

# 26<sup>TH</sup> ANNUAL REPORT

2018-19



*Wealth Visionaries*

## OUR MANTRA

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

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

### **Service Differentiators:**

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

# **KHANDWALA SECURITIES LIMITED**

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## **BOARD OF DIRECTORS**

Mr. Paresh J. Khandwala  
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**

G-7, Ground Floor, Vikas Building,  
Green Street, Fort,  
Mumbai - 400 023.  
Tel. No :- 91-22-40767373  
Fax. No:- 91-22-40767377

## **BRANCH OFFICE**

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

## **STATUTORY AUDITORS**

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

## **BANKERS**

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

## **REGISTRAR AND SHARE TRANSFER AGENT**

Karvy Fintech Private Limited  
(Formerly Known as 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,**

Welcome to our Annual Report for FY19.

Global economic growth in FY19 was powered by emerging markets as the large advanced economies witnessed subdued economic activity. Fiscal stimuli helped the US economy expand as tax cuts and spending hikes gave a fillip to demand, somewhat negating the effect of the increasingly protectionist rhetoric on trade. Slower export growth as well as political and industrial uncertainties impacted growth in the Euro region. Asia and the Pacific region continued to stay ahead of the curve as among the world's fastest growing regions.

India is full of opportunities. A 7% GDP growth rate for the sixth biggest economy in the world is no small feat. We have all the ingredients needed for sustained growth compounding – significant size, strong growth rate and importantly a prolonged period of time during which this growth will sustain, driven by our young demographics. Even though the economy faced headwinds in the form of declining growth of private consumption, tepid increase in fixed investment and muted exports, inflation was under check in FY19, mainly driven by lower food prices, and comfortable Current Account Deficit position. Recovery of investment and consumption, a favourable monetary policy, and fiscal policy impetus are expected to aid growth in the coming years, with IMF World Economic Outlook report projecting India's growth at 7.3% in CY19 and 7.5% in CY20.

FY19 followed a strong base year for equities witnessed in FY18. We saw competitive forces intensify and several regulatory changes like restrictions on saving of Aadhaar data and disallowing payment of upfront MF commission to distributors come in to effect. During the year, delivery-based trade saw narrow participation and there was a general risk aversion to mid and small capstocks. Primary market activities, qualified institutional transactions and private equity deals were also muted during the year.

This year, your Company has reported an income of INR 609.83 lacs up 58.95% from last year, and Profit After Tax of INR 19.11 lacs, up 125.45% compared to the previous year loss. The Return on Equity has been 0.16% for FY19 to (0.63)% for FY18. The Company's Networth is now INR 2734.25 lacs with a balance sheet size of INR 4747.31 lacs. Your Company's future endeavours will be to have a healthy financial performance and a solid balance sheet which will allow us to serve you even better, through good times as well as lean ones.

We continue to invest in strategic initiatives to set the pace for long-term sustainable growth. Aligned with our focus on the life cycle approach, and on increasing customer acquisition and engagement these initiatives were aimed at providing customers with bigger and better product choice, better pricing proposition and personalised offering.

Going forward, your Company's focus is going to be to launch an innovative product for our retail customers to address their immediate liquidity requirement. To strengthen our focus on balancing pricing with value proposition, we will be introducing a new prepaid plan, to increase customer participation. For our Private Wealth clients we will also be launching our proprietary Portfolio Management Services (PMS) products for the HNI clients, which besides adding a new revenue stream to your Company, will also mark our entry into the financial products manufacturing space.

The current slowdown is nowhere a reflection of India's long-term potential, which continues to be very optimistic. The greatest challenge during such a slow phase is not just figuring out ways to ease the pain of the slowdown but also having the faith to trust in the long-term. In the long-term, we continue to be highly optimistic of the path and direction that the Indian economy is taking. The renewed majority of the reforms-oriented Government is a highly positive development. We now eagerly wait for the second wave of reforms. While global headwinds may continue, the domestic tailwinds are powerful enough to ensure that we make strong progress over the next few years. Like I relentlessly say, India is full of opportunity. The progressive Government and regulatory policies in recent years have only added to this opportunity size. It is the new India that is rising - an India which can hold its own in the global arena.

In closing, I would like to thank all of you – investors, customers, partners, associates, regulators, employees, and all other stakeholders for your continued support and trust. We remain committed to sustain this trust through determined and dedicated efforts to create greater value for you.

With best wishes,

Sincerely,

**Bhagyashree Khandwala**  
**Executive Director & CFO**

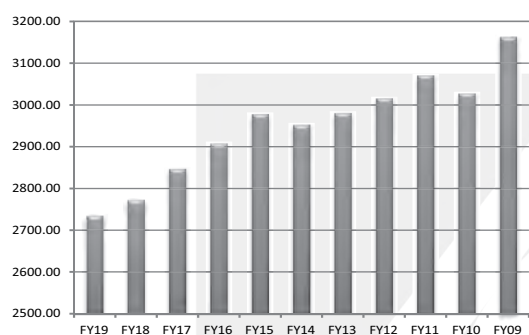
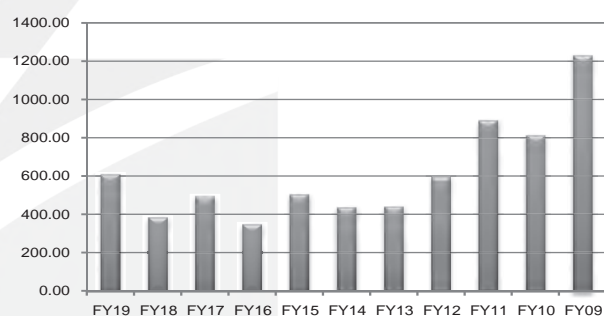
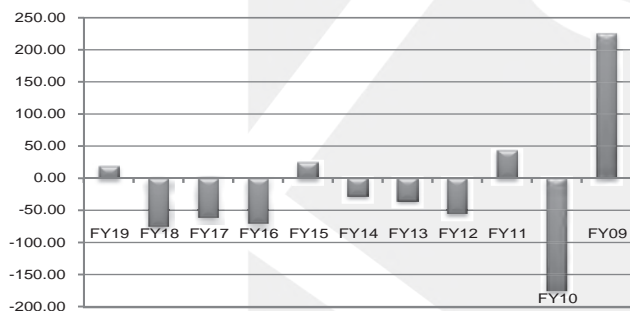
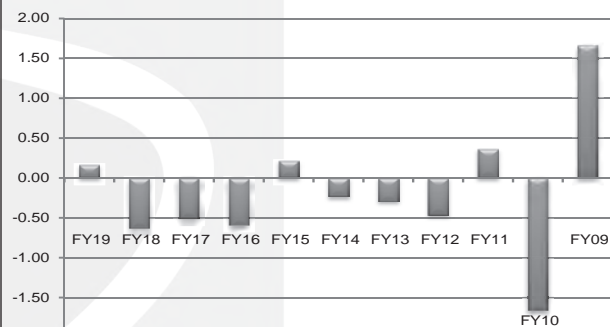
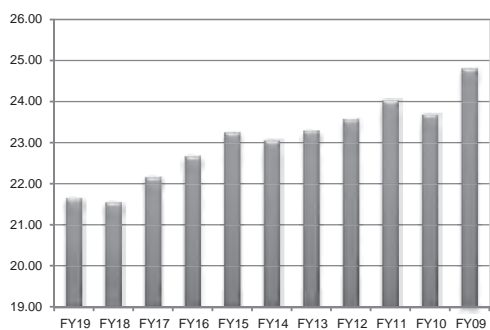
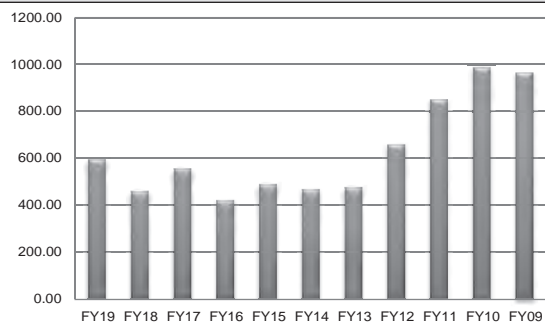
May 25, 2019

## Performance Highlights

### Standalone Financial Performance of Khandwala Securities Limited

*(₹ in Lakhs except per share data)*

	FY19	FY18	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10	FY09
Total Income	609.83	383.68	495.36	348.72	506.85	438.18	440.03	599.42	893.76	813.43	1231.07
Total Expenditure	594.30	460.08	555.30	420.25	489.21	466.62	475.87	657.73	850.66	988.60	965.37
Profit Before Tax	15.53	-76.40	-59.94	-71.53	17.64	-28.44	-35.83	-58.31	43.11	-175.18	260.70
Tax Expenses	3.58	1.30	1.02	-1.42	-7.46	-0.62	-0.83	-3.32	-0.27	-0.01	39.68
Net Profit	19.11	-75.10	-60.95	-70.11	25.10	-27.82	-35.01	-54.99	43.37	-175.17	226.02
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	2734.25	2772.32	2846.52	2907.48	2977.58	2952.49	2980.31	3015.31	3070.30	3026.93	3163.82
Diluted EPS (FV ₹ 10) (in ₹)	0.16	-0.63	-0.51	-0.59	0.21	-0.23	-0.29	-0.46	0.36	-1.66	1.67
BVPS (FV ₹ 10) (in ₹)	21.65	21.55	22.17	22.68	23.26	23.05	23.29	23.58	24.04	23.68	24.82

**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 Sixth Annual General Meeting of the Members of **Khandwala Securities Limited** will be held on Friday, August 30, 2019 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, 2019 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, 2019 together with the Report of the Auditors thereon.
2. To appoint a Director in place of Mrs. Bhagyashree Khandwala (DIN: 02335473), who retires by rotation and being eligible, offers herself for re-appointment.

### SPECIAL BUSINESS:

3. **Re-appointment of Mr. Rohitasava Chand as an Independent Director**

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

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and pursuant to the recommendation of the Nomination and Remuneration Committee and the Board of Directors, Mr. Rohitasava Chand (DIN: 00011150), who holds office of Independent Director up to September 19, 2019 and who is eligible for re-appointment and who has submitted a declaration that he meets the criteria for independence as provided under Section 149(6) of the Companies Act, 2013, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, for the second term of five consecutive years with effect from September 20, 2019 up to September 19, 2024.”

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

**Paresh Khandwala  
Managing Director**

## 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 and 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. As per Regulation 40 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Transfer Agents, Karvy Fintech Private Limited (“Karvy”) for assistance in this regard.
8. 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

**Date :** May 25, 2019

**Place :** Mumbai



- 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.
9. 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.
  10. The Register of Members and Share Transfer Books of the Company will remain closed from **August 23, 2019 to August 30, 2019** (both days inclusive).
  11. 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.
  12. 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.
  13. 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.
  14. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held in electronic form and to Karvy in case the shares are held in physical form.
  15. Pursuant to the provisions of section 72 of the Companies Act, 2013, members holding shares in physical form are advised to file nomination in the prescribed Form SH-13 with Karvy. In respect of shares held in electronic/demat form, the members may please contact their respective depository participant.
  16. Members holding the equity shares under multiple folios in the identical order of names are requested to write to the Karvy, to consolidate their holdings in one folio.
  17. Brief details of the directors, who are seeking appointment/re-appointment, are annexed hereto as per requirements of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India.
  18. Notice of the 26<sup>th</sup> Annual General Meeting along with Annual Report 2018-19 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. In terms of section 101 and 136 of the Companies Act, 2013 read with the rules made thereunder, the listed Companies may send the notice of AGM and Annual Report 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.

The Annual Report, Notice of AGM, Proxy Form and Attendance Slip are available at the Company's website on [www.kslindia.com](http://www.kslindia.com).
  21. The Route Map showing directions to reach the venue of the 26<sup>th</sup> Annual General Meeting is annexed in this Annual Report.
  22. In case a person has become a member of the Company after dispatch of AGM Notice, but on or before the **cut-off date** i.e. **Thursday, 22<sup>nd</sup> August 2019**, such person may obtain the User ID and Password, for remote e-voting from Karvy by email request on [mohd@karvy.com](mailto:mohd@karvy.com).
  23. **Voting through electronic means**

In term of 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 26<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 Karvy.

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**

Mr. Rohitasava Chand (DIN: 00011150) was appointed as an Independent Director on the Board of the Company pursuant to the provisions of Section 149 of the Companies Act, 2013 ("the Act") read with the Companies (Appointment and Qualification of Directors) Rules, 2014, by the Members at the Twenty First Annual General Meeting of the Company held on September 20, 2014. He holds office as an Independent Director of the Company up to September 19, 2019 ("First Term") in line with the explanation to section 149(10) and 149(11) of the Act.

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

The Nomination and Remuneration Committee of the Board of Directors, on the basis of the report of performance evaluation, has recommended the re-appointment of Mr. Rohitasava Chand as an Independent Director for the second term of 5 (five) consecutive years i.e. from September 20, 2019 upto September 19, 2024 on the Board of the Company.

The Company has received intimation in Form DIR-8 from Mr. Rohitasava Chand that, he is not disqualified from being re-appointed as an Independent Director in terms of Section 164 of the Act, declaration that he meets with the criteria of independence as prescribed under Section 149(6) of the Act & Regulation 16(1)(b) of SEBI Listing Regulations and his consent to continue as an Independent Director.

Mr. Rohitasava Chand (aged 73 years) has been a serial entrepreneur who has promoted highly successful ventures in IT, ITES, Education & Financial Services domains. Mr. Rohitasava Chand has over 45 years of experience in the Indian Services Sector and is well versed with the regulatory framework in India.

After occupying senior positions in corporate India, Mr. Chand ventured out on his own in 1985 and through a series of acquisitions and mergers co-founded IIS Infotech, one of India's foremost software/education companies, of which he was the Executive Chairman. IIS was bought over by the FI Group Plc. (now Steria) which is a European multinational

and Mr. Chand exited the company. Thereafter, Mr. Chand co-founded Infinity Venture Fund with a US 40 million Dollar corpus and founded Axis-IT&T which is focused on Engineering Design and contributed to its growth and diversification.

Mr. Chand has promoted / chaired several Educational initiatives, which are :

- ISCT (International School of Computer Technology (3 largest IT education company in India) - 160 Branches.
- Joint computer science engineering conversion program called STECH with IIT-Delhi for Engineering / Science graduates
- A joint MBA degree program with ENPC-Paris
- Vienova - K-12 education
- Aravali Institute of Management - Management Education

Mr. Chand is currently the CEO of Yukti Securities Private Limited, a non-banking financial corporation registered with the Reserve Bank of India and which is engaged in investing in start-ups. Mr. Chand sits on several Boards & mentors of many companies.

Mr. Chand has a Bachelor's Degree from the Indian Institute of Technology, New Delhi and an MBA from the Katz Graduate School of Business, University of Pittsburgh, USA. He is a recipient of the IIT Delhi Alumni award for "Outstanding Contribution to National Development" and has also been awarded "The Amity Global Corporate Excellence Award" and the "Hind Gaurav Award".

In the opinion of the Board, Mr. Rohitasava Chand fulfills the conditions for his re-appointment as an Independent Director as specified in the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended thereto and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is independent of the management.

Copy of the draft letter for re-appointment of Mr. Rohitasava Chand as an Independent Director setting out terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours (9:00 am to 5:00 pm) on any working day, except Saturday, upto and including the date of AGM of the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Rohitasava Chand as an Independent Director.

Mr. Rohitasava Chand does not hold any equity shares of the Company. He is not related to any other Directors/KMP's of the Company. He is the Chairman of the Nomination & Remuneration Committee and Member of Audit Committee of the Company.

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

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

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

**Paresh Khandwala  
Managing Director**

**Date :** May 25, 2019

**Place :** Mumbai

**Registered Office:**

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

#### ANNEXURE TO THE NOTICE

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

<b>Name of the Director</b>	Mrs. Bhagyashree Khandwala	Mr. Rohitasava Chand
<b>DIN</b>	02335473	00011150
<b>Date of Birth</b>	26/12/1980	21/10/1946
<b>Qualification</b>	B.Com, MBA (Finance)	B.Tech – IIT, MBA
<b>Date of First Appointment</b>	30/05/2014	23/07/2005
<b>Expertise in Functional area</b>	She has diverse experience in the field of financial market and accounting.	He has been a serial entrepreneur who has promoted highly successful ventures in IT, ITES, Education & Financial Services domains. He has over 45 years of experience in the Indian Services Sector and is well versed with the regulatory framework in India.
<b>Remuneration last drawn (including sitting fee), if any</b>	As mentioned in Corporate Governance Report	As mentioned in Corporate Governance Report
<b>Directorship held in other Companies in India</b>	<ul style="list-style-type: none"><li>• Trumonee Financial Limited</li><li>• Bentley Investments Private Limited</li></ul>	<ul style="list-style-type: none"><li>• BMC International Private Limited</li><li>• The British Motor Car Company (1934) Private Limited.</li><li>• Mimo Technologies Private Limited</li><li>• Picture Time DigiPLEX Private Limited</li><li>• Prajya Vienova Education Private Limited</li><li>• Trak Services Private Limited</li></ul>
<b>Memberships / Chairmanship of Committees in other Companies</b>	Nil	Member - Nomination & Remuneration Committee - The British Motor Car Company (1934) Private Limited.
<b>No. of Equity shares held in the Company</b>	1,33,980	Nil
<b>Relationship with Directors / Key Managerial Personnel, if any</b>	Mrs. Bhagyashree Khandwala is the spouse of Mr. Pranav Khandwala, Director and Mr. Pranav Khandwala is the son of Mr. Paresh Khandwala, Managing Director.	None



## DIRECTORS' REPORT

To

The Members,

Your Directors hereby present the Twenty Sixth Annual Report on the business, operations and state of affairs of the Company together with the audited financial statements for the year ended 31<sup>st</sup> March 2019.

### FINANCIAL HIGHLIGHTS

The summary of the Company's financial performance, for the financial year 2018-19 as compared to the previous financial year 2017-18 is given below:

#### (I) Standalone Financial Performance :

(Rs. in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Total Income	609.83	383.68
Financial Cost	23.23	27.73
Depreciation and Amortization Expenses	27.78	29.01
Profit / (Loss) before Exceptional Items & Tax	15.53	(76.40)
Exceptional Items	-	-
Profit / (Loss) before Tax	15.53	(76.40)
Provision for Tax	(3.58)	(1.30)
Profit / (Loss) after Tax	19.11	(75.10)
Other Comprehensive Income	(7.18)	0.90
Total Comprehensive Income for the Year	11.93	(74.20)

#### (II) Consolidated Financial Performance :

(Rs. in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Total Income	609.83	383.68
Financial Cost	23.23	27.73
Depreciation and Amortization Expenses	27.78	29.01
Profit / (Loss) before Exceptional Items & Tax	15.40	(77.49)
Exceptional Items	-	-
Profit / (Loss) before Tax	15.40	(77.49)
Provision for Tax	(3.58)	(1.30)
Profit / (Loss) after Tax	18.98	(76.20)
Other Comprehensive Income	(7.18)	0.90
Total Comprehensive Income for the Year	11.80	(75.29)

## FINANCIAL PERFORMANCE

### Standalone

During the year under review, the standalone total income for the financial year was Rs. 609.83 lakhs as compared to Rs. 383.68 lakhs for the previous year. The total expenses incurred during the financial year was Rs. 594.30 lakhs as compared to Rs. 460.08 lakhs in the previous year. The Net Profit after tax was Rs. 19.11 lakhs in the financial year as compared to Net loss after tax of Rs. 75.10 lakhs in the previous year.

### Consolidated

During the year under review, the consolidated total income for the financial year was Rs. 609.83 lakhs as compared to Rs. 383.68 lakhs for the previous year. The total expenses incurred during the financial year was Rs. 594.43 lakhs as compared to Rs. 461.17 lakhs in the previous year. The Net Profit after tax was Rs. 18.98 lakhs in the financial year as compared to Net loss of Rs. 76.20 lakhs in the previous year.

### DIVIDEND

During the year under review, no dividend has been proposed to be declared in the financial year 2018-19.

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

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

### LISTING WITH STOCK EXCHANGES

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

### SUBSIDIARIES AND JOINT VENTURES

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

### ASSOCIATE COMPANIES

During the year ended March 31, 2019, your Company had one associate Company i.e. Trumonee Financial Limited, within the meaning of Section 2(6) of the Companies Act, 2013.

### CONSOLIDATED FINANCIAL STATEMENTS

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

Further, pursuant to the provisions of Section 136 of the Companies Act, 2013, the financial statement of the Company, consolidated financial statements along with relevant documents and separate audited accounts in respect of associate company are also available on the website of the Company. The Company will also make available copy of audited accounts of the associate Company upon request by any member of the Company interested in obtaining the same. All these documents will also be available for inspection at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. till the date of ensuing Annual General Meeting of the Company.

#### **EXTRACT OF ANNUAL RETURN**

Pursuant to the provisions of Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the extract of annual return in the prescribed form i.e. Form MGT-9 is provided as "Annexure - 2" to this report.

#### **MANAGEMENT DISCUSSION AND ANALYSIS**

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

#### **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

##### **a) Retirement by Rotation of the Directors**

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

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

During the year under review, there was no change in the Board of Directors and Key Managerial Personnel of the Company.

The Members have, at the Twenty First Annual General Meeting held on September 20, 2014 appointed Mr. Rohitasava Chand as an Independent Director of the Company to hold the office for a term of 5 (five) consecutive years with effect from September 20, 2014. Accordingly, the current term of Mr. Rohitasava Chand expires on September 19, 2019. In terms of Section 149 of the Companies Act, 2013, Mr. Rohitasava Chand is eligible for being re-appointed as an Independent Director on the Board of the Company for another term of up to five consecutive years effective from September 20, 2019. The Board of Directors, on the recommendation of the Nomination and Remuneration Committee, at its meetings held on May 25, 2019, re-appointed Mr. Rohitasava Chand as an Independent Director of the Company for the second term of five consecutive years commencing from September 20, 2019, subject to the approval of the members at the ensuing Annual General Meeting of the Company.

#### **DECLARATION OF INDEPENDENCE**

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

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

During the financial year, the Board met 5 (five) times i.e. April 20, 2018, May 26, 2018, August 11, 2018, November 14, 2018 and January 30, 2019. 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 board effectiveness, quality of discussion, contribution at the meeting, corporate governance practices, strategic thinking, time commitment, review of the terms of reference of the committees, etc. The above criteria are based on the guidance note on Board Evaluation issued by the Securities and Exchange Board of India on January 5, 2017.

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, 2019, 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 profit of the Company for the year ended 31<sup>st</sup> March, 2019;
- (iii) proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Annual accounts are prepared on a going concern basis.
- (v) proper internal financial controls have been laid down and the same are adequate and were operating effectively ; and
- (vi) proper systems had been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**INTERNAL FINANCIAL CONTROLS**

The Company has in place adequate internal financial control with reference to the financial statements. The Company has policies and procedures in place for ensuring proper and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information. During the year under review, the Internal Financial Controls were operating effectively and no material or serious observation has been received from the Auditors of the Company for inefficiency or inadequacy of such controls.

**INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

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

**RISK MANAGEMENT**

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

**RELATED PARTY TRANSACTIONS**

All the Related Party Transactions that were entered during the financial year 2018-19 were on arm's length basis and in the ordinary course of business of the Company. Thus disclosure in form AOC-2 is not required. Further, there were no materially significant related party transactions entered by the Company during the year with the Promoters, Directors and Key Managerial Personnel which may have a potential conflict with the interest of the Company. The disclosure with related parties is set out in the notes to accounts forming part of the Annual Report. The Company has also adopted a related party transactions policy which is available on the website of the Company.

**DEPOSITS**

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

**LOAN, GUARANTEES AND INVESTMENTS BY COMPANY**

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

**EMPLOYEES**

Your Company is consciously aware that its well being largely depends upon the quality and strength of human resource. Your Company recognizes that human capital is its most valuable asset and thus endeavors to attract and retain the best available talent. Towards the end of FY 2019 your Company undertook an exercise to shrink the payroll head count to make it lean and more competitive. The Company through constant monitoring of its milestones and



goals ensures that its operations are adequately staffed and in sync with requirements. Your Company's human resource policies are designed and implemented to achieve these objectives.

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

#### **PARTICULARS OF EMPLOYEES**

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

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

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

The Company has in place a policy on prevention of sexual harassment of women at workplace under the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The objective of this policy is to provide protection against sexual harassment of women at workplace and for redressal of complaints of any such harassment.

During the year under review, no complaints of sexual harassment was received by the Company.

#### **VIGIL MECHANISM/ WHISTLER 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 equity share capital of the Company. The paid up equity share capital of the Company as on March 31, 2019 is Rs. 11,93,90,000/- (1,19,39,000 equity shares of Rs. 10/- each).

Further, pursuant to the provisions of section 55 of the Companies Act, 2013 read with the rules made there under, the Company redeemed 50,000 - 10.00% cumulative redeemable preference shares, at the face value of Rs. 100/- each in the financial year 2018-19.

#### **STATUTORY AUDITORS**

At the twenty fourth AGM of the Company held on September 21, 2017, the Members approved the appointment of M/s. Aniket Kulkarni & Associates, Chartered Accountants (Firm Registration No. 130521W) as Statutory Auditors of the Company to hold the office for a period of three years from the conclusion of that AGM till the conclusion of twenty seventh AGM of the Company, subject to ratification of their appointment by Members at every AGM, if so, required under the Companies Act, 2013.

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

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

#### **SECRETARIAL AUDITORS**

In accordance with the provision of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time, the Company 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, 2019. The Secretarial Audit Report for the financial year ended March 31, 2019 is annexed as "Annexure-5" to this report.

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

#### **INTERNAL AUDITORS**

Pursuant to the provision of section 138 of the Companies Act, 2013 and the rules made thereunder, M/s. Shah & Ramaiya, Chartered Accountants was appointed as Internal Auditors of the Company. 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. 1.83 Lacs (Previous Year Rs. 0.30 Lacs).

#### **ACKNOWLEDGMENTS**

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

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

**Homiar N. Vakil  
Chairman**

Date : May 25, 2019  
Place : Mumbai



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

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

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

Not Applicable

**Part B: Associates and Joint Ventures**

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

<b>Name of the Associate Company</b>	<b>Trumonee Financial Limited</b>
Latest Audited Balance Sheet Date	31 <sup>st</sup> March, 2019
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)	15,56,153
Profit / Loss for the year Considered in Consolidation (In Rupees)	(13,092)
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 25, 2019

**ANNEXURE - 2 to Director's Report**

**FORM NO. MGT-9**

**EXTRACT OF ANNUAL RETURN**

As on the financial year ended on March 31, 2019

[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 Fintech Private Limited (Formerly Known as Karvy Computershare Pvt. Ltd.) Karvy Selenium, Tower B, Plot No. 31 & 32, Financial District, Nanakramguda, Gachibowli, Hyderabad - 500 032, Telangana Tel :- 91-40-67162222/33211000 Website: www.karvyfintech.com

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

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

Sr. No.	Name and Description of main products/ services	NIC Code of the Product / Service	% to total turnover of the Company
1	Broking and Investment Advisory Services	6619	41.61

**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, 2018				No. of Shares held at the end of the year as on March 31, 2019				% 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	3687879	-	3687879	30.89	3744233	-	3744233	31.36	0.47
(b) Central Govt / State Govt(s)	-	-	-	-					-
(c) Bodies Corporate	3457785	-	3457785	28.96	3457785	-	3457785	28.96	-
(d) Banks / FI	-	-	-	-					-
(e) Any Others	-	-	-	-					-
<b>Sub-Total A(1) :</b>	<b>7145664</b>	<b>-</b>	<b>7145664</b>	<b>59.85</b>	<b>7202018</b>	<b>-</b>	<b>7202018</b>	<b>60.32</b>	<b>0.47</b>

Category of Shareholder	No. of Shares held at the beginning of the year as on April 1, 2018				No. of Shares held at the end of the year as on March 31, 2019				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(2) Foreign</b>									
(a) NRI - Individuals	-	-	-	-	-	-	-	-	-
(b) Other - Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corporate	-	-	-	-	-	-	-	-	-
(d) Banks / FI	-	-	-	-	-	-	-	-	-
(e) Any Others	-	-	-	-	-	-	-	-	-
<b>Sub-Total A(2) :</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter A=A(1)+A(2)</b>	<b>7145664</b>	<b>-</b>	<b>7145664</b>	<b>59.85</b>	<b>7202018</b>	<b>-</b>	<b>7202018</b>	<b>60.32</b>	<b>0.47</b>
<b>(B) Public Shareholding</b>									
<b>(1) Institutions</b>									
(a) Mutual Funds	-	-	-	-	-	-	-	-	-
(b) Banks / FI	-	-	-	-	-	-	-	-	-
(c) Central Govt / State Govt(s)	-	-	-	-	-	-	-	-	-
(d) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e) Insurance Companies	-	-	-	-	-	-	-	-	-
(f) FIs	-	-	-	-	-	-	-	-	-
(g) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(h) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(i) Others	-	-	-	-	-	-	-	-	-
<b>Sub-Total B(1) :</b>	-	-	-	-	-	-	-	-	-
<b>(2) Non-Institutions</b>									
(a) Bodies Corporate									
i) Indian	2103607	32000	2135607	17.89	1972657	32000	2004657	16.79	(1.10)
ii) Overseas	-	-	-	-	-	-	-	-	-
(b) Individuals									
i. Individuals shareholders holding nominal share capital upto Rs.1 lakh	1002600	54227	1056827	8.85	946587	51327	997914	8.36	(0.49)
ii. Individuals shareholders holding nominal share capital in excess of Rs.1 lakh	1030535	-	1030535	8.63	1166531	0	1166531	9.77	1.14
(c) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(d) Others (specify):									
i. Clearing Members	1467	-	1467	0.01	30	0	30	0.00	(0.01)
ii. Non Resident Indians	533800	35100	568900	4.77	533050	34800	567850	4.76	(0.01)
iii. Trusts	-	-	-	-	-	-	-	-	-
iv. Nbfci	-	-	-	-	-	-	-	-	-
<b>Sub-Total B(2) :</b>	<b>4672009</b>	<b>121327</b>	<b>4793336</b>	<b>40.15</b>	<b>4618855</b>	<b>118127</b>	<b>4736982</b>	<b>39.68</b>	<b>(0.47)</b>
<b>Total Public Shareholding B=B(1)+B(2)</b>	<b>4672009</b>	<b>121327</b>	<b>4793336</b>	<b>40.15</b>	<b>4618855</b>	<b>118127</b>	<b>4736982</b>	<b>39.68</b>	<b>(0.47)</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>11820873</b>	<b>118127</b>	<b>11939000</b>	<b>100.00</b>	<b>-</b>

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

Sr. No	Shareholder's Name	Shareholding at the beginning of the Year as on April 1, 2018			Shareholding at the end of the Year as on March 31, 2019			% Change in share holding during the year
		No. of Shares held	% of Total Shares of the Company	% of Shares pledged / encumbered to total shares	No. of Shares held	% of Total Shares of the Company	% of shares Pledged / encumbered to total Shares	
1	Jayantilal Khandwala & Sons Private Limited	1733321	14.52	14.52	1733321	14.52	14.52	-
2	Bentley Investments Private Limited	1440968	12.07	-	1440968	12.07	-	-
3	Mrs. Daxa Paresh Khandwala	1273080	10.66	-	1286731	10.77	-	0.11
4	Mr. Pratik Paresh Khandwala	775732	6.50	-	796555	6.67	-	0.17
5	Mr. Pranav Paresh Khandwala	686737	5.75	-	708617	5.94	-	0.19
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	283496	2.37	-	283496	2.37	-	-
	<b>Total</b>	<b>7145664</b>	<b>59.85</b>	<b>14.52</b>	<b>7202018</b>	<b>60.32</b>	<b>14.52</b>	<b>0.47</b>

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

Sr. No	Name & Type of Transaction	Shareholding at the beginning of the year (As on 01.04.2018)		Transactions during the year		Cumulative Shareholding during the Year (01.04.2018 to 31.03.2019)	
		No. of Shares held	% of total shares of the company	Date of Transaction	No. of Shares	No. of Shares held	% of total shares of the company
1	<b>Mrs. Daxa Paresh Khandwala</b>						
	<b>At the beginning of the year</b>	1273080	10.66				
	Market Purchase			08.06.2018	1500	1274580	10.68
	Market Purchase			08.02.2019	4300	1278880	10.71
	Market Purchase			15.02.2019	400	1279280	10.72
	Market Purchase			22.02.2019	100	1279380	10.72
	Market Purchase			01.03.2019	3400	1282780	10.74
	Market Purchase			08.03.2019	476	1283256	10.75
	Market Purchase			15.03.2019	1725	1284981	10.76
	Market Purchase			22.03.2019	350	1285331	10.77
	Market Purchase			29.03.2019	1400	1286731	10.77
	<b>At the end of the year</b>					1286731	10.77

Sr. No	Name & Type of Transaction	Shareholding at the beginning of the year (As on 01.04.2018)		Transactions during the year		Cumulative Shareholding during the Year (01.04.2018 to 31.03.2019)	
		No. of Shares held	% of total shares of the company	Date of Transaction	No. of Shares	No. of Shares held	% of total shares of the company
2	<b>Mr. Pratik Paresh Khandwala</b>						
	<b>At the beginning of the year</b>	775732	6.50				
	Market Purchase			08.06.2018	1526	777258	6.51
	Market Purchase			15.06.2018	4310	781568	6.55
	Market Purchase			22.06.2018	347	781915	6.55
	Market Purchase			29.06.2018	260	782175	6.55
	Market Purchase			06.07.2018	1641	783816	6.57
	Market Purchase			13.07.2018	305	784121	6.57
	Market Purchase			20.07.2018	347	784468	6.57
	Market Purchase			27.07.2018	2	784470	6.57
	Market Purchase			03.08.2018	237	784707	6.57
	Market Purchase			24.08.2018	375	785082	6.58
	Market Purchase			07.09.2018	3950	789032	6.61
	Market Purchase			14.09.2018	2042	791074	6.63
	Market Purchase			14.12.2018	2000	793074	6.64
	Market Purchase			21.12.2018	1881	794955	6.66
	Market Purchase			18.01.2019	1600	796555	6.67
	<b>At the end of the year</b>					796555	6.67
3	<b>Mr. Pranav Paresh Khandwala</b>						
	<b>At the beginning of the year</b>	686737	5.75				
	Market Purchase			08.06.2018	2000	688737	5.77
	Market Purchase			15.06.2018	2600	691337	5.79
	Market Purchase			22.06.2018	6	691343	5.79
	Market Purchase			20.07.2018	300	691643	5.79
	Market Purchase			14.09.2018	800	692443	5.80
	Market Purchase			21.09.2018	300	692743	5.80
	Market Purchase			05.10.2018	200	692943	5.80
	Market Purchase			12.10.2018	3100	696043	5.83
	Market Purchase			19.10.2018	3610	699653	5.86
	Market Purchase			26.10.2018	3824	703477	5.89
	Market Purchase			02.11.2018	1350	704827	5.90
	Market Purchase			23.11.2018	676	705503	5.91
	Market Purchase			30.11.2018	1036	706539	5.92
	Market Purchase			21.12.2018	1000	707539	5.93
	Market Purchase			18.01.2019	1078	708617	5.94
	<b>At the end of the year</b>					708617	5.94



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

Sr. No	Name & Type of Transaction	Shareholding at the beginning of the year (01.04.2018)		Transactions during the year		Cumulative Shareholding during the Year (01.04.2018 to 31.03.2019)	
		No. of Shares held	% of total shares of the company	Date of Transaction*	No. of Shares	No. of Shares held	% of total shares of the company
1	<b>Sarthak Consultants LLP</b>						
	At the beginning of the year	943000	7.90				
	At the end of the year					943000	7.90
2	<b>Steel City Securities Limited</b>						
	At the beginning of the year	321765	2.70				
	Purchase			06.04.2018	555	322320	2.70
	Purchase			13.04.2018	1819	324139	2.71
	Sale			20.04.2018	-908	323231	2.71
	Sale			04.05.2018	-136804	186427	1.56
	Sale			11.05.2018	-1000	185427	1.55
	Purchase			18.05.2018	69	185496	1.55
	Purchase			25.05.2018	4651	190147	1.59
	Purchase			01.06.2018	3901	194048	1.63
	Sale			08.06.2018	-2012	192036	1.61
	Purchase			15.06.2018	18472	210508	1.76
	Purchase			29.06.2018	15	210523	1.76
	Sale			29.06.2018	-275	210248	1.76
	Purchase			06.07.2018	4850	215098	1.80
	Purchase			20.07.2018	8059	223157	1.87
	Purchase			03.08.2018	6663	229820	1.92
	Purchase			10.08.2018	26600	256420	2.15
	Sale			10.08.2018	-601	255819	2.14
	Purchase			17.08.2018	3250	259069	2.17
	Sale			17.08.2018	-200	258869	2.17
	Sale			24.08.2018	-4607	254262	2.13
	Purchase			31.08.2018	400	254662	2.13
	Purchase			07.09.2018	188063	442725	3.71
	Purchase			14.09.2018	1500	444225	3.72
	Sale			14.09.2018	-1000	443225	3.71
	Purchase			21.09.2018	136	443361	3.71
	Purchase			28.09.2018	3747	447108	3.74
	Purchase			05.10.2018	486	447594	3.75
	Purchase			12.10.2018	3438	451032	3.78
	Purchase			19.10.2018	2400	453432	3.80
	Sale			02.11.2018	-52828	400604	3.36
	Sale			16.11.2018	-10	400594	3.36
	Sale			23.11.2018	-1	400593	3.36
	Purchase			07.12.2018	6988	407581	3.41
	Purchase			14.12.2018	7313	414894	3.48
	Sale			21.12.2018	-5	414889	3.48
	Purchase			11.01.2019	3275	418164	3.50
	Purchase			18.01.2019	600	418764	3.51
	Purchase			25.01.2019	2828	421592	3.53
	Sale			01.02.2019	-13219	408373	3.42
	Purchase			08.02.2019	14832	423205	3.54
	Purchase			15.02.2019	60317	483522	4.05
	Purchase			22.02.2019	2141	485663	4.07
	Sale			22.02.2019	-5	485658	4.07
	Purchase			08.03.2019	1720	487378	4.08
	Purchase			15.03.2019	100	487478	4.08
	Purchase			22.03.2019	50	487528	4.08
	Sale			29.03.2019	-5	487523	4.08
	At the end of the year					487523	4.08

# KHANDWALA SECURITIES LIMITED

Sr. No	Name & Type of Transaction	Shareholding at the beginning of the year (01.04.2018)		Transactions during the year		Cumulative Shareholding during the Year (01.04.2018 to 31.03.2019)	
		No. of Shares held	% of total shares of the company	Date of Transaction*	No. of Shares	No. of Shares held	% of total shares of the company
3	Mrs. Brinda P. Khandwala						
	At the beginning of the year	275761	2.31				
	At the end of the year					275761	2.31
4	Mr. Manu Kalyanji Raj						
	At the beginning of the year	218900	1.83				
	At the end of the year					218900	1.83
5	Mr. Satish Kumar Arya						
	At the beginning of the year	75696	0.63				
	Purchase			04.05.2018	90468	166164	1.39
6	Prabhudas Lilladher Private Limited					166164	1.39
	At the beginning of the year	150000	1.26				
	Sale			17.08.2018	-12201	137799	1.15
	Sale			12.10.2018	-1120	136679	1.14
	Sale			19.10.2018	-30	136649	1.14
	Sale			30.11.2018	-161	136488	1.14
	Sale			07.12.2018	-4010	132478	1.11
	Sale			14.12.2018	-3000	129478	1.08
	Sale			21.12.2018	-150	129328	1.08
	Sale			04.01.2019	-5	129323	1.08
	Sale			11.01.2019	-20	129303	1.08
	Sale			18.01.2019	-2000	127303	1.07
	Sale			01.02.2019	-20	127283	1.07
	Sale			08.02.2019	-10283	117000	0.98
	At the end of the year					117000	0.98
7	SMC Global Securities Limited						
	At the beginning of the year	142352	1.19				
	Purchase			04.05.2018	10	142362	1.19
	Sale			11.05.2018	-2000	140362	1.18
	Sale			18.05.2018	-10	140352	1.18
	Sale			25.05.2018	-30	140322	1.18
	Sale			01.06.2018	-2170	138152	1.16
	Purchase			22.06.2018	150	138302	1.16
	Purchase			06.07.2018	10	138312	1.16
	Sale			10.08.2018	-10	138302	1.16
	Sale			17.08.2018	-5000	133302	1.12
	Purchase			14.09.2018	20	133322	1.12
	Purchase			28.09.2018	20	133342	1.12
	Sale			05.10.2018	-40	133302	1.12
	Sale			19.10.2018	-6601	126701	1.06
	Sale			26.10.2018	-48	126653	1.06
	Purchase			02.11.2018	40	126693	1.06
	Sale			09.11.2018	-416	126277	1.06
	Sale			16.11.2018	-1	126276	1.06
	Sale			23.11.2018	-59	126217	1.06

Sr. No	Name & Type of Transaction	Shareholding at the beginning of the year (01.04.2018)		Transactions during the year		Cumulative Shareholding during the Year (01.04.2018 to 31.03.2019)	
		No. of Shares held	% of total shares of the company	Date of Transaction*	No. of Shares	No. of Shares held	% of total shares of the company
	Sale			14.12.2018	-20	126197	1.06
	Purchase			15.02.2019	6	126203	1.06
	Sale			15.03.2019	-6	126197	1.06
	Sale			29.03.2019	-4983	121214	1.02
	<b>At the end of the year</b>					121214	1.02
8	<b>Mr. Bharat Kantilal Patel</b>						
	<b>At the beginning of the year</b>	119880	1.00				
	<b>At the end of the year</b>					119880	1.00
9	<b>Mrs. Seema Agarwal</b>					-	-
	<b>At the beginning of the year</b>	107634	0.90				
	Sale			06.04.2018	-673	106961	0.90
	Purchase			13.04.2018	1508	108469	0.91
	Sale			20.04.2018	-163	108306	0.91
	Sale			27.04.2018	-416	107890	0.90
	Sale			04.05.2018	-2204	105686	0.89
	Purchase			18.05.2018	950	106636	0.89
	Purchase			25.05.2018	2363	108999	0.91
	Purchase			01.06.2018	1618	110617	0.93
	Purchase			15.06.2018	4350	114967	0.96
	Purchase			22.06.2018	200	115167	0.96
	Purchase			29.06.2018	5	115172	0.96
	Purchase			06.07.2018	100	115272	0.97
	Purchase			27.07.2018	5	115277	0.97
	Purchase			03.08.2018	100	115377	0.97
	Sale			10.08.2018	-32108	83269	0.70
	Sale			17.08.2018	-8742	74527	0.62
	Sale			24.08.2018	-4447	70080	0.59
	Purchase			31.08.2018	133	70213	0.59
	Sale			14.09.2018	-2500	67713	0.57
	<b>At the end of the year</b>					67713	0.57
10	<b>Mr. Jignesh Raj</b>						
	<b>At the beginning of the year</b>	91200	0.76				
	<b>At the end of the year</b>					91200	0.76

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

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

Sr. No	Name of the Directors / Key Managerial Personnel	Shareholding at the beginning of the year (As on 01.04.2018)		Transactions during the year*		Cumulative Shareholding during the Year (01.04.2018 to 31.03.2019)	
		No. of shares held	% of total shares of the Company	Date of Transaction	No. of Shares	No. of Shares held	% of total shares of the Company
1	<b>Mr. Paresh J. Khandwala (Managing Director)</b>						
	<b>At the beginning of the year</b>	160890	1.35				
	<b>At the end of the year</b>					160890	1.35

Sr. No	Name of the Directors / Key Managerial Personnel	Shareholding at the beginning of the year (As on 01.04.2018)		Transactions during the year*		Cumulative Shareholding during the Year (01.04.2018 to 31.03.2019)	
		No. of shares held	% of total shares of the Company	Date of Transaction	No. of Shares	No. of Shares held	% of total shares of the Company
2	<b>Mr. Pranav P. Khandwala (Non-Executive Director)</b>						
	<b>At the beginning of the year</b>	686737	5.75				
	Market Purchase			08.06.2018	2000	688737	5.77
	Market Purchase			15.06.2018	2600	691337	5.79
	Market Purchase			22.06.2018	6	691343	5.79
	Market Purchase			20.07.2018	300	691643	5.79
	Market Purchase			14.09.2018	800	692443	5.80
	Market Purchase			21.09.2018	300	692743	5.80
	Market Purchase			05.10.2018	200	692943	5.80
	Market Purchase			12.10.2018	3100	696043	5.83
	Market Purchase			19.10.2018	3610	699653	5.86
	Market Purchase			26.10.2018	3824	703477	5.89
	Market Purchase			02.11.2018	1350	704827	5.90
	Market Purchase			23.11.2018	676	705503	5.91
	Market Purchase			30.11.2018	1036	706539	5.92
	Market Purchase			21.12.2018	1000	707539	5.93
	Market Purchase			18.01.2019	1078	708617	5.94
	<b>At the end of the year</b>					708617	5.94
3	<b>Mrs. Bhagyashree Khandwala (Executive Director / CFO)</b>						
	<b>At the beginning of the year</b>	133980	1.12				
	<b>At the end of the year</b>					133980	1.12
4	<b>Mr. Rohitasava Chand (Independent Director)</b>						
	<b>At the beginning of the year</b>	-	-				
	<b>At the end of the year</b>					-	-
5	<b>Mr. Homiar N. Vakil (Independent Director)</b>						
	<b>At the beginning of the year</b>	-	-				
	<b>At the end of the year</b>					-	-
6	<b>Mr. Abhishek Joshi (Company Secretary &amp; Compliance Officer)</b>						
	<b>At the beginning of the year</b>	-	-				
	<b>At the end of the year</b>					-	-

## **(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	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	-	-	-	-
<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>
<b>Change in Indebtedness during the financial year</b>				
- Addition	4,56,36,188	7,04,034	-	4,63,40,222
- Reduction	4,99,780	2,53,65,000	-	2,58,64,780
<b>Net Change</b>	<b>4,51,36,408</b>	<b>(2,46,60,966)</b>	<b>-</b>	<b>7,22,05,002</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	4,76,46,233	-	-	4,76,46,233
ii) Interest due but not paid	-	12,59,035	-	12,59,035
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>4,76,46,233</b>	<b>12,59,035</b>	<b>-</b>	<b>4,89,05,268</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	27,90,000	3,05,400	30,95,400
	(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*	3,35,000	44,600	3,79,600
	<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.

# The Managerial Remuneration paid is in line with Clause A of Section II of Part II of Schedule V of the Companies Act, 2013.

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

Sr. No	Particulars of Remuneration	Name of Directors	Total Amount (In Rs)
1	Independent Directors · Fee for attending Board Meeting	1. Mr. Rohitasava Chand 2. Mr. Homiar N. Vakil	20,000 25,000
2	Commission	-	-
3	Others, please specify	-	-
4	<b>Total (1)</b>	<b>-</b>	<b>45,000</b>
5	Other Non-Executive Directors · Fee for attending Board Meeting	1. Mr. Pranav Khandwala	20,000
6	Others, please specify	-	-
7	<b>Total (2)</b>	<b>-</b>	<b>20,000</b>
8	<b>Total (B)=(1+2)</b>	<b>-</b>	<b>65,000</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	6,15,400	-	6,15,400
	(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	6,60,000	-	6,60,000

\* Others include reimbursements and special allowance.

**(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)
<b>A. COMPANY</b>					
Penalty			None		
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			None		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			None		
Punishment					
Compounding					

**Annexure - 3 to Director's Report  
NOMINATION AND REMUNERATION POLICY**

**1. Preamble**

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

**2. Definitions**

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

**3. Objective**

The objective of the policy is to ensure that:

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

**4. Role of the Committee**

The role of the Committee will be the following:

- To formulate criteria for determining qualifications, positive attributes and independence of a Director.
- To formulate criteria for evaluation of Independent Directors and the Board.
- To carry out evaluation of Director's performance.
- To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
- To recommend to the Board the appointment and removal of Directors and Senior Management.
- To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- To devise a policy on Board diversity, composition, size.
- Succession planning for replacing Key Executives and overseeing.
- To carry out any other function as is mandated by the Board from time to time and/ or enforced by any statutory notification, amendment or modification, as may be applicable.
- To perform such other functions as may be necessary or appropriate for the performance of its duties.

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

**Appointment criteria and qualifications**

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

**6. Term / Tenure****a) Managing Director/Whole-time Director:**

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

**b) Independent Director:**

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

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

**7. Evaluation**

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

**8. Removal**

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

**9. Retirement**

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

**10. Provision relating to Remuneration of Directors/KMP/ Senior Management Personnel****1. Remuneration to Managing Director / Whole-time Directors:**

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

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

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

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

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

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

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

**11. Amendments:**

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

### **Annexure - 4 to Director's Report**

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

<b>Sr. No</b>	<b>Requirements</b>	<b>Disclosure</b>		
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)	7.86	Nil
		Mrs. Bhagyashree Khandwala (Executive Director and CFO)	0.88	Nil
		Mr. Abhishek Joshi (Company Secretary)	1.66	20.00
		<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	10.00%.		
3	The number of employees as on 31 <sup>st</sup> March, 2019 on the rolls of Company	30 employees as on 31 <sup>st</sup> March 2019		
4	The explanation on the relationship between average increase in remuneration and company performance	The average increase in remuneration of all employees was 7.99%. 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 7.99% 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 25, 2019  
Place: Mumbai

**Annexure - 5 to Director's Report****SECRETARIAL AUDIT REPORT****FORM NO. MR – 3****FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2019**

[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, 2019, 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, 2019 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 pursuant to listing agreement entered into by the Company with BSE Ltd (BSE) and National Stock Exchange of India Limited (NSE).

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

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

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

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

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

**I further report that** during the audit period, the Company had redeemed 50,000 – 10% cumulative redeemable preference shares at the face value of Rs. 100/- each.

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

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

**For Bhunesh Bansal & Associates**

**Place:** Mumbai  
**Date:** 25.05.2019

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

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

**‘Annexure A’**

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

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

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

**For Bhunesh Bansal & Associates**

**Place:** Mumbai  
**Date:** 25.05.2019

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

## Management Discussion and Analysis

### MACRO ECONOMY: REVIEW AND OUTLOOK

#### Global Economy

After strong growth in CY17 and first half of CY18, global economic activity lost momentum in second half of CY18. Also, global growth became less balanced –while activity moderated in large advanced economies, emerging markets continued to grow at the same pace as previous year. Slower export growth, high energy prices and country-specific political and industrial uncertainties affected growth in Euro Area. In the UK too, weather related disruptions led to slower growth. The US, on the other hand, registered robust growth on the back of fiscal stimulus. Overall, global growth came in at 3.6% in CY18.

In April 2018, the IMF forecasted global growth to increase to 3.9% in CY19. However, the forecast was downgraded subsequently to 3.5% in January 2019 and further to 3.3% in April 2019. The downward revision is mainly driven by advanced economies ('AEs'). AEs are expected to grow 1.8% in CY19 while Emerging Markets are expected to grow 4.4%. The main reasons for lower growth are trade tensions, tighter financial conditions, decline in business confidence and higher policy uncertainty. Moreover, several country-specific factors also affected growth. China continued regulatory tightening and crackdown on shadow financial intermediation which led to slower investments growth. In Euro Area, street protests in France, disruptions to the auto sector in Germany and increasing likelihood of no deal Brexit weighed on growth.

#### Indian Economy

The financial year 2018-19 saw an economic performance where India fortified its position as the fastest growing major economy in the world with an estimated GDP of USD 2.6 Tn. India outpaced China with growth reported at a healthy 7.3%. While India is ranked 5<sup>th</sup> in nominal GDP and 3<sup>rd</sup> in PPP terms, the GDP per capita at USD 2,134 continued to rank in low 130s in nominal terms.

The Indian economy in the current financial year displayed two distinct trends. In the first half of the financial year, GDP growth was strong at 7.5%, though there were inflationary concerns, largely due to volatile crude oil prices. The Reserve Bank of India (RBI) raised the repo rate by 25 basis points each in June and August 2018. However, in the subsequent quarters, the growth started decelerating due to rising interest rates, tight liquidity conditions and rising risk averseness. Lower growth in manufacturing dragged Q2 growth down to 7%. Financial conditions tightened later in the year due to the NBFC crisis, weak growth of bank credit to services and fiscal constraints faced by the government. As a result, Q3 real GDP growth fell further to 6.6%. In line with weakening growth momentum, the second advance estimate lowered FY19 real GDP growth estimate to 7% from 7.2% earlier.

Inflation was under check in FY19, mainly driven by lower food prices of certain food items such as pulses, vegetables and sugar were in deflation almost throughout the year, dragging food inflation into the negative territory towards the end of CY18. As a result, headline CPI fell from 4.8% in Q1-FY19 to 3.9% in Q2-FY19 and further to 2.6% in Q3-FY19. Towards the end of FY19, food prices reversed the trend and started rising. However, lower fuel and housing costs continued exerting downward pressure on headline inflation. CPI averaged 3.4% in FY19.

Against the backdrop of tightening of global liquidity coupled with rising crude oil prices, India witnessed a reversal in capital flows and a balance of payments (BoP) squeeze, thus putting pressure on exchange rate. At the same time default by a AAA rated entity in September 2018, further impacted the sentiments in the monetary markets, leading to a near-freeze at a one point. Bonds spread shot up significantly and risk appetite among NBFCs, weakened, with focus shifting to preserving liquidity rather than chasing growth. However, as BoP situation improved and rupee stabilized towards end of 2018, RBI began to inject liquidity into the banking system. In addition, Fed's unexpectedly dovish tilt in January 2019, also support flows to emerging Markets. As a result, India received nearly USD 7 Bn of FII equity flows in Q4-FY19.

Current Account Deficit remained comfortable during the year, although it widened substantially in Q2-FY19 to 2.9% of GDP mainly driven by higher oil prices and the resultant higher trade deficit. However, it narrowed to 2.5% of GDP in Q3-FY19 as oil prices cooled down. Significant rise in crude prices since the beginning of 2019 is a key risk to macro-economic indicators during FY20.

Accordingly, the Central Statistics Office revised India's GDP growth estimate for FY19 to 7%. With a benign inflation scenario playing out in the second half of the financial year, the RBI reduced the repo rate by 25 basis points in February 2019. The RBI followed this with another reduction in the repo rate by 25 basis points in April 2019.

#### Overall Outlook

While global growth has been moderating for last six months, there are early signs of stabilization. If there is any rebound in global growth, India's export are likely to benefit. On the domestic front, monetary policy transmission is the key monitorable. Also, the political rhetoric is shifting towards stimulating the rural economy, which augurs well for the consumption pockets of the economy. Expansionary monetary and fiscal policy, both together, is a rare event and is expected to provide a significant boost to the economy. Even banking sector NPA problems are largely behind us, helped by insolvency and Bankruptcy Code (IBC), and government has made significant progress on PSU banks recapitalization.

Therefore, it is expected that economic activity should start to gain traction gradually during the course of FY20 though the first half may be muted. The downside risk arises from the way oil prices behave on how the US sanctions against Iran pan out, how the ongoing US china trade war ends and the sharper than expected slowdown in the global economy, which may hurts not only exports but also capital flows and sentiments.

### **Equity Markets**

FY18 was a year of robust returns for equities especially for mid and small capitalization stocks. The major stock indices touched an all-time high during the year but were trimmed owing to volatility towards the end of the year.

Strong FY18 base year was followed by a challenging FY19. It was a year of risk aversion in Indian equities where in the mid and small cap stocks underperformed the NIFTY 50 by 17.6% and 29.3% respectively. The rally in the large caps was one of the narrowest seen in the history of Indian equity markets. Mid and small capitalization stocks underperformed, due to risk aversion emanating from high relative valuations and FPI outflows. Liquidity issues in the NBFC sector adversely impacted the flows into financial markets and the performance of the equity market in particular. While DIIs were net buyers of USD 10.3 Bn of equities, FIIs bought USD 1.5 Bn. FII buying saw a reversal in the last quarter of FY19, as FIIs bought equities worth USD 8.2 Bn. Funds raised through equity slowed down substantially during the year resulting in ~70% decline in equity fund raising.

## **INDUSTRY OVERVIEW**

### **Banking Industry**

FY19 has seen some improvement in the banking sector's non-food credit growth which touched ~13% versus ~9% in FY18. As a result of high capex spending by Government, there is a reasonable uptick in lending to infrastructure / construction pockets of the economy, while lending to the manufacturing segment is yet to see revival.

The developments over past few months which led to liquidity crunch resulted in risk aversion towards NBFCs / HFCs as incremental liquidity became expensive. Consequently the banks benefitted from softened competition and there was marginal market shift towards them.

FY19 also saw better asset quality performance by banks with incremental stress showing signs of moderation. Now that implementation of IBC is stabilizing and it has already resolved some high profile cases, resolution and turnaround should gain speed and credit growth should also improve in FY20.

### **Wealth Management**

Indian wealth management industry continued its growth journey albeit at a slower pace given the volatile market conditions across asset classes and industries. Alternative investment funds (AIFs) have seen growth in commitments of around INR 150 Bn in first quarter of FY19. Portfolio Management Service (PMS) industry AUM has grown from INR 14.7 Tn (March 2018) to INR 16.06 Tn (March 2019). More heartening is the number of client addition in PMS which has increased from 0.12 Mn to 0.15 Mn during the same period. This depicts confidence of wealth clients in these high ticket size products. (Source: SEBI)

India continues to outpace global High Networth Individuals (HNIs) growth, mirroring the economic growth in the country. With the incremental allocation of wealth being higher in financial assets as compared to physical assets, the wealth management industry is emerging as a big beneficiary. FY19 witnessed multiple headwinds from market in terms of mid and small cap correction to crisis of confidence in Nonbanking financial services (NBFCs) firms triggered by default by IL&FS.

### **Asset Management**

Mutual Funds' AuM recorded slightly lower growth of ~11% to stand at INR 23.8 Tn as on March 31, 2019 compared to INR 21.4 Tn a year ago. Inflows into equity schemes continued this year too with the proportion of equity and equity linked savings schemes going up to 36% at the end of FY19 compared to 35% a year ago in the total AuM of MFs (Source: AMFI reports). Alternative assets funds in the structured credit, distressed assets and real estate space also saw higher inflows of ~USD 7.5 Bn during the year compared to ~USD 4.5 Bn in FY18 and their AuM stand at ~USD 33.5 Bn at the end of this year in India as per industry reports.

### **Capital Markets**

FY19 was a volatile year for equity markets. For the year, Nifty was up 15% (vs. 10% in FY18), despite the turbulence seen in the middle of the year. India outperformed MSCI EM by 15% in FY19. As a result, India's valuation premium to other EMs has shot up significantly above its long-term average.

Akin to FY18, FY19 too was an eventful and volatile year for the bond markets with the benchmark yield continuing to rise through the first half to touch four-year highs on the back of the steep rise in crude prices and rupee depreciation. However, the softening domestic inflation trajectory has remained a major comforting factor which enabled the MPC to embark on a rate easing cycle towards the end of the year. As a result, government bond yields softened in the second half backed by easing of crude prices and subsequent recovery in the currency.



A few credit events during the second half of FY19 sparked fears of a contagion effect and institutional investors turned selective in increment credit allocation. As a result, corporate bond spreads widened significantly, particularly below the AAA rating space. While the situation is gradually reverting to normal, revival of the market is crucial with respect to the corporate bond market development roadmap for the country.

Despite the shake up in the credit markets, the issuance volume in debt capital markets was not impacted much when compared to FY18. Public issuance of bonds, which had faded to a miniscule INR 52 Bn in FY18, reached an impressive INR 367 Bn in FY19. In the private placement segment, there was only a marginal rise of ~3% in overall issuance volume to INR 4.75 Tn in FY19 (Source: Prime Database).

### Retail Broking

The industry broking volumes (average daily turnover excluding-proprietary) was up by 51% Y-o-Y. In this, while the equity ADTO decreased by 1%, delivery ADTO contribution decreased to 26%. Derivative ADTO grew by 55%, primarily led by Bank Nifty Options where the volumes increased by 69% as compared to last financial year. In Futures segment, volume growth was moderate at 5.5%, in line with cash market. There was a slowdown in number of new retail investors entering the equity market witnessed in terms of number of NSDL and CDSL demat accounts being opened in FY19, which was marginally down by ~2% as compared to FY18.

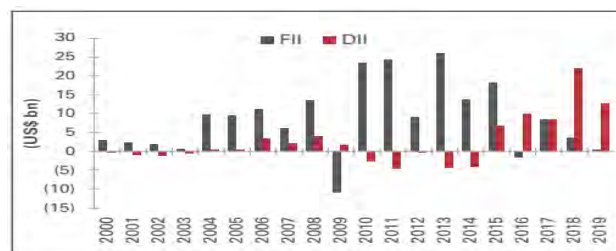
Further, despite the high competition, the brokerage industry over the years has consolidated in favor of larger brokers. As a result, the market share of the top five brokers increased from 15% of the trading turnover in the NSE cash equities market in FY15 to 22% in FY19. The top 25 brokers accounted for 54% of the trading turnover in the NSE cash equities market in FY19. The following table shows the market share by turnover of brokers in NSE and BSE cash equities markets for the periods mentioned therein:

	BSE					NSE				
	Top 5	Top 6-10	Top 11-25	Top 26-50	>51	Top 5	Top 6-10	Top 11-25	Top 26-50	>51
FY2013	14%	8%	16%	16%	45%	14%	10%	22%	16%	37%
FY2014	16%	8%	16%	17%	42%	14%	11%	21%	18%	36%
FY2015	18%	11%	19%	17%	36%	15%	11%	20%	18%	36%
FY2016	21%	10%	19%	16%	34%	18%	11%	21%	17%	32%
FY2017	19%	10%	20%	17%	34%	18%	10%	22%	17%	32%
FY2018	21%	12%	22%	15%	30%	20%	11%	21%	17%	32%
FY2019	24%	14%	23%	13%	26%	22%	12%	20%	18%	28%

### Institutional Broking

The Indian capital markets over the past few years have witnessed net buying by Foreign Institutional Investors (FIIs) and Domestic Institutional Investors (DIIs) on a combined basis, accounting for the bulk of investments. These institutional investors facilitate adequate liquidity to both

the cash equities and the equity derivatives markets. DII investments continue to be robust, led by high investments in mutual funds. Healthy participation by DIIs provided stability to the capital markets from fluctuations arising from the FII investments in FY19, where FIIs were net sellers for a larger part of the year, reversing flows in the last two months, to be net positive for the year.



### Distribution of Financial Products

Post demonetization, there has been a continued shift from savings in physical to financial assets, which is reflected in the strong domestic inflows in markets. While the incumbent financial distributors continue to play a pivotal role in the increasing penetration of financial products, especially in the smaller cities and towns, given a low level of financial literacy, the market saw emergence of the new age fintech distribution channels creating an increased outreach, low-cost investment options and an improved investment experience.

Mutual Funds (Equity) witnessed ~22.0% growth in Average Assets under Management (AAUM) in FY19 despite market volatility primarily due to persistent Sip inflows. The AAUM of Direct plan increased by ~21%, slower than the overall industry and its contribution to total equity assets declined from 16.4% in FY18 to 16.3% in FY19. The key highlight of FY19 was the surge in the number of folios and persistent SIP inflows. Average monthly SIP inflows in FY19 was at INR 77.24Bn - 38% higher than FY18. As a result, the SIPAAUM in Equity category witnessed increase of ~30% in FY19, faster than overall equity assets. At the industry level, number of folios grew to a monthly average of 77.1 Mn in FY19 up from 62.7 Mn in FY18 to registering a growth of ~23%. During the same period, folios in equity category grew from a monthly average of 52.2 Mn in FY18 to 65.9 Mn in FY19, recording a relatively higher growth of 26%. The financial year has been driven by regulatory changes that were focused on creating an investor friendly environment mainly by providing impetus to mutual fund penetration beyond the top 30' (B30) cities by offering additional total expense ratio (TER), ensuring uniformity by rationalizing and standardizing the attributes of the mutual fund schemes, change in the pay-out framework to a trail based commission and the rationalization of TER based on the size of the scheme effective beginning FY2020.



In the life insurance space, new business premiums\* during FY19 grew by 8.99% within which private sector life insurance industry registered a growth of 12.49% & market share of 57.99%. In the Health Insurances space, premiums grew by 37% YoY in FY19. FY19 saw NBFCs resort to long term borrowings.

Issuances of Non-Convertible Debentures (NCDs) increased to 24 in FY19 with issue size of close to INR 524Bn as compared to 7 issues in FY18 with an issue size of INR 80 Bn.

\*Life insurance premium accounted for new business premium above are only for retail business (excluding group business) of regular premium and single premium plans (single premium plans considered with 10% weightage).

## Corporate Finance

In FY19, capital markets witnessed mixed bag of activities. While IPOs saw traction in the first half of the year, it remained muted to almost non-existent in the second half with limited issuances. The liquidity pressure and the downturn in the benchmark indices resulted in dimming of interest from the FIIs and DIIs in the primary market. Further, global geopolitical tensions and domestic institutions fallout increased the uncertainty element. However, there was an increase in the other products being launched such as buy-back and open offers.

### Key highlights:

- 17 IPOs (including InvITs and REITs) aggregated to INR 226.90 Bn in FY19 as compared to 47 IPOs aggregating to INR 888.36 Bn in FY2018, representing a decline of ~74%;
- 8 Rights Issue aggregated to INR 20.00 Bn in FY19 as compared to 20 Rights Issue aggregating to INR 213.97 Bn in FY18, representing a decline of ~90%;
- 28 Offer for Sale aggregated to INR 216.9 Bn in FY19 as compared to 37 offer for sale aggregating to INR 174.3 Bn in FY18, representing an increase of ~24%;
- 13 QIP/IPP aggregated to INR 104.9 Bn in FY19 as compared to 53 QIP /IPP aggregating to INR 621.9 Bn in FY18, representing a decline of ~83%;
- 63 Buybacks aggregated to INR 555.87 Bn in FY2019 as compared to 59 buybacks aggregating to INR 533.07 Bn in FY18, representing an increase of 4.28%;
- 67 Open-Offers aggregated to INR 279.64 Bn in FY19 as compared to 58 open offers aggregating to INR 25.95 Bn in FY18, representing a humongous growth of ~10 times.

Major stake sales in various companies were also carried out by Government in order to meet the disinvestment target and control the fiscal deficit. During FY19, ~USD 36 Bn was raised in private equity deals as compared to USD 24Bn raised in FY18. IT&IT enabled services, BFSI, healthcare and consumer were some of the dominant sectors by deal value in FY19 (Source: Venture Intelligence).

## Equity Markets: Resources raised by corporates:

₹ billion						
No. of deals	IPO/FPO/ InvIT/REIT	OFs (SE)	Rights	QIP	IPPs	Total
FY15	28	269	57	284	4	643
FY16	145	198	92	144	-	579
FY17	282	84	33	137	-	536
FY18	889	174	214	575	47	1,899
FY19	227	217	20	106	-	569

No. of deals	IPO/FPO/ InvIT/REIT	OFs (SE)	Rights	QIP	IPPs	Total
FY15	8	31	13	44	1	97
FY16	24	18	12	20	-	74
FY17	25	28	12	22	-	87
FY18	47	37	20	51	2	157
FY19	17	26	8	13	-	66

## AN OVERVIEW OF KHANDWALA SECURITIES LIMITED

Khandwala Securities Limited's equity shares are listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The way to understand the activities of the Company is to analyse the business it carries out. It may be noted that the Company is focused on financial services as its core business area. Various businesses in the Company are divided in four segments. These are: **Investment banking** business comprising Capital Raising, M&A Advisory, Domestic IPOs, Private Equity placements, Corporate finance advisory, Restructuring, FCCBs and GDRs; **Institutional Equities** business comprising institutional equity sales, execution, research; **Broking and Distribution** business comprising non-institutional equity sales, trading, research, broking and distribution, depository 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 INR 609.83 Lakhs**

**Net Profit of INR 19.11 Lakhs**

**Earnings Per Share (EPS) of INR 0.16**

**Segment Highlights – FY19 over FY18 & FY17:**

(INR In Lakhs)

Segment	FY19	FY18	FY17
Brokerage	232.61	325.76	346.45
Corporate Advisory Services	21.11	22.53	1.50
Income from Capital Market Operations	82.09	5.71	22.79
Others	274.02	29.67	124.62
<b>Total Income</b>	<b>609.83</b>	<b>383.68</b>	<b>495.36</b>
Ratios	FY19	FY18	FY17
Debt/Equity	0.10	0.10	0.10
BookValue(INR)	21.65	21.55	22.17

#### 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 38.14% of our total revenues at INR 609.83 Lakhs for the year ended March 31, 2019.

#### 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 2018 to 31<sup>st</sup> March 2019.

#### Institutional Equities business:

Equity and derivatives brokerage business of the Company contributed 38.14% of the consolidated revenue during this financial year. The Company's revenue of Rs. 609.83 Lakhs for the year showed a increase of 58.95% 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 8 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 43.06% during the FY 2019 over previous FY 2018.

Category	Brokerage Revenue during FY 18-19	Brokerage Revenue during FY 17-18	Brokerage Revenue during FY 16-17
MF	-	-	-
INS	1,51,835	1,96,010	3,27,329
BANKS	81,264	2,86,831	18,39,437
CORP	1,63,788	2,19,173	15,18,085
<b>Total</b>	<b>3,96,887</b>	<b>7,02,014</b>	<b>36,84,851</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 Baking and Advisory Group is putting their best endeavors on reviving some of the lost or delayed transactions, and are confident that in improved market sentiment same can be executed efficiently.

**Portfolio Management Services:**

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

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

Our Intelligent Research Reports are accessible on globally acknowledged and marquee websites such as Bloomberg.

net, thomsonreuters.com, 1call.com, moneycontrol.com, securities.com, valuenotes.com, capitaliq.com.

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

**OPPORTUNITIES AND THREATS**

The following factors present specific opportunities across our businesses:

- Expected GDP growth rate of 7.4% coupled with reforms push by the government relating to project approvals, land acquisition, mining, and infrastructure will lead to huge investments by both the public and private sector companies. There will be 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 ("Listing Regulations").

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

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

## **2. BOARD OF DIRECTORS**

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

The Composition of the Board is in conformity with Section 149 of the Companies Act, 2013 and Regulation 17 of the Listing Regulations. The Company has an optimum combination of Executive and Non-Executive Directors. As on 31<sup>st</sup> March, 2019, the Board comprises of five Directors out of which three are non-executive Directors and two are executive directors. Out of the three non-executive Directors, two are Independent Directors. The Chairman of the Board is a Non-Executive & Independent Director. The Management of the Company is headed by Mr. Paresh Khandwala, Managing Director, who operates under the supervision and control of the Board.

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

The following table gives details for the financial year 2018-19 of directorships, category and number of memberships of board / committees of various other public companies:

Name & DIN No. of the Directors	Category of Directorship	No. of Directorships in other Companies (excl. Khandwala Securities Limited)*	No. of Committee Positions held in other Companies (excl. Khandwala Securities Limited)**	
			Member	Chairman
Mr. Homiar N. Vakil (DIN: 05210178)	Chairman, Non-Executive, Independent Director	-	-	-
Mr. Paresh J. Khandwala (DIN: 00112678)	Managing Director, Promoter	1	-	-
Mr. Pranav Khandwala (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	-	-	-

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

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

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

### **(ii) Board Meetings and Attendance**

- 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 2018-19, information as mentioned in Part A of Schedule II of the SEBI Listing Regulations, has been placed before the Board for its consideration.
- (c) Except for Mrs. Bhagyashree Khandwala, Mr. Pranav Khandwala and Mr. Paresh Khandwala, none of the other directors are related to each other.
- (d) During the financial year 2018-2019, 5 (Five) Board Meetings were held on April 20, 2018, May 26, 2018, August 11, 2018, November 14, 2018 and January 30, 2019. 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 2018-19 and at the last Annual General meeting are given below:

Name of the Directors	No. of Board Meetings during the financial year 2018-2019		Attendance at the last Annual General Meeting held on September 21, 2018
	held	attended	
Mr. Paresh J. Khandwala	5	5	Present
Mr. Rohitasava Chand	5	4	Absent
Mr. Pranav Khandwala	5	4	Present
Mr. Homiar N. Vakil	5	5	Present
Mrs. Bhagyashree Khandwala	5	5	Present

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

Sr. No	Name of the Directors	No. of equity shares held as on March 31, 2019
1	Mr. Pranav Khandwala	708617
2	Mr. Rohitasava Chand	Nil
3	Mr. Homiar N. Vakil	Nil

**(iv) Board Skills/Expertise/Competence Matrix**

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

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

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

The Company has conducted the familiarisation programmes for Independent Directors during the Financial Year 2018-19. The Programmes aims to provide insights into the Company to enable the Independent Directors to understand its business in depth, to familiarise them with the functioning, operations and business of the Company and to assist them in performing their role as Independent Directors of the Company. The Company's Policy of conducting the familiarisation programmes along with the details of the programmes imparted to the Independent Directors has been disclosed on the website of the Company at <http://www.kslindia.com/Static/KSLPolicies.aspx>.

**(vi) Independent Directors Meeting**

Pursuant to the provision of Section 149(8) of the Companies Act, 2013 read with Schedule IV and Regulation 25(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a meeting of the Independent Directors of the Company was held on March 16, 2019 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 Listing Regulations. As on 31<sup>st</sup> March, 2019, 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 Listing Regulations.

**b) Terms of Reference:**

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

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

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

**c) Meetings and Attendance:**

During the financial year 2018-19, 4 (four) meetings of the Committee were held on May 26, 2018, August 11, 2018, November 14, 2018 and January 30, 2019. 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 2018-2019 are given below:

Name of Members	No. of Meetings	
	Held	Attended
Mr. Homiar N. Vakil	4	4
Mr. Rohitasava Chand	4	4
Mr. Pranav Khandwala	4	3

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

Mr. Homiar N. Vakil, the chairman of the Audit Committee was present at the last Annual General Meeting of the Company held on September 21, 2018.

#### 4. NOMINATION AND REMUNERATION COMMITTEE

##### a) Composition:

The composition of Nomination and Remuneration Committee of the Company is in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of Listing Regulations. As on 31<sup>st</sup> March, 2019, 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.
- (6) To carry out performance evaluation of all directors.

##### c) Meeting and Attendance:

During the financial year 2018-19, 3 (three) meetings of the Committee were held on May 26, 2018, November 14, 2018 and January 30, 2019. The details of attendance of members in the Nomination and Remuneration Committee Meeting held during the financial year 2018-2019 are given below:

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

#### Nomination and Remuneration Policy

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

#### 5. BOARD EVALUATION

In terms of the provisions of the Companies Act, 2013 read with rules issued there under and the Listing Regulations, the Board of Directors on recommendation of the Nomination and Remuneration Committee have evaluated the effectiveness of the Board. The Board had also carried out an annual performance evaluation of its own performance, the directors individually as well as the working of its various committees for the financial year ended March 31, 2019. 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, 2019 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. Pares J. Khandwala (Managing Director)	27,90,000	Nil	3,35,000	31,25,000	January 1, 2018 to December 31, 2022
Mrs. Bhagyashree Khandwala (Executive Director & CFO)	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 2018-19.

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

The Non-Executive / Independent Directors are paid remuneration by way of sitting fees only for attending the Board Meeting and they are within the limits prescribed under the Companies Act, 2013. The



non-executive directors have no material pecuniary relationships or transactions with the Company in their personal capacity.

The details of remuneration paid to non-executive directors for the year ended March 31, 2019 are as under:

Names of Directors	Sitting Fees (in Rs.)
Mr. Rohitasava Chand	20,000
Mr. Homiar N. Vakli	25,000
Mr. Pranav Khandwala	20,000
<b>Total</b>	<b>65,000</b>

## 7. STAKEHOLDERS RELATIONSHIP COMMITTEE

### a) Composition

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

Sr. No	Name of Members	Designation	Category
1	Mr. Homiar N. Vakli	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 2018-19, 4 (four) meeting of the Committee was held on May 26, 2018, July 19, 2018, November 14, 2018 and January 30, 2019. The details of attendance of members in the Stakeholders Relationship Committee Meeting held during the financial year 2018-2019 are given below:

Name of Members	No. of Meetings	
	Held	Attended
Mr. Rohitasava Chand	4	2
Mr. Paresh Khandwala	4	4
Mr. Homiar N. Vakli	4	4

The Company Secretary of the Company is the Compliance Officer.

The details of the complaints received and resolved during the financial year 2018-2019 are as follows:-

Opening as on April 1, 2018	Nil
Received during the year	Nil
Resolved during the year	Nil
Closing as on March 31, 2019	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
2017-2018 25 <sup>th</sup> Annual General Meeting	Friday, September 21, 2018 at 12.30 p.m.	C.K. Nayudu Hall, Cricket Club of India (CCI), Brabourne Stadium, Churchgate, Mumbai - 400 020	<ul style="list-style-type: none"> <li>Increase in Borrowings Limits of the Company upto an amount not exceeding Rs. 175 crores at any point of time under Section 180(1)(c) of the Companies Act, 2013.</li> <li>Creation of Charges, Mortgages, Hypothecation on all the Movable and Immovable Properties of the Company against the Borrowings of the Company, for an amount not exceeding Rs. 175 crores at any point of time under Section 180(1)(a) of the Companies Act, 2013.</li> </ul>
2016-2017 24 <sup>th</sup> Annual General Meeting	Thursday, September 21, 2017 at 12.30 p.m.	Garware Club House, Wankhede Stadium, 'D' Road, Churchgate, Mumbai - 400020	None
2015-2016 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

### Postal Ballot Resolution(s)

During the financial year 2018-19, the approval of the shareholders was sought by way of postal ballot vide



notice dated May 26, 2018 in respect of the Special Resolutions i.e. (a) Sale / Disposal of the Immovable Property of the Company; and (b) Re-appointment of Mr. Paresh Khandwala as Managing Director of the Company.

The Results of the Postal Ballot are given below:-

Special Resolutions	No. of votes polled	No. of votes in favour	% of Votes in favour on votes polled	No. of Votes – Against	% of Votes against on votes polled
Sale / Disposal of the Immovable Property of the Company	8431247	8430237	99.9880	1010	0.0120
Re-appointment of Mr. Paresh Khandwala as Managing Director of the Company	8418948	8417948	99.9881	1000	0.0119

#### Procedure for Postal Ballot:

The Company had provided its Shareholders the facility to exercise their right to vote on the Postal Ballot through the Remote E-voting & Postal Ballot Form on the resolutions as set out in the Notice of the Postal Ballot. The Company had engaged the services of M/s. Karvy Fintech Private Limited (Formerly known as Karvy Computershare Private Limited) to provide Remote E-voting facility.

The Company appointed Mr. Bhunesh Bansal, Practicing Company Secretary as the Scrutinizer to scrutinize the entire Postal Ballot Process. The Scrutinizer submitted his report to the Chairman on completion of Scrutiny on July 16, 2018 and consolidated results of the said postal ballot were announced and the said results were made available at the Company's website at <http://www.kslindia.com/Static/InvestorRelations.aspx> and also placed at the registered office of the Company. The Resolutions mentioned above was passed by the shareholders with the requisite majority in favour of the Company.

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

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

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

##### (d) Mandatory Requirements

The Company has complied with all the mandatory requirements of Listing Regulations.

##### (e) Discretionary Requirements

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

- The Company has separate persons to the post of Chairman and Managing Director.
- In regard to the Statutory Auditor's qualified opinion in his audit reports; the Board has furnished required details/explanation in its Note Nos. 27 and 28 of Notes to the Standalone Financial Statements and Note Nos. 29 and 30 of Notes to the Consolidated Financial Statements respectively.
- The Internal auditor of the Company report directly to the Audit Committee of the Board.

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

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

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

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

**(h) CEO / CFO Certification**

As required under Regulation 17 of the Listing Regulations, the Managing Director and Chief Financial Officer of the Company have certified to the Board regarding the Financial Statements of the Company for the financial year ended March 31, 2019.

**(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, 2019 is annexed to this Report.

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

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

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

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

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

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

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

**(n) Payment to Statutory Auditor**

The total fees paid to M/s. Aniket Kulkarni & Associates, Chartered Accountants, Statutory Auditors by the Company on consolidated basis is Rs. 2,50,000/- for the F.Y. 2018-19.

**(o) Management Discussion and Analysis**

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

**10. MEANS OF COMMUNICATION**

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

**11. GENERAL SHAREHOLDER INFORMATION**

**a) Date and Venue of the 26<sup>th</sup> Annual General Meeting**

The 26<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, August 30, 2019 at 12.30 p.m.

**b) Financial Year of the Company**

The financial year covers the period from April 1, 2018 to March 31, 2019

**c) Dates of Book Closure**

August 23, 2019 to August 30, 2019 (both days inclusive)

**d) Dividend**

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

**e) Listing of Equity Shares**

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

**Stock Code**

BSE Limited (BSE) : 531892

National Stock Exchange of India Limited (NSE)

ISIN No for NSDL/CDSL : INE060B01014

The Annual Listing Fees for financial year 2019-2020 has been paid by the Company to BSE and NSE.

**f) Custodial Fees to Depositories**

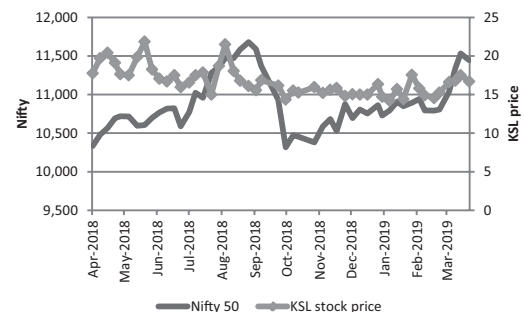
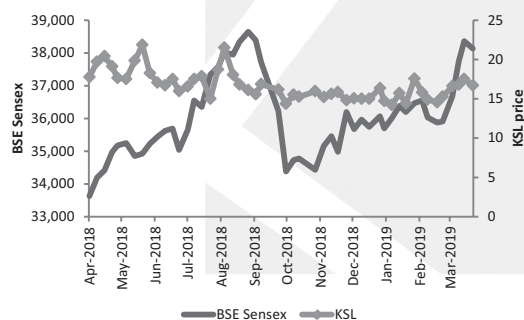
The Annual Custody/Issuer fee for the financial year 2019-2020 has been paid by the Company to National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL).

**g) Stock performance**
**Market Price Data**

Monthly High, Low and Close Price of Equity Shares of the Company during the financial year 2018-19 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 2018	21.35	16.85	18.50	21.60	16.30	19.10
May 2018	21.85	16.05	18.00	22.50	16.15	18.15
June 2018	19.25	15.40	15.95	19.00	13.65	14.95
July 2018	19.60	14.50	17.55	18.45	14.60	17.95
August 2018	21.50	15.90	16.10	24.40	15.35	16.10
September 2018	16.95	15.00	16.15	16.80	15.00	16.10
October 2018	16.00	14.10	15.30	16.45	13.80	14.95
November 2018	16.95	14.70	14.80	16.15	13.60	13.75
December 2018	16.49	13.79	16.35	15.00	13.20	14.50
January 2019	17.50	13.50	16.85	15.15	12.75	13.30
February 2019	18.50	13.85	15.25	16.50	13.25	15.70
March 2019	18.50	14.50	16.70	20.45	14.50	16.00

Source:- BSE and NSE website

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

**h) Registrar and Share Transfer Agents**

Karvy Fintech Private Limited  
(Formerly Known as Karvy Computershare Pvt. Ltd.)  
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

**i) Share Transfer System**

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

**j) Distribution of Shareholding as on March 31, 2019**

Number of Shares		Number of Shareholders	% of Shareholders	Number of Shares held	% of Shares held
From	To				
1	5000	2284	96.08	858744	7.19
5001	10000	35	1.47	255255	2.14
10001	20000	17	0.72	234024	1.96
20001	30000	10	0.42	255759	2.14
30001	40000	1	0.04	31500	0.26
40001	50000	4	0.17	169167	1.42
50001	100000	8	0.34	574844	4.81
100001	ABOVE	18	0.76	9559707	80.08
Total		2377	100.00	11939000	100.00

**Shareholding Pattern as on March 31, 2019**

Sr. No.	Category	No. of Shares held	% of Issued Share Capital
a	Promoter & Promoters Group	7202018	60.32
b	Mutual Funds / Banks / FIs / FII's / Insurance Companies / FPIs	-	-
c	Bodies Corporate	2004657	16.79
d	NRI's and OCB's	567850	4.76
e	Clearing Member	30	0.00
f	Public and Others	2164445	18.13
Total		11939000	100.00

**l) Dematerialization of Shares**

As on March 31, 2019, 99.01% of total equity share capital of the Company was held in a dematerialized form with National Securities Depository Limited and Central Depository Services (India) Limited. At the end of each quarter, reconciliation of share capital audit is conducted by a Practicing Company Secretary to reconcile the total issued capital, listed capital and capital held by the Depositories in dematerialised form.

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

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

Not Applicable

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

Nil

**o) Plant Location**

The Company does not have any plant at any locations.

**p) Address for Correspondence**

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

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

Company Secretary / Compliance Officer

**Khandwala Securities Limited**

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

Telephone no.: +91 22 4076 7373/74

Fax no.: +91 22 4076 7377

Email:investorgrievances@kslindia.com

**DECLARATION BY MANAGING DIRECTOR**

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

I, Paresh Khandwala, Managing Director of Khandwala Securities Limited, hereby declare that all the members of the Board and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct for the year ended March 31, 2019.

**For Khandwala Securities Limited**

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

Date: May 25, 2019  
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, 2019 and to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or propose to take to rectify these deficiencies.
- d) we have indicated to the Auditors and the Audit Committee that:
  - (i) there are no significant changes in internal controls over financial reporting during the year ;
  - (ii) there are no 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 25, 2019  
Place: Mumbai

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



## CERTIFICATE 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 2019, as stipulated in the Regulation 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

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

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

Date:- May 25, 2019  
Place:- Mumbai

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

## INDEPENDENT AUDITOR'S REPORT

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

**Qualified Opinion**

We have audited the accompanying standalone financial statements of "Khandwala Securities Limited", which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements"). In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view **except for the effects of the matters described in the Basis for qualified opinion section of our report** in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for Qualified Opinion**

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

1. *The Company had advanced application money towards purchase of shares of ₹ 216.69 lakhs which is outstanding for a period of 204 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 ₹ 216.69 lakhs is recoverable and accordingly, the effect thereof on the financial statements cannot be ascertained.*

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

**Key Audit Matters**

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

Sr. No.	Key Audit Matter	Auditor's Response
1	Recovery of Rental Income in case of Shree Rama Multitech Limited (SRML).	<p>We have verified the final order passed by the Hon'ble Small Causes Court of Mumbai ("the Court") in favor of the Company, in relation to recovery of rental income from SRML, for an amount of Rs. 12,00,000/- per annum basis from the financial year 2002-03 onwards till date of obtaining possession of property by the Company i.e. on 12th December 2017. The said Court has instructed SRML to make the payments of rental dues to the Company as per their order. However, the Company has not received any such amount from SRML in relation to the said order till date.</p> <p>We have discussed the same with the Management of the Company and they have informed us that the Company had initiated legal proceeding for the recovery of the rental income as per the order passed by the Court.</p>

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon. Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

**Management's Responsibility for the Standalone Financial Statements**

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

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

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

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under

Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended: In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company
- 2 As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Chartered Accountants  
(Firm Registration No. 130521W)

**Aniket Kulkarni**  
Proprietor  
Membership No.127246

**Place: Mumbai**  
**Date: May 25, 2019**



**“Annexure-A” to the Independent Auditors’ Report – 31<sup>st</sup> March 2019**

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

We have audited the Internal Financial Control over financial reporting of **Khandwala Securities Limited** (“the Company”) as of 31<sup>st</sup> March, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

**Auditor’s Responsibility**

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

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

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

**Meaning of Internal Financial Controls over Financial Reporting**

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

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

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

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

**Opinion**

In our opinion, the company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were effectively as at 31<sup>st</sup> March, 2019, 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  
(Firm Registration No. 130521W)

**Aniket Kulkarni**

Proprietor  
Membership No.127246

**Place: Mumbai**

**Date: May 25, 2019**



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

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

- (i) In respect of Company’s Fixed Assets:
- (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) The company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 is not applicable.
- (iii) In our opinion and according to the information and explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act. Hence reporting under clause 3(iii) of the Order is not applicable to the company.
- (iv) In our opinion and according to the information and explanations given to us, the company has neither granted any loans to directors, etc. nor made loan and investment under section 185 and 186 of the Companies Act respectively. Hence, reporting under clause 3(iv) of the Order is not applicable to the company.
- (v) According to the information and explanations given to us, during the FY 2018-19 the Company has not accepted deposits from the public during the year. Therefore, the provisions of clause 3(v) of the Order are not applicable to the Company.
- (vi) The Central Government has not prescribed the maintenance of cost records under sub-section (l) of section 148 of the Act, for any of the goods manufactured or services rendered by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Income-

tax, service tax, cess, Provident Fund and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. *However there have been few cases of delays in payment of Income Tax.*

According to the information and explanations given to us, no undisputed amounts payable in respect of Income tax, service tax, goods and service tax, cess and other material statutory dues were in arrears as at **31<sup>st</sup> March 2019** 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 2019.*

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

Details of dues of statutory taxes which not been deposited as at March 31, 2019 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
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  
(Firm Registration No. 130521W)

**Aniket Kulkarni**  
Proprietor  
Membership No.127246

**Place: Mumbai**  
**Date: May 25, 2019**

**BALANCE SHEET AS AT MARCH 31, 2019**
*(Currency : Indian Rupees)*

Particulars	Note No.	As At March 31, 2019 ₹	As At March 31, 2018 ₹
<b>A ASSETS</b>			
<b>(1) Non Current Assets</b>			
(a) Property, Plant and Equipment	2	5,74,82,329	6,69,89,925
(b) Intangible assets		6,46,093	66,267
(c) Financial Assets			
(i) Investments	3	3,99,64,000	3,37,55,000
(ii) Loans	4	13,24,74,627	9,94,09,809
(iii) Others	5	2,16,68,641	2,16,68,641
(d) Deferred tax assets (net)		12,65,551	9,07,734
(e) Other non-current assets	6	1,43,90,773	1,70,52,219
		<b>26,78,92,014</b>	<b>23,98,49,594</b>
<b>(2) Current Assets</b>			
<b>(a) Financial Assets</b>			
(i) Investments	7	15,12,598	2,70,704
(ii) Trade receivables	8	8,91,26,627	9,13,90,214
(iii) Cash and cash equivalents	9	6,09,372	7,59,990
(iv) Bank balances other than (iii) above	10	11,28,35,490	4,37,11,639
(v) Loans	11	21,05,524	3,17,69,037
(vi) Other current assets	12	6,49,084	7,87,714
		<b>20,68,38,695</b>	<b>16,86,89,298</b>
<b>Total Assets</b>		<b>47,47,30,709</b>	<b>40,85,38,893</b>
<b>B EQUITY AND LIABILITIES</b>			
<b>(1) Equity</b>			
(a) Equity Share Capital	13	13,43,90,000	13,93,90,000
(b) Other Equity	14	13,90,35,496	13,78,42,309
<b>Total Equity</b>		<b>27,34,25,496</b>	<b>27,72,32,309</b>
<b>(2) Non Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	15	4,89,05,268	2,84,29,826
(b) Provisions	16	18,58,286	10,04,561
(c) Other non-current liabilities	17	1,65,282	3,10,282
<b>Total Non Current Liabilities</b>		<b>5,09,28,836</b>	<b>2,97,44,669</b>
<b>(3) Current Liabilities</b>			
(a) Financial Liabilities			
(i) Trade payables	18	14,81,10,666	9,69,32,249
(b) Other current liabilities	19	22,65,711	46,29,666
<b>Total Current Liabilities</b>		<b>15,03,76,377</b>	<b>10,15,61,915</b>
<b>Total Equity And Liabilities</b>		<b>47,47,30,709</b>	<b>40,85,38,893</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

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

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

**Abhishek Joshi**  
Company Secretary

Place :- Mumbai  
Date :- 25<sup>th</sup> May 2019

Place :- Mumbai  
Date :- 25<sup>th</sup> May 2019

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019**

*(Currency : Indian Rupees)*

	Note	For the year ended March 31, 2019 ₹	For the year ended March 31, 2018 ₹
I Revenue from Operations	20	3,35,82,335	3,54,00,671
II Other Income	21	2,74,01,082	29,67,208
III <b>Total Income</b>		<b>6,09,83,417</b>	<b>3,83,67,879</b>
IV <b>Expenses</b>			
Cost of materials consumed		-	-
Purchases of Stock-in-Trade		-	-
Changes in inventories of finished goods	22	1,33,140	6,950
Stock-in -Trade and work-in-progress		-	-
Employee benefits expense	23	2,52,64,052	1,96,68,130
Finance costs	24	23,23,173	27,73,238
Depreciation and amortization expense		27,77,658	29,00,588
Other expenses	25	2,89,31,947	2,06,58,909
<b>Total Expenses</b>		<b>5,94,29,970</b>	<b>4,60,07,815</b>
V <b>Profit/(Loss) before Tax and prior period items</b>		<b>15,53,447</b>	<b>(76,39,936)</b>
VI Exceptional Items		-	-
VII <b>Profit/(Loss) before Extraordinary items and tax ( V - VI )</b>		<b>15,53,447</b>	<b>(76,39,936)</b>
VIII Extraordinary items		-	-
IX <b>Profit/(Loss) before Tax ( VII - VIII )</b>		<b>15,53,447</b>	<b>(76,39,936)</b>
X <b>Tax Expense</b>			
(1) Current Tax		-	-
(2) MAT Tax		-	-
(3) Deferred Tax (Credited)/ Charged		(3,57,817)	(1,29,783)
XI <b>Profit / (Loss) for the period from Continuing Operations</b>		<b>19,11,264</b>	<b>(75,10,153)</b>
XII <b>Profit / (Loss) from Discontinuing Operations</b>		-	-
XIII <b>Tax Expense of Discontinuing Operations</b>		-	-
XIV <b>Profit / (Loss) from Discontinuing Operations (after tax ) ( XII -XIII )</b>		-	-
XV <b>Profit (Loss) for the period (XI +XIV )</b>		<b>19,11,264</b>	<b>(75,10,153)</b>
XVI <b>Other Comprehensive Income</b>			
A (i) Items that will not be reclassified to profit or loss		(7,18,077)	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>11,93,187</b>	<b>(74,19,820)</b>
XVIII Earnings Per Share of - Basic (₹)			
- Basic (₹)		0.16	(0.63)
- Diluted (₹)		0.16	(0.63)

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

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

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

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

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

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

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

**Abhishek Joshi**  
Company Secretary

Place :- Mumbai  
Date :- 25<sup>th</sup> May 2019

Place :- Mumbai  
Date :- 25<sup>th</sup> May 2019

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019**
*(Currency : Indian Rupees)*

	For the Year ended March 31, 2019		For the Year ended March 31, 2018	
<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		15,53,447		(76,39,936)
Adjustments for:				
Depreciation	27,77,658		29,00,588	
Interest Income	(17,93,573)		(28,58,401)	
Finance Cost	23,23,173		27,73,238	
Unrealised Gains On Mark to Market of F&O Stock	(7,80,500)		1,99,856	
Provision for Dimunition in investments/ Stock	1,33,140		6,950	
Provision for Reversal of Employee Benefit	-		1,92,556	
Profit of Sale of Fixed Assest	(1,83,35,383)		-	
Other Comprehensive Expenses	(7,18,077)		-	
Interest on Income Tax Refund	(21,072)		-	
Sundry Debit Balance written off	24,19,893		45,448	
Sundry Credit Balance Written Back	(56,68,485)		(2,58,101)	
Dividend Income	(1,94,821)		(10,525)	
		(1,98,58,047)		29,91,608
Operating profit before working capital changes		(1,83,04,600)		(46,48,328)
Adjustments for:				
Inventories	(5,86,080)		(7,293)	
Trade Receivables & Other Receivables	(4,39,397)		(1,58,30,330)	
Current Liabilities & Provision	5,51,91,672	5,41,66,194	2,45,22,151	86,84,528
Cash generated from operations		3,58,61,594		40,36,200
Direct taxes Refunded / (paid)		-		-
Net cash (used in) / generated from operating activities		3,58,61,594		40,36,200
<b>B. Cash flow from investing activities</b>				
Sale / (Purchase) of fixed assets (Net)	2,44,85,495		(3,84,928)	
Sale/ (Purchase) of Investments (Net of purchase)	(62,09,000)		-	
Interest received	14,96,507		25,22,529	
Dividend received	1,86,367		5,450	
Net cash (used in) / generated from investing activities		1,99,59,369		21,43,051
<b>C. Cash flow from financing activities</b>				
(Repayment)/Proceeds from long term borrowings (Net)	2,04,75,443		(7,78,480)	
(Repayment)/Proceeds from Preference Shares	(50,00,000)		-	
(Repayment)/Proceeds from short term borrowings (Net)	-		-	
Interest and other Finance charges	(23,23,173)		(27,73,238)	
Net cash (used in) / generated from financing activities		1,31,52,270		(35,51,718)
<b>Net increase/(decrease) in cash and cash equivalents</b>		6,89,73,233		26,27,533
Cash and Cash equivalents (opening balance)	4,44,71,629		4,18,44,096	
Cash and Cash equivalents (closing balance)	11,34,44,862		4,44,71,629	
		6,89,73,233		26,27,533

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

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

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

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

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

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

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

**Abhishek Joshi**  
Company Secretary

Place :- Mumbai  
Date :- 25<sup>th</sup> May 2019

Place :- Mumbai  
Date :- 25<sup>th</sup> May 2019



# NOTES FORMING PART OF FINANCIAL STATEMENTS

## NOTE NO.1

### A. CORPORATE INFORMATION

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

The Company engaged in the business of providing stock broking services, depository services and investment advisory services.

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

### B. Significant Accounting Policies

#### Basis of Preparation

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

#### Historical Cost

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

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

#### Use of estimates

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

#### Revenue recognition

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

### Property, Plant and Equipment and Depreciation

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

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

### Investments

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

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

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

### Inventories

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

### Foreign currency transactions

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

### Employee benefits

#### Short Term Employee Benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are 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.

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

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

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

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

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

**Employee Separation Costs**

Compensation to employees who have opted for retirement under the voluntary retirement scheme of the Company payable in the year of exercise of option by the employee. The Company 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 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

(In ₹)

Particulars	Gross Block				Depreciation					Net Block	
	As At 01-Apr-18	Additions during the period	Deductions during the period	As At 31-Mar-19	As At 01-Apr-18	For the period	On deletion for the year	Dep. Prov. On deletions	As At 31st March 19	As At 31st March 19	As At 31st March 18
<b>Property, Plant and Equipment</b>											
Office Buildings	9,38,20,894	-	1,19,15,220	8,19,05,674	3,17,97,268	13,76,519	88,199	46,12,404	2,84,73,184	5,34,32,490	6,20,23,626
Computers	12,18,707	1,02,300	-	13,21,007	7,37,597	3,20,963	-	-	10,58,559	2,62,448	4,81,110
Office Equipments	12,67,586	2,90,273	-	15,57,859	6,28,943	2,65,005	-	-	8,93,949	6,63,910	6,38,643
Furniture and Fixtures	5,13,226	-	-	5,13,226	4,58,277	13,260	-	-	4,71,536	41,689	54,949
Vehicles	49,78,784	-	-	49,78,784	16,58,246	6,23,033	-	-	22,81,279	26,97,505	33,20,538
Plant & Machinery (Computer)	11,09,579	-	-	11,09,579	6,38,521	86,771	-	-	7,25,292	3,84,286	4,71,058
	10,29,08,776	3,92,573	1,19,15,220	9,13,86,129	3,59,18,851	26,85,552	88,199	46,12,404	3,39,03,800	5,74,82,329	6,69,89,925
<b>INTANGIBLE ASSETS</b>											
Computer Software	3,64,036	6,71,932	-	10,35,968	2,97,769	92,106	-	-	3,89,875	6,46,093	66,267
<b>Total</b>	10,32,72,811	10,64,505	1,19,15,220	9,24,22,096	3,62,16,620	27,77,658	88,199	46,12,404	3,42,93,675	5,81,28,421	6,70,56,191
Previous Year	10,28,87,884	3,84,928	-	10,32,72,811	3,33,16,032	29,00,588	-	-	3,62,16,620	6,70,56,191	

Particulars	Face Value	As at March 31, 2019		As at March 31, 2018	
		Number	Amount	Number	Amount
<b>NOTE 3 - INVESTMENTS</b>					
<b>NON CURRENT INVESTMENTS</b>					
<b>Investments measured at Cost</b>					
<b>Quoted, fully paid up</b>					
Creative Casting Ltd	10	8,000	31,44,000	-	-
Vodafone Idea Ltd	10	1,00,000	30,65,000	-	-
			62,09,000		-
<b>In Equity Shares of Associate Companies</b>					
<b>Unquoted, fully paid up</b>					
Trumonee Financial Limited	10	33,75,000	3,37,50,000	33,75,000	3,37,50,000
<b>In Equity Shares</b>					
<b>Unquoted, fully paid up</b>					
Kowa Spinning Limited	10	10,08,000	2,13,58,200	10,08,000	2,13,58,200
Vadodara Stock Exchange Limited	10	500	5,000	500	5,000
			2,13,63,200		2,13,63,200
			6,13,22,200		5,51,13,200
Less : Provision for diminution			2,13,58,200		2,13,58,200
<b>TOTAL</b>			3,99,64,000		3,37,55,000

Particulars	As At March 31, 2019 ₹	As At March 31, 2018 ₹
<b>NOTE - 4 LOANS</b>		
Deposits with exchange & other	7,94,74,627	4,64,09,809
Deposit with Companies	5,30,00,000	5,30,00,000
<b>TOTAL</b>	13,24,74,627	9,94,09,809
<b>NOTE - 5 OTHERS</b>		
Share Application	2,16,68,641	2,16,68,641
<b>TOTAL</b>	2,16,68,641	2,16,68,641

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

Particulars	As At March 31, 2019 ₹	As At March 31, 2018 ₹
<b>NOTE - 6 OTHER NON - CURRENT ASSETS</b>		
Advance Payment of Tax	53,40,773	35,02,219
In Fixed Deposit Accounts	90,50,000	1,35,50,000
<b>TOTAL</b>	<b>1,43,90,773</b>	<b>1,70,52,219</b>
<b>NOTE 7 - CURRENT INVESTMENT</b>		
<b>Investment In Equity</b>		
Equity Shares -(Refer Appendix 7-A)	15,12,598	2,70,704
<b>TOTAL</b>	<b>15,12,598</b>	<b>2,70,704</b>

**Appendix 7-A**

NAME OF THE SCRIP	As at March 31, 2019		As at March 31, 2018	
	Number	₹	Number	₹
<b>Equity Shares :</b>				
Anuh Pharma Ltd	5,000	6,76,002	-	-
Creative Casting Ltd	203	28	24,897	3,537
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	4,140	3,000	7,650
LIC MF Liquid Plus Fund	14,496	1,46,408	13,659	137,954
Pennar Ind. Ltd	125	4,575	125	5,119
Reliance Power Ltd	50,000	5,67,500	-	-
Saraswat Co-Op Bank	2,550	25,500	2,550	25,500
Setech Electronics Ltd	2,70,000	1	2,70,000	1
Sharp Industries Ltd	2,210	10,475	2,210	10,475
Suryachakra Power Corporation	5,000	1,300	5,000	3,800
UTI Top 100 Funds	1,000	6,213	1,000	6,213
		15,12,598		2,70,704

Particulars	As At March 31, 2019 ₹	As At March 31, 2018 ₹
<b>NOTE 8 - Trade Receivables</b>		
<b>(Unsecured &amp; Considered Good)</b>		
Outstanding for more than six months	7,53,19,406	6,72,87,270
Considered good	70,17,688	70,17,688
Considered doubtful	8,23,37,094	7,43,04,958
Outstanding for Less than Six Months	1,38,07,221	2,41,02,944
Considered good	-	-
Considered doubtful	9,61,44,315	9,84,07,902
Less : Provision for Doubtful Debts	70,17,688	70,17,688
<b>TOTAL</b>	<b>8,91,26,627</b>	<b>9,13,90,214</b>

## NOTES FORMING PART OF FINANCIAL STATEMENTS

Particulars	As At March 31, 2019 ₹	As At March 31, 2018 ₹
<b>NOTE 9 - Cash and cash equivalents</b>		
Cash on hand	6,09,372	7,59,990
<b>TOTAL</b>	<b>6,09,372</b>	<b>7,59,990</b>
<b>NOTE 10 - BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS</b>		
Balance with Scheduled Banks:		
In Current Accounts	9,58,35,490	1,82,11,639
In Fixed Deposit Accounts (Less than One Year )	1,70,00,000	2,55,00,000
<b>TOTAL</b>	<b>11,28,35,490</b>	<b>4,37,11,639</b>
<b>NOTE 11 - LOANS (Unsecured and Considered Good)</b>		
Employees	1,08,400	31,250
Prepaid Expenses	16,29,221	18,42,262
Advance to Sundry Creditors	1,70,000	6,34,779
Advance for Bank Credit Facilities	-	5,00,000
Exchange Obligation -Receivable	1,97,903	2,87,60,746
<b>TOTAL</b>	<b>21,05,524</b>	<b>3,17,69,037</b>
<b>NOTE 12 - OTHER CURRENTS ASSETS</b>		
Interest Accrued on Fixed Deposit	2,86,325	3,39,880
Advance for Expenses	72,773	19,025
Balance with GST Authorities	2,09,592	4,28,810
RCM Credit Receivable	80,394	-
<b>TOTAL</b>	<b>6,49,084</b>	<b>7,87,714</b>

Particulars	As at March 31, 2019		As at March 31, 2018	
	Nos	Amount	Nos	Amount
<b>NOTE 13 - SHARE CAPITAL</b>				
<b>Authorised</b>				
14,000,000 (P.Y. 14,000,000) Equity Shares of ₹ 10/- each	1,40,00,000	14,00,00,000	1,40,00,000	14,00,00,000
500,000 (P.Y. 500,000) Cumulative Redeemable Preference Shares of ₹ 100/- each	5,00,000	5,00,00,000	5,00,000	5,00,00,000
400,000 (P.Y.400,000) Cumulative Convertible Preference Shares of ₹ 100/- each	4,00,000	4,00,00,000	4,00,000	4,00,00,000
2,00,000 (P.Y. 2,00,000) Optionally Convertible Redeemable Preference Shares of ₹ 100/- each	2,00,000	2,00,00,000	2,00,000	2,00,00,000
<b>TOTAL</b>	<b>1,51,00,000</b>	<b>25,00,00,000</b>	<b>1,51,00,000</b>	<b>25,00,00,000</b>
<b>Issued, Subscribed and Paid-up</b>				
Equity Share Capital				
1,19,39,000 (P. Y. 1,19,39,000) Shares of ₹ 10/- each fully paid-up	1,19,39,000	11,93,90,000	1,19,39,000	11,93,90,000
<b>TOTAL</b>	<b>1,19,39,000</b>	<b>11,93,90,000</b>	<b>1,19,39,000</b>	<b>11,93,90,000</b>



**NOTES FORMING PART OF FINANCIAL STATEMENTS**

Particulars	As at March 31, 2019		As at March 31, 2018	
	Nos	Amount	Nos	Amount
<b>Preference Share Capital</b>				
50,000 10.00% Cumulative Redeemable Preference shares of ₹ 100/- each fully paid-up.	-	-	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>1,50,000</b>	<b>1,50,00,000</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	-	-	-	-
Less : Repayment of shares during the year	50,000	50,00,000	-	-
Balance as at the end of the year	1,50,000	1,50,00,000	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%	14,40,968	12.07%
Daxa Paresh Khandwala	12,86,731	10.78%	12,73,080	10.66%
Sarthak Consultants LLP	9,43,000	7.90%	9,43,000	7.90%
Pratik Paresh Khandwala	7,96,555	6.67%	7,75,732	6.50%
Pranav Paresh Khandwala	7,08,617	5.94%	6,86,737	5.75%
<b>Name of Preference Share Holder</b>				
Mina Chand	-	-	12,500	6.25%
Dolly Lai	-	-	12,500	6.25%
Sanjay Thukral	-	-	12,500	6.25%
Sindhu Seth	-	-	12,500	6.25%
Rohit Chand	1,50,000	100.00%	1,50,000	75.00%

**Terms /rights attached to equity shares**

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

**Terms / rights attached to preference shares**

The Company has only one class of preference shares in the form of 10.00% Cumulative Redeemable Preference Shares having a par value of Rs.100/- per share. These are redeemable on or before December 31, 2019. The preference shares rank ahead of the equity shares in the event of a liquidation.

# NOTES FORMING PART OF FINANCIAL STATEMENTS

Particulars	As At March 31, 2019 ₹	As At March 31, 2018 ₹
<b>NOTE 14 - Other Equity</b>		
<b>Securities Premium Account</b>	<b>4,82,73,000</b>	4,82,73,000
<b>Capital Redemption Reserve</b>	<b>3,40,00,000</b>	3,40,00,000
<b>Profit &amp; Loss Account</b>		
As per last Balance Sheet	<b>5,55,69,309</b>	6,29,89,129
Add: Transferred from Profit & Loss Account	<b>11,93,187</b>	(74,19,820)
	<b>5,67,62,496</b>	5,55,69,309
<b>TOTAL</b>	<b>13,90,35,496</b>	13,78,42,309

## Statement of Changes in Equity for the period ended 31.03.2019

### 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					Debit 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	-	555.69	-	-	-	-	-	-	-	1,378.42
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	-	-	-	11.93	-	-	-	-	-	-	-	11.93
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Any other change (to be specified)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the end of the reporting period	-	-	-	340.00	482.73	-	567.62	-	-	-	-	-	-	-	1,390.35

Particulars	As At March 31, 2019 ₹	As At March 31, 2018 ₹
<b>NOTE 15 - BORROWINGS</b>		
<b>Secured</b>		
Canara Bank Overdraft Account	<b>4,56,36,188</b>	-
Vehicle Loan (Secured by hypothecation of vehicle) (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%)	<b>20,10,045</b>	25,09,825
	<b>4,76,46,233</b>	25,09,825

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

Particulars	As At March 31, 2019 ₹	As At March 31, 2018 ₹
<b>Unsecured</b>		
Loan from Yukti Securities Ltd.	12,59,035	2,59,20,001
	12,59,035	2,59,20,001
<b>TOTAL</b>	<b>4,89,05,268</b>	<b>2,84,29,826</b>
<b>NOTE 16 - PROVISIONS</b>		
Provision for Taxation (FBT)	5,64,501	5,64,501
Provision for Gratuity	9,31,805	75,623
Provision for Leave Encashment	11,980	14,437
Provision MAT Tax	3,50,000	3,50,000
<b>TOTAL</b>	<b>18,58,286</b>	<b>10,04,561</b>
<b>NOTE 17 - OTHER NON CURRENTS LIABILITIES</b>		
Security Deposits	1,65,282	3,10,282
<b>TOTAL</b>	<b>1,65,282</b>	<b>3,10,282</b>

Particulars	As At March 31, 2019 ₹	As At March 31, 2018 ₹
<b>NOTE 18 - TRADE PAYABLE</b>		
Sundry Creditors	14,81,10,666	9,69,32,249
<b>TOTAL</b>	<b>14,81,10,666</b>	<b>9,69,32,249</b>
<b>NOTE 19 - OTHER CURRENTS LIABILITIES</b>		
Payable to Employees	6,39,205	24,80,447
Statutory Dues	10,19,160	9,25,741
Other Expenses Liabilities	6,07,346	12,23,478
<b>TOTAL</b>	<b>22,65,711</b>	<b>46,29,666</b>

Particulars	For the year ended March 31, 2019 ₹	For the year ended March 31, 2018 ₹
<b>NOTE 20 - REVENUE FROM OPERATIONS</b>		
<b>Sale of Services</b>		
Brokerage	2,32,61,198	3,25,76,391
Corporate Advisory Services	21,11,870	22,53,392
Income from Capital Market Operations	82,09,267	5,70,888
<b>TOTAL</b>	<b>3,35,82,335</b>	<b>3,54,00,671</b>

## NOTES FORMING PART OF FINANCIAL STATEMENTS

Particulars	For the year ended March 31, 2019 ₹	For the year ended March 31, 2018 ₹
<b>NOTE 21 - OTHER INCOME</b>		
Interest on Fixed deposits with Banks	17,93,573	28,58,401
<i>[Tax deducted at source ₹ 1,87,378/-]</i>		
<i>(Previous year ₹ 2,85,816/-)</i>		
Dividend :- On stock in trade	1,94,821	10,525
Interest on Income Tax Refund	21,072	-
Unrealised Gains/(Loss) On Mark to Market of F&O Stock	7,80,500	(1,99,856)
Profit on Sale of Fixed Assets	1,83,35,383	-
Other Income	62,75,733	2,98,138
<b>TOTAL</b>	<b>2,74,01,082</b>	<b>29,67,208</b>
<b>NOTE 22 - CHANGES IN INVENTORIES OF FINISHED GOODS</b>		
Loss on Stock Valuation	1,33,140	6,950
<b>TOTAL</b>	<b>1,33,140</b>	<b>6,950</b>
<b>NOTE 23 - EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and Bonus	1,97,71,429	1,47,13,348
Managing Director's Remuneration	34,75,000	34,75,000
Contribution to Provident and other Funds	6,38,465	6,07,650
Staff Welfare Expenses	8,39,383	6,79,576
Gratuity	5,39,775	1,92,556
<b>TOTAL</b>	<b>2,52,64,052</b>	<b>1,96,68,130</b>
<b>NOTE - 24 FINANCE COST</b>		
Interest Expense	10,13,067	21,55,974
Bank Guarantee Commission and Other Charges	13,10,105	6,17,264
<b>TOTAL</b>	<b>23,23,173</b>	<b>27,73,238</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

Particulars	For the year ended March 31, 2019 ₹	For the year ended March 31, 2018 ₹
<b>NOTE 25 - OTHER EXPENSES</b>		
Financial Advisory charges	13,12,218	21,10,521
Computer Expenses	1,46,063	1,08,361
Demat charges	7,03,014	8,51,340
Rates and Taxes	87,30,852	28,03,228
Consultancy Charges	40,000	2,50,000
Commission Brokerage	1,07,621	-
Insurance	6,61,793	6,16,093
Internet Expenses	1,82,786	1,70,493
Advertisement Expenses	1,41,751	72,416
Sub Brokerage Paid	11,74,365	23,05,647
Business Promotion Expenses	1,97,937	2,01,888
Legal & Professional Fees	22,72,038	22,58,400
Telephone/Postage and Courier Charges	4,78,299	6,57,724
Electricity Charges	9,20,368	9,96,751
Registration Fees	11,74,589	10,58,881
Repairs and Maintenance	18,61,132	18,57,119
Security Charges	1,66,859	2,88,864
Printing and Stationery	3,14,862	3,93,774
Subscription Expenses	15,48,666	4,41,407
Travelling and Conveyance	11,11,038	9,73,533
Auditor's Remuneration		
For Audit	1,50,000	2,06,900
For Tax Audit	1,00,000	1,00,000
Directors sitting fees	65,000	60,000
Donation	27,000	41,100
Commission Paid	5,12,136	13,21,799
Miscellaneous Expenses	3,87,286	2,97,614
Sundry Balance Written off	24,19,893	45,448
Loss on Market Operation	20,24,382	1,69,608
<b>TOTAL</b>	<b>2,89,31,947</b>	<b>2,06,58,909</b>



## NOTES FORMING PART OF FINANCIAL STATEMENTS

26. The Company provides Portfolio Management Services (PMS) to its clients. Transactions on account of PMS activities are carried out exclusively on behalf of PMS clients. Therefore, assets and liabilities arising out of the above effectively belong to the PMS clients and hence are not reflected in the Company's accounts. Management fees earned/expenditure incurred by the Company from this activity is accounted for on an accrual basis.
27. The Share Application Money for an amount of ₹ 216.69 Lakhs (Previous Year ₹ 216.69 Lakhs) is outstanding for a period of 204 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, 2019. Since the Company is not in the receipt of any interest on the said deposits since long period, the Company has not accounted any interest income on such deposits in the financial statement. The Company is in the process to initiate legal proceedings against them for recovery of the said deposits.
29. In the matter of M/s. Shree Rama Multitech Limited (SRML) in relation to recovery of rental income from SRML for an amount of Rs. 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 12th 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, the Company has not received any amount from SRML in relation to the said order till date. The Company has initiated legal actions against SRML for recovery of rental income as per the decree passed by the Court.
30. In the matter of Mr. Hiten Parmar regarding receivable of the outstanding amount, the Company had filed the case in the month of October 2015 before the panel of arbitrators of National Stock Exchange of India Limited (NSE). The panel of arbitrators of NSE has considered the matter and after conducting necessary hearings, passed the arbitral award on April 12, 2016 in favour of the Company. The panel of arbitrators of NSE directed Mr. Hiten Parmar to pay to the Company an amount of Rs. 55,85,544.87/- within 30 days from the date of receipt of said award. However, the Company has not received any such amount till date from Mr. Hiten Parmar. The Company has initiated legal action and filed the suit against Mr. Hiten Parmar in the Hon'ble District Court, Surat ("the Court") for recovery of the arbitral award amount. At present, the matter is pending for hearing before the Court.
31. SEBI vide its Order No. WTM/RKA/EFD/DRA-11/45/2015 dated 13th May, 2015 had suspended the Certificate of Registration of the Company as a Stock Broker at National Stock Exchange of India Limited (SEBI Registration No. INB230600030) for a

period of one month. The Company challenged the aforesaid SEBI Order and filed an appeal before Securities Appellate Tribunal (SAT) on May 22, 2015. The SAT had granted an interim stay on operation of the aforesaid SEBI Order.

On 08<sup>th</sup> March, 2017, the SAT passed the order and dismissed the appeal filed by the Company challenging the aforesaid SEBI Order. The SAT has also granted a stay of four weeks on operation of the Order so as enable the Company to challenge the SAT order before the Hon'ble Supreme Court of India. The Company has filed an appeal before the Hon'ble Supreme Court of India and it has been admitted. On April 7, 2017, the Supreme Court 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 Profit of ₹ 7,80,500/- as on 31<sup>st</sup> March 2019 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 2018	Charge/ Credit during the year	As at 31 <sup>st</sup> March 2019
<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	(405.66)	3.58	(402.08)
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>9.08</b>	<b>1.29</b>	<b>12.65</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.

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

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 2019	Year Ended 31 <sup>st</sup> March 2018
<b>1</b>	<b>Segment Revenue-external</b>		
a)	Investment / Stock Operations	82.09	5.71
b)	Fee-based Operations	253.73	348.30
c)	Other Unallocated Revenue	274.01	29.67
	<b>Total revenue</b>	<b>609.83</b>	<b>383.68</b>
<b>2</b>	<b>Segment Result</b>		
a)	Investment / Stock Operations	47.45	1.35
b)	Fee-based Operations	(57.18)	75.57
	<b>Total</b>	<b>(9.73)</b>	<b>76.91</b>
	Less: Interest	23.23	27.73
	Unallocated Expenses less unallocated income	48.50	(125.58)
	Net (Loss) / Profit before Tax & prior Period Items	15.53	(76.40)
	Provision for tax (including deferred tax)	(3.58)	(1.30)
	Net (Loss)/Profit after tax for the year	<b>19.11</b>	<b>(75.10)</b>
	Other Comprehensive Income	(7.18)	0.90
	<b>Total Comprehensive Income</b>	<b>11.93</b>	<b>(74.20)</b>
	<b>Other Items</b>		
<b>3</b>	<b>Segment Assets</b>		
a)	Investment / Stock Operations	414.81	340.31
b)	Fee-based Operations	2577.48	1930.58
c)	Unallocated Corporate Assets	1746.08	1513.00
		<b>4738.36</b>	<b>3783.89</b>
<b>4</b>	<b>Segment Liabilities</b>		
a)	Investment / Stock Operations	0.02	0.04
b)	Fee-based Operations	1421.69	632.08
c)	Unallocated Corporate Liabilities	93.35	95.14
		<b>1515.06</b>	<b>727.27</b>
<b>5</b>	<b>Depreciation</b>	27.78	29.01
<b>6</b>	<b>Non cash items other than depreciation</b>		
a)	Investment / Stock operations	1.33	0.07
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, 2019	Year ended March 31, 2018
<b>Basic</b>		
Numerator used for calculating basic earnings per share – Profit after taxation (₹ Lakhs)	<b>19.11</b>	(75.10)
Less: Dividend on Cumulative Preference share dividend (including dividend tax thereon)	-	-
Profit / (Loss) attributable to equity shareholders (₹ Lakhs)	<b>19.11</b>	(75.10)
Weighted average number of shares (in Lakhs) used as Denominator for calculating basic earnings per share	<b>119.39</b>	119.39
Nominal value per equity share (₹)	<b>10.00</b>	10.00
Basic earnings per share – (₹)	<b>0.16</b>	(0.63)
<b>Diluted</b>		
Numerator used for calculating Diluted earning per Share- Profit /(Loss) after taxation (₹ In Lakhs)	<b>19.11</b>	(75.10)
Weighted Average Number of Shares (In Lakhs) used as Denominator for calculating Diluted Earning per Share	<b>119.39</b>	119.39
Diluted earning per Share- (₹)	<b>0.16</b>	(0.63)

**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 Management Personnel:
1. Piggero Investments Pvt. Ltd.
  2. Bentley Investments Pvt. Ltd.
  3. Khandwala Commodity & Derivatives Pvt. Ltd.
- C) Key Management Personnel:
1. Mr. Pares J. Khandwala - Managing Director
  2. Mrs. Bhagyashree P. Khandwala - Executive Director / CFO
  3. Mr. Pranav P. Khandwala - Non Executive Director
  4. Mr. Rohitasava Chand - Independent Director
  5. Mr. Homiar Vakil - Independent Director

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### D) Relatives of Key Management Personnel:

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

### Transactions with related parties for the year ended 31<sup>st</sup> March 2019

[₹ in Lakhs]

Transaction	2018-19	2017-18
Brokerage received	0.92	1.72
Remuneration Paid	34.75	34.75
Advisory fees paid	-	0.19
<b>Outstanding Balance</b>		
Sundry Debtors	155.52	180.53
Sundry Creditors	9.79	21.09
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, 2019.

38. Transaction in foreign currency: (In Lakhs)

Foreign travel expenses – ₹ 1.83, Previous year ₹ 0.30.

39. Debtors include:

- (i) Due from a firm in which a director is interested as partner - ₹116.77 Lakhs (Previous year ₹138.44 Lakhs)
- (ii) Due from relatives and Enterprises controlled by the relatives of the Key Management Personnel – ₹ 38.75 Lakhs.
- (iii) The above dues have arisen in the normal course of business.

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

41. Managerial Remuneration:

(i) Remuneration to Managing Director

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

(ii) Sitting fees to other Directors : ₹ 0.65 Lakhs  
(P.Y. ₹ 0.60 Lakhs)

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

Change in Benefit Obligation:	Current Period	Previous Period
Present Value of Benefit Obligation at the beginning of the Period	27,32,369	28,36,493
Interest Cost	2,13,944	2,04,227
Current Service Cost	1,58,854	1,89,995
Past Service Cost (Non Vested Benefit)	-	-
Past Service Cost (Vested Benefit)	-	-
Settlement	-	-
Liability Transfer in	-	-
Liability Transfer out	-	-
(Benefit Paid from the Fund)	(5,10,505)	(3,05,475)
Actuarial (Gain) / Loss on Obligations-Due to change in Financial Assumptions	8970	(1,22,169)
Actuarial (Gain) / Loss on Obligations-Due to Experience	7,92,550	(70,702)
Present Value of Benefit Obligation at the End of the Period	33,96,182	27,32,369

Fair value of Plan Assets:	Current Period	Previous Period
Fair Value of Plan Assets at the Beginning of the Period	26,56,746	28,00,922
Interest Income	2,08,023	2,01,666
Contributions by the Employer	26,670	62,171
Expected Contribution by the employees	-	-
Expected Contributions by the Employees	-	-
(Benefit Paid from the Fund)	(5,10,505)	(3,05,475)
Return on Plan Assets, Excluding Interest Income	83,443	(1,02,538)
Fair Value of Plan Assets at the End of the Period	24,64,377	26,56,746

Amount Recognized in the Balance Sheet:	Current Period	Previous Period
(Present Value of Benefit Obligation at the end of the Period)	(33,96,182)	(27,32,369)
Fair Value of Plan Assets at the End of the Period	24,64,377	26,56,746
Funded Status (Surplus/ (Deficit))	(9,31,805)	(75,623)
Net (Liability) /Asset Recognized in the Balance Sheet	(9,31,805)	(75,623)

Net Interest Cost for Current Period	Current Period	Previous Period
Present Value of Benefit Obligation at the Beginning of the Period	27,32,369	28,36,493
(Fair Value of Plan Assets at the Beginning of the Period)	(26,56,746)	(28,00,992)
Net (Liability) /Asset at the Beginning	75,623	35,571
Interest Cost	2,13,944	2,04,227
(Interest Income)	(2,08,023)	(2,01,666)
Net Interest Cost for Current Period	5,921	2,561

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

Expenses Recognized in the Income Statement:	Current Period	Previous Period
Current Service Cost	1,58,854	1,89,995
Net Interest Cost	5,921	2,561
Past Service Cost	-	-
(Expected Contributions by the Employees)	-	-
(Gains)/ Losses on Curtailments And Settlements	-	-
Net Effect of Changes in Foreign Exchange Rates	-	-
Expense Recognized	1,64,775	1,92,556

Balance Sheet Reconciliation	Current Period	Previous Period
Opening Net Liability	75,623	35,571
Expense Recognized in Statement of Profit or Loss	1,64,775	1,92,556
Expense Recognized in OCI	7,18,077	(90,333)
Net Liability/ (Asset) Transfer in	-	-
Net Liability/ (Asset) Transfer out	-	-
(Benefit Paid Directly by the Employer)	-	-
(Employer's Contribution)	(26,670)	(62,171)
Net Liability /(Asset) Recognized in Balance Sheet	9,31,805	75,623

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	24,64,377	26,56,746
Other	-	-
Total	24,64,377	26,56,746

Expenses Recognized in the Other Comprehensive Income OCI for Current Period	Current Period	Previous Period
Actuarial (Gains)/ Losses on Obligation for the Period	8,01,520	(1,92,871)
Return on Plan Assets, Excluding Interest Income	(83,443)	1,02,538
Change in Asset Ceiling	-	-
Net (Income)/ Expense for the Period Recongnized in OCI	7,18,077	(90,333)

Assumptions	Current Period	Previous Period
Expected Return on Plan Assets	7.79%	7.83%
Rate of Discounting	7.79%	7.83%
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	30	32
Per Month Salary For Active Member	5,48,349	5,16,623
Weighted Average Duration of the Projected Benefit Obligation	8	8
Average Expected Future Service	15	16
Projected Benefit Obligation	33,96,182	27,32,369
Prescribed Contribution for next year (12 Months)	5,48,349	2,34,477

**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.

**43. Contingent Liabilities: -**

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

[₹ in Lakhs]

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

- Preference dividends are in arrears from F.Y. 2008-09 to F.Y.2018-19 as aggregating to ₹ 2.19 Crores.

- TDS defaults showing on TDS traces website for the various Financial Years as on 31<sup>st</sup> March 2019 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.

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

As per our report attached of even date.

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

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

Place :- Mumbai  
Date :- 25<sup>th</sup> May 2019

**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 :- 25<sup>th</sup> May 2019

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

**Abhishek Joshi**  
Company Secretary



## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF KHANDWALA SECURITIES LIMITED

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

##### Qualified Opinion

We have audited the accompanying consolidated financial statements of "Khandwala Securities Limited", (the Company) and its associates (the Company and its associates together referred to as the group) which comprise the consolidated Balance Sheet as at March 31, 2019, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view **except for the effects of the matters described in the Basis for qualified opinion section of our report**, in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the consolidated profit and consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

##### Basis for Qualified Opinion

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

1. *The Company had advanced application money towards purchase of shares of ₹ 216.69 lakhs which is outstanding for a period of 204 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 ₹ 216.69 lakhs is recoverable and accordingly, the effect thereof on the financial statements cannot be ascertained.*
2. *Long-Term deposits to various companies of ₹ 530.00 lakhs are subject to subsequent adjustments. We are unable to ascertain the recoverability of these amounts, as the Company has not made any provisions for the same in the consolidated financial statements.*

##### Key Audit Matters

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

Sr. No.	Key Audit Matter	Auditor's Response
1	Recovery of Rental Income in case of Shree Rama Multitech Limited (SRML).	We have verified the final order passed by the Hon'ble Small Causes Court of Mumbai ('the Court') in favor of the Company, in relation to recovery of rental income from SRML, for an amount of Rs. 12,00,000/- per annum basis from the financial year 2002-03 onwards till date of obtaining possession of property by the Company i.e. on 12th December 2017. The said Court has instructed SRML to make the payments of rental dues to the Company as per their order. However, the Company has not received any such amount from SRML in relation to the said order till date. We have discussed the same with the Management of the Company and they have informed us that the Company had initiated legal proceeding for the recovery of the rental income as per the order passed by the Court.

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

**Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended: In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i) The Company has disclosed the impact of pending litigations on its financial position in its consolidated financial statements.
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company
- 2 As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For Aniket Kulkarni & Associates**

Chartered Accountants  
(Firm Registration No. 130521W)

**Aniket Kulkarni**  
Proprietor  
Membership No.127246

**Place: Mumbai**  
**Date:- May 25, 2019**

**Annexure-A'' to the Independent Auditors' Report – 31<sup>st</sup> March 2019****Report on the Internal Financial Controls under clause (i) of sub – section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the Internal Financial Control over financial reporting of **Khandwala Securities Limited** ("the Company") as of 31<sup>st</sup> March, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

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

**Auditor's Responsibility**

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

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

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

**Meaning of Internal Financial Controls over Financial Reporting**

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

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

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

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

**Opinion**

In our opinion, the company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were effectively as at 31<sup>st</sup> March, 2019, 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  
(Firm Registration No. 130521W)

**Aniket Kulkarni**  
Proprietor  
Membership No.127246

**Place: Mumbai**  
**Date:- May 25, 2019**

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

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

- (i) In respect of Company's Fixed Assets:
- (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) The company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 is not applicable.
- (iii) In our opinion and according to the information and explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act. Hence reporting under clause 3(iii) of the Order is not applicable to the company.
- (iv) In our opinion and according to the information and explanations given to us, the company has neither granted any loans to directors, etc. nor made loan and investment under section 185 and 186 of the Companies Act respectively. Hence, reporting under clause 3(iv) of the Order is not applicable to the company.
- (v) According to the information and explanations given to us, during the FY 2018-19 the Company has not accepted deposits from the public during the year. Therefore, the provisions of clause 3(v) of the Order are not applicable to the Company.
- (vi) The Central Government has not prescribed the maintenance of cost records under sub-section (l) of section 148 of the Act, for any of the goods manufactured or services rendered by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Income-tax, service tax, cess, Provident Fund and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. *However there have been few cases of delays in payment of Income Tax.*

According to the information and explanations given to us, no undisputed amounts payable in respect of Income tax, service tax, goods and service tax, cess and other material statutory dues were in arrears as at **31<sup>ST</sup> March 2019** 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 2019.*

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

Details of dues of statutory taxes which not been deposited as at March 31, 2019 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
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 borrowing's to financial institution & bank.
- (ix) According to the information and explanations provided to us and as per the records of the company examined by us, company has not raised funds by way of public issue/ follow-on offer (including debt instruments) and term loans. Therefore paragraph 3(ix) of the Order is not applicable to the company.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations 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  
(Firm Registration No. 130521W)

**Aniket Kulkarni**  
Proprietor  
Membership No.127246

**Place: Mumbai**  
**Date:- May 25, 2019**



**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2019**
*(Currency : Indian Rupees)*

Particulars	Note No.	As At March 31, 2019 ₹	As At March 31, 2018 ₹
<b>A ASSETS</b>			
<b>(1) Non Current Assets</b>			
(a) Property, Plant and Equipment	2	5,74,82,329	6,69,89,925
(b) Intangible assets		6,46,093	66,267
(c) Goodwill on Consolidation		2,59,76,616	2,59,76,616
(d) Financial Assets			
(i) Investments	3	62,14,000	5,000
(ii) Loans	4	13,26,20,619	9,95,64,361
(iii) Others	5	2,16,68,641	2,16,68,641
(e) Deferred tax assets (net)		12,65,551	9,07,734
(f) Other non-current assets	6	1,43,90,773	1,70,52,219
		26,02,64,622	23,22,30,762
<b>(2) Current Assets</b>			
(a) <b>Financial Assets</b>			
(i) Investments	7	15,18,293	2,76,399
(ii) Trade receivables	8	8,91,69,169	9,14,32,756
(iii) Cash and cash equivalents	9	6,96,564	8,47,181
(iv) Bank balances other than (iii) above	10	11,28,39,995	4,37,20,677
(v) Loans	11	21,05,524	3,17,69,037
(vi) Other current assets	12	19,21,483	20,60,114
		20,82,51,027	17,01,06,163
<b>Total Assets</b>		46,85,15,649	40,23,36,926
<b>B EQUITY AND LIABILITIES</b>			
<b>(1) Equity</b>			
(a) Equity Share Capital	13	13,43,90,000	13,93,90,000
(b) Other Equity	14	13,28,18,266	13,16,38,171
<b>Total Equity</b>		26,72,08,266	27,10,28,171
<b>(2) Non Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	15	4,89,05,268	2,84,29,826
(b) Provisions	16	18,58,286	10,04,561
(c) Other non-current liabilities	17	1,65,282	3,10,282
<b>Total Non Current Liabilities</b>		5,09,28,836	2,97,44,669
<b>(3) Current Liabilities</b>			
(a) Financial Liabilities			
(i) Trade payables	18	14,81,12,836	9,69,34,420
(b) Other current liabilities	19	22,65,711	46,29,666
		15,03,78,547	10,15,64,085
<b>Total Equity And Liabilities</b>		46,85,15,649	40,23,36,926

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

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

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

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

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

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

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

**Abhishek Joshi**  
Company Secretary

Place :- Mumbai  
Date :- 25<sup>th</sup> May 2019

Place :- Mumbai  
Date :- 25<sup>th</sup> May 2019



**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019**

*(Currency : Indian Rupees)*

	Note	For the year ended March 31, 2019 ₹	For the year ended March 31, 2018 ₹
I Revenue from Operations	20	3,35,82,335	3,54,00,671
II Other Income	21	2,74,01,082	29,67,415
III <b>Total Income</b>		<b>6,09,83,417</b>	<b>3,83,68,086</b>
IV <b>Expenses</b>			
Cost of materials consumed		-	-
Purchases of Stock-in-Trade		-	-
Changes in inventories of finished goods	22	1,33,140	6,950
Stock-in -Trade and work-in-progress		-	-
Employee benefits expense	23	2,52,64,052	1,96,68,130
Finance costs	24	23,23,173	27,73,339
Depreciation and amortization expense		27,77,658	29,00,588
Other expenses	25	2,89,45,039	2,07,68,464
<b>Total Expenses</b>		<b>5,94,43,063</b>	<b>4,61,17,471</b>
V <b>Profit/(Loss) before Tax and prior period items</b>		<b>15,40,354</b>	<b>(77,49,385)</b>
VI Exceptional Items		-	-
VII <b>Profit/(Loss) before Extraordinary items and tax ( V - VI )</b>		<b>15,40,354</b>	<b>(77,49,385)</b>
VIII Extraordinary items		-	-
IX <b>Profit/(Loss) before Tax ( VII - VIII )</b>		<b>15,40,354</b>	<b>(77,49,385)</b>
X <b>Tax Expense</b>			
(1) Current Tax		-	-
(2) MAT Tax		-	-
(3) Deferred Tax (Credited)/ Charged		(3,57,817)	(1,29,783)
XI <b>Profit / (Loss) for the period from Continuing Operations</b>		<b>18,98,171</b>	<b>(76,19,602)</b>
XII <b>Profit / (Loss) from Discontinuing Operations</b>		-	-
XIII <b>Tax Expense of Discontinuing Operations</b>		-	-
XIV <b>Profit / (Loss) from Discontinuing Operations (after tax ) ( XII -XIII )</b>		-	-
XV <b>Profit (Loss) for the period (XI +XIV )</b>		<b>18,98,171</b>	<b>(76,19,602)</b>
XVI <b>Other Comprehensive Income</b>			
A (i) Items that will not be reclassified to profit or loss		(7,18,077)	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)</b> <b>(Comprising Profit (Loss) and Other Comprehensive Income for the period)</b>		<b>11,80,094</b>	<b>(75,29,269)</b>
XVIII Earnings Per Share of - Basic (₹)			
- Basic (₹)		0.16	(0.64)
- Diluted (₹)		0.16	(0.64)

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

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

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

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

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

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

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

**Abhishek Joshi**  
Company Secretary

Place :- Mumbai  
Date :- 25<sup>th</sup> May 2019

Place :- Mumbai  
Date :- 25<sup>th</sup> May 2019

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019**
*(Currency : Indian Rupees)*

	For the Year ended March 31, 2019		For the Year ended March 31, 2018	
<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		15,40,354		(77,49,385)
Adjustments for:				
Depreciation	27,77,658		29,00,588	
Interest Income	(17,93,573)		(28,58,401)	
Finance Cost	23,23,173		27,73,238	
Unrealised Gains On Mark to Market of F&O Stock	(7,80,500)		1,99,856	
Provision for Diminution in investments/ Stock	1,33,140		6,950	
Provision for Reversal of Employee Benefit	-		1,92,556	
Profit of Sale of Fixed Asset	(1,83,35,383)		-	
Other Comprehensive Expenses	(7,18,077)		-	
Interest on Income Tax Refund	(21,072)		-	
Sundry Debit Balance written off	24,19,893		45,448	
Sundry Credit Balance Written Back	(56,68,485)		(2,58,101)	
Dividend Income	(1,94,821)		(10,525)	
		(1,98,58,047)		29,91,608
Operating profit before working capital changes		(1,83,17,693)		(47,57,777)
Adjustments for:				
Inventories	(5,86,080)		(7,024)	
Trade Receivables & Other Receivables	(4,30,837)		1,57,11,550)	
Current Liabilities & Provision	5,51,91,672	5,41,74,755	2,45,15,206	87,96,632
Cash generated from operations		3,58,57,062		40,38,855
Direct taxes Refunded / (paid)		-		-
Net cash (used in) / generated from operating activities		3,58,57,062		40,38,855
<b>B. Cash flow from investing activities</b>				
Sale / (Purchase) of fixed assets (Net)	2,44,85,495		(3,84,928)	
Sale/ (Purchase) of Investments (Net of purchase)	(62,09,000)		-	
Interest received	14,96,507		25,22,529	
Dividend received	1,86,367		4,973	
Net cash (used in) / generated from investing activities		1,99,59,369		21,42,575
<b>C. Cash flow from financing activities</b>				
(Repayment)/Proceeds from long term borrowings(Net)	2,04,75,443		(7,78,480)	
(Repayment)/Proceeds from Preference Shares	(50,00,000)		-	
(Repayment)/Proceeds from short term borrowings(Net)	-		-	
Interest and other Finance charges	(23,23,173)		(27,73,238)	
Net cash (used in) / generated from financing activities		1,31,52,270		(35,51,718)
<b>Net increase/(decrease) in cash and cash equivalents</b>		6,89,68,701		26,29,711
Cash and Cash equivalents (opening balance)	4,45,67,858		4,19,38,147	
Cash and Cash equivalents (closing balance)	11,35,36,559		4,45,67,858	
		6,89,68,701		26,29,711

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

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

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

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

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

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

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

**Abhishek Joshi**  
Company Secretary

Place :- Mumbai  
Date :- 25<sup>th</sup> May 2019

Place :- Mumbai  
Date :- 25<sup>th</sup> May 2019

# NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

## NOTE NO.1

### A. CORPORATE INFORMATION

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

The Company engaged in the business of providing stock broking services, depository services and investment advisory services.

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

### B. Consolidated Significant Accounting Policies

#### Basis of Preparation

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

#### Historical Cost

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

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

#### Use of estimates

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

#### Revenue recognition

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

### Property, Plant and Equipment and Depreciation

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

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

### Investments

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

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

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

### Inventories

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

### Foreign currency transactions

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

### Employee benefits

#### Short Term Employee Benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are 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.

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

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

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

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

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

**Employee Separation Costs**

Compensation to employees who have opted for retirement under the voluntary retirement scheme of the Company payable in the year of exercise of option by the employee. The Company 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

### NOTE 2- Property, Plant and Equipment

(In ₹)

Particulars	Gross Block				Depreciation				Net Block		
	As At 01-Apr-18	Additions during the period	Deductions during the period	As At 31-Mar-19	As At 01-Apr-18	For the period	On deletion for the year	Dep. Prov. On deletions	As At 31st March 19	As At 31st March 19	As At 31st March 18
<b>Property, Plant and Equipment</b>											
Office Buildings	9,38,20,894	-	1,19,15,220	8,19,05,674	3,17,97,268	<b>13,76,519</b>	88,199	46,12,404	2,84,73,184	5,34,32,490	6,20,23,626
Computers	12,18,707	1,02,300	-	13,21,007	7,37,597	<b>3,20,963</b>	-	-	10,58,559	2,62,448	4,81,110
Office Equipments	12,67,586	2,90,273	-	15,57,859	6,28,943	<b>2,65,005</b>	-	-	8,93,949	6,63,910	6,38,643
Furniture and Fixtures	5,13,226	-	-	5,13,226	4,58,277	<b>13,260</b>	-	-	4,71,536	41,689	54,949
Vehicles	49,78,784	-	-	49,78,784	16,58,246	<b>6,23,033</b>	-	-	22,81,279	26,97,505	33,20,538
Plant & Machinery (Computer)	11,09,579	-	-	11,09,579	6,38,521	<b>86,771</b>	-	-	7,25,292	3,84,286	4,71,058
	10,29,08,776	<b>3,92,573</b>	<b>1,19,15,220</b>	<b>9,13,86,129</b>	3,59,18,851	<b>26,85,552</b>	<b>88,199</b>	<b>46,12,404</b>	<b>3,39,03,800</b>	<b>5,74,82,329</b>	6,69,89,925
<b>INTANGIBLE ASSETS</b>											
Computer Software	3,64,036	6,71,932	-	10,35,968	2,97,769	<b>92,106</b>	-	-	3,89,875	6,46,093	66,267
<b>Total</b>	<b>10,32,72,811</b>	<b>10,64,505</b>	<b>1,19,15,220</b>	<b>9,24,22,096</b>	3,62,16,620	<b>27,77,658</b>	<b>88,199</b>	<b>46,12,404</b>	<b>3,42,93,675</b>	<b>5,81,28,421</b>	6,70,56,191
Previous Year	10,28,87,884	3,84,928	-	<b>10,32,72,811</b>	3,33,16,032	29,00,588	-	-	3,62,16,620	6,70,56,191	

Particulars	Face Value	As at March 31, 2019		As at March 31, 2018	
		Number	Amount	Number	Amount
<b>NOTE 3 - INVESTMENTS</b>					
<b>NON CURRENT INVESTMENTS</b>					
<b>Investments measured at Cost</b>					
<b>Quoted, fully paid up</b>					
Creative Casting Ltd	10	8,000	31,44,000	-	-
Vodafone Idea Ltd	10	100,000	30,65,000	-	-
			62,09,000		-
<b>In Equity Shares</b>					
<b>Unquoted, fully paid up</b>					
Kowa Spinning Limited	10	1,008,000	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
			2,75,72,200		2,13,63,200
			2,13,58,200		2,13,58,200
Less : Provision for diminution			62,14,000		5,000
<b>TOTAL</b>					

Particulars	As At March 31, 2019 ₹	As At March 31, 2018 ₹
<b>NOTE - 4 LOANS</b>		
Deposits with exchange & other	7,96,20,619	4,65,64,360
Deposit with Companies	5,30,00,000	5,30,00,000
<b>TOTAL</b>	<b>13,26,20,619</b>	<b>9,95,64,360</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 CONSOLIDATED FINANCIAL STATEMENTS**

Particulars	As At March 31, 2019 ₹	As At March 31, 2018 ₹
<b>NOTE - 6 OTHER NON - CURRENT ASSETS</b>		
Advance Payment of Tax	53,40,773	35,02,219
In Fixed Deposit Accounts	90,50,000	1,35,50,000
<b>TOTAL</b>	<b>1,43,90,773</b>	<b>1,70,52,219</b>
<b>NOTE 7 - CURRENT INVESTMENT</b>		
<b>Investment In Equity</b>		
Equity Shares -(Refer Appendix 7-A)	15,18,293	2,76,399
<b>TOTAL</b>	<b>15,18,293</b>	<b>2,76,399</b>

**Appendix 7-A**

NAME OF THE SCRIP	As at March 31, 2019		As at March 31, 2018	
	Number	₹	Number	₹
<b>Equity Shares :</b>				
Anuh Pharma Ltd	5,000	6,76,002	-	-
Creative Casting Ltd	203	28	24,897	3,537
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	4,140	3,000	7,650
LIC MF Liquid Plus Fund	14,496	1,52,103	14,217	1,43,649
Pennar Ind. Ltd	125	4,575	125	5,119
Reliance Power Ltd	50,000	5,67,500	-	-
Saraswat Co-Op Bank	2,550	25,500	2,550	25,500
Setech Electronics Ltd	2,70,000	1	2,70,000	1
Sharp Industries Ltd	2,210	10,475	2,210	10,475
Suryachakra Power Corporation	5,000	1,300	5,000	3,800
UTI Top 100 Funds	1,000	6,213	1,000	6,213
		<b>15,18,293</b>		<b>2,76,399</b>

Particulars	As At March 31, 2019 ₹	As At March 31, 2018 ₹
<b>NOTE 8 - Trade Receivables</b>		
<b>(Unsecured &amp; Considered Good)</b>		
Outstanding for more than six months		
Considered good	7,53,19,406	6,73,29,812
Considered doubtful	70,17,688	70,17,688
	<b>8,23,37,094</b>	<b>7,43,47,500</b>
Outstanding for Less than Six Months		
Considered good	1,38,49,763	2,41,02,944
Considered doubtful	-	-
	<b>9,61,86,857</b>	<b>9,84,50,444</b>
Less : Provision for Doubtful Debts	70,17,688	70,17,688
<b>TOTAL</b>	<b>8,91,69,169</b>	<b>9,14,32,756</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Particulars	As At March 31, 2019 ₹	As At March 31, 2018 ₹
<b>NOTE 9 - Cash and cash equivalents</b>		
Cash on hand	6,96,564	8,47,181
<b>TOTAL</b>	<b>6,96,564</b>	<b>8,47,181</b>
<b>NOTE 10 - BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS</b>		
Balance with Scheduled Banks:		
In Current Accounts	9,58,39,995	1,82,20,677
In Fixed Deposit Accounts (Less than One Year )	1,70,00,000	2,55,00,000
<b>TOTAL</b>	<b>11,28,39,995</b>	<b>4,37,20,677</b>
<b>NOTE 11 - LOANS (Unsecured and Considered Good)</b>		
Employees	1,08,400	31,250
Prepaid Expenses	16,29,221	18,42,262
Advance to Sundry Creditors	1,70,000	6,34,779
Advance for Bank Credit Facilities	-	5,00,000
Exchange Obligation -Receivable	1,97,903	2,87,60,746
<b>TOTAL</b>	<b>21,05,524</b>	<b>3,17,69,037</b>
<b>NOTE 12 - OTHER CURRENTS ASSETS</b>		
Interest Accrued on Fixed Deposit	2,86,325	3,39,880
Advance for Expenses	72,773	19,025
Balance with GST Authorities	14,81,991	17,01,209
RCM Credit Receivable	80,394	-
<b>TOTAL</b>	<b>19,21,483</b>	<b>20,60,114</b>

(Currency : Indian Rupees)

Particulars	As at March 31, 2019		As at March 31, 2018	
	Nos	Amount	Nos	Amount
<b>NOTE 13 - SHARE CAPITAL</b>				
<b>Authorised</b>				
14,000,000 (P.Y. 14,000,000) Equity Shares of ₹ 10/- each	1,40,00,000	14,00,00,000	1,40,00,000	14,00,00,000
500,000 (P.Y. 500,000) Cumulative Redeemable Preference Shares of ₹ 100/- each	5,00,000	5,00,00,000	5,00,000	5,00,00,000
400,000 (P.Y. 400,000) Cumulative Convertible Preference Shares of ₹ 100/- each	4,00,000	4,00,00,000	4,00,000	4,00,00,000
2,00,000 (P.Y. 2,00,000) Optionally Convertible Redeemable Preference Shares of ₹ 100/- each	2,00,000	2,00,00,000	2,00,000	2,00,00,000
<b>TOTAL</b>	<b>1,51,00,000</b>	<b>25,00,00,000</b>	<b>1,51,00,000</b>	<b>25,00,00,000</b>
<b>Issued, Subscribed and Paid-up</b>				
Equity Share Capital				
1,19,39,000 (P. Y. 1,19,39,000) Shares of ₹ 10/- each fully paid-up	1,19,39,000	11,93,90,000	1,19,39,000	11,93,90,000
<b>TOTAL</b>	<b>1,19,39,000</b>	<b>11,93,90,000</b>	<b>1,19,39,000</b>	<b>11,93,90,000</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

Particulars	As at March 31, 2019		As at March 31, 2018	
	Nos	Amount	Nos	Amount
<b>Preference Share Capital</b>				
50,000 10.00% Cumulative Redeemable Preference shares of ₹ 100/- each fully paid-up.	-	-	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>	1,50,000	1,50,00,000	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	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	-	-	-	-
Less : Repayment of shares during the year	50,000	5,00,00,000	-	-
Balance as at the end of the year	1,50,000	1,50,00,000	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%	14,40,968	12.07%
Daxa Paresh Khandwala	12,86,731	10.78%	12,73,080	10.66%
Sarthak Consultants LLP	9,43,000	7.90%	9,43,000	7.90%
Pratik Paresh Khandwala	7,96,555	6.67%	7,75,732	6.50%
Pranav Paresh Khandwala	7,08,617	5.94%	6,86,737	5.75%
<b>Name of Preference Share Holder</b>				
Mina Chand	-	-	12,500	6.25%
Dolly Lai	-	-	12,500	6.25%
Sanjay Thukral	-	-	12,500	6.25%
Sindhu Seth	-	-	12,500	6.25%
Rohit Chand	1,50,000	100.00%	1,50,000	75.00%

**Terms /rights attached to equity shares**

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

**Terms / rights attached to preference shares**

The Company has only one class of preference shares in the form of 10.00% Cumulative Redeemable Preference Shares having a par value of Rs.100/- per share. These are redeemable on or before December 31, 2019. The preference shares rank ahead of the equity shares in the event of a liquidation.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Particulars	As At March 31, 2019 ₹	As At March 31, 2018 ₹
<b>NOTE 14 - Other Equity</b>		
<b>Securities Premium Account</b>	<b>4,82,73,000</b>	4,82,73,000
<b>Capital Redemption Reserve</b>	<b>3,40,00,000</b>	3,40,00,000
<b>Profit &amp; Loss Account</b>		
As per last Balance Sheet	<b>4,93,65,171</b>	5,68,94,440
Add: Transferred from Profit & Loss Account	<b>11,80,094</b>	(75,29,269)
	<b>5,05,45,266</b>	4,93,65,171
<b>TOTAL</b>	<b>13,28,18,266</b>	13,16,38,171

### Statement of Changes in Equity for the period ended 31.03.2019

#### 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	-	493.65	-	-	-	-	-	-	-	1,316.38
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	-	-	-	11.80	-	-	-	-	-	-	-	11.80
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Any other change (to be specified)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the end of the reporting period	-	-	-	340.00	482.73	-	505.45	-	-	-	-	-	-	-	1,328.18

Particulars	As At March 31, 2019 ₹	As At March 31, 2018 ₹
<b>NOTE 15 - BORROWINGS</b>		
<b>Secured</b>		
Canara Bank Overdraft Account	<b>4,56,36,188</b>	-
Vehicle Loan (Secured by hypothecation of vehicle)	<b>20,10,045</b>	25,09,825
(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%)		
	<b>4,76,46,233</b>	25,09,825
<b>Unsecured</b>		
Loan from Yukti Securities Ltd.	<b>12,59,035</b>	2,59,20,001
	<b>12,59,035</b>	2,59,20,001
<b>TOTAL</b>	<b>4,89,05,268</b>	2,84,29,826

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

Particulars	As At March 31, 2019 ₹	As At March 31, 2018 ₹
<b>NOTE 16 - PROVISIONS</b>		
Provision for Taxation (FBT)	5,64,501	5,64,501
Provision for Gratuity	11,980	75,623
Provision for Leave Encashment	9,31,805	14,437
Provision MAT Tax	3,50,000	3,50,000
<b>TOTAL</b>	<b>18,58,286</b>	<b>10,04,561</b>
<b>NOTE 17 - OTHER NON CURRENTS LIABILITIES</b>		
Security Deposits	1,65,282	310,282
<b>TOTAL</b>	<b>1,65,282</b>	<b>310,282</b>

Particulars	As At March 31, 2019 ₹	As At March 31, 2018 ₹
<b>NOTE 18 - TRADE PAYABLE</b>		
Sundry Creditors	14,81,12,836	9,69,34,420
<b>TOTAL</b>	<b>14,81,12,836</b>	<b>9,69,34,420</b>
<b>NOTE 19 - OTHER CURRENTS LIABILITIES</b>		
Payable to Employees	6,39,205	24,80,447
Statutory Dues	10,19,160	9,25,741
Other Expenses Liabilities	6,07,346	12,23,478
<b>TOTAL</b>	<b>22,65,711</b>	<b>46,29,666</b>

Particulars	For the year ended March 31, 2019 ₹	For the year ended March 31, 2018 ₹
<b>NOTE 20 - REVENUE FROM OPERATIONS</b>		
<b>Sale of Services</b>		
Brokerage	2,32,61,198	3,25,76,391
Corporate Advisory Services	21,11,870	22,53,392
Income from Capital Market Operations	82,09,267	5,70,888
<b>TOTAL</b>	<b>3,35,82,335</b>	<b>3,54,00,671</b>
<b>NOTE 21 - OTHER INCOME</b>		
Interest on Fixed deposits with Banks [Tax deducted at source ₹1,87,378/-] (Previous year ₹ 2,85,816/-)	17,93,573	28,58,401
Dividend :- On stock in trade	1,94,821	10,732
Interest on Income Tax Refund	21,072	-
Unrealised Gains/(Loss) On Mark to Market of F&O Stock	7,80,500	(1,99,856)
Profit on Sale of Fixed Assets	1,83,35,383	-
Other Income	62,75,733	2,98,138
<b>TOTAL</b>	<b>2,74,01,082</b>	<b>29,67,415</b>
<b>NOTE 22 - CHANGES IN INVENTORIES OF FINISHED GOODS</b>		
Loss on Stock Valuation	133,140	6,950
<b>TOTAL</b>	<b>133,140</b>	<b>6,950</b>



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Particulars	For the year ended March 31, 2019 ₹	For the year ended March 31, 2018 ₹
<b>NOTE 23 - EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and Bonus	1,97,71,429	1,47,13,348
Managing Director's Remuneration	34,75,000	34,75,000
Contribution to Provident and other Funds	6,38,465	6,07,650
Staff Welfare Expenses	8,39,383	6,79,576
Gratuity	5,39,775	1,92,556
<b>TOTAL</b>	<b>2,52,64,052</b>	<b>1,96,68,130</b>

Particulars	For the year ended March 31, 2019 ₹	For the year ended March 31, 2018 ₹
<b>NOTE - 24 FINANCE COST</b>		
Interest Expense	10,13,067	21,55,974
Bank Guarantee Commission and Other Charges	13,10,105	6,17,365
<b>TOTAL</b>	<b>23,23,173</b>	<b>27,73,339</b>
<b>NOTE 25 - OTHER EXPENSES</b>		
Financial Advisory charges	13,12,218	21,10,521
Computer Expenses	1,46,063	1,08,361
Demat charges	7,03,014	8,51,340
Rates and Taxes	87,35,697	29,04,644
Consultancy Charges	40,000	2,50,000
Commission Brokerage	1,07,621	-
Insurance	6,61,793	6,16,093
Internet Expenses	1,82,786	1,70,493
Advertisement Expenses	1,41,751	72,416
Sub Brokerage Paid	11,74,365	23,05,647
Business Promotion Expenses	1,97,937	2,01,888
Legal & Professional Fees	22,78,115	22,64,043
Telephone/Postage and Courier Charges	4,78,299	6,57,724
Electricity Charges	9,20,368	9,96,751
Registration Fees	11,74,589	10,58,881
Repairs and Maintenance	18,61,132	18,57,119
Security Charges	1,66,859	2,88,864
Printing and Stationery	3,14,862	3,93,774
Subscription Expenses	15,48,666	4,41,407
Travelling and Conveyance	11,11,038	9,73,533
Auditor's Remuneration		
For Audit	1,52,171	2,09,396
For Tax Audit	1,00,000	1,00,000
Directors sitting fees	65,000	60,000
Donation	27,000	41,100
Commission Paid	5,12,136	13,21,799
Miscellaneous Expenses	3,87,286	2,97,614
Sundry Balance Written off	24,19,893	45,448
Loss on Market Operation	20,24,382	1,69,608
<b>TOTAL</b>	<b>2,89,45,039</b>	<b>2,07,68,464</b>

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

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

Following are the companies whose accounts have been considered for the consolidated financial statements:

Khandwala Securities Limited ('the Company') shareholding in the following companies as on March 31, 2019 is as under:

Sr. No	Name of Associate Enterprises	As at March 31, 2019	
		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 an 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 an 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, 2019 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 204 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, 2019. 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 Rs. 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 12th 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, the Company has not received any amount from SRML in relation to the said order till date. The Company has initiated legal actions against SRML for recovery of rental income as per the decree passed by the Court.

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

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

On 08<sup>th</sup> March, 2017, the SAT passed the order and dismissed the appeal filed by the Company challenging the aforesaid SEBI Order. The SAT has also granted a stay of four weeks on operation of the Order so as enable the Company to challenge the SAT order before the Hon'ble Supreme Court of India. The Company has filed an appeal before the Hon'ble Supreme

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Court of India and it has been admitted. On April 7, 2017, the Supreme Court has granted an interim stay on the operation of the aforesaid SAT order (and consequently, the WTM's Order of SEBI) till the disposal of matter. Currently, the said matter is pending for hearing before the Hon'ble Supreme Court of India.

34. There is a Mark to Market Profit of ₹ 7,80,500/- as on 31<sup>st</sup> March 2019 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 2018	Charge/ Credit during the year	As at 31 <sup>st</sup> March 2019
<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	(405.66)	3.58	(402.08)
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>9.08</b>	<b>1.29</b>	<b>12.65</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 2019	Year Ended 31 <sup>st</sup> March 2018
<b>1</b>	<b>Segment Revenue-external</b>		
a)	Investment / Stock Operations	82.09	5.71
b)	Fee-based Operations	253.73	348.30
c)	Other Unallocated Revenue	274.01	29.67
	<b>Total revenue</b>	<b>609.83</b>	<b>383.68</b>
<b>2</b>	<b>Segment Result</b>		
a)	Investment / Stock Operations	47.45	1.35
b)	Fee-based Operations	(57.18)	75.57
	<b>Total</b>	<b>(9.73)</b>	<b>76.91</b>
	Less: Interest	23.23	27.73
	Unallocated Expenses less unallocated income	48.37	(126.67)
	Net (Loss) / Profit before Tax & prior Period Items	15.40	(77.49)
	Provision for tax (including deferred tax)	(3.58)	(1.30)
	Net (Loss)/Profit after tax for the year	<b>18.98</b>	<b>(76.20)</b>
	Other Comprehensive Income	(7.18)	0.90
	<b>Total Comprehensive Income</b>	<b>11.80</b>	<b>(75.29)</b>
	<b>Other Items</b>		
<b>3</b>	<b>Segment Assets</b>		
a)	Investment / Stock Operations	77.36	2.86
b)	Fee-based Operations	2590.21	1926.30
c)	Unallocated Corporate Assets	2008.65	1792.72
		<b>4676.21</b>	<b>3721.87</b>
<b>4</b>	<b>Segment Liabilities</b>		
a)	Investment / Stock Operations	0.02	0.04
b)	Fee-based Operations	1421.69	632.08
c)	Unallocated Corporate Liabilities	93.37	95.17
		<b>1515.08</b>	<b>727.29</b>
<b>5</b>	<b>Depreciation</b>	27.78	29.01
<b>6</b>	<b>Non cash items other than depreciation</b>		
a)	Investment / Stock operations	1.33	0.07
b)	Fee based operations	-	-

37. Earnings per share:

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

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

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

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
<b>Basic</b>		
Numerator used for calculating basic earnings per share – Profit after taxation (₹ Lakhs)	18.98	(76.20)
Less: Dividend on Cumulative Preference share dividend (including dividend tax thereon)	-	-
Profit / (Loss) attributable to equity shareholders (₹ Lakhs)	18.98	(76.20)
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 – (₹).	0.16	(0.64)
<b>Diluted</b>		
Numerator used for calculating Diluted earning per Share-Profit / (Loss) after taxation (₹ In Lakhs)	18.98	(76.20)
Weighted Average Number of Shares (In Lakhs) used as Denominator for calculating Diluted Earning per Share	119.39	119.39
Diluted earning per Share- (₹)	0.16	(0.64)

**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. Piggiero Investments Pvt. Ltd.
2. Bentley Investments Pvt. Ltd.
3. Khandwala Commodity & Derivatives Pvt. Ltd.

**C) Key Management Personnel:**

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

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

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

**Transactions with related parties for the year ended 31<sup>st</sup> March 2019**
*[₹ in Lakhs]*

Transaction	2018-19	2017-18
Brokerage received	0.92	1.72
Remuneration Paid	34.75	34.75
Advisory fees paid	-	0.19
<b>Outstanding Balance</b>		
Sundry Debtors	155.52	180.53
Sundry Creditors	9.79	21.09
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, 2019.

40. Transaction in foreign currency: (In Lakhs)

Foreign travel expenses – ₹ 1.83, Previous year ₹ 0.30.

41. Debtors include:

(i) Due from a firm in which a director is interested as partner - ₹116.77 Lakhs (Previous year ₹138.44 Lakhs)

(ii) Due from relatives and Enterprises controlled by the relatives of the Key Management Personnel – ₹38.75 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. ₹ 34.75 Lakhs)

(ii) Sitting fees to other Directors : ₹ 0.65 Lakhs (P.Y. ₹ 0.60 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	27,32,369	28,36,493
Interest Cost	2,13,944	2,04,227
Current Service Cost	1,58,854	1,89,995
Past Service Cost (Non Vested Benefit)	-	-
Past Service Cost (Vested Benefit)	-	-
Settlement	-	-
Liability Transfer in	-	-
Liability Transfer out	-	-
(Benefit Paid from the Fund)	(5,10,505)	(3,05,475)
Actuarial (Gain) / Loss on Obligations-Due to change in Financial Assumptions	8970	(1,22,169)
Actuarial (Gain) / Loss on Obligations-Due to Experience	7,92,550	(70,702)
Present Value of Benefit Obligation at the End of the Period	33,96,182	27,32,369

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

<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	26,56,746	28,00,922
Interest Income	2,08,023	2,01,666
Contributions by the Employer	26,670	62,171
Expected Contribution by the employees	-	-
Expected Contributions by the Employees	-	-
(Benefit Paid from the Fund)	(5,10,505)	(3,05,475)
Return on Plan Assets, Excluding Interest Income	83,443	(1,02,538)
Fair Value of Plan Assets at the End of the Period	24,64,377	26,56,746

<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)	(33,96,182)	(27,32,369)
Fair Value of Plan Assets at the End of the Period	24,64,377	26,56,746
Funded Status (Surplus/ (Deficit))	(9,31,805)	(75,623)
Net (Liability) /Asset Recognized in the Balance Sheet	(9,31,805)	(75,623)

<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	27,32,369	28,36,493
(Fair Value of Plan Assets at the Beginning of the Period)	(26,56,746)	(28,00,992)
Net (Liability) /Asset at the Beginning	75,623	35,571
Interest Cost	2,13,944	2,04,227
(Interest Income)	(2,08,023)	(2,01,666)
Net Interest Cost for Current Period	5,921	2,561

<b>Expenses Recognized in the Income Statement:</b>	<b>Current Period</b>	<b>Previous Period</b>
Current Service Cost	1,58,854	1,89,995
Net Interest Cost	5,921	2,561
Past Service Cost	-	-
(Expected Contributions by the Employees)	-	-
(Gains)/ Losses on Curtailments And Settlements	-	-
Net Effect of Changes in Foreign Exchange Rates	-	-
Expense Recognized	1,64,775	1,92,556

<b>Balance Sheet Reconciliation</b>	<b>Current Period</b>	<b>Previous Period</b>
Opening Net Liability	75,623	35,571
Expense Recognized in Statement of Profit or Loss	1,64,775	1,92,556
Expense Recognized in OCI	7,18,077	(90,333)
Net Liability/ (Asset) Transfer in	-	-
Net Liability/ (Asset) Transfer out	-	-
(Benefit Paid Directly by the Employer)	-	-
(Employer's Contribution)	(26,670)	(62,171)
Net Liability /(Asset) Recognized in Balance Sheet	9,31,805	75,623

<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	24,64,377	26,56,746
Other	-	-
Total	24,64,377	26,56,746

<b>Expenses Recognized in the Other Comprehensive Income OCI for Current Period</b>	<b>Current Period</b>	<b>Previous Period</b>
Actuarial (Gains)/ Losses on Obligation for the Period	8,01,520	(1,92,871)
Return on Plan Assets, Excluding Interest Income	(83,443)	1,02,538
Change in Asset Ceiling	-	-
Net (Income)/ Expense for the Period Recognized in OCI	7,18,077	(90,333)

<b>Assumptions</b>	<b>Current Period</b>	<b>Previous Period</b>
Expected Return on Plan Assets	7.79%	7.83%
Rate of Discounting	7.79%	7.83%
Rate of Salary Increase	5.00%	5.00%
Rate of Employee Turnover	2.00%	2.00%

<b>Other Details</b>	<b>Current Period</b>	<b>Previous Period</b>
No. Of Active Members	30	32
Per Month Salary For Active Member	5,48,349	5,16,623
Weighted Average Duration of the Projected Benefit Obligation	8	8
Average Expected Future Service	15	16
Projected Benefit Obligation	33,96,182	27,32,369
Prescribed Contribution for next year (12 Months)	5,48,349	2,34,477



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

**45. Contingent Liabilities: -**

- i) Contingent Liabilities on account of disputed cases pending before various authorities of Income Tax Act is annexed below.

**For Aniket Kulkarni & Associates**

Chartered Accountants  
FRN No. 130521W

**Aniket Kulkarni**  
**Proprietor**

Mem. No: 127246

Place :- Mumbai

Date :- 25<sup>th</sup> May 2019

No provision has been made in the books of accounts as the outcome is still awaited:

[₹ in Lakhs]

Name of the Statute	Nature of the Dues	Amount	Period to which the amount relates	Forum where Dispute is pending	Under Section
Income Tax Act 1961	Income Tax	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.2018-19 as aggregating to ₹ 2.19 Crores.

- iii) TDS defaults showing on TDS traces website for the various Financial Years as on 31<sup>st</sup> March 2019 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 :- 25<sup>th</sup> May 2019

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

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

# 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:

- Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
E-mail Id: \_\_\_\_\_ Signature: \_\_\_\_\_, or failing him
- Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
E-mail Id: \_\_\_\_\_ Signature: \_\_\_\_\_, or failing him
- Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
E-mail Id: \_\_\_\_\_ Signature: \_\_\_\_\_, or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty Sixth Annual General Meeting of the Company, to be held on Friday, August 30, 2019 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
1	Consider and adopt : a. the audited Financial Statements of the Company for the financial year ended March 31, 2019 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, 2019 together with the Report of the Auditors thereon.
2	Appointment of Mrs. Bhagyashree Khandwala (DIN: 02335473), who retires by rotation and being eligible, offers herself for re-appointment.
3	Re-appointment of Mr. Rohitasava Chand as an Independent Director

Signed this ..... day of ..... 2019

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)

Folio No / DP ID & Client ID	
No. of Shares held	
Name of the Member / Proxy (IN Block Letters)	
Address of the Member	
Email Id	

I certify that I am a registered shareholder / proxy for the registered shareholder of the Company. I hereby record my presence at the **Twenty Sixth Annual General Meeting** of the Company being held on Friday, 30<sup>th</sup> day of August, 2019 at 12.30 p.m. at C. K. Nayudu Hall, Cricket Club of India (CCI), Brabourne Stadium, Churchgate, Mumbai - 400 020.

\_\_\_\_\_  
Name of the Member / Proxy

\_\_\_\_\_  
Signature of the Member/ Proxy

**Note:** Member / Proxy wishing to attend the meeting must complete this Attendance Slip and hand it over at the entrance of the venue of the meeting.

## ROUTE MAP FOR AGM VENUE







**REGISTERED POST / SPEED POST / COURIER**

If undelivered, please return to :

**KHANDWALA SECURITIES LIMITED**

Ground Floor, Vikas Building,  
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