)	(60.95)
Other Comprehensive Income	0.90	-
Total Comprehensive Income for the Year	(74.20)	(60.95)

**ADOPTION OF INDIAN ACCOUNTING STANDARDS (IND AS)**

The Company has adopted Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs with effect from 1<sup>st</sup> April, 2017 with a transition date of 1<sup>st</sup> April, 2016. Accordingly, these financial statements comply with all aspects with the Ind AS notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Companies Act, 2013.

The Comparative financial information of the Company for the year ended 31<sup>st</sup> March, 2017 and the transition date opening balance sheet as at 1<sup>st</sup> April, 2016 included in the Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2017 and March 31, 2016 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 as amended to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS.

**DIVIDEND**

In view of the losses incurred by your company during the year under review, no dividend has been proposed to be declared in the financial year 2017-18.

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

During the year under review, the standalone total income for the financial year was Rs. 383.68 lakhs as compared to Rs. 495.36 lakhs for the previous year. The total expenses incurred during the financial year was Rs. 460.08 lakhs as compared to Rs. 555.30 lakhs in the previous year. The Net loss after tax was Rs. 75.10 lakhs in the financial year as compared to Net loss of Rs. 60.95 lakhs in the previous year.

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

**LISTING WITH STOCK EXCHANGES**

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

**SUBSIDIARIES AND JOINT VENTURES**

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

**ASSOCIATE COMPANIES**

During the year ended March 31, 2018, your Company had one associate Company i.e. Trumonee Financial Limited, within the meaning of Section 2(6) of the Companies Act, 2013.

**CONSOLIDATED FINANCIAL STATEMENTS**

The Consolidated Financial Statements of the Company has been prepared in accordance with the applicable accounting standards. The audited consolidated financial statements together with auditor's report forms part of this Annual Report. A statement containing the salient features of the financial statement of associate Company as required under Sec.129(3) of the Companies Act, 2013 in the prescribed form i.e. "Form AOC-1" is annexed as "Annexure - 1" to this report.

Further pursuant to the provisions of section 136 of the Companies Act, 2013, the financial statement of the Company, consolidated financial statements along with relevant documents and separate audited accounts in respect of associate company are available on the website of the Company. The Company will also make available copy of audited accounts of the associate Company upon request by any member of the Company interested in obtaining the same.

**EXTRACT OF ANNUAL RETURN**

As provided under section 92(3) of the Companies Act, 2013 and the rules framed thereunder, the extract of annual return in the prescribed form MGT-9 is provided as "Annexure - 2" to this report.

**MANAGEMENT DISCUSSION AND ANALYSIS**

A detailed analysis of the Company's performance is explained in the Management Discussion & Analysis Report, forming part of this Annual Report.

**DIRECTORS AND KEY MANAGERIAL PERSONNEL****a) Retirement by Rotation of the Directors**

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Pranav Khandwala, retires by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment. The Board of Directors recommends his re-appointment.

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

During the year under review, Mr. Kalpen Shukla, Chairman of the Board and Independent Director, vacated his office of directorship in the Company in accordance with section 167 of the Companies Act, 2013, effective from November 13, 2017, due to disqualification suffered u/s 164(2) of the Companies Act, 2013. The Board places on record its appreciation for the services rendered by Mr. Kalpen Shukla during his tenure as a Director of the Company.

The Board of Directors, on the recommendation of Nomination and Remuneration Committee, at their meeting held on November 13, 2017, re-appointed Mr. Paresh J. Khandwala as the Managing Director of the Company for a period of 5 years w.e.f January 1, 2018, subject to the approval of the members of the Company.

**DECLARATION OF INDEPENDENCE**

The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under the provisions of the Companies Act, 2013 read with schedules and rules issued there under as well as Regulations 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**MEETINGS OF THE BOARD OF DIRECTORS**

During the financial year, the Board met 5 (five) times i.e. on May 29, 2017, June 23, 2017, August 9, 2017, November 13, 2017 and February 14, 2018. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013. The attendance details of directors at the Board Meetings are provided in the Corporate Governance Report.

**COMMITTEES OF THE BOARD**

The Board of Directors of the Company has constituted various Committees in compliance with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 viz. Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee. The details of all the Committees along with their composition, terms of reference,

no. of meeting held during the year and attendance at these meetings, are provided in the Corporate Governance Report, forming part of this Annual Report.

**BOARD EVALUATION**

In compliance with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors has carried out an annual evaluation of its own performance, board committees and individual directors. The performance of the board and its committees was evaluated after seeking inputs from all the directors on the basis of criteria such as composition of board/committee and structures, understanding of their roles and responsibilities, effectiveness of board/committee processes, providing of information and functioning, etc.

In a separate meeting of the Independent Directors of the Company, the performance of non-independent directors and performance of the board as a whole was evaluated taking into accounts the view of executive directors and non-executive directors.

The Board and the Nomination and Remuneration Committee reviewed the performance of the individual directors of the Company on the basis of their criteria such as effectiveness, performance, transparency, strategic thinking, quality of discussions at the meetings, etc. The performance evaluation of independent directors was done by the entire board. The Directors expressed their satisfaction with the evaluation process.

**NOMINATION AND REMUNERATION POLICY**

The Board has, on recommendation of Nomination and Remuneration Committee, framed a Nomination and Remuneration policy on appointment of Directors, key managerial personnel, senior management personnel and their remuneration including the criteria for determining qualifications, independence of directors, positive attributes, etc. The said policy is annexed to this report as "Annexure - 3".

**DIRECTOR'S RESPONSIBILITY STATEMENT**

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

- (i) in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2018, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;
- (ii) such accounting policies as mentioned in the notes to accounts have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of

the financial year and of the loss of the Company for the year ended 31<sup>st</sup> March, 2018;

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

#### **INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY**

The Company has in place adequate system for internal financial controls, commensurate with the size, scale and complexity of its operations. The Company has policies and procedures in place for ensuring proper and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

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

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

#### **RISK MANAGEMENT**

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

#### **RELATED PARTY TRANSACTIONS**

All the Related Party Transactions that were entered during the financial year 2017-18 were on arm's length basis and in the ordinary course of business of the Company. Thus disclosure in form AOC-2 is not required. Further, there were no materially significant related party transactions entered by the Company during the year with the promoters, directors and key managerial personnel which may have a potential conflict with the interest of the Company. The disclosure with related parties is set out in the notes to accounts forming

part of the Annual Report. The Company has also adopted a related party transactions policy which is available on the website of the Company.

#### **DEPOSITS**

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

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

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

#### **EMPLOYEES**

Your Company is consciously aware that its well being largely depends upon the quality and strength of human resource. Your Company recognizes that human capital is its most valuable asset and thus endeavors to attract and retain the best available talent. Towards the end of FY 2018 your Company undertook an exercise to shrink the payroll head count to make it lean and more competitive. The Company through constant monitoring of its milestones and goals ensures that its operations are adequately staffed and in sync with requirements. Your Company's human resource policies are designed and implemented to achieve these objectives.

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

#### **PARTICULARS OF EMPLOYEES**

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

During the year under review, there was no employee was in receipt of remuneration exceeding the limits as prescribed under the provision of Section 197 of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

#### **POLICY FOR PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE**

The Company has adopted a policy on prevention of sexual harassment of women at workplace under the provisions of



the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The objective of this policy is to provide protection against sexual harassment of women at workplace and for redressal of complaints of any such harassment. During the year under review, no complaints of sexual harassment were received by the Company.

#### **VIGIL MECHANISM/ WHISTLE BLOWER POLICY**

The Company has adopted a Vigil Mechanism/Whistle Blower Policy for the employees for reporting genuine concerns/grievances and reporting any unethical behavior or wrong practices such as fraud, violation of code of conduct, inappropriate behavior, etc. in the organization. This Policy provides the adequate safeguards against the victimization of the employees who use the vigil mechanism. The Vigil Mechanism/Whistle Blower Policy has been uploaded on the website of the Company at <http://www.kslindia.com/Static/KSLPolicies.aspx>. The functioning of the vigil mechanism is reviewed by the Audit Committee from time to time.

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

The Company has adopted a code of practices and procedure for fair disclosure of Unpublished Price Sensitive Information for prevention of Insider Trading. The said code is in line with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the same has been uploaded on the website of the Company at <http://www.kslindia.com/Static/KSLPolicies.aspx>. All the Directors and the designated employees have complied with the Code.

#### **SECRETARIAL STANDARDS**

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

#### **SHARE CAPITAL**

During the year under review, there has been no change in the share capital of the Company. The Company has neither issued any shares with differential voting rights nor had granted any stock options or sweat equity. The paid up equity share capital as on March 31, 2018 was Rs. 119,390,000/- divided into 11,939,000 equity shares of Rs. 10/- each.

However, the Board of Directors, at their meeting held on February 14, 2018, approved variation in the rights of the preference shareholders of the Company, who are holding 2,00,000 - 10.00% Cumulative Redeemable Preference Shares of Rs. 100/- each, fully paid up, of the Company, by extending the due date of redemption of said 2,00,000 - 10.00% Cumulative Redeemable Preference Shares of the Company for a further period.

Pursuant to the provisions of section 48 of the Companies Act, 2013 read with rules made there under, the Company

has obtained written consent from all the preference shareholders of the Company for variation in their rights attached to their holdings in the said Cumulative Redeemable Preference Shares the Company.

#### **STATUTORY AUDITORS**

M/s. Aniket Kulkarni & Associates, Chartered Accountants (Firm Registration No. 130521W) was appointed as Statutory Auditors of the Company at the 24<sup>th</sup> Annual General Meeting of the Company which was held on September 21, 2017 to hold the office as Statutory Auditors, for a period of 3 years, from the conclusion of 24<sup>th</sup> Annual General Meeting till the conclusion of 27<sup>th</sup> Annual General Meeting of the Company subject to the ratification by the Members at every Annual General Meeting. The Company has received a written consent from the statutory auditor confirming that they are not disqualified to act as the Auditors and are eligible to hold the office as Statutory Auditors of the Company.

However, as per the Companies (Amendment) Act, 2017, the provision related to ratification of appointment of auditors by Members at every Annual General Meeting has been removed w.e.f 7<sup>th</sup> May, 2018. Accordingly, no ratification is required in the ensuing Annual General Meeting of the Company.

The Statutory Auditors have issued modified opinion in his Audit Report w.r.t (i) the Company had advanced share application money towards purchase of shares into other entity, which is outstanding for a period of 192 months as at the end of the year and (ii) the Company had made long term deposits into other entities, which are subject to the subsequent adjustments in the financial statements. In this regard, the Company has given proper explanation in its Note No. 27 and 28 of Notes to the Standalone Financial Statements and Note No. 29 and 30 of Notes to the Consolidated Financial Statements.

#### **SECRETARIAL AUDITORS**

In accordance with the provision of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Bhuvnesh Bansal & Associates, Practicing Company Secretary, to conduct the Secretarial Audit of the Company for the financial year ended March 31, 2018. The Secretarial Audit Report for the financial year ended March 31, 2018 is annexed as "Annexure-5" to this report.

There were no qualifications, reservations and adverse remarks in the Secretarial Audit Report of the Company.

#### **INTERNAL AUDITORS**

Pursuant to Section 138 of the Companies Act, 2013 and the rules made thereunder, M/s. Shah & Ramaiya, Chartered Accountants was appointed as Internal Auditors of the Company. They have conducted the internal audit periodically and submitted their reports to the Audit Committee.



**CORPORATE GOVERNANCE**

A report on Corporate Governance along with a Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as prescribed under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been provided in this Annual Report.

**CORPORATE SOCIAL RESPONSIBILITY**

Pursuant to the provisions of section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility) Rules, 2014, the requirements of mandatory implementation of Corporate Social Responsibility activities is presently not applicable to the Company.

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

There are no material significant material orders passed by the Regulators or Court or Tribunals which can have an impact on the going concern status and its future operations.

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

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

Foreign Exchange Earnings and Outgo:

During the year under review, the foreign exchange earnings was nil. The foreign exchange outgo was Rs. 0.30 Lacs (Previous Year Rs. 0.60 Lacs).

**ACKNOWLEDGMENTS**

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

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

**Homiar N. Vakil  
Chairman**

Date : May 26, 2018

Place : Mumbai

**Form AOC-1**

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

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

**Part A: Subsidiaries**

Not Applicable

**Part B: Associates and Joint Ventures**

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

<b>Name of the Associate Company</b>	<b>Trumonee Financial Limited</b>
Latest Audited Balance Sheet Date	31 <sup>st</sup> March, 2018
No. of Shares of Associate held by the company on the year end	33,75,000
Amount of Investment in Associates (in Rupees)	3,37,50,000
Extend of Holding %	43.41%
Description of how there is significant influence	Significant influence due to percentage of share capital
Reason why the associate/joint venture is not consolidated	-
Net worth attributable to shareholding as per latest audited Balance Sheet (in Rupees)	15,69,246
Profit / Loss for the year Considered in Consolidation (in Rupees)	(1,09,449)
Profit / Loss for the year not Considered in Consolidation	-

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

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

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

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

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

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

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

Place:- Mumbai

Date:- May 26, 2018

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

As on the financial year ended on March 31, 2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and rules 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

i.	CIN	L67120MH1993PLC070709
ii.	Registration Date	09/02/1993
iii.	Name of the Company	Khandwala Securities Limited
iv.	Category/Sub-Category of the Company	Public Company / Limited by Shares
v.	Address of the Registered office and contact details	Ground Floor, Vikas Building, Green Street, Fort, Mumbai - 400023 Tel :- 91-22-40767373/74; Fax:- 91-22-40767377/78 Website: www.kslindia.com
vi.	Whether listed company	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited Karvy Selenium, Tower - B, Plot Number - 31 & 32, Financial District, Gachibowli, Hyderabad - 500 032, Telangana Tel:- 91 40 6716 2222; Fax: 91 40 6716 1791

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company are given below:-

Sr. No.	Name and Description of main products/ services	NIC Code of the Product/ Service	% to total turnover of the Company
1	Broking and Investment Advisory Services	6619	90.78

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sr. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1.	Trumonee Financial Limited Add: Ground Floor, Vikas Building, Green Street, Fort, Mumbai – 400023	U67120MH2008PLC178823	Associate	43.41%	2(6)

**IV. SHREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**
**(i) Category - Wise Share Holding**

Category of Shareholder	No. of Shares held at the beginning of the year as on April 1, 2017				No. of Shares held at the end of the year as on March 31, 2018				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(A) Promoters</b>									
<b>(1) Indian</b>									
(a) Individual / HUF	3681878	-	3681878	30.84	3687879	-	3687879	30.89	0.05
(b) Central Govt / State Govt(s)	-	-	-	-	-	-	-	-	-
(c) Bodies Corporate	3319318	-	3319318	27.80	3457785	-	3457785	28.96	1.16
(d) Banks / FI	-	-	-	-	-	-	-	-	-
(e) Any Others	-	-	-	-	-	-	-	-	-
<b>Sub-Total A(1) :</b>	<b>7001196</b>	<b>-</b>	<b>7001196</b>	<b>58.64</b>	<b>7145664</b>	<b>-</b>	<b>7145664</b>	<b>59.85</b>	<b>1.21</b>
<b>(2) Foreign</b>									
(a) NRI - Individuals	-	-	-	-	-	-	-	-	-

Category of Shareholder	No. of Shares held at the beginning of the year as on April 1, 2017				No. of Shares held at the end of the year as on March 31, 2018				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(b) Other - Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corporate	-	-	-	-	-	-	-	-	-
(d) Banks / FI	-	-	-	-	-	-	-	-	-
(e) Any Others	-	-	-	-	-	-	-	-	-
<b>Sub-Total A(2) :</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter A=A(1)+A(2)</b>	<b>7001196</b>	<b>-</b>	<b>7001196</b>	<b>58.64</b>	<b>7145664</b>	<b>-</b>	<b>7145664</b>	<b>59.85</b>	<b>1.21</b>
<b>(B) Public Shareholding</b>									
<b>(1) Institutions</b>									
(a) Mutual Funds	-	-	-	-	-	-	-	-	-
(b) Banks / FI	-	-	-	-	-	-	-	-	-
(c) Central Govt / State Govt(s)	-	-	-	-	-	-	-	-	-
(d) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e) Insurance Companies	-	-	-	-	-	-	-	-	-
(f) FII's	-	-	-	-	-	-	-	-	-
(g) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(h) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(i) Others	-	-	-	-	-	-	-	-	-
<b>Sub-Total B(1) :</b>	-	-	-	-	-	-	-	-	-
<b>(2) Non-Institutions</b>									
(a) Bodies Corporate									
i) Indian	2659607	32000	2691607	22.54	2103607	32000	2135607	17.89	(4.65)
ii) Overseas	-	-	-	-	-	-	-	-	-
(b) Individuals									
i. Individuals shareholders holding nominal share capital upto Rs.1 lakh	779982	54227	834209	6.99	1002600	54227	1056827	8.85	1.86
ii. Individuals shareholders holding nominal share capital in excess of Rs.1 lakh	821704	-	821704	6.89	1030535	-	1030535	8.63	1.74
(c) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(d) Others (specify):									
i. Clearing Members	19282	-	19282	0.16	1467	-	1467	0.01	(0.15)
ii. Non Resident Indians	535902	35100	571002	4.78	533800	35100	568900	4.77	(0.01)
iii. Trusts	-	-	-	-	-	-	-	-	-
iv. Nbfci	-	-	-	-	-	-	-	-	-
<b>Sub-Total B(2) :</b>	<b>4816477</b>	<b>121327</b>	<b>4937804</b>	<b>41.36</b>	<b>4672009</b>	<b>121327</b>	<b>4793336</b>	<b>40.15</b>	<b>(1.21)</b>
<b>Total Public Shareholding B=B(1)+B(2)</b>	<b>4816477</b>	<b>121327</b>	<b>4937804</b>	<b>41.36</b>	<b>4672009</b>	<b>121327</b>	<b>4793336</b>	<b>40.15</b>	<b>(1.21)</b>
<b>(C) Shares held by Custodian for GDRs &amp; ADRs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total (A+B+C)</b>	<b>11817673</b>	<b>121327</b>	<b>11939000</b>	<b>100.00</b>	<b>11817673</b>	<b>121327</b>	<b>11939000</b>	<b>100.00</b>	<b>-</b>

## KHANDWALA SECURITIES LIMITED

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

Sr. No	Shareholder's Name	Shareholding at the beginning of the Year as on April 1, 2017			Shareholding at the end of the Year as on March 31, 2018			% Change in share holding during the year
		No. of Shares	% of Total Shares of the Company	% of shares Pledged / encumbered to total shares	No. of Shares	% of Total Shares of the Company	% of shares Pledged / encumbered to total shares	
1.	Jayantilal Khandwala & Sons Private Limited	1733321	14.52	14.52	1733321	14.52	14.52	-
2.	Bentley Investments Private Limited	1440943	12.07	-	1440968	12.07	-	-
3.	Mrs. Daxa Paresh Khandwala	1271080	10.65	-	1273080	10.66	-	0.01
4.	Mr. Pratik Paresh Khandwala	773731	6.48	-	775732	6.50	-	0.02
5.	Mr. Pranav Paresh Khandwala	684737	5.74	-	686737	5.75	-	0.01
6.	Mrs. Tulsi Paresh Khandwala	303958	2.55	-	303958	2.55	-	-
7.	Mrs. Bhagyashree Pranav Khandwala	133980	1.12	-	133980	1.12	-	-
8.	Mrs. Leena Mayank Khandwala	54740	0.46	-	54740	0.46	-	-
9.	Mr. Paresh Jayantilal Khandwala	160890	1.35	-	160890	1.35	-	-
10.	Mr. Jatin Ashok Khandwala	16953	0.14	-	16953	0.14	-	-
11.	Mr. Mayank Ashok Khandwala	14453	0.12	-	14453	0.12	-	-
12.	Mr. Ashok Jayantilal Khandwala	1967	0.02	-	1967	0.02	-	-
13.	Mrs. Ramila Ashok Khandwala	160	0.00	-	160	0.00	-	-
14.	Mrs. Sonal Jatin Khandwala	126	0.00	-	126	0.00	-	-
15.	Paresh Jayantilal Khandwala HUF	265103	2.22	-	265103	2.22	-	-
16.	Piggero Investments Private Limited	145054	1.20	-	283496	2.37	-	1.17
	<b>Total</b>	<b>7001196</b>	<b>58.64</b>	<b>14.52</b>	<b>7145664</b>	<b>59.85</b>	<b>14.52</b>	<b>1.21</b>

### (III) Change in Promoters' / Promoters' Group Shareholding (Please specify, if there is no change)

Sr. No	Shareholder's Name	Shareholding at the beginning of the year (01.04.2017) / end of the year (31.03.2018)		Date	Increase / Decrease in share holding	Reason	Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company				No. of Shares	% of total shares of the company
1	Jayantilal Khandwala & Sons Private Limited	1733321	14.52	01.04.2017	Nil	Nil movement during the year	1733321	14.52
		1733321	14.52	31.03.2018				
2	Bentley Investments Private Limited	1440943	12.07	01.04.2017		Transfer	1440943	12.07
		1440968	12.07	31.03.2018	25		1440968	12.07
3	Mrs. Daxa Paresh Khandwala	1271080	10.65	01.04.2017		Transfer	1271080	10.65
		1273080	10.66	31.03.2018	2000		1273080	10.66
4	Mr. Pratik Paresh Khandwala	773731	6.48	01.04.2017		Transfer	773731	6.48
		775732	6.50	31.03.2018	2001		775732	6.50
5	Mr. Pranav Paresh Khandwala	684737	5.74	01.04.2017		Transfer	684737	5.74
		686737	5.75	31.03.2018	2000		686737	5.75



Sr. No	Shareholder's Name	Shareholding at the beginning of the year (01.04.2017) / end of the year (31.03.2018)		Date	Increase / Decrease in share holding	Reason	Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company				No. of Shares	% of total shares of the company
6.	Mrs. Tulsi Paresh Khandwala	303958	2.55	01.04.2017	Nil	Nil movement during the year	303958	2.55
		303958	2.55	31.03.2018				
7.	Mrs. Bhagyashree Pranav Khandwala	133980	1.12	01.04.2017	Nil	Nil movement during the year	133980	1.12
		133980	1.12	31.03.2018				
8.	Mrs. Leena Mayank Khandwala	54740	0.46	01.04.2017	Nil	Nil movement during the year	54740	0.46
		54740	0.46	31.03.2018				
9.	Mr. Paresh Jayantilal Khandwala	160890	1.35	01.04.2017	Nil	Nil movement during the year	160890	1.35
		160890	1.35	31.03.2018				
10.	Mr. Jatin Ashok Khandwala	16953	0.14	01.04.2017	Nil	Nil movement during the year	16953	0.14
		16953	0.14	31.03.2018				
11.	Mr. Mayank Ashok Khandwala	14453	0.12	01.04.2017	Nil	Nil movement during the year	14453	0.12
		14453	0.12	31.03.2018				
12.	Mr. Ashok Jayantilal Khandwala	1967	0.02	01.04.2017	Nil	Nil movement during the year	1967	0.02
		1967	0.02	31.03.2018				
13.	Mrs. Ramila Ashok Khandwala	160	0.00	01.04.2017	Nil	Nil movement during the year	160	0.00
		160	0.00	31.03.2018				
14.	Mrs. Sonal Jatin Khandwala	126	0.00	01.04.2017	Nil	Nil movement during the year	126	0.00
		126	0.00	31.03.2018				
15.	Paresh Jayantilal Khandwala HUF	265103	2.22	01.04.2017	Nil	Nil movement during the year	265103	2.22
		265103	2.22	31.03.2018				
16.	Piggero Investments Private Limited	145054	1.21	01.04.2017			145054	1.21
				05.04.2017	1346	Transfer	146400	1.23
				06.04.2017	2500	Transfer	148900	1.25
				07.04.2017	1000	Transfer	149900	1.26
				11.04.2017	2400	Transfer	152300	1.28
				12.04.2017	8075	Transfer	160375	1.34
				13.04.2017	100	Transfer	160475	1.34
				17.04.2017	100	Transfer	160575	1.34

Sr. No	Shareholder's Name	Shareholding at the beginning of the year (01.04.2017) / end of the year (31.03.2018)		Date	Increase / Decrease in share holding	Reason	Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company				No. of Shares	% of total shares of the company
				18.04.2017	25	Transfer	160600	1.35
				19.04.2017	619	Transfer	161219	1.35
				20.04.2017	1000	Transfer	162219	1.36
				21.04.2017	950	Transfer	163169	1.37
				24.04.2017	605	Transfer	163774	1.37
				25.04.2017	25	Transfer	163799	1.37
				27.04.2017	500	Transfer	164299	1.38
				28.04.2017	200	Transfer	164499	1.38
				02.05.2017	349	Transfer	164848	1.38
				04.05.2017	200	Transfer	165048	1.38
				09.05.2017	626	Transfer	165674	1.39
				10.05.2017	500	Transfer	166174	1.39
				11.05.2017	600	Transfer	166774	1.40
				12.05.2017	253	Transfer	167027	1.40
				15.05.2017	801	Transfer	167828	1.41
				16.05.2017	500	Transfer	168328	1.41
				17.05.2017	750	Transfer	169078	1.42
				18.05.2017	462	Transfer	169540	1.42
				01.06.2017	1525	Transfer	171065	1.43
				05.06.2017	1275	Transfer	172340	1.44
				06.06.2017	400	Transfer	172740	1.45
				07.06.2017	1000	Transfer	173740	1.46
				08.06.2017	5	Transfer	173745	1.46
				09.06.2017	5000	Transfer	178745	1.50
				13.06.2017	3100	Transfer	181845	1.52
				14.06.2017	2076	Transfer	183921	1.54
				15.06.2017	4405	Transfer	188326	1.58
				21.06.2017	2690	Transfer	191016	1.60
				23.06.2017	55	Transfer	191071	1.60
				27.06.2017	2000	Transfer	193071	1.62
				30.06.2017	100	Transfer	193171	1.62
				03.07.2017	2231	Transfer	195402	1.64
				04.07.2017	98	Transfer	195500	1.64
				05.07.2017	250	Transfer	195750	1.64
				06.07.2017	4100	Transfer	199850	1.67
				07.07.2017	225	Transfer	200075	1.68
				10.07.2017	50	Transfer	200125	1.68
				11.07.2017	940	Transfer	201065	1.68
				12.07.2018	249	Transfer	201314	1.69
				13.07.2018	610	Transfer	201924	1.69
				21.07.2018	25	Transfer	201949	1.69
				16.08.2017	500	Transfer	202449	1.70
				21.08.2017	610	Transfer	203059	1.70
				30.08.2017	601	Transfer	203660	1.71
				01.09.2017	25	Transfer	203685	1.71

Sr. No	Shareholder's Name	Shareholding at the beginning of the year (01.04.2017) / end of the year (31.03.2018)		Date	Increase / Decrease in share holding	Reason	Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company				No. of Shares	% of total shares of the company
				08.09.2017	1280	Transfer	204965	1.72
				12.09.2017	250	Transfer	205215	1.72
				13.09.2017	600	Transfer	205815	1.72
				25.09.2017	2000	Transfer	207815	1.74
				26.09.2017	1075	Transfer	208890	1.75
				03.10.2017	1134	Transfer	210024	1.76
				04.10.2017	8225	Transfer	218249	1.83
				09.10.2017	4800	Transfer	223049	1.87
				11.10.2017	25	Transfer	223074	1.87
				13.10.2017	1	Transfer	223075	1.87
				17.10.2017	1004	Transfer	224079	1.88
				18.10.2017	2	Transfer	224081	1.88
				19.10.2017	500	Transfer	224581	1.88
				23.10.2017	50	Transfer	224631	1.88
				02.11.2017	5000	Transfer	229631	1.92
				03.11.2017	200	Transfer	229831	1.93
				17.11.2017	754	Transfer	230585	1.93
				21.11.2017	2047	Transfer	232632	1.95
				22.11.2017	1	Transfer	232633	1.95
				23.11.2017	72	Transfer	232705	1.95
				27.11.2017	125	Transfer	232830	1.95
				28.11.2017	325	Transfer	233155	1.95
				30.11.2017	25	Transfer	233180	1.95
				01.12.2017	25	Transfer	233205	1.95
				04.12.2017	372	Transfer	233577	1.96
				07.12.2017	1000	Transfer	234577	1.96
				13.12.2017	500	Transfer	235077	1.97
				15.12.2017	500	Transfer	235577	1.97
				22.12.2017	1000	Transfer	236577	1.98
				26.12.2017	3500	Transfer	240077	2.01
				28.12.2017	1179	Transfer	241256	2.02
				29.12.2017	416	Transfer	241672	2.02
				01.01.2018	542	Transfer	242214	2.03
				02.01.2018	1575	Transfer	243789	2.04
				03.01.2018	350	Transfer	244139	2.04
				04.01.2018	100	Transfer	244239	2.05
				05.01.2018	1300	Transfer	245539	2.06
				08.01.2018	7550	Transfer	253089	2.12
				09.01.2018	1300	Transfer	254389	2.13
				10.01.2018	50	Transfer	254439	2.13
				11.01.2018	550	Transfer	254989	2.14
				15.01.2018	25	Transfer	255014	2.14
				16.01.2018	1000	Transfer	256014	2.14
				17.01.2018	1525	Transfer	257539	2.16
				18.01.2018	137	Transfer	257676	2.16

Sr. No	Shareholder's Name	Shareholding at the beginning of the year (01.04.2017) / end of the year (31.03.2018)		Date	Increase / Decrease in share holding	Reason	Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company				No. of Shares	% of total shares of the company
				19.01.2018	1700	Transfer	259376	2.17
				24.01.2018	100	Transfer	259476	2.17
				25.01.2018	1178	Transfer	260654	2.18
				29.01.2018	1050	Transfer	261704	2.19
				30.01.2018	4150	Transfer	265854	2.23
				31.01.2018	1025	Transfer	266879	2.24
				01.02.2018	1600	Transfer	268479	2.25
				02.02.2018	3375	Transfer	271854	2.28
				20.02.2018	50	Transfer	271904	2.28
				06.03.2018	690	Transfer	272594	2.28
				07.03.2018	1525	Transfer	274119	2.30
				08.03.2018	500	Transfer	274619	2.30
				09.03.2018	5000	Transfer	279619	2.34
				12.03.2018	1071	Transfer	280690	2.35
				13.03.2018	50	Transfer	280740	2.35
				14.03.2018	556	Transfer	281296	2.36
				16.03.2018	1200	Transfer	282496	2.37
				21.03.2018	1000	Transfer	283496	2.37
		283496	2.37	31.03.2018				

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

Sr. No	Name	Shareholding at the beginning of the year (01.04.2017) / end of the year (31.03.2018)		Date	Increase / Decrease in share holding	Reason	Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company				No. of Shares	% of total shares of the company
1.	Sarthak Consultants LLP	943000	7.90	01.04.2017	Nil	Nil movement during the year	943000	7.90
		943000	7.90	31.03.2018				
2.	Vicco Products (Bombay) Private Limited	592152	4.96	01.04.2017			592152	4.96
				16.06.2017	-17689	Transfer	574463	4.81
				23.06.2017	-826	Transfer	573637	4.80
				30.06.2017	-1863	Transfer	571774	4.79
				07.07.2017	-7917	Transfer	563857	4.72
				14.07.2017	-1955	Transfer	561902	4.71
				21.07.2017	-500	Transfer	561402	4.70
				28.07.2017	-13069	Transfer	548333	4.59
				04.08.2017	-102	Transfer	548231	4.59
				08.09.2017	-86	Transfer	548145	4.59
				29.09.2017	-4406	Transfer	543739	4.55
				06.10.2017	-19006	Transfer	524733	4.40
				13.10.2017	-12135	Transfer	512598	4.29
				03.11.2017	-30821	Transfer	481777	4.04
				10.11.2017	-895	Transfer	480882	4.03

Sr. No	Name	Shareholding at the beginning of the year (01.04.2017) / end of the year (31.03.2018)		Date	Increase / Decrease in share holding	Reason	Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company				No. of Shares	% of total shares of the company
				17.11.2017	-9111	Transfer	471771	3.95
				24.11.2017	-14371	Transfer	457400	3.83
				01.12.2017	-52878	Transfer	404522	3.39
				08.12.2017	-15000	Transfer	389522	3.26
				15.12.2017	-5000	Transfer	384522	3.22
				22.12.2017	-5000	Transfer	379522	3.18
				29.12.2017	-10000	Transfer	369522	3.10
				05.01.2018	-5000	Transfer	364522	3.05
				26.01.2018	-5446	Transfer	359076	3.01
				02.02.2018	-74178	Transfer	284898	2.39
				16.02.2018	-24037	Transfer	260861	2.18
				23.02.2018	-8304	Transfer	252557	2.12
				16.03.2018	-16299	Transfer	236258	1.98
				23.03.2018	-14394	Transfer	221864	1.86
		221864	1.86	31.03.2018				
3.	Prabhudas Lilladher Private Limited	552724	4.63	01.04.2017			552724	4.63
				17.11.2017	-200	Transfer	552524	4.63
				01.12.2017	-26000	Transfer	526524	4.41
				08.12.2017	-16524	Transfer	510000	4.27
				15.12.2017	-110000	Transfer	400000	3.35
				22.12.2017	-200000	Transfer	200000	1.68
				29.12.2017	-50000	Transfer	150000	1.26
		150000	1.26	31.03.2018				
4.	Steel City Securities Limited	12277	0.10	01.04.2017			12277	0.10
				11.08.2017	-500	Transfer	11777	0.10
				01.12.2017	48143	Transfer	59920	0.50
				08.12.2017	42302	Transfer	102222	0.86
				15.12.2017	41354	Transfer	143576	1.20
				22.12.2017	76261	Transfer	219837	1.84
				22.12.2017	-2582	Transfer	217255	1.82
				29.12.2017	8542	Transfer	225797	1.89
				29.12.2017	-3624	Transfer	222173	1.86
				05.01.2018	56121	Transfer	278294	2.33
				12.01.2018	18418	Transfer	296712	2.49
				12.01.2018	-5912	Transfer	290800	2.44
				19.01.2018	1832	Transfer	292632	2.45
				19.01.2018	-10795	Transfer	281837	2.36
				26.01.2018	8610	Transfer	290447	2.43
				26.01.2018	-987	Transfer	289460	2.42
				02.02.2018	23055	Transfer	312515	2.62
				09.02.2018	2530	Transfer	315045	2.64
				16.02.2018	5861	Transfer	320906	2.69
				23.02.2018	-7501	Transfer	313405	2.63
				02.03.2018	-174	Transfer	313231	2.62
				09.03.2018	2128	Transfer	315359	2.64



# KHANDWALA SECURITIES LIMITED

Sr. No	Name	Shareholding at the beginning of the year (01.04.2017) / end of the year (31.03.2018)		Date	Increase / Decrease in share holding	Reason	Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company				No. of Shares	% of total shares of the company
				16.03.2018	4919	Transfer	320278	2.68
				23.03.2018	3950	Transfer	324228	2.72
				30.03.2018	-2463	Transfer	321765	2.70
		321765	2.70	31.03.2018				
5.	Mrs. Brinda P. Khandwala	275761	2.31	01.04.2017	Nil	Nil movement during the year	275761	2.31
		275761	2.31	31.03.2018				
6.	SMC Global Securities Ltd	257912	2.16	01.04.2017			257912	2.16
				14.04.2017	-5847	Transfer	252065	2.11
				21.04.2017	-8000	Transfer	244065	2.04
				28.04.2017	-6875	Transfer	237190	1.99
				05.05.2017	75	Transfer	237265	1.99
				05.05.2017	-2000	Transfer	235265	1.97
				12.05.2017	-4350	Transfer	230915	1.93
				19.05.2017	-467	Transfer	230448	1.93
				26.05.2017	-250	Transfer	230198	1.93
				02.06.2017	50	Transfer	230248	1.93
				23.06.2017	-125	Transfer	230123	1.93
				04.08.2017	1000	Transfer	231123	1.94
				01.09.2017	-100	Transfer	231023	1.94
				22.09.2017	-900	Transfer	230123	1.93
				08.12.2017	1000	Transfer	231123	1.94
				08.12.2017	-25000	Transfer	206123	1.73
				15.12.2017	-26000	Transfer	180123	1.51
				22.12.2017	1700	Transfer	181823	1.52
				22.12.2017	-25000	Transfer	156823	1.31
				29.12.2017	-14871	Transfer	141952	1.19
				26.01.2018	1900	Transfer	143852	1.20
				02.02.2018	-1400	Transfer	142452	1.19
				02.03.2018	-100	Transfer	142352	1.19
		142352	1.19	31.03.2018				
7.	Mr. Manu Kalyanji Raj	222100	1.86	01.04.2017			222100	1.86
		218900	1.83	09.06.2017	-3200	Transfer	218900	1.83
				31.03.2018				
8.	Mr. Raj Kumar Lohia	130160	1.09	01.04.2017			130160	1.09
				08.12.2017	-15000	Transfer	115160	0.96
				15.12.2017	-35160	Transfer	80000	0.67
				22.12.2017	-15000	Transfer	65000	0.54
				29.12.2017	-25433	Transfer	39567	0.33
				05.01.2018	-18565	Transfer	21002	0.18
				12.01.2018	-20887	Transfer	115	0.00
		115	0.00	31.03.2018				

Sr. No	Name	Shareholding at the beginning of the year (01.04.2017) / end of the year (31.03.2018)		Date	Increase / Decrease in share holding	Reason	Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company				No. of Shares	% of total shares of the company
9.	Mr. Bharat Kantilal Patel	119880	1.00	01.04.2017	Nil	Nil movement during the year	119880	1.00
		119880	1.00	31.03.2018				
10.	Mrs. Seema Agarwal	-	-	01.04.2017			-	-
				29.12.2017	10370	Transfer	10370	0.09
				05.01.2018	1882	Transfer	12252	0.10
				12.01.2018	22820	Transfer	35072	0.29
				19.01.2018	19887	Transfer	54959	0.46
				26.01.2018	149	Transfer	55108	0.46
				02.02.2018	31622	Transfer	86730	0.73
				09.02.2018	5281	Transfer	92011	0.77
				16.02.2018	3071	Transfer	95082	0.80
				23.02.2018	1788	Transfer	96870	0.81
				02.03.2018	389	Transfer	97259	0.81
				16.03.2018	5873	Transfer	103132	0.86
				23.03.2018	2002	Transfer	105134	0.88
				30.03.2018	2500	Transfer	107634	0.90
		107634	0.90	31.03.2018				

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

Sr. No	Name	Shareholding at the beginning of the year (01.04.2017) / end of the year (31.03.2018)		Date	Increase / Decrease in share holding	Reason	Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
1.	Mr. Paresh J. Khandwala (Managing Director)	160890	1.35	01.04.2017	Nil	Nil movement during the year	160890	1.35
		160890	1.35	31.03.2018				
2.	Mr. Pranav P. Khandwala (Non-Executive Director)	684737	5.74	01.04.2017			684737	5.74
		686737	5.75	02.11.2017	2000	Transfer	686737	5.75
3.	Mrs. Bhagyashree P. Khandwala (Executive Director / CFO)	133980	1.12	01.04.2017	Nil	Nil movement during the year	133980	1.12
		133980	1.12	31.03.2018				
4.	Mr. Rohitasava Chand (Independent Director)	-	-	01.04.2017	Nil	Nil movement during the year	-	-
		-	-	31.03.2018				
5.	Mr. Homiar N. Vakil (Independent Director)	-	-	01.04.2017	Nil	Nil movement during the year	-	-
		-	-	31.03.2018				

Sr. No	Name	Shareholding at the beginning of the year (01.04.2017) / end of the year (31.03.2018)		Date	Increase / Decrease in share holding	Reason	Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
6.	Mr. Abhishek Joshi (Company Secretary & Compliance Officer)	-	-	01.04.2017	Nil	Nil movement during the year	-	-
		-	-	31.03.2018				

**(VI) INDEBTEDNESS**

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

(In Rs.)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	30,16,184	2,50,00,000	-	2,80,16,184
ii) Interest due but not paid	-	11,92,122	-	11,92,122
iii) Interest accrued but not	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>30,16,184</b>	<b>2,61,92,122</b>	<b>-</b>	<b>2,92,08,306</b>
<b>Change in Indebtedness during the financial year</b>				
- Addition	-	18,69,865	-	18,69,865
- Reduction	5,06,359	21,41,986	-	26,48,345
<b>Net Change</b>	<b>(5,06,359)</b>	<b>(2,72,121)</b>	<b>-</b>	<b>(7,78,480)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	25,09,825	2,50,00,000	-	2,75,09,825
ii) Interest due but not paid	-	9,20,001	-	9,20,001
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>25,09,825</b>	<b>2,59,20,001</b>	<b>-</b>	<b>2,84,29,826</b>

**(VII) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole-time Director and/or Manager:**

(In Rs.)

Sr. No	Particulars of Remuneration	Mr. Paresh Khandwala (Managing Director)	Mrs. Bhagyashree Khandwala (Executive Director / CFO)	Total Amount
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	27,90,003	3,05,400	30,95,403
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit - others, specify	- -	- -	- -
5	Others, please specify*	3,34,997	44,600	3,79,597
	<b>Total</b>	<b>31,25,000</b>	<b>3,50,000</b>	<b>34,75,000</b>
	Ceiling as per the Act			#

\* Others include reimbursements and special allowance.

# Since the Company has incurred losses; the overall ceiling is as per the limits stipulated in Schedule V and Section 197 of the Companies Act, 2013.

**B. Remuneration to Other Directors (Sitting Fees):**

Sr. No	Particulars of Remuneration	Name of Directors	Total Amount (In Rs)
1	Independent Directors · Fee for attending Board Meeting	1. Mr. Kalpen Shukla 2. Mr. Rohitasava Chand 3. Mr. Homiar N. Vakil	15,000 15,000 25,000
2	Commission	-	-
3	Others, please specify	-	-
4	Total (1)	-	55,000
5	Other Non-Executive Directors · Fee for attending Board Meeting	1. Mr. Pranav Khandwala	5,000
6	Others, please specify	-	-
7	Total (2)	-	5,000
8	Total (B)=(1+2)	-	<b>60,000</b>

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

Sr. No	Particulars of Remuneration	Key Managerial Personnel		Total Amount (In Rs.)
		Mr. Abhishek Joshi (Company Secretary)	Mrs. Bhagyashree Khandwala (CFO) **	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961	5,05,400/-	-	5,05,400/-
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit - others, specify	- -	- -	- -
5	Others, please specify *	44,600/-	-	44,600/-
	Total	<b>5,50,000/-</b>	-	<b>5,50,000/-</b>

\* Others include reimbursements and special allowance.

\*\* As mentioned in point no. VII(A).

**(VIII) PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:-**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/ Court)	Appeal made if any (give details)
A. COMPANY					
Penalty	None				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	None				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	None				
Punishment					
Compounding					

## **NOMINATION AND REMUNERATION POLICY**

### **1. Preamble**

This Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 (herein after called as 'the Act') read along with the applicable rules thereto and the Listing Agreement, as amended from time to time. This policy on Nomination and Remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee and has been approved by the Board of Directors.

### **2. Definitions**

- **“Company”** means Khandwala Securities Limited.
- **“Board of Directors”** or **“Board”** means the Board of Directors of Khandwala Securities Limited as constituted/re-constituted from time to time.
- **“Nomination and Remuneration Committee”** or **“Committee”** means the Committee of the Board constituted/re-constituted under the provisions of Clause 49 of the Listing Agreement read with Section 178 of the Companies Act, 2013 as in force from time to time.
- **“Remuneration”** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961;
- **“Key Managerial Personnel”** means:
  - Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
  - Chief Financial Officer;
  - Company Secretary; and
  - Such other officer as may be prescribed.
- **“Senior Managerial Personnel”** mean the personnel of the company who are members of its core management team, excluding Board of Directors. Normally, this would comprise all members of management, of rank equivalent to General Manager and above, including all functional heads.

### **3. Objective**

The objective of the policy is to ensure that:

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors to run the company successfully;
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

### **4. Role of the Committee**

The role of the Committee will be the following:

- To formulate criteria for determining qualifications, positive attributes and independence of a Director.
- To formulate criteria for evaluation of Independent Directors and the Board.
- To carry out evaluation of Director's performance.
- To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
- To recommend to the Board the appointment and removal of Directors and Senior Management.
- To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- To devise a policy on Board diversity, composition, size.
- Succession planning for replacing Key Executives and overseeing.

- To carry out any other function as is mandated by the Board from time to time and/ or enforced by any statutory notification, amendment or modification, as may be applicable.
- To perform such other functions as may be necessary or appropriate for the performance of its duties.

## **5. Appointment and Removal of Director, Key Managerial Personnel and Senior Management**

### **Appointment criteria and qualifications**

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend his/ her appointment, as per Company's Policy.
- b) A person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee has authority to decide whether qualification, expertise and experience possessed by a person are sufficient/ satisfactory for the position.
- c) The Company shall not appoint or continue the employment of any person as Managing Director/Whole-time Director/Manager who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution.

## **6. Term / Tenure**

### **a) Managing Director/Whole-time Director:**

The Company shall appoint or re-appoint any person as its Managing Director or Whole-time Director or Manager for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

### **b) Independent Director:**

An Independent Director shall hold office for a term up to the term fixed by the Board of Directors as prescribed under the Act, and shall be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report. No Independent Director shall hold office for more than two consecutive terms maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiration of three years of ceasing to become an Independent Director.

Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

## **7. Evaluation**

The Committee shall carry out evaluation of performance of Director, KMP and Senior Management Personnel yearly or at such intervals as may be considered necessary.

## **8. Removal**

The Committee may recommend with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the Companies Act, 2013, rules and regulations and the policy of the Company.

## **9. Retirement**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

## **10. Provision relating to Remuneration of Directors/KMP/ Senior Management Personnel**

### **1. Remuneration to Managing Director / Whole-time Directors:**

- i. The Remuneration/Commission etc. to be paid to Managing Director/Whole-time Directors, etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force and the approvals obtained from the Members of the Company.
- ii. The Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director / Whole-time Directors.



**2. Remuneration to Non- Executive / Independent Directors:**

- iii. The Non-Executive/ Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.
- iv. All the remuneration of the Non-Executive / Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197(5) of the Companies Act, 2013) shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors or shareholders, as the case maybe.

An Independent Director shall not be eligible to get Stock Options and also shall not be eligible to participate in any remuneration paid to Non-Executive/ Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes of clause (III) above if the following conditions are satisfied:

- The Services are rendered by such Director in his capacity as the professional; and
- In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.

**3. Remuneration to Key Managerial Personnel and Senior Management:**

- v. The remuneration to Key Managerial Personnel and Senior Management shall consist of fixed pay and incentive pay, in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy.
- vi. The Committee shall determine the stock options and other share based payments to be made to Key Managerial Personnel and Senior Management.
- vii. The Fixed pay may include monthly remuneration, employer's contribution to Provident Fund contribution to pension fund, pension schemes, etc. as decided from to time.
- viii. The Incentive pay shall be decided based on the balance between performance of the Company and performance of the Key Managerial Personnel and Senior Management, to be decided annually or at such intervals as may be considered appropriate.

**11. Amendments:**

The Board of Directors on its own and/or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

**Annexure - 4**

**Disclosure of Remuneration under Section 197(12) of the Companies Act, 2013 read with and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

Sr. No	Requirements	Disclosure		
1	The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year and the percentage increase in remuneration of each Director, Chief Financial Officer & Company Secretary in the Financial Year	<b>Name of Director / KMP &amp; Designation</b>	<b>Ratio of the remuneration to the median remuneration of all employees</b>	<b>% Increase in Remuneration</b>
		<b>Executive Directors / KMP</b>		
		Mr. Paresh Khandwala (Managing Director)	8.65	Nil
		Mrs. Bhagyashree Khandwala (Executive Director and CFO)	0.97	Nil
		Mr. Abhishek Joshi (Company Secretary)	1.52	Nil
		<b>Non-Executive Directors</b>		
		Mr. Rohitasava Chand	-	N.A
		Mr. Homiar N. Vakil	-	N.A
		Mr. Pranav Khandwala	-	N.A
2	The percentage increase in the median remuneration of employees in the financial year	7.99%.		
3	The number of employees as on 31 <sup>st</sup> March, 2018 on the rolls of Company	32 employees as on 31 <sup>st</sup> March 2018		
4	The explanation on the relationship between average increase in remuneration and company performance	The average increase in remuneration of all employees was 7.13%. The increase in remuneration was in line with the Company's market competitiveness.		
5	Average percentile increase made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there any exceptional circumstances for increase in the managerial remuneration.	The average increase in salaries of employees was 7.13% and there was no change in managerial remuneration during the year.		
6	The key parameters for any variable component of remuneration availed by the Directors.	None of the Directors have availed any variable components of remuneration during the year.		
7	The ratio of the remuneration of the highest paid director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year.	There was no employee who received remuneration in excess of the highest paid director during the year.		
8	Affirmation that the remuneration is as per the remuneration policy of the Company	It is affirmed that the remuneration is as per the Nomination and Remuneration Policy of the Company.		

**Note:-**

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

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

**Paresh Khandwala  
Managing Director**

Date : May 26, 2018  
Place: Mumbai

**SECRETARIAL AUDIT REPORT****FORM NO. MR – 3****FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2018**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies  
(Appointment and Remuneration personnel Rule, 2014)]

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

I have conducted the secretarial audit of the Compliance of applicable statutory provisions and the adherence to good corporate practices by Khandwala Securities Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conduct/Statutory compliances and expressing my opinion thereon.

Based on my verification of Khandwala Securities Limited's books, papers, minute books, form and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial year ended March 31, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board- processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, form and returns filed and other records maintained by the Company for the financial year ended on March 31, 2018 according to the provisions of:

- (1) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (2) The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made thereunder;
- (3) The Depository Act, 1996 and the Regulations and bye-laws framed thereunder;
- (4) Foreign Exchange Management Act 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (5) The following Regulation and Guidelines prescribed under the Securities and Exchange Board of India Act 1992 ('SEBI Act'):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable to the Company during the Audit period)**
  - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not applicable to the Company during the Audit period)**
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the Audit period)**
  - f. The Securities and Exchange Board of India (Registration to an Issue and Share Transfer Agents) Regulation, 1993, regarding the Companies Act and dealing with client;
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the Audit period)**
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable to the Company during the Audit period)**
  - i. The Securities and Exchange Board of India (Merchant Bankers) Regulation, 1992;
  - j. The Securities and Exchange Board of India (Portfolio Managers) Regulation, 1993;
- (6) Employees Provident Fund and Miscellaneous provision Act, 1952;
- (7) Employees State Insurance Act, 1948;
- (8) Payment of Gratuity Act, 1972;
- (9) Act as prescribed under Shop and Establishment Act of various local authorities.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered into by the Company with Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE).

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

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

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

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

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

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

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

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

**For Bhunesh Bansal & Associates**

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

**Place:** Mumbai  
**Date:** 26.05.2018

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

**‘Annexure A’**

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

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

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

**For Bhunesh Bansal & Associates**

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

**Date:** 26.05.2018  
**Place:** Mumbai

# **Management Discussion and Analysis**

## **Global Economy**

The acceleration in global activity that started in 2016 gathered steam in 2017, reflecting firmer domestic demand growth in advanced economies and improved performances in other large emerging market economies. Global growth is set to be just over 3.5% in this calendar year 2018, the fastest for seven years, with improved outcomes in both advanced economies and the EMEs. Confidence measures and levels of new orders for businesses remain strong. This long awaited lift to global growth, supported by policy stimulus, is being accompanied by solid employment gains, a moderate upturn in investment and a pick-up in trade growth. The continued expansion depends on robust global growth and the government's support for the right trade policies. However, there are signs that escalating trade tensions may already be affecting business confidence and investment decisions, which could compromise the current outlook. (Source: IMF and OECD).

## **Current strong growth momentum not enough to assure sustainable growth in the medium-term**

Prompted by the recovery in investment in advanced economies, sustained growth in emerging Asia, a rebounding emerging Europe and revival of several commodity exporters, global growth is expected to record 3.8% YoY in 2017 vs. 3.2% in 2016. This momentum is expected to sustain until 2019 (with a growth forecast of 3.9% YoY) aided by i) expansionary fiscal policies in the US and its international spillovers, ii) accommodative financial conditions and iii) favourable market sentiment. Recent fears of global trade wars and its implications on global growth have been downplayed after the International Monetary Fund (IMF) not only retained the 2018 global growth forecast but also raised world trade volume growth estimate to 5.1% YoY, 50bps higher than its Jan'18 update. Amid these favourable projections, the IMF highlighted the need for policies and reforms to strengthen global growth in the medium-term in light of downside risks such as a) reversal of the pro-cyclical policies (especially of the US), b) recent threat to international trade and c) geopolitical tensions.

## **Indian Economy**

Indian economic growth is giving a positive signal for the current and future scenario. It is projected to strengthen to above 7%, gradually recovering from the transitory adverse impact of rolling out the Goods and Services Tax (GST) and measures to choke off the black economy, including demonetization. India's GDP grew 7.2% in the third quarter of 2018, surpassing expectations and wresting back the mantle of the fastest growing economy from China on the back of a rebound in industrial activity, especially manufacturing and construction, and an expansion in agriculture. The Reserve Bank of India has estimated GDP

growth in a range from 7.4% to 7.9% for the Financial Year 2019-2020. (Source: OECD and Economic Times)

Fiscal deficit for 2017-18 is revised to INR 5.95 lakh Cr at 3.5% of the GDP, which is approximately the same as 2016-17, in spite of transformation in the economy. In addition to initiatives like 'Make in India', 'Housing for All', 'Digital India', the government has also introduced 'Sagar Mala' and 'Bharat Mala' initiatives, which is expected to boost the domestic growth of the country. (Source: IBEF and Trading Economics)

## **GDP to grow faster over next 5 years**

In recent years, India's economy has grown at a steady rate, fuelled by consumption levels, while investment has been decelerating. GDP (at constant 2011-12 prices) grew at a compounded annual growth rate (CAGR) of 7.1% between fiscals 2013 and 2018. GDP grew at a slower pace between fiscals 2012 and 2014 due to sluggish income growth, persistently rising inflation, high interest rates and weakened industrial output. However, following fiscal 2014, growth recovered with improving industrial activity, lower crude oil prices, and supportive government policies. The trend was reversed in fiscal 2017, due to demonetisation, dwindling private investment, and slowing global growth. The rollout of goods and services tax (GST) in early fiscal 2018 has also adversely impacted the GDP figures, especially in the first half of fiscal 2018. According to CRISIL Research, the real GDP growth is expected to rebound to 7.5% in fiscal 2019 from 6.7% in fiscal 2018 as the transitory disruption from the GST implementation wanes and a low base provides fillip.

CRISIL Research expects economic growth to pick up in the medium term, as structural reforms such as GST and the Bankruptcy Code, aimed at de-clogging the economy and reducing stress on banks' books, begin to take effect. Assuming that monetary and fiscal policies remain prudent, these reforms could lead to efficiency gains and improve the prospects for sustainable high growth in the years to come. CRISIL Research also estimates that an improving macroeconomic environment (i.e., softer interest rate and stable inflation), urbanisation, rising middle class, and business-friendly government reforms will drive growth in the long term. The International Monetary Fund projects a 7.9% CAGR for the Indian economy over the next five years and that growth will be higher than many emerging economies, such as Brazil, Russia, and China.

## **Inflation**

The Reserve Bank of India (RBI) has put forth its objective of inflation targeting as a priority, while supporting growth. The Monetary Policy Committee (MPC), of the RBI remained neutral in its policy stance throughout FY18, with the medium-term target for CPI inflation at 4% (+/- 2%). Headline CPI inflation began declining from Mar'17 from 3.89% to an all-time low of 1.46% in Jun'17. Despite the sizeable fall in inflation rate, the RBI continued to maintain



a hold on policy rates due to upside risks lingering around inflation. It was only in Aug'17, that the RBI cut rates by 25bps. RBI's policy decision has resulted in an annual inflation rate of 3.6% for FY18 (vs. 4.5% in FY17). Going forward, the RBI has projected inflation for a) 1H FY19 at 4.7-5.1%, and b) around 4.4% in the second half, with upside risks emerging due to uncertainties from around a) a revised MSP formula, b) the staggered impact of HRA revisions by state governments, c) fiscal slippages by Centre and states, d) the monsoon (which now been estimated to be 97% normal), e) expectations of higher input and output prices by manufacturing firms and f) volatility in crude prices.

## Monetary conditions

Credit growth touched double-digits after picking up in 2H FY18. As on Feb'18, credit growth stood at 9.8% YoY, driven by personal loans (20% YoY), agriculture & allied activities (9% YoY) and services (14% YoY). Industry credit uptake however remained subdued at 1% YoY, being dragged by non-ferrous metals (-12% YoY) and infrastructure (-2%). As on March 31, 2018, CRR stood at 4%, SLR at 19.5%, repo rate at 6.0%, reverse repo at 5.75% and MSF/bank rate at 6.25%. The Indian rupee remained fairly resilient versus other emerging market peers, on account of strong capital inflows and reserve build-up by the RBI. The exchange rate during FY18 averaged INR 64.5 per USD, ranging from INR 63.4/USD on January 5, 2018 to INR 65.7/USD on September 27, 2017. As on March 30, 2018, foreign exchange reserves stood at a record high of USD 424 bn vs. USD 370 bn in FY17. (Source: International Monetary Fund, Reserve Bank of India, Union Budget 2018-19).

## Market Environment

### Primary Market

The breakup of funds raised in public markets during FY2017-18 as compared to the FY2016-17 is as follows:

Primary market	FY 2017-18		FY 2016-17		FY 18 v/s FY 17
	No.	₹ in Crore	No.	₹ in Crore	%
IPO	45	81,516	25	28,225	191%
IPO on the SME Platform	155	2,249	80	825	152%
InvIT	2	7,283	-	-	-
Rights Issue	20	21,397	13	3,424	521%
QIP	52	62,520	22	13,671	356%
IPP	2	4,668	-	-	-
Offer for Sale	36	17,431	28	8,390	104%
<b>Total Equity Raised</b>	<b>312</b>	<b>197,064</b>	<b>168</b>	<b>54,534</b>	<b>261%</b>
Total Debt raised through Public issue	8	5,103	16	29,547	(84%)
<b>Total Amount Raised</b>	<b>320</b>	<b>202,167</b>	<b>184</b>	<b>84,081</b>	<b>140%</b>

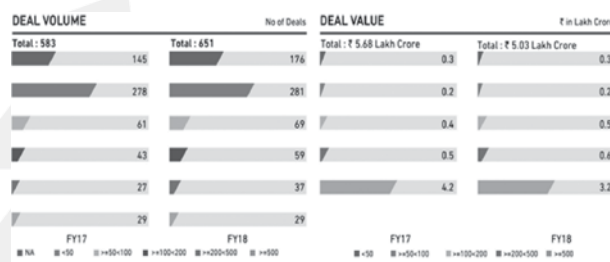
(Source: Prime Database as on April 5, 2018)

The Indian equity capital markets have raised a total of INR 197,064 Crore in FY18 as compared to INR

54,534 crores in FY17, an increase of 261% over one year. Companies have predominantly used IPOs, QIPs and rights issue route to raise funds.

## Mergers and Acquisition

During FY2017-18, 651 deals were announced as compared to 583 deals in FY 2016-17. The total value of the deals announced was INR 5.03 lakh crore for FY2017-18 (this does not include 176 deals for which deal values were not available) as against INR 5.68 lakh crore for FY2016-17 (this does not include 145 deals for which deal values were not available). (Source: Mergermarket)



(Source: Mergermarket)

## Domestic vs. Cross-Border Activity

During FY2017-18, domestic transactions contributed 57% to the overall M&A activity with deal value aggregating INR 2.87 lakh crore.



(Source: Mergermarket)

## Private Equity

In FY 2017-18, private equity deals worth INR 176,681 Crore were announced compared to INR 86,843 Crore in FY2016-17 (Source: JM Financial Estimates). The sectors that experienced the maximum interest from private equity investors include IT/ITES, Financial Services and Power & Power Ancillary.

## Indian Equity Markets in Fiscal 2018

The Indian capital markets continued their glorious performance in FY18, advancing by 11.3% YoY, translating into 14% CAGR returns in the last two years. Buoyancy in the markets was largely a factor of incessant domestic inflows into Equity and Balanced MFs, which shot up by ~2.5 times in FY18. The total DII inflows also increased quite significantly by 3.7 times. The Assets Under Management (AUM) of the Indian MF industry witnessed an exceptional growth of 22% in FY18 on a higher base of 42% growth

in FY17. Indian markets witnessed net FII inflows of INR 1.4 trillion, primarily on the back of higher inflows worth INR 1.2 trillion into Debt while INR 211 Bn went into Equity.

### Key fundamental growth drivers

#### India has second largest population

As per Census 2011, India's population was about 1.2 Bn, and comprised nearly 246 Mn households. The population, which grew nearly 18% between 2001 and 2011, is expected to increase about 11% between 2011 and 2025, to 1.4 Bn.

#### Favourable demographics

Currently, India is one of the nations with the largest young population, with a median age of 28 years. As much as 90% of Indians will still be below the age of 60 by calendar year 2020. CRISIL Research expects that 63% of them will be between 15 and 59 years. Comparatively, as of calendar year 2012, the US, China and Brazil had 74%, 62% and 78% of their population below the age of 60. CRISIL Research expects that a large share of the working population, coupled with rapid urbanisation and rising affluence, will propel growth of the Indian financial services sector. Increasing urbanisation and nuclearisation coupled with government's policy to develop affordable houses is expected to higher investments in the housing sector and be a benefit to the larger economy.

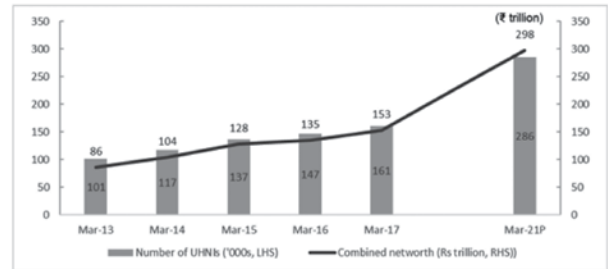
#### Rise in number of wealthy individuals

Over the past couple of years, the number of ultra-high net worth individuals/high net worth individuals (UHN/HNI) in India have increased significantly driven by better economic growth, rising income levels and a strong equity market. First generation start up entrepreneurs have also led to an increase in the UHNI/HNI population. As per Capgemini World Wealth Report 2018, India was the fastest-growing market globally in 2017, with a 20.4% HNI population expansion and 21.6% HNI wealth growth over 2016. Although India's economic performance remained strong in 2017 (but decelerated from 2016 levels), wealth generation was supported by a strong equity market, with market capitalization expanding by 51.3% in 2017 against 3.1% in 2016. As of 2017, there were 263,000 HNIs in India as compared with 219,000 in 2016 (HNIs are defined as those having investible assets of US\$1 Mn or more excluding primary residence, collectibles, consumables, and consumer durables).

According to the 'Top of the Pyramid 2017, Kotak Wealth Management' there are 161,000 individuals in India who fall under the UHNI category as of March 2017 (individuals having an investable surplus of more than INR 250 Mn) and have combined assets worth INR 153 trillion. The number of UHNIs is expected to increase to 286,000 by March 2021 supported by the government's policy that encourages transparency and ease of doing business along

with high returns provided by equity markets. More than 50% of the UHNIs reside in top 4 metros of India.

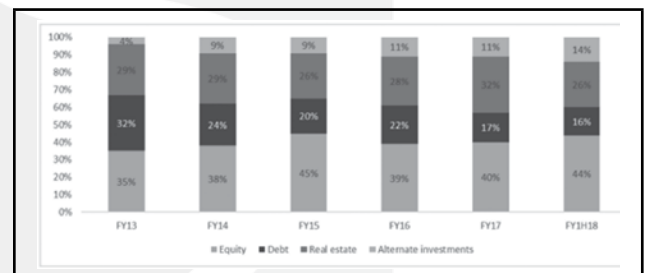
#### Trend in the number of UHNIs and their wealth



Source: Top of the Pyramid 2017, Kotak Wealth Management, CRISIL Research

Indian UHNIs mainly invest in equity, real estate, fixed income and alternative investment assets. Equities remain the most preferred asset class and its share represents approximately 44% of investments by UHNIs in the first half of fiscal 2018. The share of alternative assets increased significantly from 4% in fiscal 2013 to 14% in the first half of fiscal 2018. The share of real estate investments in investments by UHNIs increased to 32% in fiscal 2017 compared to 28% in fiscal 2016 due to favourable policy initiatives such as the implementation of the RERA Act that aimed to boost investments into the sector. However, post demonetisation, the share of real estate investments decreased to 26% by the first half of fiscal 2018.

#### Investment allocation by UHNIs



Source: Top of the Pyramid 2017, Kotak Wealth Management, CRISIL Research

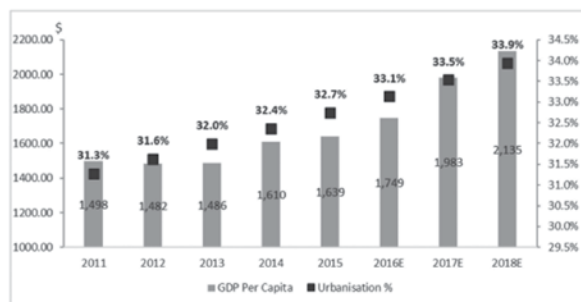
Alternate investment is the only asset class which has witnessed a consistent increase over the past five years with its share increasing from just 4% in FY2013 to 14% by the first half of FY2018. The increase in UHNI/HNIs and rise in awareness and availability of alternative assets such as private equity, hedge funds and alternative investment funds (AIFs) have led to a surge in demand. This has also resulted in increased requirement for professional advice.

#### Urbanisation picks up pace

India has a very low urbanisation rate compared with its

Asian peers such as China, Japan and Thailand. The share of urban population rose steadily from 28.8% in 2004 to an estimated 33.5% in 2017. CRISIL Research expects urbanisation to accelerate, with the urban population growing at a CAGR of 2.0-2.5% between 2017 and 2022, compared with the overall population growth of 1.2% during the same period. The increasing urbanisation is expected to boost per-capita GDP, as was evident during the previous five years, and also enhance financial literacy and quality of living.

## Trend in Urbanisation of population



Source: United Nations Department of Economic and Social affairs, IMF

## Capital markets to remain attractive part of financial savings

Bank deposits and shares accounted for 60% and 10% of incremental household financial savings, respectively, as of 2016-17 supported by demonetisation and increased digitisation. CRISIL Research expects financial savings to increase with the government's strong stance against black money and the diminishing attractiveness of real estate and gold. This, coupled with the lower interest rates, is expected to increase the share of equity investments – direct and through mutual funds and insurance – in total financial savings. This offers a big opportunity for capital market- and insurance-related players. CRISIL Research expects that higher financial savings will lead to higher investments in mutual funds, PMS and other products.

To summarise, with the financial sector becoming the key beneficiary of improved economic conditions and changing savings pattern, various asset classes witnessed growth. CRISIL Research expects the trend of household savings moving towards financial assets to continue.

## Moderate penetration of equity leaves further scope for growth

The global market capitalisation to gross domestic product (GDP) ratio continued to improve in calendar year 2016 to reach 99% from the lows of 56% in 2008. This was aided by a recovery in global macros and the fiscal and monetary stimulus provided by various governments. India, which was relatively insulated from global shocks, saw the ratio

improve from 54% in calendar year 2008 to 69% in calendar year 2016 (as per World Bank). India's BSE market cap to average GDP stood at ~89% in fiscal 2018. With GDP growth expected to gradually pick up, the increasing formalisation of the economy, and more entities from newer segments getting listed (e.g., insurance companies and e-commerce service providers), CRISIL Research expects India's market capitalisation to GDP ratio to increase further in the next few fiscal years.

## Capital market performance

Indian equities outperformed those in most other key developed and emerging economies supported by improving macro, benign inflation, shift to financial assets and favorable government policies that aim to increase the transparency and ease of doing business in India. CRISIL Research expects Indian capital markets to remain buoyant based on the improvement in GDP growth, range bound inflation which will increase disposable incomes, the government's firm stance on improving business environment, and improvement in investments by corporates and the shift to financial assets.

## Capital market performance of various countries:

Date (as of June-18)	India - Nifty 50	India - BSE 500	India - BSE 100	US - S&P 500	UK - FTSE 100	France - CAC 40	South Korea - KOSPI	Brazil - Bovespa	Russia - RTSI	China - Shanghai	South Africa - FTSE/JSE Top 40
1Y return	13%	10%	12%	12%	5%	22%	15%	-11%	10%	5%	1%
3Y CAGR	9%	10%	9%	10%	6%	12%	7%	-13%	3%	4%	5%
5Y CAGR	13%	15%	14%	11%	4%	10%	-2%	8%	7%	8%	5%

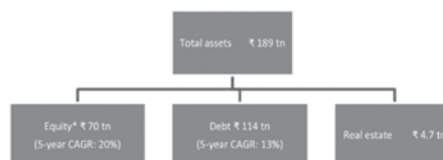
Note: Returns are in local currency

Source: Various exchange websites

## Asset management landscape in India

According to CRISIL Research, the asset management industry in India is among the fastest growing in the world. The landscape has changed enormously in the past 15-20 years with rising incomes and opportunities fuelling the entry of a number of new players, an increasing population investing in financial assets, an increasing need for personalised services for high net worth clients, and regulatory changes aimed at protecting the interest of investors.

## Total investments across asset classes as of FY18



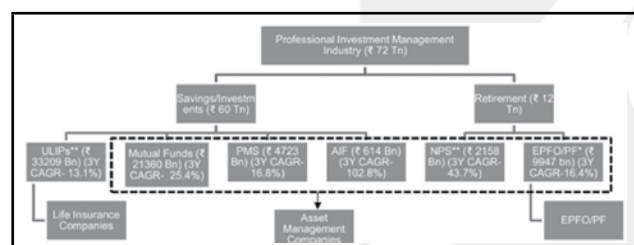
Note: \*Only listed equity companies considered; Equity assets exclude value of promoter holding; Real estate assets include outstanding loans given to developers

by banks, HFCs, NBFCs and investments by private equity players

Source: Company reports, CRISIL Research

As of March 2018, total investment across different assets classes like equity, debt or real estate assets was worth INR 189 trillion. Of this, debt assets accounted for around 60% of the assets. In the last five years ending in fiscal 2018, debt assets have grown at 13% CAGR. Equity assets have grown at a much faster CAGR of 20%, aided by both an increase in quantum of equity investors and returns provided by stock markets. Of the total value of assets in equity, individual investors making direct investments in the stock markets accounted for the 19% of investments, indicating an opportunity for organised fund management players with the right value proposition. Going forward, CRISIL Research expects buoyant growth in the total investments to continue. CRISIL Research expects that a pick-up in economic growth, a growing investor base, higher disposable income and investable surplus, increasing financial savings and government schemes focusing on increasing awareness, ease of investing, digitalisation, and increasing geographical penetration will be key facilitators of growth in the asset management industry in India.

### Professional investment management industry in India as of March 2018



Source: SEBI, LIC Council, AMFI, CRISIL Research

Note: “\*” denotes only debt investments by EPFO/PPF; “\*\*” denotes data as of Dec-17

### Wealth advisory and distribution

The wealth management industry has been witnessing robust growth because of fresh investments from household savings going into financial assets, a low current penetration, and an increasing need for customisation with clients typically seeking advice for asset management, financial planning, tax planning, estate planning and succession planning. As of March 2018, the wealth management industry asset under advisory (AUA) stood at ~INR 9.5 trillion; the industry has grown at a 25-30% CAGR in the last 3 years.

CRISIL Research estimates India’s wealth management AUA to be at ~INR 9.5 trillion in fiscal 2018. CRISIL Research projects the market cross INR 17 trillion of AUA by fiscal 2021, supported by favourable macros and significant under penetration compared with other developed economies.

### AN OVERVIEW OF KHANDWALA SECURITIES LIMITED

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

Various operating businesses are carried out by having independent teams and regulatory licenses. Our Company wide clients include public and private sector corporations, multinational corporations, financial institutions, institutional investors – both domestic and global, high net-worth individuals and retail investors as well as market intermediaries.

### Financial Highlights:

The salient features of the Company’s performance:-

**Total Revenues of Rs. 383.68 Lakhs**

**Net Loss of Rs. 75.10 Lakhs**

**Earnings Per Share (EPS) of Rs. (0.63)**

**Segment Highlights – FY2018 over FY2017 & FY2016:**

(Rs. In Lakhs)

Segment	FY2018	FY2017	FY2016
Brokerage	325.76	346.45	294.56
Corporate Advisory Services	22.53	1.50	3.03
Income from Capital Market Operations	5.71	22.79	3.61
Others	29.67	124.62	47.49
<b>Total Income</b>	<b>383.68</b>	<b>495.36</b>	<b>348.71</b>

Ratios	FY2018	FY2017	FY2016
Debt / Equity	0.10	0.10	0.10
Book Value (INR)	21.55	22.17	22.68

### 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 84.91% of our total revenues at INR 383.68 Lakhs for the year ended March 31, 2018.



**Private Client Broking business:**

Our private client broking services are targeted at High Net worth Individuals (HNIs) who actively invest and trade in equity markets and seek priority service with Bloomberg research and advisory support. Our approach is to provide advisory-based brokerage services with a strong emphasis on research, and to offer our clients value-added services usually reserved for institutional clients.

KSL with its concentrated efforts in equity broking business, and as future strategy to build high volumes and revenues could successfully add a good number of Trading Accounts for various segments (Cash, Derivatives and Currency Futures) during 1<sup>st</sup> April 2017 to March 31<sup>st</sup> March 2018.

**Institutional Equities business:**

Equity and derivatives brokerage business of the Company contributed 84.91% of the consolidated revenue during this financial year. The Company's revenue of Rs.383.68 Lakhs for the year showed a increase / decrease of 22.55% over the previous year corresponding to a comparable increase in volume. However it is encouraging to note that we marginally increased our market share. The number of clients who traded and the number of transactions were also good.

The institutional equities business comprises institutional equity sales, sales- trading and research. We differentiate ourselves based on our cutting-edge research focus, which aids our execution capabilities across our sales and trading platforms. We provide equity and derivatives sales and trading services to a large and diversified base of institutional investors, including FIIs and domestic institutional investors. At present, we have over 11 institutional investors actively transacting with us on a continuous basis.

The category wise contribution from the Institutional Dealing Desk to our revenues has been mentioned in the table below which shows an decrease of 80.95% during the FY 2018 over previous FY 2017.

Category	Brokerage Revenue during FY 17-18	Brokerage Revenue during FY 16-17	Brokerage Revenue during FY 15-16
MF	-	-	-
INS	1,96,010	3,27,329	4,50,957
BANKS	2,86,831	18,39,437	23,45,885
CORP	2,19,173	15,18,085	6,68,540
<b>Total</b>	<b>7,02,014</b>	<b>36,84,851</b>	<b>34,64,383</b>

**Investment banking business:**

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

transactions and convertible offerings, etc. for both listed and unlisted entities.

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

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

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

**Portfolio Management Services:**

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

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

### Market Research:

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

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

Various research products such as Market Today, Market Weekly, Market Technicals, India Strategy, Model Portfolio, Eco Update, 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 are highly recognized by international investor's community including leading Foreign Institutional Investors, global central banks, multi-lateral development agencies and independent multi-strategy funds. Some of the research reports, apart from being widely acclaimed, have been ranked among the best by international financial information providers such as Thomson-Reuters and Bloomberg.

### OPPORTUNITIES AND THREATS

The following factors present specific opportunities across our businesses:

- Expected GDP growth rate of 7.4% coupled with reforms push by the government relating to project approvals, land acquisition, mining, and infrastructure will lead to huge investments by both the public and private sector companies. There will be large capital requirement to fund these investments which will present opportunities for investment banking and advisory business;
- Fall in global commodity prices will reinvigorate private consumption demand and lead to capacity expansion by the industry;
- Corporates are looking at expanding in domestic as well as overseas markets through mergers & acquisitions which offer opportunities for the corporate advisory business.
- Growing mid-size segment of corporates where the need for customized solutions is particularly high will present opportunities for our advisory businesses;
- With increase in the income levels, change in attitude

from wealth protection to wealth creation and risk taking abilities of the youth, there is also a huge market opportunity for wealth management service providers.

- Improved sentiments in the secondary markets will also enhance the participation of investors across segments thereby helping the prospects of equity brokerage business. We expect economic activity to pick up from grass root levels presenting opportunities in both lending and asset reconstruction business.

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

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

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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



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

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

#### **RISK CONCERNS AND RISK MANAGEMENT**

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

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

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

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

KSL controls client risk through a prudent categorization of clients as per their financial depth. This helps circumscribe their trading limits, leading to effective risk management. KSL monitors a client's trading pattern in addition to keeping a continuous vigil on positions, balances and margins. This provides an understanding of a client's trading pattern

in terms of nature of transactions, trading, investments, F&O types of scrips, etc. to detect any undesirable or prohibited practices. Based on this, remedial actions are initiated whenever required. This ensures strict regulatory compliance.

#### **Industry Risk**

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

#### **Management Perception**

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

#### **Liquidity Risk**

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

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

#### **Management Perception**

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

#### **Economic Risk**

A slowdown in economic growth in India could cause the business of the Company to suffer. While the Indian economy has shown sustained growth over the last several

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

**Management Perception**

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

**Human Resource Risk**

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

**Management Perception**

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

**Client Risk**

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

**Regulatory risk**

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

**Management Perception**

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

KSL takes its compliance commitment seriously, recognizing that the business must not only serve the interest of the customer but also function well within the established guidelines of the various regulatory authorities for responsible and profitable growth. At KSL, the compliance

discipline extends across the entire transaction cycle, client identification, KYC process transaction execution, transaction settlement involving securities and funds transfer. The compliance requirements across the various service points have been communicated comprehensively to branch through compliance manuals, leading to uniformity, quality, priority and discipline

**Human Resources**

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

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

## CORPORATE GOVERNANCE REPORT

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

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

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

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance envisages the attainment of the highest levels of transparency and accountability in all aspects of its operations, interactions with shareholders, employees, government departments, SEBI, Stock Exchanges and other regulatory authorities.

### 2. BOARD OF DIRECTORS

#### (i) Composition and Category of the Board

The Composition of the Board is in conformity with Section 149 of the Companies Act, 2013 and Regulation 17(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has an optimum combination of Executive and Non-Executive Directors. As on 31<sup>st</sup> March, 2018, the Board comprises of five directors out of which three are non-executive directors and two are executive directors. Out of the three non-executive directors, two are independent directors. The Chairman of the Board is a Non-Executive & Independent Director. The Managing Director is responsible for the conduct of the business and day to day affairs of the Company under the supervision of the Board of Directors.

The following table gives details for the financial year 2017-18 of directorships, category and number of memberships of board / committees of various other public companies:

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

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

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

<sup>S1</sup> Mr. Homiar N. Vakil was appointed as Chairman of the Board with effect from February 14, 2018.

<sup>S2</sup> Mr. Kalpen Shukla vacated his office of Director of the Company, pursuant to the provisions of section 167 of the Companies Act, 2013 effective from November 13, 2017.

None of the Directors on the Board is a members of more than 10 Committees and Chairman of more than 5 Committees, across all the public limited companies in which they hold the Directorship. All the Directors have made necessary disclosures regarding other directorship and committee positions held by them in other Companies. Further, none of the Directors hold Directorship in more than 10 Public Limited Companies and none of the Independent Directors served as Independent Director in more than 7 Listed Companies.

#### (ii) Board Meetings and Attendance

(a) The Board meets at regular intervals of time to discuss and decide business strategies, company's policies, future goals and review financial results, business

operations and overall performance of the Company. The Board also, inter alia, considers and reviews annual operating and capital expenditure budgets, investments and exposure limits, minutes of the meeting of audit committee and other committees of the board, periodically compliance reports of all laws applicable to the Company, etc. The notice and agenda for the meetings of the Board and its Committees, together with the appropriate supporting documents are sent well in advance separately to each director. There were no material, financial and commercial transactions entered into between the senior management and the Company which could have potential conflict of interests with the Company at large.

- (b) During the financial year 2017-2018, 5 (Five) Board Meetings were held on May 29, 2017, June 23, 2017, August 9, 2017, November 13, 2017 and February 14, 2018. The gap between two meetings did not exceed four months. The details of attendance of directors in the Board meetings held during the financial year 2017-18 and at the last Annual General meeting are given below:

Name of the Directors	No. of Board Meetings during the financial year 2017-2018		Attendance at the last Annual General Meeting held on September 21, 2017
	held	attended	
Mr. Paresh J. Khandwala	5	5	Present
Mr. Rohitasava Chand	5	4	Absent
Mr. Pranav Khandwala	5	2	Absent
Mr. Homiar N. Vakil	5	5	Present
Mrs. Bhagyashree Khandwala	5	5	Present
Mr. Kalpen Shukla (up to November 13, 2017)	3	3	Present

**(iii) Relationship between Directors**

Mrs. Bhagyashree Khandwala is the spouse of Mr. Pranav Khandwala and Mr. Pranav Khandwala is the son of Mr. Paresh Khandwala. None of the other directors are in relationship with each other.

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

Sr. No	Name of the Directors	No. of equity shares held as on March 31, 2018
1	Mr. Pranav Khandwala	686737
2	Mr. Rohitasava Chand	Nil
3	Mr. Kalpen Shukla	Nil
4	Mr. Homiar N. Vakil	Nil

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

The Board of Directors of the Company has adopted a familiarization programme for the Independent

Directors of the Company. This program aims to provide insights into the Company to enable the Independent Directors to understand its business in depth and contribute significantly to the Company success. The details of such program are disclosed on the website of the Company at <http://www.kslindia.com/Static/KSLPolicies.aspx>

**(vi) Separate Meeting of Independent Directors**

Pursuant to Schedule IV of the Companies Act, 2013 and Regulation 25(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of the Independent Directors of the Company was held on March 28, 2018 without the attendance of non-independent directors and members of management.

**3. COMMITTEES OF THE BOARD**

With a view to have more focused attention on the business and for better corporate governance and accountability and to ensure effective compliances of all the statutory requirements, the Board has constituted various committees. The details of composition, role, functions and responsibility of each Committee are as follows:

**I. AUDIT COMMITTEE**

**a) Composition:**

The composition of the Audit Committee is in conformity with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. As on 31<sup>st</sup> March, 2018, the Audit Committee comprises of following 3 (three) Directors as Members:

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

The Members of the Audit Committee are financially literate and have requisite experience in financial management. The terms of reference of Audit Committee is in line with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.



**b) Terms of Reference:**

The brief terms of reference of Audit Committee are as follows:

- (1) oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (2) recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- (3) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (4) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - b. changes, if any, in accounting policies and practices and reasons for the same;
  - c. major accounting entries involving estimates based on the exercise of judgment by management;
  - d. significant adjustments made in the financial statements arising out of audit findings;
  - e. compliance with listing and other legal requirements relating to financial statements;
  - f. disclosure of any related party transactions;
  - g. modified opinion(s) in the draft audit report;
- (5) reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- (6) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
- (7) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (8) approval or any subsequent modification of transactions of the listed entity with related parties;
- (9) scrutiny of inter-corporate loans and investments;

- (10) valuation of undertakings or assets of the listed entity, wherever it is necessary;
- (11) evaluation of internal financial controls and risk management systems;
- (12) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (13) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (14) discussion with internal auditors of any significant findings and follow up there on;
- (15) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- (16) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (17) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (18) to review the functioning of the whistle blower mechanism;
- (19) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;

**c) Meetings and Attendance:**

During the financial year 2017-18, 5 (five) meetings of the Committee were held on May 29, 2017, June 23, 2017, August 9, 2017, November 13, 2017 and February 14, 2018. The gap between two meetings did not exceed four months. The details of attendance of members in the Audit Committee Meeting held during the financial year 2017-2018 are given below:

Name of Members	No. of Meetings	
	Held	Attended
Mr. Homiar N. Vakil	5	5
Mr. Rohitasava Chand	5	3
Mr. Pranav Khandwala*	2	2
Mr. Kalpen Shukla**	3	3

\* Mr. Pranav Khandwala was inducted as a member of Audit Committee on November 13, 2017.

\*\* Mr. Kalpen Shukla ceased to be a member of the Audit Committee due to his vacation of office as Director.

The Managing Director, Statutory Auditors, Internal Auditors and Chief Financial Officer are invitees to the Audit Committee Meetings.

Mr. Kalpen Shukla, the chairman of the Audit Committee till his vacation of office on November 13, 2017 was present at the last Annual General Meeting of the Company held on September 21, 2017.

The Company Secretary acts as the Secretary of the Audit Committee.

#### **4. NOMINATION AND REMUNERATION COMMITTEE**

##### **a) Composition:**

The composition of Nomination and Remuneration Committee of the Company is in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. As on 31<sup>st</sup> March, 2018, the Nomination and Remuneration Committee comprises of following 3 (three) Directors as Members:

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

##### **b) Terms of Reference:**

The brief terms of reference of Nomination and Remuneration Committee are as follows:

- (1) To form criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- (2) To form criteria for evaluation of performance of independent directors and the board;
- (3) To devise policy on diversity of board of directors;
- (4) To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the board of directors their appointment and removal.
- (5) To extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

##### **c) Meeting and Attendance:**

During the financial year 2017-18, 2 (two) meetings of the Committee were held on May 29, 2017 and November 13, 2017. The details of attendance of members in the Nomination and Remuneration Committee Meeting held during the financial year 2017-2018 are given below:

Name of Members	No. of Meetings	
	Held	Attended
Mr. Rohitasava Chand	2	1
Mr. Homiar N. Vakil	2	2
Mr. Pranav Khandwala*	1	1
Mr. Kalpen Shukla**	1	1

\* Mr. Pranav Khandwala was inducted as a member of Nomination and Remuneration Committee on November 13, 2017.

\*\* Mr. Kalpen Shukla ceased to be a member of the Nomination and Remuneration Committee due to his vacation of office as Director.

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

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

#### **5. EVALUATION OF BOARD'S PERFORMANCE**

In terms of the provisions of the Companies Act, 2013 read with rules issued there under and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors on recommendation of the Nomination and Remuneration Committee has carried out an annual performance evaluation of its own performance, the directors individually as well as the working of its various committees for the financial year ended March 31, 2018. The Independent Directors at their separate meeting held during the financial year has reviewed the performance of non-independent directors. The performance evaluation of the Independent Directors was carried out by the entire board. The evaluation of the Directors was based on various aspects which, inter alia, included the level of participation in the Board Meetings, understanding of their roles and responsibilities, business of the Company along with the environment and effectiveness of their contribution.



**6. REMUNERATION OF DIRECTORS**
**a) Remuneration to Executive Directors**

The details of remuneration paid to the Managing Director and Executive Director during the financial year ended March 31, 2018 are as under:

Name & Designation of Directors	Salary (In Rs.)	Commission (In Rs.)	Perquisites and Allowance (In Rs.)	Total (In Rs.)	Tenure of Appointment
Mr. Paresh J. Khandwala (Managing Director)	27,90,003	Nil	3,34,997	31,25,000	January 1, 2018 to December 31, 2022
Mrs. Bhagyashree Khandwala (Executive Director & CFO)	3,05,400	Nil	44,600	3,50,000	February 14, 2017 to February 13, 2020

**Note:** There is no Scheme of "Employee Stock Options" during the financial year 2017-18.

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

The Non-Executive / Independent Directors are paid remuneration by way of sitting fees for attending the Board Meeting and they are within the limits prescribed under the Companies Act, 2013. The non-executive directors have no material pecuniary relationships or transactions with the Company in their personal capacity.

The details of remuneration paid to non-executive directors for the year ended March 31, 2018 are as under:

Names of Directors	Sitting Fees (in Rs.)
Mr. Kalpen Shukla	15,000
Mr. Rohitasava Chand	15,000
Mr. Homiar N. Vakil	25,000
Mr. Pranav Khandwala	5,000
<b>Total</b>	<b>60,000</b>

**7. STAKEHOLDERS RELATIONSHIP COMMITTEE**
**a) Composition**

In the financial year 2014-15, the nomenclature of the "Shareholders/Investors Grievance Committee" was changed to "Stakeholders Relationship Committee" pursuant to the provisions of the Section 178 of the Companies Act, 2013. The composition of Stakeholders Relationship Committee is in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. As on March 31, 2018, the Stakeholders Relationship Committee comprised of the following 3 (three) Directors as members:

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

**b) Terms of Reference:**

The terms of reference of the Committee are to deal with matters relating to transfer/transmission of shares and monitors redressal of complaints from shareholders relating to transfers, non-receipt of balance sheet, non-receipt of dividend, etc. with a view to expediting the process of share transfers, the Chairman of the Audit Committee and Secretary is authorized to approve transfers/transmission of shares.

**c) Meeting and Attendance:**

During the financial year 2017-18, 1 (one) meeting of the Committee was held on November 13, 2017. The details of attendance of members in the Stakeholders Relationship Committee Meeting held during the financial year 2017-2018 are given below:

Name of Members	No. of Meetings	
	Held	Attended
Mr. Rohitasava Chand	1	1
Mr. Paresh Khandwala	1	1
Mr. Homiar N. Vakil*	1	1

\* Mr. Homiar N. Vakil was inducted as a Member of Stakeholders Relationship Committee on November 13, 2017.

Mr. Kalpen Shukla ceased to be the member of the Stakeholders Relationship Committee due to his vacation of office as Director.

The Company Secretary of the Company is the Compliance Officer.

The details of the complaints received and resolved during the financial year 2017-2018 are as follows:-

Opening as on April 1, 2017	Nil
Received during the year	Nil
Resolved during the year	Nil
Closing as on March 31, 2018	Nil

**8. GENERAL BODY MEETINGS:**
**Annual General Meetings**

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

Financial Year & Name of Meeting	Day, Date and Time	Venue	Special Resolutions passed
2016-17 24 <sup>th</sup> Annual General Meeting	Thursday, September 21, 2017 at 12.30 p.m.	Garware Club House, Wankhede Stadium, 'D' Road, Churchgate, Mumbai - 400020	None
2015-16 23 <sup>rd</sup> Annual General Meeting	Monday, September 19, 2016 at 12.15 p.m.	C.K. Nayudu Hall, Cricket Club of India (CCI), Brabourne Stadium, Churchgate, Mumbai - 400 020	None
2014-15 22 <sup>nd</sup> Annual General Meeting	Saturday, September 19, 2015 at 12.15 p.m.	C.K. Nayudu Hall, Cricket Club of India (CCI), Brabourne Stadium, Churchgate, Mumbai - 400 020	Re-appointment of Mr. Paresh Khandwala as Managing Director for a further period of 3 years w.e.f January 1, 2015

No resolution was passed by the Company during the Financial Year 2017-18 through postal ballot.

## **9. OTHER DISCLOSURES:**

### **(a) Related Party Transaction**

The Company did not have any material significant related party transactions having a potential conflict with the interest of the Company at large. All the transactions entered into with related parties were in the ordinary course of business and on arms length basis. The transactions entered with the related parties are disclosed in the notes to accounts.

### **(b) Compliance Status**

There has neither been any non-compliance of any legal provision of applicable law, nor any penalty, stricture imposed by the Stock Exchanges or SEBI or any other statutory authorities, on any matter related to capital market during the last three years except the Securities Appellate Tribunal (SAT) vide its order dated March 8, 2017 dismissed the appeal filed by the Company which challenging the adjudication order passed by SEBI dated May 13, 2015, in the matter of dealing in scrip of M/s. Shree Rama Multi Tech Limited during the period June 2000 to September 2000, which imposing a penalty of suspending the certificate of registration of the Company as a stock broker at National Stock Exchange of India Limited for a period of one month.

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

### **(c) Vigil Mechanism / Whistle Blower Policy**

The Company has established a Vigil Mechanism/ Whistle Blower Policy for employees and directors to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. The said policy has been post on the website of the Company at [www.kslindia.com](http://www.kslindia.com). None of the directors/employee has been denied access to the audit committee.

### **(d) Mandatory Requirements**

The Company has complied with all the mandatory requirements of SEBI (Listing obligations & Disclosure Requirements) Regulations, 2015.

### **(e) Discretionary Requirements**

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

- The Company has separate persons to the post of Chairman and Managing Director.
- For the Financial Year 2017-18, the Statutory Auditor have issued modified opinion w.r.t (i) the Company had advanced application money towards purchase of shares into other entity, which is outstanding for a period of 192 months as at the end of the year and (ii) long term deposits made into other entities by the Company, which are subject to the subsequent adjustments in the financial statements.
- The Internal auditor of the Company report directly to the Audit Committee of the Board.

### **(f) Policy for determining 'material' subsidiaries**

The policy for determining 'material subsidiaries' is not applicable as the Company do not have any subsidiary.

### **(g) Policy on dealing with related party transactions**

The policy on dealing with related party transactions is disclosed on the website of the Company at [www.kslindia.com](http://www.kslindia.com).

### **(h) CEO / CFO Certification**

As required under Regulation 17 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Managing Director and Chief Financial Officer of the Company have certified to the Board regarding the Financial Statements of the Company for the financial year ended March 31, 2018.

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

The financial statements have been prepared in

accordance with the Indian Accounting Standards (IND AS) prescribed under Section 133 of the Companies Act, 2013 as applicable and other accounting principle generally accepted in India.

**(j) Code of Conduct**

The Code of Conduct for the Board of Directors and the Senior Management Personnel has been disclosed on the website of the company at [www.kslindia.com](http://www.kslindia.com). The declaration by the Managing Director stating that all the Board Members and Senior Management Personnel have affirmed their compliance with the laid down code of conduct for the financial year ended March 31, 2018 is annexed to this Report.

**(k) Code for Prevention of Insider Trading Practices**

The Company has adopted a code of practice and procedure for fair disclosure of Unpublished Price Sensitive Information for prevention of Insider Trading for its directors and designated employees in accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015. The said code is also disclosed on the website of the Company at [www.kslindia.com](http://www.kslindia.com)

**(l) Compliance Certificate on Corporate Governance**

As per Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the certificate issued by M/s. Aniket Kulkarni & Associates, Chartered Accountants, regarding compliance of conditions of Corporate Governance is annexed to this Report.

**(m) Management Discussion and Analysis**

The Management Discussion and Analysis forms a part of this Annual Report.

**10. MEANS OF COMMUNICATION**

In compliance with the requirements of the Listing Regulations, the Company regularly intimates quarterly, half yearly and annual financial results of the Company to the stock exchanges immediately after they are taken on record by the Board. These financial results are normally published in Free Press Journal (English) and Navshakti (Marathi) newspapers. The quarterly, half yearly and annual financial results and other official news are displayed on the website of the Company at [www.kslindia.com](http://www.kslindia.com). During the year, the Company has not made any presentations to the Institutional Investors or analysts.

**11. GENERAL SHAREHOLDER INFORMATION**

**a) Date and Venue of the 25<sup>th</sup> Annual General Meeting**

The 25<sup>th</sup> Annual General Meeting of the Company

is scheduled to be held at C.K. Nayudu Hall, Cricket Club of India (CCI), Brabourne Stadium, Churchgate, Mumbai - 400 020 on Friday, September 21, 2018 at 12.30 p.m.

**b) Financial Year of the Company**

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

**c) Dates of Book Closure**

September 14, 2018 to September 21, 2018 (both days inclusive)

**d) Dividend**

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

**e) Listing of Equity Shares**

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

**Stock Code**

BSE Limited (BSE) : 531892

National Stock Exchange of India Limited (NSE) : KHANDSE

ISIN No for NSDL/CDSL : INE060B01014

The Annual Listing Fees for financial year 2018-2019 has been paid by the Company to BSE and NSE.

**f) Financial Calendar 2018-2019 (Tentative dates)**

Results for the quarter ended June 30, 2018	on or before August 14, 2018
Results for the quarter ended September 30, 2018	on or before November 14, 2018
Results for the quarter ended December 31, 2018	on or before February 14, 2019
Results for the financial year ended March 31, 2019	on or before May 30, 2019

**g) Custodial Fees to Depositories**

The Annual Custody/Issuer fee for the financial year 2018-19 has been paid by the Company to National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL).

**h) Stock performance**

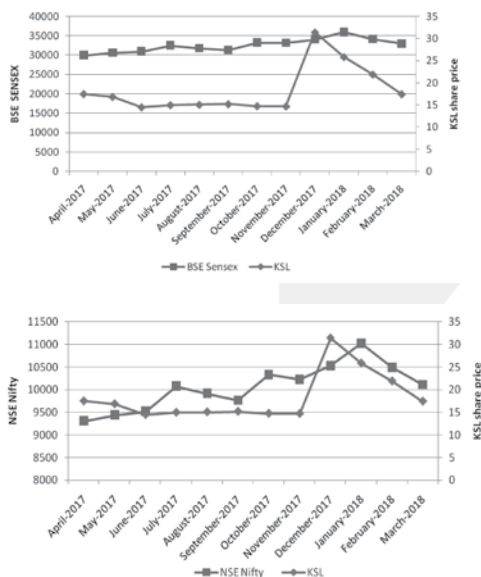
**Market Price Data**

Monthly High, Low and Close Price of Equity Shares of the Company during the financial year 2017-18 at BSE Limited and National Stock Exchange of India Limited:-

Month	BSE			NSE		
	High (In Rs.)	Low (In Rs.)	Close (In Rs.)	High (In Rs.)	Low (In Rs.)	Close (In Rs.)
April 2017	17.85	15.50	17.50	17.50	15.55	17.50
May 2017	17.65	16.50	16.85	17.90	15.65	15.65
June 2017	17.15	14.00	14.50	16.00	13.50	13.50
July 2017	16.30	13.70	14.98	16.20	13.45	15.75
August 2017	15.75	13.51	15.08	16.00	14.15	15.25
September 2017	17.45	14.40	15.20	17.30	14.25	14.80
October 2017	16.30	14.00	14.75	15.95	14.00	14.95
November 2017	15.00	12.52	14.71	15.65	12.15	14.60
December 2017	33.12	15.11	31.40	32.85	15.00	31.15
January 2018	33.95	24.65	25.85	33.80	25.25	26.05
February 2018	26.75	21.55	21.90	26.90	22.00	22.65
March 2018	21.95	16.20	17.45	23.40	15.80	16.25

Source:- BSE and NSE website

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



**i) Registrar and Share Transfer Agents**

Karvy Computershare Private Limited  
 "Karvy Selenium Tower B",  
 Plot No. 31 & 32, Financial District, Nanakramguda,  
 Gachibowli, Hyderabad - 500032  
 Tel :- 91-40-67162222/33211000  
 e-mail: support@karvy.com

**j) Share Transfer System**

Trading in equity shares of the Company is permitted only in dematerialized form. Shares sent for transfer in physical form are registered and returned within a period of one month from the date of receipt of the documents, provided the documents are valid and complete in all respects. With a view to expediting the process of share transfers, the Chairman and Secretary are authorised to approve transfers/transmission of

shares below 5000 in numbers. The Stakeholders Relationship Committee meets as and when required to consider the other transfer proposals and attend to shareholder grievances.

**k) Distribution of Shareholding as on March 31, 2018**

Number of Shares		Number of Shareholders	% of Shareholders	Number of Shares held	% of Shares held
From	To				
1	5000	2012	79.6832	253382	2.1223
5001	10000	212	8.3960	184321	1.5439
10001	20000	125	4.9505	199537	1.6713
20001	30000	43	1.7030	107465	0.9001
30001	40000	17	0.6733	59768	0.5006
40001	50000	19	0.7525	91247	0.7643
50001	100000	40	1.5842	304540	2.5508
100001	ABOVE	57	2.2574	10738740	89.9467
Total		2525	100.00	11939000	100.00

**l) Shareholding Pattern as on March 31, 2018**

Sr. No.	Category	No. of Shares held	% of Issued Share Capital
a	Promoter & Promoters Group	7145664	59.85
b	Mutual Funds / Banks / FIs / FIs / Insurance Companies / FPIs	-	-
c	Bodies Corporate	2135607	17.89
d	NRI's and OCB's	568900	4.76
e	Clearing Member	1467	0.01
f	Public and Others	2087362	17.49
	<b>Total</b>	<b>11939000</b>	<b>100.00</b>

**m) Dematerialization of Shares**

As on March 31, 2018, 98.98% of total equity share capital of the Company was held in a dematerialized form with National Securities Depository Limited and Central Depository Services (India) Limited. At the end of each quarter, reconciliation of share capital audit is conducted by a Practicing Company Secretary to reconcile the total issued capital, listed capital and capital held by the Depositories in dematerialised form.

The Shareholders who continue to hold shares in physical form are requested to dematerialize their shares at the earliest and avail benefits of dealing in securities in electronic / dematerialized form. For any clarification, assistance or information, please contact the Registrar and Share Transfer Agent of the Company.

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

Not Applicable

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

Nil

**p) Plant Location**

The Company does not have any plant at any locations.

**q) Address for Correspondence**

Shareholders may correspond with the Registrar and Transfer agents viz Karvy Computershare Private Limited at the address mentioned herein above on all matters relating to transfer or transmission of shares, dematerialization of shares and any other query relating to shares of the Company. Shareholders would have to correspond with the respective Depository Participants for shares held in demat mode.

For all investor related matters and investor grievances, shareholders may correspond at the below mentioned address:

Company Secretary / Compliance Officer

**Khandwala Securities Limited**

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

Telephone no.: +91 22 4076 7373/74

Fax no.: +91 22 4076 7377

Email:investorgrievances@kslindia.com

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

**Paresh Khandwala  
Managing Director**

Date: May 26, 2018  
Place: Mumbai



**DECLARATION BY MANAGING DIRECTOR**

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

I, Paresh Khandwala, Managing Director of Khandwala Securities Limited, hereby declare that all the members of the Board and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct for the year ended March 31, 2018.

**For Khandwala Securities Limited**

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

Date: May 26, 2018  
Place: Mumbai

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**MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER CERTIFICATION**

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

We, Paresh Khandwala, Managing Director and Bhagyashree Khandwala (Executive Director & CFO) of Khandwala Securities Limited, to the best of our knowledge and belief, certify that:

- a) we have reviewed the financial statements and the cash flow statement for the year ended 31<sup>st</sup> March, 2018 and to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or propose to take rectify these deficiencies.
- d) we have indicated to the Auditors and the Audit Committee that:
  - (i) there are no significant changes in internal controls over financial reporting during the year ;
  - (ii) there are significant changes in accounting policies during the year; and that the same has been disclosed in the notes to the financial statements.
  - (iii) there are no instances of significant fraud of which we have become aware and there has been no involvement of the management or an employee having a significant role in the Company's internal control system over financial reporting.

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

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

Date: May 26, 2018  
Place: Mumbai

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



**AUDITOR'S CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF  
CORPORATE GOVERNANCE**

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

We have examined the compliance of conditions of Corporate Governance by Khandwala Securities Limited ('the Company') for the year ended 31<sup>st</sup> March 2018, as stipulated in the Regulation 17 to 27 and clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

Date:- May 26, 2018  
Place:- Mumbai

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

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF

### KHANDWALA SECURITIES LIMITED

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

1. We have audited the accompanying standalone financial statements of **Khandwala Securities Limited** ("the company"), which comprise the Balance sheet at March 31<sup>st</sup> 2018, the statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Standalone Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements to give a true and fair view of the financial position, financial performance (including other comprehensive income), (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standard) Rules, 2015 (as amended) under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

3. Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act and the Rules made there under including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the act and the rules made there under.
4. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act

and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

5. An Audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

#### Basis for Qualified Opinion

We draw your kind attention to the following qualifications to the audit opinion of the financial statements produced as under:-

7. *The Company had advanced application money towards purchase of shares of Rs 216.69 lakhs which is outstanding for a period of 192 months as at the end of the year. In the absence of information regarding the status of the allotment or the net worth of the entities in which the company made applications, we are unable to ascertain the extent to which an amount of Rs 216.69 lakhs is recoverable and accordingly, the effect thereof on the financial statements cannot be ascertained.*
8. *Long – Term deposits to various companies of Rs 530.00 lakhs are subject to subsequent adjustments. The Company has obtained confirmations from various companies but the Company has not made provision for the same in the standalone financial statements.*

#### Auditor's Opinion

In our opinion the recoverability of these loans and advances are doubtful. The company should have made provision for these doubtful advances but they have not made any such provisions in its standalone financial statements.

**Qualified Opinion**

9. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and *except for the matters described in point no 7 & 8 above in the basis for qualified opinion paragraph*, give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its total comprehensive income (comprising of profit/loss and other comprehensive income), its cash flow and changes in equity for the year ended on that date.

**Report on Other Legal & regulatory Requirements**

10. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure B statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
11. As required by Section 143(3) of the Act, we report that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

- e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
  - ii. The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. The reporting on disclosures relating to specified bank notes is not applicable to the Company for the year ended March 31, 2018

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

**Aniket Kulkarni**  
**Proprietor**  
**Membership No – 127246**  
**Date: 26<sup>th</sup> May 2018**  
**Place: Mumbai**

## ANNEXURE TO THE AUDITOR'S REPORT

With reference to the “Annexure-A” referred to in the Independent Auditors’ Report to the Members of **Khandwala Securities Limited** (‘the Company’) on the financial statements for the year ended **31<sup>st</sup> March 2018**, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) Company is a service company primarily engaged in the business of rendering merchant banking & share broking service. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of Order is not applicable
- (iii) In our opinion and according to the information and explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act. Hence reporting under clause 3(iii) of the Order is not applicable to the company.
- (iv) In our opinion and according to the information and explanations given to us, the company has neither granted any loans to directors, etc. nor made loan and investment under section 185 and 186 of the Companies Act respectively. Hence, reporting under clause 3(iv) of the Order is not applicable to the company.
- (v) According to the information and explanations given to us, during the FY 2017-18 the Company has not accepted deposits from the public during the year. Therefore, the provisions of clause 3(v) of the Order are not applicable to the Company.
- (vi) The Central Government has not prescribed the maintenance of cost records under sub-section (l) of section 148 of the Act, for any of the goods manufactured or services rendered by the Company.

- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Income-tax, service tax, cess, Provident Fund and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. *However there have been few cases of delays in payment of Income Tax and Service Tax.*

According to the information and explanations given to us, no undisputed amounts payable in respect of Income tax, service tax, goods and service tax ,cess and other material statutory dues were in arrears as at **31 March 2018** for a period of more than six months from the date they became payable *except TDS Defaults showing on TDS Traces website amounting to ₹ 33,196/- as on 31<sup>st</sup> March 2018.*

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

Details of dues of income tax which have not been deposited as at March 31, 2018 on account of disputes are given below:

Name of the Statute	Nature of the Dues	Amount (₹ in lakhs)	Period to which the amount relates	Forum where Dispute is pending	Under Section
Finance Act 1994	Service Tax	14.00	FY 2010 to 2016	Add. Commissioner Service Tax	73 (1) of Finance Act 1994
Income Tax Act 1961	Income Tax	31.88	A.Y. 2006-07	ITAT	271(1)(C)
		4.96	A.Y. 2007-08	ITAT	143(3)

- (viii) According to the information and explanations given to us, and based on the verification of records of company examined by us, the company has not default in repayment of loan or borrowings to financial institution & bank.
- (ix) According to the information and explanations provided to us and as per the records of the company examined by us, company has not raised funds by way of public issue/ follow-on offer (including debt instruments) and term loans. Therefore paragraph 3(ix) of the Order is not applicable to the company

- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Companies Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made preferential

allotment of Equity Share / private placement of shares or fully or partly convertible debenture. Therefore paragraph 3(xiv) not applicable to the company.

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

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

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

**Aniket Kulkarni**  
**Proprietor**  
**Membership No: - 127246**

**Place: Mumbai**  
**Date: 26<sup>th</sup> May 2018**



## “Annexure-B” to the Independent Auditors’ Report – 31<sup>st</sup> March 2018

### Report on the Internal Financial Controls under clause (i) of sub – section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the Internal Financial Control over financial reporting of **Khandwala Securities Limited** (“the Company”) as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Control over Financial Reporting issued by the ICAI. These responsibilities include the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of assets, the prevention and detection of fraud and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We have conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the standards on auditing, issued by ICAI and deemed to be prescribed under section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those standards and the Guidance Note require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls over Financial Reporting

A Company’s Internal Financial Control over Financial Reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transaction and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made in accordance with authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

### Inherent Limitations of internal Financial Controls over Financial Reporting

Because of inherent limitations of internal controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatement due to error or fraud may occur and not to be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by Institute of Chartered Accounts of India.

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

**Aniket Kulkarni**  
**(Proprietor)**  
**Membership No: - 127246**  
**Place: Mumbai**  
**Date: 26<sup>th</sup> May 2018**

**BALANCE SHEET AS AT MARCH 31, 2018**
*(Currency : Indian Rupees)*

Particulars	Note No.	As At March 31, 2018 ₹	As At March 31, 2017 ₹
<b>A ASSETS</b>			
<b>(1) Non Current Assets</b>			
(a) Property, Plant and Equipment	2	6,69,89,925	6,95,23,101
(b) Intangible assets		66,267	48,751
		<b>6,70,56,191</b>	<b>6,95,71,851</b>
(c) Financial Assets			
(i) Investments	3	3,37,55,000	3,37,55,000
(ii) Loans	4	9,94,09,809	8,15,70,274
(iii) Others	5	2,16,68,641	2,16,68,641
(d) Deferred tax assets (net)		9,07,734	7,77,951
(e) Other non-current assets	6	1,70,52,219	3,25,70,906
		<b>17,27,93,403</b>	<b>17,03,42,771</b>
<b>(2) Current Assets</b>			
(a) Financial Assets			
(i) Investments	7	2,70,704	2,65,286
(ii) Trade receivables	8	9,13,90,214	9,81,38,756
(iii) Cash and cash equivalents	9	7,59,990	5,46,698
(iv) Bank balances other than (iii) above	10	4,37,11,639	4,12,97,398
(v) Loans	11	3,17,69,037	1,08,84,920
(vi) Other current assets	12	7,87,714	10,77,936
		<b>16,86,89,298</b>	<b>15,22,10,994</b>
<b>TOTAL ASSETS</b>		<b>40,85,38,893</b>	<b>39,21,25,616</b>
<b>B EQUITY AND LIABILITIES</b>			
<b>(1) Equity</b>			
(a) Equity Share Capital	13	13,93,90,000	13,93,90,000
(b) Other Equity	14	13,78,42,309	14,52,62,129
Total Equity		<b>27,72,32,309</b>	<b>28,46,52,129</b>
<b>(2) Non Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	15	2,84,29,826	2,92,08,306
(b) Provisions	16	10,04,561	10,35,184
(c) Other non-current liabilities	17	3,10,282	1,02,19,651
Total Non Current Liabilities		<b>2,97,44,669</b>	<b>4,04,63,141</b>
<b>(3) Current Liabilities</b>			
(a) Financial Liabilities			
(i) Trade payables	18	9,69,32,249	6,27,11,260
(b) Other current liabilities	19	46,29,666	42,99,087
		<b>10,15,61,915</b>	<b>6,70,10,347</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>40,85,38,893</b>	<b>39,21,25,616</b>
See accompanying notes (1 to 44) to the Financial Statements.			

As per our report attached of even date.

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

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

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

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

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

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

**Abhishek Joshi**  
Company Secretary

Place :- Mumbai  
Date :- 26th May 2018

Place :- Mumbai  
Date :- 26th May 2018

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018**

(Currency : Indian Rupees)

	Note	For the year ended March 31, 2018 ₹	For the year ended March 31, 2017 ₹
I Revenue from Operations	20	3,54,00,671	3,70,73,989
II Other Income	21	29,67,208	1,24,61,749
III <b>Total Income</b>		<b>3,83,67,879</b>	<b>4,95,35,739</b>
IV <b>Expenses</b>			
Cost of materials consumed		-	-
Purchases of Stock-in-Trade		-	-
Changes in inventories of finished goods	22	6,950	4,581
Stock-in -Trade and work-in-progress		-	-
Employee benefits expense	23	1,96,68,130	1,94,73,095
Finance costs	24	27,73,238	34,56,881
Depreciation and amortization expense		29,00,588	29,66,775
Other expenses	25	2,06,58,909	2,96,28,324
<b>Total Expenses</b>		<b>4,60,07,815</b>	<b>5,55,29,657</b>
V <b>Profit/(Loss) before Tax and prior period items</b>		<b>(76,39,936)</b>	<b>(59,93,918)</b>
VI Exceptional Items		-	-
VII <b>Profit/(Loss) before Extraordinary items and tax ( V - VI )</b>		<b>(76,39,936)</b>	<b>(59,93,918)</b>
VIII Extraordinary items		-	-
IX <b>Profit/(Loss) before Tax ( VII - VIII )</b>		<b>(76,39,936)</b>	<b>(59,93,918)</b>
X <b>Tax Expense</b>			
(1) Current Tax		-	-
(2) MAT Tax		-	-
(3) Deferred Tax (Credited)/ Charged		(1,29,783)	1,01,554
XI <b>Profit / (Loss) for the period from Continuing Operations</b>		<b>(75,10,153)</b>	<b>(60,95,472)</b>
XII <b>Profit / (Loss) from Discounting Operations</b>		-	-
XIII <b>Tax Expense of Discounting Operations</b>		-	-
XIV <b>Profit / (Loss) from Discounting Operations (after tax ) ( XII -XIII )</b>		-	-
XV <b>Profit (Loss) for the period (XI +XIV )</b>		<b>(75,10,153)</b>	<b>(60,95,472)</b>
XVI <b>Other Comprehensive Income</b>			
A (i) Items that will not be reclassified to profit or loss		90,333	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
XVII <b>Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit (Loss) and Other Comprehensive Income for the period)</b>		<b>(74,19,820)</b>	<b>(60,95,472)</b>
XVIII Earnings Per Share of - Basic (₹)			
- Basic (₹)		(0.63)	(0.51)
- Diluted (₹)		(0.63)	(0.51)
See accompanying notes ( 1 to 44 ) to the Financial Statements.			

As per our report attached of even date.

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

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

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

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

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

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

**Abhishek Joshi**  
Company Secretary

Place :- Mumbai  
Date :- 26th May 2018

Place :- Mumbai  
Date :- 26th May 2018

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018**
*(Currency : Indian Rupees)*

	For the Year ended March 31, 2018		For the Year ended March 31, 2017	
<b>A. Cash flow from operational activities</b>				
Net (Loss)/Profit before tax adjusted for prior period items and excess provisions for tax written back		(76,39,936)		(59,93,918)
Adjustments for:				
Depreciation	29,00,588		29,66,775	
Interest Income	(28,58,401)		(35,12,761)	
Finance Cost	27,73,238		34,56,881	
Unrealised Gains On Mark to Market of F&O Stock	1,99,856		64,721	
Provision for Diminution in investments/ Stock	6,950		4,581	
Provision for Reversal of Employee Benefit	1,92,556		3,01,740	
Sundry Debit Balance written off	45,448		80,10,765	
Sundry Credit Balance Written Back	(2,58,101)		(71,85,460)	
Dividend Income	(10,525)		(3,66,617)	
		29,91,608		37,40,625
Operating profit before working capital changes		(46,48,328)		(22,53,293)
Adjustments for:				
Inventories	(7,293)		-	
Trade Receivables & Other Receivables	(1,58,30,330)		(1,09,12,763)	
Current Liabilities & Provision	2,45,22,151	86,84,528	(3,63,651)	(1,12,76,414)
Cash generated from operations		40,36,200		(1,35,29,707)
Direct taxes Refunded / (paid)		-		-
Net cash (used in) / generated from operating activities		40,36,200		(1,35,29,707)
<b>B. Cash flow from investing activities</b>				
Sale / (Purchase) of fixed assets (Net)	(3,84,928)		(7,27,164)	
Sale/ (Purchase) of Investments (Net of purchase)	-		-	
Interest received	25,22,529		31,58,234	
Dividend received	5,450		3,60,005	
Net cash (used in) / generated from investing activities		21,43,051		27,91,075
<b>C. Cash flow from financing activities</b>				
(Repayment)/Proceeds from long term borrowings(Net)	(7,78,480)		(15,21,025)	
(Repayment)/Proceeds from short term borrowings(Net)	-		-	
Interest and other Finance charges	(27,73,238)		(34,56,881)	
Net cash (used in) / generated from financing activities		(35,51,718)		(49,77,906)
<b>Net increase/(decrease) in cash and cash equivalents</b>		26,27,533		(1,57,16,538)
Cash and Cash equivalents (opening balance)	4,18,44,096		5,75,60,633	
Cash and Cash equivalents (closing balance)	4,44,71,629		4,18,44,096	
		26,27,533		(1,57,16,538)
See accompanying notes ( 1 to 44 ) to the Financial Statements.				

As per our report attached of even date.

**For Aniket Kulkarni & Associates**
*Chartered Accountants*

FRN No. 130521W

**Aniket Kulkarni**
**Proprietor**

Mem. No: 127246

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

DIN: 05210178

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

DIN: 02335473

**Paresh J. Khandwala**
**Managing Director**

DIN: 00112678

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

Place :- Mumbai

Date :- 26th May 2018

Place :- Mumbai

Date :- 26th May 2018

# NOTES FORMING PART OF FINANCIAL STATEMENTS

## NOTE NO.1

### A. CORPORATE INFORMATION

Khandwala Securities Limited ("the Company") is a listed entity incorporated in India. The addresses of its registered office and principal place of business are disclosed in the introduction to the annual report.

### B. Significant Accounting Policies

#### Basis of Preparation And Presentation

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

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

The financial statements of the Company have been prepared to comply with the Indian Accounting standards ('Ind AS'), including the rules notified under the relevant provisions of the Companies Act, 2013. Upto the year ended March 31, 2017, the Company has prepared its financial statements in accordance with the requirement of Indian Generally Accepted Accounting Principles (GAAP), which includes Standards notified under the Companies (Accounting Standards) Rules, 2006 and considered as "Previous GAAP".

The figures for the year ended March 31, 2017 have now been restated as per Ind AS to provide comparability.

These financial statements are the Company's first Ind AS standalone financial statements.

Company's financial statements are presented in Indian Rupees, which is also its functional currency.

#### Use of estimates

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

#### Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenues can be reliably measured. Income from capital market operations (non-delivery based transactions) is accounted for on sale of securities. Income from Merchant Banking services, Brokerage and income from corporate advisory services are accounted for as and when the relevant services are rendered except where the recovery is uncertain in which case it is accounted for on receipt. Interest income is accounted for on accrual basis except where the recovery is uncertain, in which case it is accounted for on receipt. Dividend income is accounted for when the unconditional right to receive dividend is established.

### Property, Plant and Equipment and Depreciation

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

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

### Investments

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

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

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

### Inventories

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

### Foreign currency transactions

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

### Employee benefits

#### Short Term Employee Benefits

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

#### Post-Employment Benefits

##### Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which the Company pays specified contributions to a separate entity. The Company makes specified monthly contributions towards Provident Fund, Superannuation Fund and Pension Scheme. The



**NOTES FORMING PART OF FINANCIAL STATEMENTS**

Company's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

**Defined Benefit Plans**

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

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

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

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

**Employee Separation Costs**

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

**Tax Expenses**

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

**Current Tax**

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

**Deferred Tax**

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

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

**Derivative Instruments**

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

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

**Provisions:**

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

**Cash & Cash Equivalents:**

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

**Current / Non Current Classification**

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

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

All other assets shall be classified as non-current.

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

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

All other liabilities shall be classified as non-current.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### NOTE 2- PROPERTY, PLANT AND EQUIPMENT

Particulars	Gross Block				Depreciation				Net Block	
	As At 01-Apr-17	Additions during the period	Deductions during the period	As At 31-Mar-18	As At 01-Apr-17	For the period	Dep. Prov.On deletions	As At 31st March 18	As At 31st March 18	As At 31st March 17
<b>Property, Plant and Equipment</b>										
Office Buildings *	9,38,20,894	-	-	9,38,20,894	3,02,19,985	15,77,283	-	3,17,97,268	6,20,23,626	6,36,00,909
Computers	10,62,429	1,56,278	-	12,18,707	3,78,514	3,59,083	-	7,37,597	4,81,110	6,83,915
Office Equipments	10,71,141	1,96,446	-	12,67,586	4,12,261	2,16,683	-	6,28,943	6,38,643	6,58,880
Furniture and Fixtures	5,13,226	-	-	5,13,226	4,35,230	23,047	-	4,58,277	54,949	77,996
Vehicles	49,78,784	-	-	49,78,784	10,35,212	6,23,033	-	16,58,246	33,20,538	39,43,572
Plant & Machinery (Computer)	11,09,579	-	-	11,09,579	5,51,750	86,771	-	6,38,521	4,71,058	5,57,829
	<b>10,25,56,052</b>	<b>3,52,724</b>	<b>-</b>	<b>10,29,08,776</b>	<b>3,30,32,951</b>	<b>28,85,900</b>	<b>-</b>	<b>3,59,18,851</b>	<b>6,69,89,925</b>	<b>6,95,23,101</b>
<b>INTANGIBLE ASSETS</b>										
Computer Software	3,31,832	32,204	-	3,64,036	2,83,081	14,688	-	2,97,769	66,267	48,751
<b>Total</b>	<b>10,28,87,884</b>	<b>3,84,928</b>	<b>-</b>	<b>10,32,72,811</b>	<b>3,33,16,032</b>	<b>29,00,588</b>	<b>-</b>	<b>3,62,16,620</b>	<b>6,70,56,191</b>	<b>6,95,71,851</b>
Previous Year	10,50,04,510	7,27,164	28,43,790	10,28,87,884	3,31,93,047	29,66,775	28,43,790	3,33,16,032	6,95,71,851	

	Face Value	As at March 31, 2018		As at March 31, 2017	
		Number	Amount ₹	Number	Amount ₹
<b>NOTE 3 - INVESTMENTS</b>					
<b>NON CURRENT INVESTMENTS</b>					
<b>Investments measured at Cost</b>					
<b>In Equity Shares of Associate Companies</b>					
<b>Unquoted, fully paid up</b>					
Trumonee Financial Limited	10	33,75,000	3,37,50,000	33,75,000	3,37,50,000
<b>In Equity Shares</b>					
<b>Unquoted, fully paid up</b>					
Kowa Spinning Limited	10	10,08,000	2,13,58,200	10,08,000	2,13,58,200
Vadodara Stock Exchange Limited	10	500	5,000	500	5,000
			2,13,63,200		2,13,63,200
			5,51,13,200		5,51,13,200
Less : Provision for diminution			2,13,58,200		2,13,58,200
<b>TOTAL</b>			<b>3,37,55,000</b>		<b>3,37,55,000</b>

		As At March 31, 2018 ₹	As At March 31, 2017 ₹
<b>NOTE - 4 LOANS</b>			
Deposits with Exchange & Others		4,64,09,809	2,85,70,274
Deposit with Companies		5,30,00,000	5,30,00,000
<b>TOTAL</b>		<b>9,94,09,809</b>	<b>8,15,70,274</b>
<b>NOTE - 5 OTHERS</b>			
Share Application		2,16,68,641	2,16,68,641
<b>TOTAL</b>		<b>2,16,68,641</b>	<b>2,16,68,641</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

	As At March 31, 2018 ₹	As At March 31, 2017 ₹
<b>NOTE - 6 OTHER NON - CURRENT ASSETS</b>		
Advance Payment of Tax	35,02,219	30,70,906
In Fixed Deposit Accounts	1,35,50,000	2,95,00,000
<b>TOTAL</b>	<b>1,70,52,219</b>	<b>3,25,70,906</b>
<b>NOTE 7 - CURRENT INVESTMENT</b>		
<b>Investment In Equity</b>		
Equity Shares -(Refer Appendix 7-A)	2,70,704	2,65,286
<b>TOTAL</b>	<b>2,70,704</b>	<b>2,65,286</b>

**APPENDIX 7-A**

NAME OF THE SCRIP	As at March 31, 2018		As at March 31, 2017	
	Number	₹	Number	₹
<b>Equity Shares :</b>				
Creative Casting Ltd	24,897	3,537	5,900	3,894
Deccan Granite Ltd	20,300	37,555	20,300	37,555
Future Consumer Enterprise Ltd	2,000	32,900	2,000	32,900
ICSA (India) Ltd	3,000	7,650	-	-
LIC MF Liquid Plus Fund	13,659	1,37,954	13,156	1,32,879
Pennar Ind. Ltd	125	5,119	200	5,119
Saraswat Co-Op Bank	2,550	25,500	2,550	25,500
Setech Electronics Ltd	2,70,000	1	2,70,000	1
Sharp Industries Ltd	2,210	10,475	2,210	10,475
Suryachakra Power Corporation	5,000	3,800	5,000	10,750
UTI Top 100 Funds	1,000	6,213	1,000	6,213
		<b>2,70,704</b>		<b>2,65,286</b>

	As At March 31, 2018 ₹	As At March 31, 2017 ₹
<b>NOTE 8 - TRADE RECEIVABLES</b>		
<b>(Unsecured &amp; Considered Good)</b>		
Outstanding for more than six months		
Considered good	6,72,87,270	7,17,99,113
Considered doubtful	70,17,688	70,17,688
	<b>7,43,04,958</b>	<b>7,88,16,801</b>
Outstanding for Less than Six Months		
Considered good	2,41,02,944	2,63,39,644
Considered doubtful	-	-
	<b>9,84,07,902</b>	<b>10,51,56,444</b>
Less : Provision for Doubtful Debts	70,17,688	70,17,688
<b>TOTAL</b>	<b>9,13,90,214</b>	<b>9,81,38,756</b>

## NOTES FORMING PART OF FINANCIAL STATEMENTS

	As At March 31, 2018 ₹	As At March 31, 2017 ₹
<b>NOTE 9 - Cash and cash equivalents</b>		
Cash on hand	7,59,990	5,46,698
<b>TOTAL</b>	<b>7,59,990</b>	<b>5,46,698</b>
<b>NOTE 10 - BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS</b>		
Balance with Scheduled Banks:		
In Current Accounts	1,82,11,639	2,72,47,398
In Fixed Deposit Accounts (Less than One Year )	2,55,00,000	1,40,50,000
<b>TOTAL</b>	<b>4,37,11,639</b>	<b>4,12,97,398</b>
<b>NOTE 11 - LOANS</b>		
<b>(Unsecured and Considered Good)</b>		
Employees	31,250	49,600
Prepaid Expenses	18,42,262	11,38,832
Advance to Sundry Creditors	6,34,779	5,61,360
Advance for Bank Credit Facilities	5,00,000	-
Exchange Obligation -Receivable	2,87,60,746	91,35,128
<b>TOTAL</b>	<b>3,17,69,037</b>	<b>1,08,84,920</b>
<b>NOTE 12 - OTHER CURRENTS ASSETS</b>		
Interest Accrued on Fixed Deposit	3,39,880	3,63,872
Advance for Expenses	19,025	32,448
Balance with GST Authorities	4,28,810	6,81,615
<b>TOTAL</b>	<b>7,87,714</b>	<b>10,77,936</b>

	As at March 31, 2018		As at March 31, 2017	
	Nos	Amount (in ₹)	Nos	Amount (in ₹)
<b>NOTE 13 - SHARE CAPITAL</b>				
<b>Authorised</b>				
14,000,000 (P.Y. 14,000,000) Equity Shares of ₹ 10/- each	1,40,00,000	14,00,00,000	1,40,00,000	14,00,00,000
500,000 (P.Y. 500,000) Cumulative Redeemable Preference Shares of ₹ 100/- each	5,00,000	5,00,00,000	5,00,000	5,00,00,000
400,000 (P.Y.400,000) Cumulative Convertible Preference Shares of ₹ 100/- each	4,00,000	4,00,00,000	4,00,000	4,00,00,000
2,00,000 (P.Y. 2,00,000) Optionally Convertible Redeemable Preference Shares of ₹ 100/- each	2,00,000	2,00,00,000	2,00,000	2,00,00,000
	<b>1,51,00,000</b>	<b>25,00,00,000</b>	<b>1,51,00,000</b>	<b>25,00,00,000</b>
<b>Issued, Subscribed and Paid-up Equity Share Capital</b>				
1,19,39,000 (P. Y. 1,19,39,000) Shares of ₹ 10/- each fully paid-up	1,19,39,000	11,93,90,000	1,19,39,000	11,93,90,000
<b>TOTAL</b>	<b>1,19,39,000</b>	<b>11,93,90,000</b>	<b>1,19,39,000</b>	<b>11,93,90,000</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

	As at March 31, 2018		As at March 31, 2017	
	Nos	Amount (in ₹)	Nos	Amount (in ₹)
<b>Preference Share Capital</b>				
50,000 10.00% Cumulative Redeemable Preference shares of ₹ 100/- each fully paid-up.	50,000	50,00,000	50,000	50,00,000
150,000 10.00% Cumulative Redeemable Preference shares of ₹ 100/- each fully paid-up.	1,50,000	1,50,00,000	1,50,000	1,50,00,000
<b>TOTAL</b>	<b>2,00,000</b>	<b>2,00,00,000</b>	<b>2,00,000</b>	<b>2,00,00,000</b>
<b>Reconciliation Of Shares</b>				
<b>Equity shares with voting rights</b>				
Balance as at the beginning of the year	1,19,39,000	11,93,90,000	1,19,39,000	11,93,90,000
Add: Issue of fresh shares during the year	-	-	-	-
Balance as at the end of the year	1,19,39,000	11,93,90,000	1,19,39,000	11,93,90,000
<b>Preference shares</b>				
Balance as at the beginning of the year	2,00,000	2,00,00,000	2,00,000	2,00,00,000
Add: Issue of fresh shares during the year	-	-	-	-
Balance as at the end of the year	2,00,000	2,00,00,000	2,00,000	2,00,00,000
<b>b) List of Share Holders Holding More than 5% of the total number of shares issued by the Company</b>				
Name of Equity Share Holder	Number of Shares	Percentage Shareholding	Number of Shares	Percentage Shareholding
Jayantilal Khandwala & Sons Pvt. Ltd.	17,33,321	14.52%	17,33,321	14.52%
Bentley Investments Pvt Ltd	14,40,968	12.07%	14,40,943	12.07%
Daxa Paresk Khandwala	12,73,080	10.66%	12,71,080	10.65%
Sarthak Consultants LLP	9,43,000	7.90%	9,43,000	7.90%
Pratik Paresk Khandwala	7,75,732	6.50%	7,73,731	6.48%
Pranav Paresk Khandwala	6,86,737	5.75%	6,84,737	5.74%
<b>Name of Preference Share Holder</b>				
Mina Chand	12,500	6.25%	12,500	6.25%
Dolly Lai	12,500	6.25%	12,500	6.25%
Sanjay Thukral	12,500	6.25%	12,500	6.25%
Sindhu Seth	12,500	6.25%	12,500	6.25%
Rohit Chand	1,50,000	75.00%	1,50,000	75.00%

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

	As At March 31, 2018 ₹	As At March 31, 2017 ₹
<b>NOTE 14 - OTHER EQUITY</b>		
Share Premium Account	4,82,73,000	4,82,73,000
Capital Redemption Reserve	3,40,00,000	3,40,00,000
Profit & Loss Account		
As per last Balance Sheet	6,29,89,129	6,29,16,601
Add:- Forfeited Warrant	-	61,68,000
Add: Transferred from Profit & Loss Account	(74,19,820)	(60,95,472)
<b>TOTAL</b>	<b>5,55,69,309</b>	<b>6,29,89,129</b>
	<b>13,78,42,309</b>	<b>14,52,62,129</b>



## NOTES FORMING PART OF FINANCIAL STATEMENTS

### Statement of Changes in Equity for the period ended 31.03.2018

A. Equity Share Capital		Rupees in lakhs
Balance at the beginning of the reporting period	Changes in equity share capital during the year	Balance at the end of the reporting period
1,393.90	-	1,393.90

B. Other Equity													Rupees in lakhs		
	Share application money pending allotment	Equity component of compound financial instruments	Reserves and Surplus					Debt instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statements of a foreign operation	Other items of Other Comprehensive Income (specify nature)	Money received against share warrants	Total
			Capital Reserve	Capital Redemption Reserve	Securities Premium Reserve	Other Reserves (specify nature)	Retained Earnings								
Balance at the beginning of the reporting period	-	-	-	340.00	482.73	-	629.89	-	-	-	-	-	-	-	1,452.62
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	-	-	-	(74.20)	-	-	-	-	-	-	-	(74.20)
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Any other change (to be specified)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the end of the reporting period	-	-	-	340.00	482.73	-	555.69	-	-	-	-	-	-	-	1,378.42

	As At March 31, 2018 ₹	As At March 31, 2017 ₹
<b>NOTE 15 - BORROWINGS</b>		
<b>Secured</b>		
Vehicle Loan (Secured by hypothecation of vehicle)	25,09,825	30,16,184
(Terms of payment 60 Months EMI ₹ 9,994/- P.M. Interest Rate @10.50% and 84 Months EMI ₹ 56,045/- P.M. Interest Rate @10.25%)	25,09,825	30,16,184
<b>Unsecured</b>		
Loan from Yukti Securities Ltd.	2,59,20,001	2,61,92,122
	2,59,20,001	2,61,92,122
<b>TOTAL</b>	<b>2,84,29,826</b>	<b>2,92,08,306</b>
<b>NOTE 16 - PROVISIONS</b>		
Provision for Taxation (FBT)	5,64,501	5,64,501
Provision for Gratuity	75,623	35,571
Provision for Leave Encashment	14,437	85,112
Provision MAT Tax	3,50,000	3,50,000
<b>TOTAL</b>	<b>10,04,561</b>	<b>10,35,184</b>
<b>NOTE 17 - OTHER NON CURRENTS LIABILITIES</b>		
Security Deposits	3,10,282	1,02,19,651
<b>TOTAL</b>	<b>3,10,282</b>	<b>1,02,19,651</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

	As At March 31, 2018 ₹	As At March 31, 2017 ₹
<b>NOTE 18 - TRADE PAYABLE</b>		
Sundry Creditors	9,69,32,249	6,27,11,260
<b>TOTAL</b>	<b>9,69,32,249</b>	<b>6,27,11,260</b>
<b>NOTE 19 - OTHER CURRENTS LIABILITIES</b>		
Payable to Employees	24,80,447	22,81,624
Statutory Dues	9,25,741	11,37,157
Other Expenses Liabilities	12,23,478	8,80,306
<b>TOTAL</b>	<b>46,29,666</b>	<b>42,99,087</b>
	For the year ended March 31, 2018 ₹	For the year ended March 31, 2017 ₹
<b>NOTE 20 - REVENUE FROM OPERATIONS</b>		
<b>Sale of Services</b>		
Brokerage	3,25,76,391	3,46,44,625
Corporate Advisory Services	22,53,392	1,50,000
Income from Capital Market Operations	5,70,888	22,79,365
<b>TOTAL</b>	<b>3,54,00,671</b>	<b>3,70,73,989</b>
<b>NOTE 21 - OTHER INCOME</b>		
Interest on Fixed deposits with Banks <i>[Tax deducted at source ₹ 2,85,816/-]</i> <i>(Previous year ₹ 3,51,275/-)</i>	28,58,401	35,12,761
Dividend :- On stock in trade	10,525	3,66,617
Interest on Income Tax Refund	-	4,70,277
Unrealised Gains/(Loss) On Mark to Market of F&O Stock	(1,99,856)	(64,721)
Other Income	2,98,138	81,76,815
<b>TOTAL</b>	<b>29,67,208</b>	<b>1,24,61,749</b>
<b>NOTE 22 - CHANGES IN INVENTORIES OF FINISHED GOODS</b>		
Loss on Stock Valuation	6,950	4,581
<b>TOTAL</b>	<b>6,950</b>	<b>4,581</b>
<b>NOTE 23 - EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and Bonus	1,47,13,348	1,41,37,178
Managing Director's Remuneration	34,75,000	34,24,638
Contribution to Provident and other Funds	6,07,650	6,10,415
Staff Welfare Expenses	6,79,576	9,99,124
Gratuity	1,92,556	3,01,740
<b>TOTAL</b>	<b>1,96,68,130</b>	<b>1,94,73,095</b>

## NOTES FORMING PART OF FINANCIAL STATEMENTS

	For the year ended March 31, 2018 ₹	For the year ended March 31, 2017 ₹
<b>NOTE - 24 FINANCE COST</b>		
Interest Expense	21,55,974	29,40,972
Bank Gararantee Commission and Other Charges	6,17,264	5,15,909
<b>TOTAL</b>	<b>27,73,238</b>	<b>34,56,881</b>
<b>NOTE 25 - OTHER EXPENSES</b>		
Financial Advisory charges	21,10,521	31,85,546
Computer Expenses	1,08,361	1,46,465
Demat charges	8,51,340	7,33,322
Rates and Taxes	28,03,228	21,18,859
Consultancy Charges	2,50,000	-
Insurance	6,16,093	5,13,607
Internet Expenses	1,70,493	1,90,560
Advertisement Expenses	72,416	46,090
Sub Brokerage Paid	23,05,647	10,95,781
Business Promotion Expenses	2,01,888	1,73,977
Legal & Professional Fees	22,58,400	32,65,063
Telephone/Postage and Courier Charges	6,57,724	6,52,151
Electricity Charges	9,96,751	15,77,166
Registration Fees	10,58,881	8,69,185
Repairs and Maintenance	18,57,119	23,42,163
Security Charges	2,88,864	3,49,272
Printing and Stationery	3,93,774	3,95,141
Subscription Expenses	4,41,407	4,96,305
Travelling and Conveyance	9,73,533	8,11,548
Auditor's Remuneration		
For Audit	2,06,900	3,20,000
For Tax Audit	1,00,000	1,80,000
Directors sitting fees	60,000	95,200
Donation	41,100	30,100
Commission Paid	13,21,799	16,27,630
Miscellaneous Expenses	2,97,614	3,58,243
Sundry Balance Written off	45,448	80,10,765
Loss on Market Operation	1,69,608	44,185
<b>TOTAL</b>	<b>2,06,58,909</b>	<b>2,96,28,324</b>

26. The Company provides Portfolio Management Services (PMS) to its clients. Transactions on account of PMS activities are carried out exclusively on behalf of PMS clients. Therefore, assets and liabilities arising out of the above effectively belong to the PMS clients and hence are not reflected in the Company's accounts. Management fees earned/expenditure incurred by the Company from this activity is accounted for on an accrual basis.
27. The Share Application Money for an amount of ₹ 216.69 Lakhs (Previous Year ₹ 216.69 Lakhs) is outstanding for a period of 192 months as at date of Balance Sheet date, for which the financial statements are in the process of being obtained. The Company has already initiated legal proceedings against the

other party for recovery of the said application money along with interest thereon, under Section 138 of the Negotiable Instruments Act, 1881. At present, the matter is pending for hearing before the Hon'ble High Court at Mumbai.

28. Long-term Deposits which were given to M/s. Shree Rama Polysynth Private Ltd and M/s. Vimpsan Investments Private Ltd, upto total aggregate amount of ₹ 530.00 lakhs are still outstanding as at March 31, 2018. Since the Company is not in the receipt of any interest on the said deposits since long period, the Company has not accounted any interest income on such deposits in the financial statement. The Company is in the process to initiate legal proceedings against them for recovery of the said deposits.

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

29. In the matter of M/s. Shree Rama Multitech Limited (SRML) in relation to recovery of rental income from SRML for an amount of ₹ 12,00,000/- per annum basis from the financial year 2002-03 onwards till date of obtaining possession of property by the Company, the Hon'ble Small Causes Court of Mumbai ("the Court") has passed the final order in this matter on 12<sup>th</sup> December 2017 in favour of the Company. The Court has instructed SRML to make payments of rental dues to the Company as per their order. However till now, the Company has not received any amount from SRML in relation to the said order. The Company is in the process to initiate legal actions against SRML for recovery of rental income.

Further, the Company has obtained the possession of the property of the Company situated at Mittal Court, Nariman Point, Mumbai on 27<sup>th</sup> September 2017 from SRML, under the order passed by the Hon'ble High Court of Mumbai.

30. In the matter of Mr. Hiten Parmar (PAN:-BGCPP4193C) regarding receivable of the outstanding amount of ₹ 56,93,287/- which is due more than 18 months, the Company have filed the case before the panel of arbitrators of National Stock Exchange of India Limited (NSE). The panel of arbitrators of NSE has considered the matter and passed the arbitral in favour of the Company on April 12, 2016. The panel of arbitrators directed Mr. Hiten Parmar (Constituent) to pay to the Company ₹ 55,85,544.87 (Rupees Fifty Five Lacs Eighty Five Thousand Five Hundred Forty Four and paise Eighty seven Only) within 30 days from the date of receipt of award. As the Company has not received the amount as on Balance sheet date, The Company is in the process of filing of FIR under Indian Penal code with Police and for execution of the decree in Court for recovery.

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

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

32. There is a Mark to Market Loss of ₹1,99,856/- as on 31<sup>st</sup> March 2018 on account of Unrealized Loss on Future Contract as per Ind AS-39.

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

(₹ In Lakhs)

Particulars	Accumulated As at 31 <sup>st</sup> March 2017	Charge/ Credit during the year	As at 31 <sup>st</sup> March 2018
<b>Deferred tax asset:</b>			
Provision for doubtful debtors/advances that are deducted for tax purposes when written off	199.45	-	199.45
Deferred Tax Asset on account of Unabsorbed Depreciation	216.50	-	216.50
<b>Deferred tax liability:</b>			
Additional depreciation on fixed assets for tax purposes due to higher tax depreciation rates	(406.95)	1.29	(405.66)
Expenses carried forward as per books but claimed for tax purposes as incurred	(1.22)	-	(1.22)
<b>Net Deferred tax Assets/ (Liability)</b>	<b>7.78</b>	<b>1.29</b>	<b>9.08</b>

#### 34. Segment Information

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

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

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

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

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

#### Information about Primary Business Segments

(Amount in ₹ Lakhs)

Sr. No.	Particulars	Year Ended 31 <sup>st</sup> March 2018	Year Ended 31 <sup>st</sup> March 2017
<b>1</b>	<b>Segment Revenue-external</b>		
a)	Investment / Stock Operations	5.71	22.79
b)	Fee-based Operations	348.30	347.95
c)	Other Unallocated Revenue	29.67	124.62

Sr. No.	Particulars	Year Ended 31 <sup>st</sup> March 2018	Year Ended 31 <sup>st</sup> March 2017
	<b>Total revenue</b>	<b>383.68</b>	<b>495.36</b>
<b>2</b>	<b>Segment Result</b>		
a)	Investment / Stock Operations	1.35	20.30
b)	Fee-based Operations	75.57	(13.83)
	<b>Total</b>	<b>76.91</b>	<b>6.47</b>
	Less: Interest	27.73	34.57
	Unallocated Expenses less unallocated income	(125.58)	(31.84)
	Net (Loss) / Profit before Tax & prior Period Items	(76.40)	(59.94)
	Provision for tax (including deferred tax)	(1.30)	1.02
	Net (Loss)/Profit after tax for the year	<b>(75.10)</b>	<b>(60.95)</b>
	<b>Other Items</b>		
<b>3</b>	<b>Segment Assets</b>		
a)	Investment / Stock Operations	340.31	340.26
b)	Fee-based Operations	1930.58	1843.01
c)	Unallocated Corporate Assets	1513.00	1636.50
	<b>Total</b>	<b>3783.89</b>	<b>3819.76</b>
<b>4</b>	<b>Segment Liabilities</b>		
a)	Investment / Stock Operations	0.04	0.06
b)	Fee-based Operations	632.08	504.34
c)	Unallocated Corporate Liabilities	95.14	176.75
	<b>Total</b>	<b>727.27</b>	<b>681.16</b>
<b>5</b>	<b>Depreciation</b>	29.01	29.67
<b>6</b>	<b>Non cash items other than depreciation</b>		
a)	Investment / Stock operations	0.07	0.05
b)	Fee based operations	-	-

### 35. Earnings per share:

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

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

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

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
<b>Basic</b>		
Numerator used for calculating basic earnings per share – Profit after taxation (₹ lakhs)	<b>(75.10)</b>	<b>(60.95)</b>
Less: Dividend on Cumulative Preference share dividend (including dividend tax thereon)	-	-
Profit / (Loss) attributable to equity shareholders (₹ lakhs)	<b>(75.10)</b>	<b>(60.95)</b>

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Weighted average number of shares (in lacs) used as Denominator for calculating basic earnings per share	<b>119.39</b>	<b>119.39</b>
Nominal value per equity share (₹)	<b>10.00</b>	<b>10.00</b>
Basic earnings per share – (Rs).	<b>(0.63)</b>	<b>(0.51)</b>
<b>Diluted</b>		
Numerator used for calculating Diluted earning per Share-Profit / (Loss) after taxation (₹ In lakhs)	<b>(75.10)</b>	<b>(60.95)</b>
Weighted Average Number of Shares (In Lacs) used as Denominator for calculating Diluted Earning per Share	<b>119.39</b>	<b>119.39</b>
Diluted earning per Share- (₹)	<b>(0.63)</b>	<b>(0.51)</b>

### 36. 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. Piggiero Investments Pvt. Ltd.
  2. Bentley Investments Pvt. Ltd.
  3. Khandwala Commodity & Derivatives Pvt. Ltd.
- C) Key Managerial Personnel:
1. Mr. Paresh J. Khandwala - Managing Director
  2. Mrs. Bhagyashree P. Khandwala - Executive Director / CFO
- D) Relatives of Key Managerial Personnel:
1. Mr. Pranav P. Khandwala
  2. Mrs. Daxa P. Khandwala
  3. Mr. Pratik P. Khandwala
  4. Mrs. Tulsi Khandwala
  5. Mrs. Brinda P. Khandwala

#### Transactions with related parties for the year ended 31<sup>st</sup> March 2018

*[₹ in lakhs]*

Transaction	2017-18	2016-17
Brokerage received	1.72	5.41
Remuneration Paid	34.75	34.25
Advisory fees paid	0.19	0.57
<b>Outstanding Balance</b>		
Sundry Debtors	180.53	175.02
Sundry Creditors	21.09	38.27
Investment Associate Companies	337.50	337.50

37. As per information and explanation received there are no dues payable to Small Scale Industrial Undertakings as at March 31, 2018.
38. Transaction in foreign currency: (In lakhs)  
Foreign travel expenses – ₹ 0.30, Previous year ₹ 0.60.

**39. Debtors include:**

- (i) Due from a firm in which a director is interested as partner - ₹138.44 lakhs (Previous year ₹138.44 lakhs)
- (ii) Due from relatives and Enterprises controlled by the relatives of the Key Managerial Personnel – ₹42.09 Lakhs.
- (iii) The above dues have arisen in the normal course of business.

40. The creditors are largely from receipt of margin money from the clients while the debtors reflect the pattern of settlement period, wherein year-end date falls within to be settled period.

**41. Managerial Remuneration:**

- (i) Remuneration to Managing Director  
Salary and Other : ₹ 34.75 Lakhs  
Allowances (P.Y. ₹ 34.25 Lakhs)
- (ii) Sitting fees to other Directors : ₹ 0.60 Lakhs  
(P.Y. ₹ 0.95 Lakhs)

42. Liability for Employee benefits has been determined by an actuary, appointed for the purpose, in conformity with the principles set out in the Accounting Standard 19 (Ind AS 19) the details of which are as hereunder.

<b>Change in Benefit Obligation:</b>	<b>Current Period</b>	<b>Previous Period</b>
Present Value of Benefit Obligation at the beginning of the Period	28,36,493	23,31,987
Interest Cost	2,04,227	1,87,958
Current Service Cost	1,89,995	1,35,765
Past Service Cost (Non Vested Benefit)	-	-
Past Service Cost (Vested Benefit)	-	-
Settlement	-	-
Liability Transfer in	-	-
Liability Transfer out	-	-
(Benefit Paid from the Fund)	(3,05,475)	-
Actuarial (Gain) / Loss on Obligations-Due to change in Financial Assumptions	(1,22,169)	1,70,697
Actuarial (Gain) / Loss on Obligations-Due to Experience	(70,702)	10,086
Present Value of Benefit Obligation at the End of the Period	27,32,369	28,36,493

<b>Fair value of Plan Assets:</b>	<b>Current Period</b>	<b>Previous Period</b>
Fair Value of Plan Assets at the Beginning of the Period	28,00,922	25,88,855
Interest Income	2,01,666	2,08,662
Contributions by the Employer	62,171	-
Expected Contribution by the employees	-	-
Expected Contributions by the Employees	-	-
(Benefit Paid from the Fund)	(3,05,475)	-
Return on Plan Assets, Excluding Interest Income	(1,02,538)	3,405
Fair Value of Plan Assets at the End of the Period	26,56,746	28,00,922

<b>Amount Recognized in the Balance Sheet:</b>	<b>Current Period</b>	<b>Previous Period</b>
(Present Value of Benefit Obligation at the end of the Period)	(27,32,369)	(28,36,493)
Fair Value of Plan Assets at the End of the Period	26,56,746	28,00,922
Funded Status (Surplus/ (Deficit))	(75,623)	(35,571)
Net (Liability) /Asset Recognized in the Balance Sheet	(75,623)	(35,571)

<b>Net Interest Cost for Current Period</b>	<b>Current Period</b>	<b>Previous Period</b>
Present Value of Benefit Obligation at the Beginning of the Period	28,36,493	23,31,987
(Fair Value of Plan Assets at the Beginning of the Period)	(28,00,992)	(25,88,855)
Net (Liability) /Asset at the Beginning	35,571	(2,56,868)
Interest Cost	2,04,227	1,87,958
(Interest Income)	(2,01,666)	(2,08,662)
Net Interest Cost for Current Period	2,561	(20,704)

<b>Expenses Recognized in the Income Statement:</b>	<b>Current Period</b>	<b>Previous Period</b>
Current Service Cost	1,89,995	1,35,765
Net Interest Cost	2,561	(20,704)
Past Service Cost	-	-
(Expected Contributions by the Employees)	-	-
(Gains)/ Losses on Curtailments And Settlements	-	-
Net Effect of Changes in Foreign Exchange Rates	-	-
Expense Recognized	1,92,556	1,15,061

<b>Balance Sheet Reconciliation</b>	<b>Current Period</b>	<b>Previous Period</b>
Opening Net Liability	35,571	(2,56,868)
Expense Recognized in Statement of Profit or Loss	1,92,556	1,15,061
Expense Recognized in OCI	(90,333)	1,77,378
Net Liability/ (Asset) Transfer in	-	-
Net Liability/ (Asset) Transfer out	-	-
(Benefit Paid Directly by the Employer)	-	-
(Employer's Contribution)	(62,171)	-
Net Liability /(Asset) Recognized in Balance Sheet	75,623	35,571

<b>Category of Assets</b>	<b>Current Period</b>	<b>Previous Period</b>
Government of India Assets	-	-
State Government Securities	-	-
Special Deposits Scheme	-	-
Debts Instruments	-	-
Corporate Bonds	-	-
Cash And Cash Equivalents	-	-
Insurance Fund	26,56,746	28,00,922
Other	-	-
Total	26,56,746	28,00,922

<b>Expenses Recognized in the Other Comprehensive Income OCI for Current Period</b>	<b>Current Period</b>
Actuarial (Gains)/ Losses on Obligation for the Period	(1,92,871)
Return on Plan Assets, Excluding Interest Income	1,02,538
Change in Asset Ceiling	-
Net (Income)/ Expense for the Period Recongnized in OCI	(90,333)



Assumptions	Current Period	Previous Period
Expected Return on Plan Assets	7.83%	7.20%
Rate of Discounting	7.83%	7.20%
Rate of Salary Increase	5.00%	5.00%
Rate of Employee Turnover	2.00%	2.00%

Other Details	Current Period	Previous Period
No. Of Active Members	32	38
Per Month Salary For Active Member	5,16,623	5.65.064
Weighted Average Duration of the Projected Benefit Obligation	8	9
Average Expected Future Service	16	16
Projected Benefit Obligation	27,32,369	28,36,493
Prescribed Contribution for next year (12 Months)	2,34,477	2,25,566

**Note:-**

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

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

All above reported figures of OCI are gross of taxation.

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

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

As per our report attached of even date.

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

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

Place :- Mumbai  
Date :- 26th May 2018

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

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

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

Place :- Mumbai  
Date :- 26th May 2018

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

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

**43. Contingent Liabilities: -**

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

[₹ in Lakhs]

Name of the Statute	Nature of the Dues	Amount	Period to which the amount relates	Forum where Dispute is pending	Under Section
Finance Act 1994	Service Tax	14.00	FY 2010 to 2016	Add. Commissioner Service Tax	73 (1) of Finance Act 1994
Income Tax Act 1961	Income Tax	31.88	A.Y. 2006-07	ITAT	271(1)(C)
		4.96	A.Y. 2007-08	ITAT	143(3)

- ii) Preference dividends are in arrears from F.Y. 2008-09 to F.Y.2017-18 as aggregating to ₹ 2.00 Crores.

- iii) TDS defaults showing on TDS traces website for the various Financial Years as on 31<sup>st</sup> March 2018 has been reviewed and there is no possible demand arising due to that. The Company is under process of rectifying the defaults by revising the TDS returns.

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

**INDEPENDENT AUDITOR'S REPORT**

To the Members of  
Khandwala Securities Limited

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

1. We have audited the accompanying consolidated financial statements of Khandwala Securities Limited ("the company"), which comprise the consolidated Balance sheet at March 31, 2018, the consolidated statement of Profit and Loss (including Other Comprehensive Income), the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year ended March 31, 2018 and a summary of significant accounting policies and other explanatory information prepared based on relevant records (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

**Management's Responsibility for the Consolidated Ind AS Financial Statements**

2. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view with respect to the preparation of these Consolidated financial statements, consolidated financial position, consolidated financial performance (including other comprehensive income) and changes in equity of the group including its associates in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standard) Rules, 2015 (as amended) under section 133 of the Act. The Company's Board of Director's is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of the consolidated Ind AS financial statements. The respective Board of Director's of the company's included in the group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, [that were operating effectively for ensuring the accuracy and completeness of the accounting records], relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Company, as aforesaid.

**Auditors' Responsibility**

3. Our responsibility is to express an opinion on these Consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made there under including the accounting and auditing standards and matters which are required to be included in the audit report.
4. We conducted our audit of the Consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act and other applicable authoritative pronouncements issued by the

Institute of Chartered Accountants of India. Those standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Ind AS financial statements is free from material misstatement.

5. An Audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Consolidated Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, [but not for the purpose of expressing an opinion on the effectiveness of the Company's Internal Control]. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Ind AS financial statements.
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS financial statements.

**Basis for Qualified Opinion**

We draw your kind attention to the following qualifications to the audit opinion of the financial statements of Khandwala Securities Limited is hereby produced as under:-

7. *The Company had advanced application money towards purchase of shares of Rs 216.69 lakhs which is outstanding for a period of 192 months as at the end of the year. In the absence of information regarding the status of the allotment or the net worth of the entities in which the company made applications, we are unable to ascertain the extent to which an amount of Rs 216.69 lakhs is recoverable and accordingly, the effect thereof on the financial statements cannot be ascertained.*
8. *Long – Term deposits to various companies of Rs 530.00 lakhs are subject to subsequent adjustments. The Company has obtained confirmations from various companies but the Company has not made provision for the same in the Consolidated financial statements.*

**Auditor's View**

In our opinion the recoverability of these loans and advances are doubtful. The company should have made provision for these doubtful advances but they have not made any such provisions in its consolidated financial statements.

**Opinion**

9. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated financial statements give the information required by the Act in the manner so required and *except for the matters described in point no 7 & 8 above in the basis for qualified opinion paragraph*, give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at March

31, 2018, and their consolidated total comprehensive income (comprising of consolidated profit/loss and consolidated other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

**Report on Other Legal & regulatory Requirements**

10. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure B statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
11. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
  - b) In our opinion, proper books of account as required by law have been kept by the Company, its associates included in the Group, incorporated in India including relevant records relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and record of the company and the reports of the auditor's.
  - c) The Consolidated Balance sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this report are in agreement with the relevant books of account maintained by the company, its associates included in the group incorporated in India including relevant records relating to preparation of the consolidated Ind AS financial statements.
  - d) In our opinion, the aforesaid Consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 25<sup>th</sup> May, 2018 taken on record by the

Board of Directors of the company none of the directors of the group Company, its associates incorporated in India is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and its associates incorporated in India and the operating effectiveness of such controls, refer to our separate Report in Annexure A
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Consolidated Ind AS financial statements disclose the impact if any of pending litigations as at March 31, 2018 on the consolidated financial position of the Group and its associates to the consolidated Ind AS financial statements.
  - ii. The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. The reporting on disclosures relating to specified bank notes is not applicable to the Company for the year ended March 31, 2018

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

**Aniket Kulkarni  
Proprietor  
Membership No – 127246**

**Date: 26<sup>th</sup> May 2018  
Place: Mumbai**

**With reference to the “Annexure-A” referred to in the Independent Auditors’ Report to the Members of Khandwala Securities Limited (‘the Company’) on the financial statements for the year ended 31<sup>st</sup> March 2018, we report that:**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) Company is a service company primarily engaged in the business of rendering merchant banking & share broking service. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of Order is not applicable
- (iii) In our opinion and according to the information and explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act. Hence reporting under clause 3(iii) of the Order is not applicable to the company.
- (iv) In our opinion and according to the information and explanations given to us, the company has neither granted any loans to directors, etc. nor made loan and investment under section 185 and 186 of the Companies Act respectively. Hence, reporting under clause 3(iv) of the Order is not applicable to the company.
- (v) According to the information and explanations given to us, during the FY 2017-18 the Company has not accepted deposits from the public during the year. Therefore, the provisions of clause 3(v) of the Order are not applicable to the Company.
- (vi) The Central Government has not prescribed the maintenance of cost records under sub-section (l) of section 148 of the Act, for any of the goods manufactured or services rendered by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Income-tax, service tax, cess, Provident Fund and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. *However there have been few cases of delays in payment of Income Tax and Service Tax.*

According to the information and explanations given to us, no undisputed amounts payable in respect of Income tax, service tax, goods and service tax, cess and other material statutory dues were in arrears as at **31 March 2018** for a period of more than six months from the date they became payable *except TDS Defaults showing on TDS Traces website amounting to ₹ 33,196/- as on 31<sup>st</sup> March 2018.*

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

any dispute except reported as below.

Details of dues of income tax which have not been deposited as at March 31, 2018 on account of disputes are given below:

Name of the Statute	Nature of the Dues	Amount (₹ in lakhs)	Period to which the amount relates	Forum where Dispute is pending	Under Section
Finance Act 1994	Service Tax	14.00	FY 2010 to 2016	Add. Commissioner Service Tax	73 (1) of Finance Act 1994
Income Tax Act 1961	Income Tax	31.88	A.Y. 2006-07	ITAT	271(1)(C)
		4.96	A.Y. 2007-08	ITAT	143(3)

- (viii) According to the information and explanations given to us, and based on the verification of records of company examined by us, the company has not default in repayment of loan or borrowings to financial institution & bank.
- (ix) According to the information and explanations provided to us and as per the records of the company examined by us, company has not raised funds by way of public issue/ follow-on offer (including debt instruments) and term loans. Therefore paragraph 3(ix) of the Order is not applicable to the company
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Companies Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made preferential allotment of Equity Share / private placement of shares or fully or partly convertible debenture. Therefore paragraph 3(xiv) not applicable to the company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with director or person connected with them.
- (xvi) In our opinion and according to information and explanation provided to us, Company is not required to be registered under section 45-IA of Reserve Bank of India Act, 1934. Therefore paragraph 3(xvi) of the Order is not applicable to the company

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

**Aniket Kulkarni**  
**(Proprietor)**  
**Membership No: - 127246**

**Place: Mumbai**  
**Date: 26<sup>th</sup> May 2018**



## “Annexure-B” to the Independent Auditors’ Report – 31<sup>st</sup> March 2018

### Report on the Internal Financial Controls under clause (i) of sub – section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the Internal Financial Control over financial reporting of **Khandwala Securities Limited** (“the Company”) as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Control over Financial Reporting issued by the ICAI. These responsibilities include the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of assets, the prevention and detection of fraud and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We have conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the standards on auditing, issued by ICAI and deemed to be prescribed under section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those standards and the Guidance Note require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls over Financial Reporting

A Company’s Internal Financial Control over Financial Reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transaction and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made in accordance with authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

### Inherent Limitations of internal Financial Controls over Financial Reporting

Because of inherent limitations of internal controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatement due to error or fraud may occur and not to be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by Institute of Chartered Accounts of India.

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

**Aniket Kulkarni**  
**(Proprietor)**  
**Membership No: - 127246**

**Place: Mumbai**  
**Date: 26<sup>th</sup> May 2018**

**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2018**
*(Currency : Indian Rupees)*

Particulars	Note No.	As At March 31, 2018 ₹	As At March 31, 2017 ₹
<b>A ASSETS</b>			
<b>(1) Non Current Assets</b>			
(a) Property, Plant and Equipment	2	6,69,89,925	6,95,23,101
(b) Intangible assets		66,267	48,751
		6,70,56,191	6,95,71,851
(c) Goodwill on Consolidation		2,59,76,616	2,59,76,616
(d) Financial Assets			
(i) Investments	3	5,000	5,000
(ii) Loans	4	9,95,64,361	8,17,51,653
(iii) Others	5	2,16,68,641	2,16,68,641
(e) Deferred tax assets (net)		9,07,734	7,77,951
(f) Other non-current assets	6	1,70,52,219	3,25,70,906
		13,91,97,955	13,67,74,151
<b>(2) Current Assets</b>			
(a) Financial Assets			
(i) Investments	7	2,76,399	2,70,773
(ii) Trade receivables	8	9,14,32,756	9,81,81,298
(iii) Cash and cash equivalents	9	8,47,181	6,33,889
(iv) Bank balances other than (iii) above	10	4,37,20,677	4,13,04,257
(v) Loans	11	3,17,69,037	1,08,84,920
(vi) Other current assets	12	20,60,114	24,42,287
		17,01,06,163	15,37,17,426
<b>TOTAL ASSETS</b>		40,23,36,926	38,60,40,044
<b>B EQUITY AND LIABILITIES</b>			
<b>(1) Equity</b>			
(a) Equity Share Capital	13	13,93,90,000	13,93,90,000
(b) Other Equity	14	13,16,38,171	13,91,67,440
Total Equity		27,10,28,171	27,85,57,440
<b>(2) Non Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	15	2,84,29,826	2,92,08,306
(b) Provisions	16	10,04,561	10,35,184
(c) Other non-current liabilities	17	3,10,282	1,02,19,651
Total Non Current Liabilities		2,97,44,669	4,04,63,141
<b>(3) Current Liabilities</b>			
(a) Financial Liabilities			
(i) Trade payables	18	9,69,34,420	6,27,20,376
(b) Other current liabilities	19	46,29,666	42,99,087
		10,15,64,085	6,70,19,463
<b>TOTAL EQUITY AND LIABILITIES</b>		40,23,36,926	38,60,40,044

See accompanying notes ( 1 to 46 ) to the Financial Statements.

As per our report attached of even date.

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

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

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

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

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

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

**Abhishek Joshi**  
Company Secretary

Place :- Mumbai  
Date :- 26th May 2018

Place :- Mumbai  
Date :- 26th May 2018



**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018**  
(Currency : Indian Rupees)

	Note	For the year ended March 31, 2018 ₹	For the year ended March 31, 2017 ₹
I Revenue From Operations	20	3,54,00,671	3,70,73,989
II Other Income	21	29,67,415	1,24,66,900
III <b>Total Income</b>		<b>3,83,68,086</b>	<b>4,95,40,890</b>
IV <b>Expenses</b>			
Cost of materials consumed		-	-
Purchases of Stock-in-Trade		-	-
Changes in inventories of finished goods,	22	6,950	4,581
Stock-in -Trade and work-in-progress		-	-
Employee benefits expense	23	1,96,68,130	1,94,73,095
Finance costs	24	27,73,339	34,57,031
Depreciation and amortization expense		29,00,588	29,66,775
Other expenses	25	2,07,68,464	2,96,53,749
<b>Total Expenses</b>		<b>4,61,17,471</b>	<b>5,55,55,231</b>
V <b>Profit/(Loss) before Tax and prior period items</b>		<b>(77,49,385)</b>	<b>(60,14,342)</b>
VI Exceptional Items		-	-
VII <b>Profit/(Loss) before Extraordinary items and tax ( V - VI )</b>		<b>(77,49,385)</b>	<b>(60,14,342)</b>
VIII Extraordinary items		-	-
IX <b>Porfit/(Loss) before Tax ( VII - VIII )</b>		<b>(77,49,385)</b>	<b>(60,14,342)</b>
X <b>Tax Expense</b>			
(1) Current Tax		-	-
(2) MAT Tax		-	-
(3) Deferred Tax (Credited)/ Charged		(1,29,783)	1,01,554
XI <b>Profit / (Loss) for the period from Continuing Operations</b>		<b>(76,19,602)</b>	<b>(61,15,896)</b>
XII <b>Profit / (Loss) from Discounting Operations</b>		-	-
XIII <b>Tax Expense of Discountinuing Operations</b>		-	-
XIV <b>Profit / (Loss) from Discounting Operations (after tax ) ( XII -XIII )</b>		-	-
XV <b>Profit (Loss) for the period (XI +XIV )</b>		<b>(76,19,602)</b>	<b>(61,15,896)</b>
XVI <b>Other Comprehensive Income</b>			
A (i) Items that will not be reclassified to profit or loss		90,333	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
XVII <b>Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit (Loss) and Other Comprehensive Income for the period)</b>		<b>(75,29,269)</b>	<b>(61,15,896)</b>
XVIII Earnings Per Share of - Basic (₹)			
- Basic (₹)		(0.64)	(0.51)
- Diluted (₹)		(0.64)	(0.51)

See accompanying notes ( 1 to 46 ) to the Financial Statements.

As per our report attached of even date.

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

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

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

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

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

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

**Abhishek Joshi**  
Company Secretary

Place :- Mumbai  
Date :- 26th May 2018

Place :- Mumbai  
Date :- 26th May 2018

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018**
*(Currency : Indian Rupees)*

	For the Year ended March 31, 2018		For the Year ended March 31, 2017	
<b>A. Cash flow from operational activities</b>				
Net (Loss)/Profit before tax adjusted for prior period items and excess provisions for tax written back		(77,49,385)		(60,14,342)
Adjustments for:				
Depreciation	29,00,588		29,66,775	
Interest Income	(28,58,401)		(35,12,761)	
Finance Cost	27,73,238		34,57,031	
Unrealised Gains On Mark to Market of F&O Stock	1,99,856		64,721	
Provision for Diminution in investments/ Stock	6,950		4,581	
Provision for Reversal of Employee Benefit	1,92,556		3,01,740	
Sundry balance written off	45,448		80,10,765	
Sundry Credit Balance Written off	(2,58,101)		(71,85,460)	
Dividend Income	(10,525)		(3,66,617)	
		29,91,608		37,40,775
Operating profit before working capital changes		(47,57,777)		(22,73,567)
Adjustments for:				
Inventories	(7,024)		(273)	
Trade Receivables & Other Receivables	(1,57,11,550)		(1,10,91,443)	
Current Liabilities & Provision	2,45,15,206	87,96,632	(1,65,767)	(1,12,57,483)
Cash generated from operations		40,38,855		(1,35,31,050)
Direct taxes Refunded / (paid)		-		-
Net cash (used in) / generated from operating activities		40,38,855		(1,35,31,050)
<b>B. Cash flow from investing activities</b>				
Sale / (Purchase) of fixed assets (Net)	(3,84,928)		(7,27,164)	
Sale/ (Purchase) of Investments (Net of purchase)	-		-	
Interest received	25,22,529		31,58,234	
Dividend received	4,973		3,60,005	
Net cash (used in) / generated from investing activities		21,42,575		27,91,075
<b>C. Cash flow from financing activities</b>				
(Repayment)/Proceeds from long term borrowings(Net)	(7,78,480)		(15,21,025)	
(Repayment)/Proceeds from short term borrowings(Net)	-		-	
Interest and other Finance charges	(27,73,238)		(34,56,881)	
Net cash (used in) / generated from financing activities		(35,51,718)		(49,77,906)
<b>Net increase/(decrease) in cash and cash equivalents</b>		26,29,711		(1,57,17,881)
Cash and Cash equivalents (opening balance)	4,19,38,147		5,76,56,028	
Cash and Cash equivalents (closing balance)	4,45,67,858		4,19,38,147	
		26,29,711		(1,57,17,881)
See accompanying notes (1 to 46) to the Financial Statements.				

As per our report attached of even date.

**For Aniket Kulkarni & Associates**

Chartered Accountants

FRN No. 130521W

**Aniket Kulkarni**

Proprietor

Mem. No: 127246

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

Khandwala Securities Limited

**Homiar N. Vakil**

Chairman

DIN: 05210178

**Bhagyashree Khandwala**

Executive Director / CFO

DIN: 02335473

**Paresh J. Khandwala**

Managing Director

DIN: 00112678

**Abhishek Joshi**

Company Secretary

Place :- Mumbai

Date :- 26th May 2018

Place :- Mumbai

Date :- 26th May 2018

# **NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

## **NOTE NO.1**

### **A. CORPORATE INFORMATION**

Khandwala Securities Limited ("the Company") is a listed entity incorporated in India. The addresses of its registered office and principal place of business are disclosed in the introduction to the annual report.

### **B. Consolidated Significant Accounting Policies**

#### **Basis of preparation and Presentation of consolidated financial statements**

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

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

The Consolidated financial statements of the Company have been prepared to comply with the Indian Accounting standards ('Ind AS'), including the rules notified under the relevant provisions of the Companies Act, 2013. Upto the year ended March 31, 2017, the Company has prepared its financial statements in accordance with the requirement of Indian Generally Accepted Accounting Principles (GAAP), which includes Standards notified under the Companies (Accounting Standards) Rules, 2006 and considered as "Previous GAAP".

The figures for the year ended March 31, 2017 have now been restated as per Ind AS to provide comparability.

These financial statements are the Company's first Ind AS Consolidated financial statements.

Company's financial statements are presented in Indian Rupees, which is also its functional currency.

#### **Use of estimates**

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

#### **Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenues can be reliably measured. Income from capital market operations (non-delivery based transactions) is accounted for on sale of securities. Income from Merchant Banking services, Brokerage and income from corporate advisory services are accounted for as and when the relevant services are rendered except where the recovery is uncertain in which case it is accounted for on receipt. Interest income is accounted for on accrual basis except where the recovery is uncertain, in which case it is accounted for on receipt. Dividend income is accounted for when the unconditional right to receive dividend is established.

### **Property, Plant and Equipment and Depreciation**

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

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

### **Investments**

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

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

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

### **Inventories**

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

### **Foreign currency transactions**

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

### **Employee benefits**

#### **Short Term Employee Benefits**

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

#### **Post-Employment Benefits**

#### **Defined Contribution Plans**

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

**Defined Benefit Plans**

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

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

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

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

**Employee Separation Costs**

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

**Tax Expenses**

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

**Current Tax**

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

**Deferred Tax**

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

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

**Derivative Instruments**

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

futures contracts is made to the extent of mark to market margins paid, while for open options, to the extent premium paid exceeds premium prevailing on that date.

**Provisions:**

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

**Cash & Cash Equivalents:**

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

**Current / Non Current Classification**

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

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

All other assets shall be classified as non-current.

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

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

All other liabilities shall be classified as non-current.

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018**

**NOTE 2- Property, Plant and Equipment**

Particulars	Gross Block				Depreciation				Net Block	
	As At 01-Apr-17	Additions during the period	Deductions during the period	As At 31-Mar-18	As At 01-Apr-17	For the period	Dep. Prov. On deletions	As At 31st March 18	As At 31st March 18	As At 31st March 17
<b>Property, Plant and Equipment</b>										
Office Buildings *	9,38,20,894	-	-	9,38,20,894	3,02,19,985	15,77,283	-	3,17,97,268	6,20,23,626	6,36,00,909
Computers	10,62,429	1,56,278	-	12,18,707	3,78,514	3,59,083	-	7,37,597	4,81,110	6,83,915
Office Equipments	10,71,141	1,96,446	-	12,67,586	4,12,261	2,16,683	-	6,28,943	6,38,643	6,58,880
Furniture and Fixtures	5,13,226	-	-	5,13,226	4,35,230	23,047	-	4,58,277	54,949	77,996
Vehicles	49,78,784	-	-	49,78,784	10,35,212	6,23,033	-	16,58,246	33,20,538	39,43,572
Plant & Machinery (Computer)	11,09,579	-	-	11,09,579	5,51,750	86,771	-	6,38,521	4,71,058	5,57,829
	10,25,56,052	3,52,724	-	10,29,08,776	3,30,32,951	28,85,900	-	3,59,18,851	6,69,89,925	6,95,23,101
<b>INTANGIBLE ASSETS</b>										
Computer Software	3,31,832	32,204	-	3,64,036	2,83,081	14,688	-	2,97,769	66,267	48,751
<b>Total</b>	<b>10,28,87,884</b>	<b>3,84,928</b>	<b>-</b>	<b>10,32,72,811</b>	<b>3,33,16,032</b>	<b>29,00,588</b>	<b>-</b>	<b>3,62,16,620</b>	<b>6,70,56,191</b>	<b>6,95,71,851</b>
Previous Year	10,50,04,510	7,27,164	28,43,790	10,28,87,884	3,31,93,047	29,66,775	28,43,790	3,33,16,032	6,95,71,851	

	Face Value	As at March 31, 2018		As at March 31, 2017	
		Number	Amount (in ₹)	Number	Amount (in ₹)
<b>NOTE 3 - INVESTMENTS</b>					
<b>NON CURRENT INVESTMENTS</b>					
Investments measured at Cost					
In Equity Shares					
Unquoted, fully paid up					
Kowa Spinning Limited	10	10,08,000	2,13,58,200	10,08,000	2,13,58,200
Vadodara Stock Exchange Limited	10	500	5,000	500	5,000
			2,13,63,200		2,13,63,200
			2,13,63,200		2,13,63,200
Less : Provision for diminution			2,13,58,200		2,13,58,200
<b>TOTAL</b>			<b>5,000</b>		<b>5,000</b>

	As At March 31, 2018 ₹	As At March 31, 2017 ₹
<b>NOTE - 4 LOANS</b>		
Deposits with Exchange & Others	4,65,64,360	2,87,51,653
Deposit with Companies	5,30,00,000	5,30,00,000
<b>TOTAL</b>	<b>9,95,64,360</b>	<b>8,17,51,653</b>
<b>NOTE - 5 OTHERS</b>		
Share Application	2,16,68,641	2,16,68,641
<b>TOTAL</b>	<b>2,16,68,641</b>	<b>2,16,68,641</b>
<b>NOTE - 6 OTHER NON - CURRENT ASSETS</b>		
Advance Payment of Tax	35,02,219	30,70,906
In Fixed Deposit Accounts	1,35,50,000	2,95,00,000
<b>TOTAL</b>	<b>1,70,52,219</b>	<b>3,25,70,906</b>
<b>NOTE 7 - CURRENT INVESTMENT</b>		
Investment In Equity		
Equity Shares -(Refer Appendix 7-A)	2,76,399	2,70,773
<b>TOTAL</b>	<b>2,76,399</b>	<b>2,70,773</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018**
**Appendix 7-A**

NAME OF THE SCRIP	As at March 31, 2018		As at March 31, 2017	
	Number	₹	Number	₹
<b>Equity Shares :</b>				
Creative Casting Ltd	24,897	3,537	5,900	3,894
Deccan Granite Ltd	20,300	37,555	20,300	37,555
Future Consumer Enterprise Ltd	2,000	32,900	2,000	32,900
ICSA (India) Ltd	3,000	7,650	-	-
LIC MF Liquid Plus Fund	14,217	1,43,649	14,346	1,38,366
Pennar Ind. Ltd	125	5,119	200	5,119
Saraswat Co-Op Bank	2,550	25,500	2,550	25,500
Setech Electronics Ltd	2,70,000	1	2,70,000	1
Sharp Industries Ltd	2,210	10,475	2,210	10,475
Suryachakra Power Corporation	5,000	3,800	5,000	10,750
UTI Top 100 Funds	1,000	6,213	1,000	6,213
		<b>2,76,399</b>		<b>2,70,773</b>

	As At March 31, 2018 ₹	As At March 31, 2017 ₹
<b>NOTE 8 - TRADE RECEIVABLES (Unsecured &amp; Considered Good)</b>		
Outstanding for more than six months		
Considered good	6,73,29,812	7,18,41,655
Considered doubtful	70,17,688	70,17,688
	<b>7,43,47,500</b>	7,88,59,343
Outstanding for Less than Six Months		
Considered good	2,41,02,944	2,63,39,644
Considered doubtful	-	-
	<b>9,84,50,444</b>	10,51,98,986
Less : Provision for Doubtful Debts	70,17,688	70,17,688
<b>TOTAL</b>	<b>9,14,32,756</b>	9,81,81,298
<b>NOTE 9 - Cash and cash equivalents</b>		
Cash on hand	8,47,181	6,33,889
<b>TOTAL</b>	<b>8,47,181</b>	<b>6,33,889</b>
<b>NOTE 10 - BANK BALANCES OTHER THAN (iii) ABOVE</b>		
Balance with Scheduled Banks:		
In Current Accounts	1,82,20,677	2,72,54,257
In Fixed Deposit Accounts (Less than One Year )	2,55,00,000	1,40,50,000
<b>TOTAL</b>	<b>4,37,20,677</b>	4,13,04,257
<b>NOTE 11 - LOANS (Unsecured and Considered Good)</b>		
Employees	31,250	49,600
Prepaid Expenses	18,42,262	11,38,832
Advance to Sundry Creditors	6,34,779	5,61,360
Advance for Bank Credit Facilities	5,00,000	-
Exchange Obligation -Receivable	2,87,60,746	91,35,128
<b>TOTAL</b>	<b>3,17,69,037</b>	1,08,84,920



**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018**

	<b>As At March 31, 2018 ₹</b>	<b>As At March 31, 2017 ₹</b>
<b>NOTE 12 - OTHER CURRENTS ASSETS</b>		
Interest Accrued on Fixed Deposit	<b>3,39,880</b>	3,63,872
Advance for Expenses	<b>19,025</b>	32,448
Balance with GST Authorities	<b>17,01,209</b>	20,45,967
<b>TOTAL</b>	<b>20,60,114</b>	24,42,287

	<b>As at March 31, 2018</b>		<b>As at March 31, 2017</b>	
	<b>Nos</b>	<b>Amount (in ₹)</b>	<b>Nos</b>	<b>Amount (in ₹)</b>
<b>NOTE 13 - SHARE CAPITAL</b>				
<b>Authorised</b>				
14,000,000 (P.Y. 14,000,000) Equity Shares of ₹ 10/- each	<b>1,40,00,000</b>	<b>14,00,00,000</b>	1,40,00,000	14,00,00,000
500,000 (P.Y. 500,000) Cumulative Redeemable Preference Shares of ₹ 100/- each	<b>5,00,000</b>	<b>5,00,00,000</b>	5,00,000	5,00,00,000
400,000 (P.Y. 400,000) Cumulative Convertible Preference Shares of ₹ 100/- each	<b>4,00,000</b>	<b>4,00,00,000</b>	4,00,000	4,00,00,000
2,00,000 (P.Y. 2,00,000) Optionally Convertible Redeemable Preference Shares of ₹ 100/- each	<b>2,00,000</b>	<b>2,00,00,000</b>	2,00,000	2,00,00,000
	<b>1,51,00,000</b>	<b>25,00,00,000</b>	1,51,00,000	25,00,00,000
<b>Issued, Subscribed and Paid-up</b>				
<b>Equity Share Capital</b>				
1,19,39,000 (P. Y. 1,19,39,000) Shares of ₹ 10/- each fully paid-up	<b>1,19,39,000</b>	<b>11,93,90,000</b>	1,19,39,000	11,93,90,000
<b>TOTAL</b>	<b>1,19,39,000</b>	<b>11,93,90,000</b>	1,19,39,000	11,93,90,000
<b>Preference Share Capital</b>				
50,000 10.00% Cumulative Redeemable Preference shares of ₹ 100/- each fully paid-up.	<b>50,000</b>	<b>50,00,000</b>	50,000	50,00,000
150,000 10.00% Cumulative Redeemable Preference shares of ₹ 100/- each fully paid-up.	<b>1,50,000</b>	<b>1,50,00,000</b>	1,50,000	1,50,00,000
<b>TOTAL</b>	<b>2,00,000</b>	<b>2,00,00,000</b>	2,00,000	2,00,00,000
<b>Reconciliation Of Shares</b>				
<b>Equity shares with voting rights</b>				
Balance as at the beginning of the year	<b>1,19,39,000</b>	<b>11,93,90,000</b>	1,19,39,000	11,93,90,000
Add: Issue of fresh shares during the year	-	-	-	-
Balance as at the end of the year	<b>1,19,39,000</b>	<b>11,93,90,000</b>	1,19,39,000	11,93,90,000
<b>Preference shares</b>				
Balance as at the beginning of the year	<b>2,00,000</b>	<b>2,00,00,000</b>	2,00,000	2,00,00,000
Add: Issue of fresh shares during the year	-	-	-	-
Balance as at the end of the year	<b>2,00,000</b>	<b>2,00,00,000</b>	2,00,000	2,00,00,000

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018**
**b) List of Share Holders Holding More than 5% of the total number of shares issued by the Company**

Name of Equity Share Holder	Number of Shares	Percentage Shareholding	Number of Shares	Percentage Shareholding
Jayantilal Khandwala & Sons Pvt. Ltd.	17,33,321	14.52%	17,33,321	14.52%
Bentley Investments Pvt Ltd	14,40,968	12.07%	14,40,943	12.07%
Daxa Paresh Khandwala	12,73,080	10.66%	12,71,080	10.65%
Sarthak Consultants LLP	9,43,000	7.90%	9,43,000	7.90%
Pratik Paresh Khandwala	7,75,732	6.50%	7,73,731	6.48%
Pranav Paresh Khandwala	6,86,737	5.75%	6,84,737	5.74%
<b>Name of Preference Share Holder</b>				
Mina Chand	12,500	6.25%	12,500	6.25%
Dolly Lai	12,500	6.25%	12,500	6.25%
Sanjay Thukral	12,500	6.25%	12,500	6.25%
Sindhu Seth	12,500	6.25%	12,500	6.25%
Rohit Chand	1,50,000	75.00%	1,50,000	75.00%

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

	As At March 31, 2018 ₹	As At March 31, 2017 ₹
<b>NOTE 14 - OTHER EQUITY</b>		
Share Premium Account	4,82,73,000	4,82,73,000
Capital Redemption Reserve	3,40,00,000	3,40,00,000
Profit & Loss Account		
As per last Balance Sheet	5,68,94,440	5,68,42,336
Add:- Forfeited Warrant	-	61,68,000
Add: Transferred from Profit & Loss Account	(75,29,269)	(61,15,896)
	4,93,65,171	5,68,94,440
<b>TOTAL</b>	<b>13,16,38,171</b>	<b>13,91,67,440</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018**

Statement of Changes in Equity for the period ended 31.03.2018															
A. Equity Share Capital										₹ in lakhs					
Balance at the beginning of the reporting period								Changes in equity share capital during the year		Balance at the end of the reporting period					
1,393.90								-		1,393.90					
B. Other Equity															
₹ in lakhs															
	Share application money pending allotment	Equity component of compound financial instruments	Reserves and Surplus					Debt instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statements of a foreign operation	Other items of Other Comprehensive Income (specify nature)	Money received against share warrants	Total
			Capital Reserve	Capital Redemption Reserve	Securities Premium Reserve	Other Reserves (specify nature)	Retained Earnings								
Balance at the beginning of the reporting period	-	-	-	340.00	482.73	-	568.94	-	-	-	-	-	-	-	1,391.67
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	-	-	-	(75.29)	-	-	-	-	-	-	-	(75.29)
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Any other change (to be specified)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the end of the reporting period	-	-	-	340.00	482.73	-	493.65	-	-	-	-	-	-	-	1,316.38

	As At March 31, 2018 ₹	As At March 31, 2017 ₹
<b>NOTE 14 - Other Equity</b>		
Share Premium Account	4,82,73,000	4,82,73,000
Capital Redemption Reserve	3,40,00,000	3,40,00,000
Profit & Loss Account		
As per last Balance Sheet	5,68,94,440	5,68,42,336
Add:- Forfeited Warrant	-	61,68,000
Add: Transferred from Profit & Loss Account	(75,29,269)	(61,15,896)
	4,93,65,171	5,68,94,440
<b>TOTAL</b>	<b>13,16,38,171</b>	<b>13,91,67,440</b>
<b>NOTE 15 - BORROWINGS</b>		
<b>Secured</b>		
Vehicle Loan (Secured by hypothecation of vehicle)	25,09,825	30,16,184
(Terms of payment 60 Months EMI ₹9,994/- P.M. Interest Rate @10.50% and 84 Months EMI ₹56,045/- P.M. Interest Rate @10.25%)	25,09,825	30,16,184
<b>Unsecured</b>		
Loan from Yukti Securities Ltd.	2,59,20,001	2,61,92,122
	2,59,20,001	2,61,92,122
<b>TOTAL</b>	<b>2,84,29,826</b>	<b>2,92,08,306</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018**

	As At March 31, 2018 ₹	As At March 31, 2017 ₹
<b>NOTE 16 - PROVISIONS</b>		
Provision for Taxation (FBT)	5,64,501	5,64,501
Provision for Gratuity	75,623	35,571
Provision for Leave Encashment	14,437	85,112
Provision MAT Tax	3,50,000	3,50,000
<b>TOTAL</b>	<b>10,04,561</b>	<b>10,35,184</b>
<b>NOTE 17 - OTHER NON CURRENTS LIABILITIES</b>		
Security Deposits	3,10,282	1,02,19,651
<b>TOTAL</b>	<b>3,10,282</b>	<b>1,02,19,651</b>
<b>NOTE 18 - TRADE PAYABLE</b>		
Sundry Creditors	9,69,34,420	6,27,20,376
<b>TOTAL</b>	<b>9,69,34,420</b>	<b>6,27,20,376</b>
<b>NOTE 19 - OTHER CURRENTS LIABILITIES</b>		
Payable to Employees	24,80,447	22,81,624
Statutory Dues	9,25,741	11,37,157
Other Expenses Liabilities	12,23,478	8,80,306
<b>TOTAL</b>	<b>46,29,666</b>	<b>42,99,087</b>
	For the year ended March 31, 2018 ₹	For the year ended March 31, 2017 ₹
<b>NOTE 20 - REVENUE FROM OPERATIONS</b>		
Brokerage	3,25,76,391	3,46,44,625
Corporate Advisory Services	22,53,392	1,50,000
Income from Capital Market Operations	5,70,888	22,79,365
<b>TOTAL</b>	<b>3,54,00,671</b>	<b>3,70,73,989</b>
<b>NOTE 21 - OTHER INCOME</b>		
Interest on Fixed deposits with Banks [Tax deducted at source ₹ 2,85,816/-] (Previous year ₹ 3,51,275/-)	28,58,401	35,12,761
Dividend :- On stock in trade	10,732	3,66,890
Interest on Income Tax Refund	-	4,70,277
Unrealised Gains/(Loss) On Mark to Market of F&O Stock	(1,99,856)	(64,721)
Other Income	2,98,138	81,81,693
<b>TOTAL</b>	<b>29,67,415</b>	<b>1,24,66,900</b>
<b>NOTE 22 - CHANGES IN INVENTORIES OF FINISHED GOODS</b>		
Loss on Stock Valuation	6,950	4,581
<b>TOTAL</b>	<b>6,950</b>	<b>4,581</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018**

	For the year ended March 31, 2018 ₹	For the year ended March 31, 2017 ₹
<b>NOTE 23 - EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and Bonus	1,47,13,348	1,41,37,178
Managing Director's Remuneration	34,75,000	34,24,638
Contribution to Provident and other Funds	6,07,650	6,10,415
Staff Welfare Expenses	6,79,576	9,99,124
Gratuity	1,92,556	3,01,740
<b>TOTAL</b>	<b>1,96,68,130</b>	<b>1,94,73,095</b>
<b>NOTE - 24 FINANCE COST</b>		
Interest Expense	21,55,974	29,40,972
Bank Guarantee Commission and Other Charges	6,17,365	5,16,059
<b>TOTAL</b>	<b>27,73,339</b>	<b>34,57,031</b>
<b>NOTE 25 - OTHER EXPENSES</b>		
Financial Advisory charges	21,10,521	31,92,492
Computer Expenses	1,08,361	1,46,465
Demat charges	8,51,340	7,33,322
Rates and Taxes	29,04,644	21,32,468
Consultancy Charges	2,50,000	-
Insurance	6,16,093	5,13,607
Internet Expenses	1,70,493	1,90,560
Advertisement Expenses	72,416	46,090
Sub Brokerage Paid	23,05,647	10,95,781
Business Promotion Expenses	2,01,888	1,73,977
Legal & Professional Fees	22,64,043	32,65,063
Telephone/Postage and Courier Charges	6,57,724	6,52,151
Electricity Charges	9,96,751	15,77,166
Registration Fees	10,58,881	8,69,185
Repairs and Maintenance	18,57,119	23,42,163
Security Charges	2,88,864	3,49,272
Printing and Stationery	3,93,774	3,95,141
Subscription Expenses	4,41,407	4,96,305
Travelling and Conveyance	9,73,533	8,11,548
Auditor's Remuneration		
For Audit	2,09,396	3,22,171
For Tax Audit	1,00,000	1,80,000
Directors sitting fees	60,000	95,200
Donation	41,100	30,100
Commission Paid	13,21,799	16,27,630
Miscellaneous Expenses	2,97,614	3,60,943
Sundry Balance Written off	45,448	80,10,765
Loss on Market Operation	1,69,608	44,185
<b>TOTAL</b>	<b>2,07,68,464</b>	<b>2,96,53,749</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018****26. Principles and assumptions used for consolidated financial statements and Performa adjustments :**

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

Following are the companies whose accounts have been considered for the consolidated financial statements:

Khandwala Securities Limited ('the Company') shareholding in the following companies as on March 31, 2018 is as under:

Sr. No	Name of Associate Enterprises	As at March 31, 2018	
		No of shares	% of Holding
1	Trumonee Financial Limited	33,75,000	43.41

**27. Principles used in preparing Consolidated Financial Statements:**

- In preparing consolidated financial statements, the financial statements of the associates are combined on a line basis by adding together like items of assets, liabilities, income and expenses.
- Intra-group transactions are eliminated in preparation of consolidated financial statements.
- The excess of the cost to the parent of its investment in a associate over the parent's portion of equity of the associate, at the date on which investment in the associate is made, is treated as goodwill & recognized as an asset in the consolidated financial statements.
- When the cost to the parent of its investment in a associate is less than the parent's portion of equity of the associate at the date on which investment in the associate is made, the difference is treated as a capital reserve in the consolidated financial statements.
- In case of Associate Enterprises, the financial statements as on 31<sup>st</sup> March, 2018 have been consolidated as per Ind As 111 "Accounting for Investments in Associates in Consolidated Financial Statements".
- Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

28. The Company provides Portfolio Management Services (PMS) to its clients. Transactions on account of PMS activities are carried out exclusively on behalf of PMS clients. Therefore, assets and liabilities arising out of the above effectively belong to the PMS clients and hence are not reflected in the Company's accounts. Management fees earned/expenditure incurred by the Company from this activity is accounted for on an accrual basis.

29. The Share Application Money for an amount of ₹ 216.69 Lakhs (Previous Year ₹ 216.69 Lakhs) is outstanding for a period of 192 months as at date of Balance Sheet date, for which the financial statements are in the process of being obtained. The Company has already initiated legal proceedings against the other party for recovery of the said application money along

with interest thereon, under Section 138 of the Negotiable Instruments Act, 1881. At present, the matter is pending for hearing before the Hon'ble High Court at Mumbai.

30. Long-term Deposits which were given to M/s. Shree Rama Polysynth Private Ltd and M/s. Vimpsan Investments Private Ltd, upto total aggregate amount of ₹ 530.00 lakhs are still outstanding as at March 31, 2018. Since the Company is not in the receipt of any interest on the said deposits since long period, the Company has not accounted any interest income on such deposits in the financial statement. The Company is in the process to initiate legal proceedings against them for recovery of the said deposits.

31. In the matter of M/s. Shree Rama Multitech Limited (SRML) in relation to recovery of rental income from SRML for an amount of ₹ 12,00,000/- per annum basis from the financial year 2002-03 onwards till date of obtaining possession of property by the Company, the Hon'ble Small Causes Court of Mumbai ('the Court') has passed the final order in this matter on 12<sup>th</sup> December 2017 in favour of the Company. The Court has instructed SRML to make payments of rental dues to the Company as per their order. However till now, the Company has not received any amount from SRML in relation to the said order. The Company is in the process to initiate legal actions against SRML for recovery of rental income.

Further, the Company has obtained the possession of the property of the Company situated at Mittal Court, Nariman Point, Mumbai on 27<sup>th</sup> September 2017 from SRML, under the order passed by the Hon'ble High Court of Mumbai

32. In the matter of Mr. Hiten Parmar (PAN:-BGCP4193C) regarding receivable of the outstanding amount of ₹ 56,93,287/- which is due more than 18 months, the Company have filed the case before the panel of arbitrators of National Stock Exchange of India Limited (NSE). The panel of arbitrators of NSE has considered the matter and passed the arbitral in favour of the Company on April 12, 2016. The panel of arbitrators directed Mr. Hiten Parmar (Constituent) to pay to the Company ₹ 55,85,544.87 (Rs.Fifty Five Lakhs Eighty Five Thousand Five Hundred Forty Four and paise Eighty seven Only) within 30 days from the date of receipt of award. As the Company has not received the amount as on Balance sheet date, The Company is in the process of filing of FIR under Indian Penal code with Police and for execution of the decree in Court for recovery.

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

On 08<sup>th</sup> March, 2017, the SAT passed the order and dismissed the appeal filed by the Company challenging the aforesaid SEBI Order. The SAT has also granted a stay of four weeks on operation of the Order so as enable the Company to challenge the SAT order before the Hon'ble Supreme Court of India. The Company has filed an appeal before the Hon'ble Supreme Court of India and it has been accepted. On 7<sup>th</sup> April, 2017, the



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Supreme Court has granted an interim stay on the operation of the aforesaid SAT order (and consequently, the WTM's Order of SEBI) till the disposal of matter. Currently, the said matter is pending for hearing before the Hon'ble Supreme Court of India.

34. There is a Mark to Market Loss of ₹1,99,856/- as on 31<sup>st</sup> March 2018 on account of Unrealized Loss on Future Contract as per Ind AS-39.

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

(₹ In Lakhs)

Particulars	Accumulated As at 31 <sup>st</sup> March 2017	Charge/ Credit during the year	As at 31 <sup>st</sup> March 2018
<b>Deferred tax asset:</b>			
Provision for doubtful debtors/advances that are deducted for tax purposes when written off	199.45	-	199.45
Deferred Tax Asset on account of Unabsorbed Depreciation	216.50	-	216.50
<b>Deferred tax liability:</b>			
Additional depreciation on fixed assets for tax purposes due to higher tax depreciation rates	(406.95)	1.29	(405.66)
Expenses carried forward as per books but claimed for tax purposes as incurred	(1.22)	-	(1.22)
<b>Net Deferred tax Assets/ (Liability)</b>	<b>7.78</b>	<b>1.29</b>	<b>9.08</b>

36. Segment Information

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

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

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

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

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

Information about Primary Business Segments

(Amount in ₹ Lakhs)

Sr. No.	Particulars	Year Ended 31 <sup>st</sup> March 2018	Year Ended 31 <sup>st</sup> March 2017
<b>1</b>	<b>Segment Revenue-external</b>		
a)	Investment / Stock Operations	5.71	22.79
b)	Fee-based Operations	348.30	347.95
c)	Other Unallocated Revenue	29.67	124.67
	<b>Total revenue</b>	<b>383.68</b>	<b>495.41</b>
<b>2</b>	<b>Segment Result</b>		
a)	Investment / Stock Operations	1.35	20.30
b)	Fee-based Operations	75.57	(14.07)
	<b>Total</b>	<b>76.91</b>	<b>6.24</b>
	Less: Interest	27.73	34.57
	Unallocated Expenses less unallocated income	(126.67)	(31.81)
	Net (Loss) / Profit before Tax & prior Period Items	(77.49)	60.14
	Provision for tax (including deferred tax)	(1.30)	1.02
	<b>Net (Loss)/Profit after tax for the year</b>	<b>(76.20)</b>	<b>(61.16)</b>
	<b>Other Items</b>		
<b>3</b>	<b>Segment Assets</b>		
a)	Investment / Stock Operations	2.86	2.81
b)	Fee-based Operations	1926.30	1843.01
c)	Unallocated Corporate Assets	1792.72	1913.09
		<b>3721.87</b>	<b>3758.91</b>
<b>4</b>	<b>Segment Liabilities</b>		
a)	Investment / Stock Operations	0.04	0.06
b)	Fee-based Operations	632.08	504.34
c)	Unallocated Corporate Liabilities	95.17	176.85
		<b>727.29</b>	<b>681.25</b>
<b>5</b>	<b>Depreciation</b>	29.01	29.67
<b>6</b>	<b>Non cash items other than depreciation</b>		
a)	Investment / Stock operations	0.07	0.05
b)	Fee based operations	-	-

37. Earnings per share:

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

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018**

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, 2018	Year ended March 31, 2017
<b>Basic</b>		
Numerator used for calculating basic earnings per share – Profit after taxation (₹ Lakhs)	(76.20)	(61.16)
Less: Dividend on Cumulative Preference share dividend (including dividend tax thereon)	-	-
Profit / (Loss) attributable to equity shareholders (₹ Lakhs)	(76.20)	(61.16)
Weighted average number of shares (in Lakhs) used as Denominator for calculating basic earnings per share	119.39	119.39
Nominal value per equity share (₹)	10.00	10.00
Basic earnings per share – (Rs).	(0.64)	(0.51)
<b>Diluted</b>		
Numerator used for calculating Diluted earning per Share-Profit / (Loss) after taxation (₹ In Lakhs)	(76.20)	(61.16)
Weighted Average Number of Shares (In Lakhs) used as Denominator for calculating Diluted Earning per Share	119.39	119.39
Diluted earning per Share- (₹)	(0.64)	(0.51)

**38. Related Party Disclosures**
**Names of Related Parties:**

- A) Enterprises where control exists Associate Companies:
1. Trumonee Financial Ltd.
- B) Enterprises controlled by the relatives of the Key Managerial Personnel:
1. Piggero Investments Pvt. Ltd.
  2. Bentley Investments Pvt. Ltd.
  3. Khandwala Commodity & Derivatives Pvt. Ltd.
- C) Key Managerial Personnel:
1. Mr. Paresh J. Khandwala - Managing Director
  2. Mrs. Bhagyashree P. Khandwala - Executive Director / CFO

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

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

**Transactions with related parties for the year ended 31<sup>st</sup> March 2018**
*[₹ in Lakhs]*

Transaction	2017-18	2016-17
Brokerage received	1.72	5.41
Remuneration Paid	34.75	34.25
Advisory fees paid	0.19	0.57
<b>Outstanding Balance</b>		
Sundry Debtors	180.53	175.02
Sundry Creditors	21.09	38.27
Investment Associate Companies	337.50	337.50

39. As per information and explanation received there are no dues payable to Small Scale Industrial Undertakings as at March 31, 2018.
40. Transaction in foreign currency: (In Lakhs)  
Foreign travel expenses – ₹ 0.30, Previous year ₹ 0.60.
41. Debtors include:
  - (i) Due from a firm in which a director is interested as partner - ₹138.44 Lakhs (Previous year ₹138.44 Lakhs)
  - (ii) Due from relatives and Enterprises controlled by the relatives of the Key Managerial Personnel – ₹42.09 Lakhs.
  - (iii) The above dues have arisen in the normal course of business.
42. The creditors are largely from receipt of margin money from the clients while the debtors reflect the pattern of settlement period, wherein year-end date falls within to be settled period.
43. Managerial Remuneration:
  - (i) Remuneration to Managing Director  
Salary and Other : ₹ 34.75 Lakhs  
Allowances (P.Y. ₹ 34.25 Lakhs)
  - (ii) Sitting fees to other Directors : ₹ 0.60 Lakhs (P.Y. ₹ 0.95 Lakhs)
44. Liability for Employee benefits has been determined by an actuary, appointed for the purpose, in conformity with the principles set out in the Accounting Standard 19 (Ind AS 19) the details of which are as hereunder.

Change in Benefit Obligation:	Current Period	Previous Period
Present Value of Benefit Obligation at the beginning of the Period	28,36,493	23,31,987
Interest Cost	2,04,227	1,87,958
Current Service Cost	1,89,995	1,35,765
Past Service Cost (Non Vested Benefit)	-	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Past Service Cost (Vested Benefit)	-	-
Settlement	-	-
Liability Transfer in	-	-
Liability Transfer out	-	-
(Benefit Paid from the Fund)	(3,05,475)	-
Actuarial (Gain) / Loss on Obligations-Due to change in Financial Assumptions	(1,22,169)	1,70,697
Actuarial (Gain) / Loss on Obligations-Due to Experience	(70,702)	10,086
Present Value of Benefit Obligation at the End of the Period	27,32,369	28,36,493

Fair value of Plan Assets:	Current Period	Previous Period
Fair Value of Plan Assets at the Beginning of the Period	28,00,922	25,88,855
Interest Income	2,01,666	2,08,662
Contributions by the Employer	62,171	-
Expected Contribution by the employees	-	-
Expected Contributions by the Employees	-	-
(Benefit Paid from the Fund)	(3,05,475)	-
Return on Plan Assets, Excluding Interest Income	(1,02,538)	3,405
Fair Value of Plan Assets at the End of the Period	26,56,746	28,00,922

Amount Recognized in the Balance Sheet:	Current Period	Previous Period
(Present Value of Benefit Obligation at the end of the Period)	(27,32,369)	(28,36,493)
Fair Value of Plan Assets at the End of the Period	26,56,746	28,00,922
Funded Status (Surplus/ (Deficit))	(75,623)	(35,571)
Net (Liability) /Asset Recognized in the Balance Sheet	(75,623)	(35,571)

Net Interest Cost for Current Period	Current Period	Previous Period
Present Value of Benefit Obligation at the Beginning of the Period	28,36,493	23,31,987
(Fair Value of Plan Assets at the Beginning of the Period)	(28,00,992)	(25,88,855)
Net (Liability) /Asset at the Beginning	35,571	(2,56,868)
Interest Cost	2,04,227	1,87,958
(Interest Income)	(2,01,666)	(2,08,662)
Net Interest Cost for Current Period	2,561	(20,704)

Expenses Recognized in the Income Statement:	Current Period	Previous Period
Current Service Cost	1,89,995	1,35,765
Net Interest Cost	2,561	(20,704)
Past Service Cost	-	-
(Expected Contributions by the Employees)	-	-
(Gains)/ Losses on Curtailments And Settlements	-	-
Net Effect of Changes in Foreign Exchange Rates	-	-
Expense Recognized	1,92,556	1,15,061

Balance Sheet Reconciliation	Current Period	Previous Period
Opening Net Liability	35,571	(2,56,868)
Expense Recognized in Statement of Profit or Loss	1,92,556	1,15,061
Expense Recognized in OCI	(90,333)	1,77,378
Net Liability/ (Asset) Transfer in	-	-
Net Liability/ (Asset) Transfer out	-	-
(Benefit Paid Directly by the Employer)	-	-
(Employer's Contribution)	(62,171)	-
Net Liability / (Asset) Recognized in Balance Sheet	75,623	35,571

Category of Assets	Current Period	Previous Period
Government of India Assets	-	-
State Government Securities	-	-
Special Deposits Scheme	-	-
Debts Instruments	-	-
Corporate Bonds	-	-
Cash And Cash Equivalents	-	-
Insurance Fund	26,56,746	28,00,922
Other	-	-
Total	26,56,746	28,00,922

Expenses Recognized in the Other Comprehensive Income OCI for Current Period	Current Period
Actuarial (Gains)/ Losses on Obligation for the Period	(1,92,871)
Return on Plan Assets, Excluding Interest Income	1,02,538
Change in Asset Ceiling	-
Net (Income)/ Expense for the Period Recognized in OCI	(90,333)

Assumptions	Current Period	Previous Period
Expected Return on Plan Assets	7.83%	7.20%
Rate of Discounting	7.83%	7.20%
Rate of Salary Increase	5.00%	5.00%
Rate of Employee Turnover	2.00%	2.00%

Other Details	Current Period	Previous Period
No. Of Active Members	32	38
Per Month Salary For Active Member	5,16,623	5.65.064
Weighted Average Duration of the Projected Benefit Obligation	8	9
Average Expected Future Service	16	16
Projected Benefit Obligation	27,32,369	28,36,493
Prescribed Contribution for next year (12 Months)	2,34,477	2,25,566

**Note:-**

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

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

All above reported figures of OCI are gross of taxation.

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

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

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

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

As per our report attached of even date.

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

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

Place :- Mumbai  
Date :- 26th May 2018

**45. Contingent Liabilities: -**

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

[₹ In Lakhs]

Name of the Statute	Nature of the Dues	Amount	Period to which the amount relates	Forum where Dispute is pending	Under Section
Finance Act 1994	Service Tax	14.00	FY 2010 to 2016	Add. Commissioner Service Tax	73 (1) of Finance Act 1994
Income Tax Act 1961	Income Tax	31.88	A.Y. 2006-07	ITAT	271(1) (C)
		4.96	A.Y. 2007-08	ITAT	143(3)

- ii) Preference dividends are in arrears from F.Y. 2008-09 to F.Y.2017-18 as aggregating to ₹ 2.00 Crores.
- iii) TDS defaults showing on TDS traces website for the various Financial Years as on 31<sup>st</sup> March 2018 has been reviewed and there is no possible demand arising due to that. The Company is under process of rectifying the defaults by revising the TDS returns.
46. The figures for the previous period have been regrouped, rearranged or reclassified wherever necessary to conform to the current period's presentation.

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

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

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

Place :- Mumbai  
Date :- 26th May 2018

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

**Abhishek Joshi**  
Company Secretary

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# KHANDWALA SECURITIES LIMITED

CIN: L67120MH1993PLC070709

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

Tel :- 91-22-40767373; Fax:- 91-22-40767377/78; website: www.kslindia.com

## Proxy form

### Form No. MGT-11

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

Name of the Member(s)	
Registered Address	
Email Id:	
Folio No.	
DP Id - Client Id	

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

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

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty Fifth Annual General Meeting of the Company, to be held on Friday, September 21, 2018 at 12.30 p.m. at C. K. Nayudu 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 : a. the audited Financial Statements of the Company for the financial year ended March 31, 2018 together with the Report of the Directors and the Auditors thereon; and b. the audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2018 together with the Report of the Auditors thereon.		
2	Re-appointment of Mr. Pranav Khandwala (DIN: 00519113), who retires by rotation		
3	Increase in Borrowings Limits under Section 180(1)(c) of the Companies Act, 2013		
4	Creation of Charges, Mortgages, Hypothecation on the Movable and Immovable Properties of the Company under Section 180(1)(a) of the Companies Act, 2013		
5	Delivery of Documents under Section 20 of the Companies Act, 2013		

Signed this ..... day of ..... 2018

Signature of Shareholder: .....

Signature of Proxy holder: .....

Affix  
Revenue  
Stamp of  
₹ 1

#### Note:

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



## KHANDWALA SECURITIES LIMITED

CIN: L67120MH1993PLC070709

REGISTERED OFFICE: GROUND FLOOR, VIKAS BUILDING, GREEN STREET, FORT, MUMBAI - 400023

TEL:- 91-22-40767373 FAX:- 91-22-40767377 ; WEBSITE:- WWW.KSLINDIA.COM

### ATTENDANCE SLIP

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

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

I hereby record my presence at the Twenty Fifth Annual General Meeting of the Company being held at C. K. Nayudu Hall, in the Cricket Club of India (CCI), Brabourne Stadium, Churchgate, Mumbai - 400 020 on Friday, the 21st day of September, 2018 at 12.30 p.m.

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

## ROUTE MAP FOR AGM VENUE





**REGISTERED POST / SPEED POST / COURIER**

If undelivered, please return to :

**KHANDWALA SECURITIES LIMITED**

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